

PUBLIC ACCOUNTS COMMITTEE

OTHER PROCEEDINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 14 SEPTEMBER 2016**

Members

**Dr K.D. Hames (Chair)
Mr B.S. Wyatt (Deputy Chair)
Mrs G. Godfrey
Mr W.J. Johnston
Mr M.H. Taylor**

Hearing commenced at 10.46 am

Mr PAUL WHYTE

Acting Chief Executive Officer, Housing Authority, examined:

Mr PETER JOHN LONSDALE

Director, Aboriginal Housing, Housing Authority, examined:

Mr GARY SHAW

Acting Director, Land and Housing Construction, Housing Authority, examined:

Mr GREG CASH

General Manager, Service Delivery, Housing Authority, examined:

Mr NIGEL HINDMARSH

Acting General Manager, Commercial Operations, Housing Authority, examined:

Mr GRAHAM McCAFFERTY

Manager, Essential Services, Housing Authority, examined:

Mr CRAIG NEWTON

Manager, Planning and Programs, Housing Authority, examined:

The CHAIR: On behalf of the Public Accounts Committee, I would like to thank you for your appearance today. At this stage I would like to introduce myself and other members of the committee. I am Kim Hames, member for Dawesville and committee chair. To my left is Ben Wyatt, deputy chair and member for Victoria Park, and fellow committee member Glenys Godfrey, member for Belmont. Hopefully arriving soon will be Matt Taylor, member for Bateman. Today's hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament.

Before we commence there are a number of procedural questions I need you to answer. Since there are so many of you, a general nod will do. Have you each completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIR: Do you understand the notes at the bottom of the form?

The Witnesses: Yes.

The CHAIR: Did you each receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

The Witnesses: Yes.

The CHAIR: Do you have any questions relating to your appearance before the committee today?

The Witnesses: No.

The CHAIR: The committee has asked you here today to discuss the actions taken by the Housing Authority in response to recommendations made by the Auditor General in his eighth report of 2015 that looked at delivering essential services to remote Aboriginal communities. Thank you for providing the committee with the preliminary responses to the Auditor General's recommendations

in the lead-up to this public hearing. We would now like to use this hearing to explore in greater detail specifically how the agency's responses will address some of the issues raised in the Auditor General's 2015 report. Before we move to our questions, would you like to make a brief opening statement to address the areas of interest to you?

[10.50 am]

Mr Whyte: Thank you for the opportunity to address the committee. The audit that was conducted in 2014 identified a number of shortcomings with regard to the delivery of essential services to remote communities. The Housing Authority accepted all of the recommendations of the Auditor General and to date it has actioned each of those recommendations, and has completed one-third of those recommendations and is in the process of addressing and completing the final two-thirds of the recommendations. The challenges in providing essential services to remote communities is one that has been known for at least a decade or more and has been assumed by the state government since 1998. The Housing Authority is not itself a regulated service provider and the Remote Area Essential Services Program provides funding to the Housing Authority to oversee essential services, essentially, a repairs and maintenance program. Over the last decade, however, a number of capital upgrades have been undertaken in remote communities. That has caused a blurring of the responsibility for the provision of the services—wastewater and electricity services—to remote communities.

It has also presented challenges in the management of the essential services program in terms of what is capital and what is an operational response. If I could perhaps give you an example: where electricity services are provided, provision of a generator is seen as a capital item. If the generator fails and there is no capital available, the Housing Authority has had to do workarounds such as leasing equipment in order for those services to be continued. Notwithstanding that, the Housing Authority accepts its responsibility in providing a maintenance and repair service and services to remote communities.

In the last 12 months, the Regional Services Reform Unit has been created within government and one of its key priorities is to address the provision of essential services to remote communities. Without pre-empting what may be recommended to government from the services unit, there are a number of initiatives that we believe are worthy of progressing. One is the regularisation of services, and that means having a proper or standard service provided through a registered and regulated provider, so electrical services through Horizon Power and water services through the Water Corporation or a regulated provider; in particular, for town-based communities, where it would stand to reason that those services should be provided to the standard that is provided within the town. There have been some challenges in being able to regularise or normalise services, the least of which are relationships with the communities themselves in seeking approval from the community, in terms of the ownership and control of the assets and the delivery of those services. The Housing Authority has adequate representation in the regional services reform agenda and we are ensuring that this becomes a priority for regional services reform.

The CHAIR: I would like to start by giving you a bit of background to all of the things that you do. When I was a backbencher, I chaired a committee that Ben's dad, Cedric Wyatt, initiated as director general of the then Department of Aboriginal Affairs, on the provision of essential services in remote Aboriginal communities. We made a list of recommendations, some of which I see are still government policy, which was communities of 50 or greater, and a whole pile of criteria, to recognise those communities we need to look after and also talked about the normalisation of town-based communities. Those on the fringes of towns had to be normalised—to have normal power, normal water, pay rates and do all the normal things that people do. That was in 1997 and here we are in 2016. You can understand why I am somewhat sceptical. I got to then be the minister responsible. I was the one who initiated RAESP when it first started in 1999, I think it was, and put

that in place. At that stage there were a few things going on. I would like to explain how we got from there to here.

We had a list of 48 communities and we had agreement with the commonwealth that the state government would be responsible for them; all of the rest were theirs. Particularly under Hawke, we had the homemaker policy that encouraged people to get back to homeland and provided funding for a house and car for them to do that. We said, “They’re nothing to do with us. Don’t look at us for any future funding of them.” We would look after our 48, but then we reached a deal with the federal government that we would expand that list of 48. Where the federal government upgraded the infrastructure—so provided adequate power and water supply—the state government would take over management. By the time I left, we were up to about 80 or something; under Labor, we got up to about 105 of those communities. It blurred us to the commonwealth putting in those extra funds for upgrading, but nevertheless that was the size. Water was managed by the Water Corp. It would go and do the testing in those days. I think most of the power was managed by either the community itself or the state government through Western Power provided some services, because I remember Colin Barnett was minister at the time and they provided some upgrades to those towns. Anyway, that was the list. Now it seems fairly confusing as to whom you provide the services for. You do some outside that list of 48 that became whatever it was. There is a list in here. I do not know where that list in appendix 1 of all those communities comes from. Which document?

Mr Whyte: Are they the 91?

The CHAIR: The Auditor General’s report only goes up to 86, I think is his highest. What has happened to the others? There are lots of communities that are not 50 that you are still providing services to. I remember that Water Corp was providing some services to those who were not in the group because they had water issues and they just did it. Did you just adopt all of those? Did you ever have any plan or agreement with anyone about the numbers you looked after, why you looked them and how much you looked after them? What happened to the Water Corp and Western Power and their role in that?

Mr Whyte: To my understanding, the 91 communities were agreed to by cabinet back in —

Mr Cash: It would have been 84 when you were minister, I think.

Mr Whyte: Eighty-four, which went to 91.

The CHAIR: Yes, I was the minister in 1984.

Mr Cash: It went to 84, I think, under you.

The CHAIR: Okay—to 84.

Mr Cash: And then it went to 91.

The CHAIR: I thought it got up to 105 or something like that.

Mr Cash: We are not aware that it ever went beyond that.

Mr Whyte: Ninety-one is the number that we inherited. The only communities to not receive services since that date are communities that have closed or do not have any people in the communities. That is where the number has adjusted back to 84 now.

The CHAIR: There is another document called “Resilient Families: Strong Communities”. Page 7 refers to the size of the communities, and it has 16 with 200 residents, 19 with 100 to 200, and 19 with 50 to 99—that is only 54—and then 91 communities with 10 to 49. Do those figures match your numbers as to the numbers of people in those communities? I know that it is pretty hard to tell.

Mr Cash: We would be using similar numbers, so the data would be the same. There is obviously the challenge of the transitional nature of some of the people in and out of these communities. We have maintained the current list since about 2007.

The CHAIR: How did you let Water Corp and Western Power off the hook?

Mr Cash: They exited at around the time you were minister.

The CHAIR: They were still doing all the water testing.

Mr Cash: We have had it for as long as I can remember.

Mr B.S. WYATT: Of those 84, are all 84 still receiving services under the RAESP?

Mr Cash: Yes.

Mr B.S. WYATT: Of those 84, are they all now up to Australian standards on water quality; or do we not know that?

Mr McCafferty: Some of the communities have had services regularised. There has been one community removed from the RAESP because it has had all those services—that is, power and water—regularised, so it has taken control back by the utilities; that being Mundijar. There are a number of communities that have had their services regularised for power. I think the number is 28 that have had power regularised. That includes some town-based communities as well—not necessarily just the RAESP, but some RAESP communities have had their power services regularised. The water services, however, have not been so successful. We have had six communities regularised, most of those being town based.

Mr B.S. WYATT: In terms of the standard of Australian water, it is only those six that we are sure about; is that right? I am just trying to understand.

Mr McCafferty: The compliance with the drinking water guidelines for water quality is across the program. One of the major objectives of the program is to ensure water compliance with the drinking water guidelines.

Mr B.S. WYATT: I get that, but how many are meeting those guidelines?

Mr McCafferty: There are intermittent fails, but, primarily, there is about 99 per cent statewide compliance with the drinking water guidelines.

[11.00 am]

Mr B.S. WYATT: Including where it is not regularised?

Mr McCafferty: Yes.

The CHAIR: What about the calcium? A lot of them had huge levels of calcium in their water. Is that still an issue?

Mr McCafferty: Yes, it is. Calcium is a chemical issue rather than a biological issue, so it is one of those things that, unless it is significant, the Department of Health is not concerned with. It does monitor the test results, but it is more an issue for a maintenance regime rather than a health issue.

The CHAIR: But there have been programs in the past that slowly and steadily started managing that to improve the quality of water. Is that something that you have continued?

Mr McCafferty: Yes, it is. We have systems in place that deal with the chemical qualities of water—reverse osmosis units as an example.

The CHAIR: Jigalong has done that.

Mr McCafferty: Jigalong—yes. We have RO units in a number of places, such as Cosmo Newberry, but there are a few RO units out in the program. There is also a treatment unit called an electrodialysis reversal system, which is another type of thing that takes out the heavy metals, such as uranium, in our drinking water. But chlorine is generally our preferred method of water treatment that addresses the biological contaminants, not the chemical properties—chemical and biological is what is monitored by the health department to give us guidance and recommendations.

The CHAIR: With the new unit being formed—what is it called?

Mr Lonsdale: The regional services reform unit.

The CHAIR: That one, yes. Now that they will have responsibility for all the communities, are you working as part of that to work out who you are going to keep supporting and who you are going to not support?

Mr Whyte: Up until the point that any decision is made regarding a community in terms of its future, we will continue to deliver the RAESP. The criteria upon which communities are supported or regularised is something we are working through with the unit. The only criteria that existed in the past were the number of people—50, I think, was the number of houses—the state of the infrastructure, the quality of the infrastructure and the land tenure. They were the four criteria that were originally agreed to or came with the program. I think it goes beyond that now in terms of what is a sustainable community. Certainly, we have gone back through and audited all the infrastructure that exists in every community. We have a good reckoner of what actually exists. We are aware of the services provided. We are getting a better handle on the number of people in those communities in particular. We have not been able to rely on information such as census data. There are a number of people who, obviously, come in and out of the communities, but there are also a lot of people who are not registered in the communities. So to pick a community based on a previous census or a once-off check of how many people are living in the community at the time is not a particularly good indicator. There is also the composition of the community and the age profile of people in the community.

A whole series of parameters have been put in place with the Regional Services Reform Unit that we are working with. The first places off the rank will be town-based communities that we believe can be regularised. The next group will be current supported RAESP communities, and then there will be a list of other communities that we need to work directly with in terms of the future provision of water and wastewater. One of the key issues that we have come across is the ownership of the infrastructure. In a lot of the communities there is not a group putting its hand up to say, “We own the infrastructure”, and that is a real issue.

The CHAIR: Most of it is Aboriginal Lands Trust land. It is in fact owned by them but they have no funding for management or maintenance.

Mr Whyte: Correct.

Mr B.S. WYATT: How many town-based communities are not regularised? Do we know?

Mr McCafferty: I could not put a number on it, but it is significant.

The CHAIR: Which is amazing really, because we started regularising them in the late 1990s. Twenty-five years later you are telling me they are not done.

Mr Lonsdale: Of the 84 RAESP communities, as we refer to them, there are some 22-odd where Horizon Power is the supplier of power to that community. They may not own all the assets or be responsible for assets within that community, but much of that supply will relate to town-based reserves, and there was the regularisation of power initiative in about 2008, from memory. There was a program and originally 16 locations were targeted, and I think about eight of those were actually completed before that program of works came to finish. Essentially, some progress has been made historically with either power supply and/or Water Corporation water supply to some communities and town reserves, but clearly not all of them.

Mr B.S. WYATT: Of the 84 then, how many of the 84 town-based reserves have not been regularised?

Mr Lonsdale: I think we would have to take that on notice.

The CHAIR: I do not understand why you would not know. I mean, you have been managing these communities now for 25 years. You have done an audit of all the communities; surely you must have who is town based on who is not.

Mr Whyte: We can go through and provide you with a list of that.

The CHAIR: I just do not understand why you would not automatically of the top off your head have the number. You know how many there are altogether and you manage them all and their maintenance. You have a 25-year program in place of normalising them and it has been your department's responsibility.

Mr Lonsdale: With respect—for the last 16 years.

Mr McCafferty: We had responsibility for normalising them, but that has not been a continuous program. There have been fits and starts at the normalisation or regularisation process at various times through consecutive governments, so it has come and gone.

Mr B.S. WYATT: Can we get a list of those 84 town-based reserves that have been regularised and the town-based reserves that are not regularised. If we can get that list, that would be useful.

Mr McCafferty: As an example of one of the complexities in being able to answer that question: some have had their power regularised but not their water. For example, you can have Nicholson Block, outside Fitzroy Crossing, who have had their power supply regularised, but not their water, for instance.

Mr B.S. WYATT: That is a good point, but could you also in that information let us know which ones have power regularised or water or both?

The CHAIR: I can recall a community just outside or, in fact, in Kununurra that we looked at and Water Corp had responsibility for that water for that community, and they were going to shut the water down because of unpaid bills. They had some huge amount, hundreds of thousands of dollars, of unpaid bills. The water went to the edge of the community. It was reticulated throughout the community, but they had one bill for the whole community, and individual houses that were going to have their water cut off might have only been there three months and it was the people before who had used the water. At the time, lucky I was Minister for Water as well, we got them to write off that debt and reticulated the water to individual houses and then started providing bills to individual houses. When we went to one of those houses—I was just telling Ben before you came in—the water was constantly running out of a tap in the laundry and I quietly snuck around to try to turn it off, and I could not because it was calcified solid open. Part of the RAESP was to train Aboriginal people in the communities to do basic plumbing work—like changing a tap or changing washers—and teaching people how to fix things themselves. Has that continued with RAESP? We had training programs for Aboriginal people in the communities—in every one of them.

Mr McCafferty: Was it a town-based reserve in Kununurra?

The CHAIR: It was all of them.

Mr McCafferty: I would suggest that that was probably supplied water from the Water Corporation anyway.

The CHAIR: It was.

Mr McCafferty: From a calcium perspective, it could be from the Water Corp system. RAESP would assume in some instances, or Housing may assume in some instances, responsibility for the water reticulation on the consumer side of the master meter, if you like.

The CHAIR: That is not what I am asking for. Because of problems like that, but also, you know, in a remote community the toilet would block up. It would overflow and stink the house out and no-one would live there anymore. RAESP was supposed to teach them how to manage a toilet—how to

clean it and how to connect pipes and things like that—and simple housing things like how to change a door that was broken. The RAESP program was supposed to have contractors that were —
[11.10 am]

Mr Cash: There were a number of programs that have been funded over the journey from when you were previously our minister and had both portfolios. There was an environmental health program that installed roads and other things to do dust abatement and deal with other issues that included some of the elements that you talk about. Some of those programs were discontinued at various times. RAESP has maintained one of those programs that is maintained —

The CHAIR: So you do not do any of that now; you do not do any training of Aboriginal people?

Mr Whyte: In terms of the Aboriginal residents in the communities, in the last 18 months we have certainly worked closer with the communities to be able to address water quality through the community. Telemetry—is that the right term?

Mr McCafferty: Yes.

Mr Whyte: We now get test results back in real time, and we are able to work with the community to adjust levels of water and such. In terms of doing hard plumbing or electrical work, we are required to use qualified and registered people. But in terms of working with the community to adjust things that can be done; absolutely, in the last 18 months, and I think that has resulted in some of the better indicators we are now getting. I think we quoted a 40 per cent reduction in E. coli and other pathogens. Part of that is because we are now getting the results back in real time and we are able to adjust the balance of the water supply or the provision of chlorine or the adjustments in real time, rather than having to wait a week or two weeks to get the results. Graham can explain.

Mr McCafferty: The issue with using somebody to undertake repairs on the system had some concerns with the plumbers licence and regulations. There has been a program, but it is not with the Housing Authority. There is a program that has the intention of enabling an exemption for repairs to be undertaken by community members. In communities that concept has been around for a long time, but it has been tabled in a draft.

The CHAIR: I can replace a tap in my house that is leaking—I do not need authority to do that—or I can change the O-rings; it is not hard to do. Yet most Aboriginal people do not know how to do that, so the tap keeps leaking. Part of what was happening is that we were getting whoever we contracted to. Part of the remit of the plumbers who went out there to do stuff was to teach the people in the house how to do simple basic repairs. It was good value doing that, and I am surprised that dropped off.

Mr Lonsdale: I think, if I may, it is true to say that through our regional service providers under contract they have often employed local Aboriginal people within communities to work for them to follow through on monitoring the essential services provision and also doing repairs as required. There has been that regime in place throughout this program. Recently, in the last couple of months, I think the Minister for Commerce has signed off on new regulations that will actually now allow certificate trade 3 to actually do that. Community health workers and people with trade certificates can do some of that lower plumbing works that would ordinarily be required by a licensed plumber. There has been approval through commerce to give greater flexibility to those regulations to allow local repairs by qualified health workers and community people with that trade certificate.

Mr Whyte: There are quite a number of people within the communities who have been trained and are engaged or employed by the regional service providers so that skill exists within the community. The point Peter is making is that in some cases we are precluded from using people who were not qualified, but we seem to have worked through that with the plumbers licensing.

Mr McCafferty: In regards to using Aboriginal people, though, Jigalong is a classic example. Our regional service provider, one of our contractors, engages with Freddie Jeffries at the

community. If there is an opportunity to utilise him, they will contact him. It might be that he needs to go into the power station, for instance, and check on some of the components. Freddie also has the responsibility to go out and check on the fuel tanks in the borefields. There are six different bores that provide water to the Jigalong community. They do engage essential service officers.

The CHAIR: We had huge problems with the swimming pool because the quality of the water was not adequate. We drilled and drilled everywhere to try to find water, and I do not think it was until after we left that finally a good supply was found, but it was difficult.

Mr Lonsdale: That is often the challenge we find in remote communities—the actual supply of water. The Tjuntjuntjara community, south east of Kalgoorlie, is a good example of that, where the uranium and nitrate contents are high in that community. You go to other sources, but there are not many other sources. The content of that water exceeds—Craig recalls better than I the percentages—something like 50 times the content of saltwater seawater. The actual source is a challenge for us, and how you treat the water source to get to a potable water stage. In the case of Tjuntjuntjara we are currently installing a reverse osmosis unit. That is currently underway in that particular community.

Mr Cash: Graham, it might be useful just to convey to the committee the amount of water required to deliver supply through a reverse osmosis option.

Mr McCafferty: Through the treatment process, as an example, you usually do it for 70 per cent of your inflow through the water treatment system. So you put in 100 per cent, and you may end up with a 30 per cent potable supply. Then we look to mix it with other bores—so other sources of water that comes from a different location—to enable us to provide sufficient quantity. When we have the swimming pool program, sometimes that utilises the potable supply, which has caused us problems in the past, and we may have had to identify a different bore for that purpose. Then you also have the aspirations of the communities to put in things like ecotourism, or if they want a green oval, for instance. Some of those things provide us with additional challenges to meet the demand as well.

Mr B.S. WYATT: Going back to a question the chair asked, the relationship between the 84 and the 10 from—I do not know where the other document is. What is the relationship between the 84 and the 10? Is it none at this point or is it that is to be developed?

Mr Cash: We would anticipate that the 10 would come from the 84 because the criteria we are using for the 10 are similar to the base criteria that meet the 84 requirement. The priority action included in the road map is about taking the standard beyond what we currently supply.

Mr B.S. WYATT: Is that primarily population size?

Mr Cash: The criteria, I am not sure of.

Mr McCafferty: It is not exclusively —

Mr Newton: Perhaps, if I can, it is up to 10. The idea was to take a cross-section of a profile, so it is some based on population but then some mid-sized communities, to provide experience in the process of bringing these services up to standard. So it is up to 10.

Mr B.S. WYATT: So you anticipate that once those up to 10 are identified that RAESP in its current form will probably be modified to effectively focus on, instead of the 84, those 10.

Mr Cash: We are participating in the ongoing engagement with the regional services reform process to ensure that we are able to help manage the transition from what we are doing now to whatever the future may look like based on the range of decisions that will flow from that process. Not to be, you know, avoiding the answer, but if 10 gets changed to whatever the priority action turns out to be, and the standard of essential services gets raised significantly, and 10 fall out of that, we still need to have a net for the remaining whatever.

Mr Whyte: To answer your question, yes, we would expect that once the services are regularised that we would not be providing RAESP services to those communities, because they would have regularised services. The issue is the infrastructure that is in the ground for water. In a lot of the communities, the infrastructure is substandard to be able to support the community—so the reticulation services et cetera. Getting the services to the front door is one thing, it is then how those services can be delivered to all residents in those communities. I expect that there will be a transition from being a RAESP community to a regularised community, and then we split up the work that needs to be done to ensure that everybody gets appropriate water and electrical services within the community.

[11.20 am]

The CHAIR: One of the things we did before the swimming pool program was acted, and RAESP was partly doing that, and a report came out of Sydney that my former chief of staff remembers the name of and I do not—I have just been texting her to try to find out. It came out of Sydney and it came up with five things that you needed to have a community stay healthy—five basic simple things. I cannot remember them all, but one was, obviously, that water was running; that the fridge would keep working at below five degrees; there was opportunity for people to have a shower; and there was sewerage and so on—five simple things. In any one house, on average, across all Aboriginal communities, there was normally only about three of those five simple things that were working. Part of RAESP's job was to try to get those in every house up to scratch to make sure that people had those five basic things in every house. Some cannot be things you do: if the fridge is not working, it is not your job to go and replace the fridge. But if it is because the power is not coming in, then that can be addressed. Those things made an enormous difference to health outcomes.

Part of that was inputting the pools, which made sure that if the shower was not working, it did not matter, you could still get in the swimming pool. Daily exposure to water is critical in health for skin infections, for ear infections and for throat infections. As part of that we did the sealing of the roadway, because the dust was causing irritation, and the reticulation and greening. We did some of those things for communities that said they did not want a pool. Bidyadanga was a good example at the time; they did not want that, but we still did the rest for them. I know they have got one now, but they said no at the time. Those things are critical, so when you are forming your plans for the future for how you manage looking after health, if I can get the name of that report—maybe you cannot get it now; it is so old. I will probably get it to you, Greg—I have probably still got your number—to let you know what that report was, because I think it is worth reading.

The Auditor General was pretty critical in his comments. I know that you are addressing all those things, but, again, it concerns me. I said 25 years, but it has actually been 26 to 27 years, that you have been in operation looking after remote communities; why do you think there were so many things that he was still critical of?

Mr Lonsdale: Could I just clarify the history, if I may? According to my notes, it was 1997 when it moved to the current RAESP model. Prior to that it was the WA Water Authority and it was the regional service power providers under Horizon Power that had responsibility. From 1997 to 1999, it sat with the Department of Aboriginal Affairs or its namesake at that time, jointly funded by state and commonwealth. It moved to the current RAESP model, and then it came to Housing in 1999. We have really only been in the space for the last 16 years, just to clarify some of the history, to my understanding.

Mr Cash: I think that one of the challenges here is that the issue of a repairs and maintenance model and a funding profile for what is required to sustain a standard that we are delivering now versus a full responsibility for provision of an agreed, preferred standard that is identified by the community. We are not Western Power. We are not Horizon. We are not the Water Corporation. We are funded on an annualised basis and part of the challenge in answering the Auditor General's issues is related to the funding profile of the allocation of funds to us. In the last few years, it has

been on a short-term funding cycle, which means that we have not had guaranteed continuity of funding going forward, and the funding that we have been provided has been to deal with the repairs and maintenance and some minor capital upgrades, not about fixing the preferred standard or delivering the preferred standard. We do not shy away from the fact that this is a very complex area, it is a very challenging environment and the issues with obtaining the right water source and things like that present real challenges. We have been trying to maintain a quality system and a quality service to the best of our ability within the funding envelope provided. We believe that we have been endeavouring to do that. The OAG identified some opportunities for us to do it better, and we have embraced those and we are trying to work with other parts of government, such as the RSRU, to deal with some longer term funding opportunity that would then allow us to drive some improvement in the system, but we need to understand that we are not going to get it perfect in this model.

Mr B.S. WYATT: In one of the documents I got from the department there was reference to a submission for \$65 million, I think. I cannot remember what that was for. Was that to clear the backlog of maintenance or was it for broader capital works?

Mr Hindmarsh: That was the capital. The \$65 million represented 130 capital works that we identified as the most critical to try and maintain the standard.

Mr B.S. WYATT: To get to the standard or required to maintain —

Mr Lonsdale: To maintain the current standard.

Mr McCafferty: Our existing standard would be, for instance, an Australian standard as opposed to a utility standard, which is higher again. So for us to regularise a community, we build it to a utility standard, which is beyond the base level, if you like.

Mr Cash: So that builds in levels of redundancy and because we are talking about power and basic water, things like regularisation go to the fact that the power needs to be—if the power fails, there needs to be multiple redundancies in there to prevent failure. At the moment, our standard is that we can get power back on in around 24 hours. We see the differences between the standard we are providing and the utility standard.

Mr B.S. WYATT: Can I just go on to another issue about the contract? The OAG was also very critical around the contract management of the program manager and talked about poor oversight and that they may have overpaid et cetera. I note in the document that KPMG made the point that —

review its contracting of the Program Manager and Service Providers before issuing new contracts in 2016 to ensure: ...

That is on track, it would appear, for July 2017. I guess the question is: what is happening to ensure that the department has clearer visibility on what the program manager is doing, and, in particular, what is being paid for and what work is being done by the programmer?

Mrs G.J. GODFREY: And who is the contractor?

Mr B.S. WYATT: It is Parsons Brinckerhoff.

Mr Hindmarsh: A number of things have been put into place. As Greg identified, we accept some of the shortcomings in the way contract management was being done, and that was identified by the Auditor General. Things we have put into place are, first of all, a RAESP strategy that lays out exactly the roles and responsibilities of each of the three tiers being ourselves; our program manager, Parsons Brinckerhoff; and the regional service providers, the subcontractors who provide the service on the ground. So the roles and responsibilities have been outlined to avoid some of that incoherence previously. We have identified and set in place KPIs for the performance management of the requirements of the contract manager. We cannot completely effect those until the new contract is signed but in the meantime —

Mr B.S. WYATT: When is that? Is that at the end of next year?

Mr Hindmarsh: It is 2017, dependent on funding support to be able to do that. At the moment we do not have funding for the next stage of the program.

Mr B.S. WYATT: So is that the remote service level guidelines for essential services in remote settlements in WA?

Mr Hindmarsh: Yes, it is the service level agreement effectively with the program managers at the levels of performance that we expect of them. We also got greater visibility through the ESAMS system, which is the asset management system that has been put into place. We can more clearly identify the works that are required now that they are being tracked through the system and audited.

[11.30 am]

Mr McCafferty: We have established KPIs for our contractors under the Parsons Brinckerhoff also, so there is better oversight of the contractors underneath Parsons Brinckerhoff.

Mrs G.J. GODFREY: And you have got those KPIs now?

Mr McCafferty: Yes.

Mrs G.J. GODFREY: Can we have a copy of those?

Mr McCafferty: Yes.

Mrs G.J. GODFREY: My concern following on from that is on page 19 of the Auditor General's report, and it basically covers the same stuff. I appreciate the difficult role this is and all those other things that we have discussed that I am concerned about, but not as much as the contract and statements saying poor contracting means housing is not getting full value from its contracts, and also poor oversight means that housing may be overpaying for services. These are two things that were flowing through from the metropolitan housing that we were dealing with before. Are you saying that we are getting KPIs but, at the same time, the current contracts of both programs are being extended through to 2017 and we cannot measure those KPIs until 2018?

Mr Hindmarsh: We are measuring. We have reporting protocols in place to ensure that we can measure them. What we cannot do at the moment is if they fail to meet those KPIs—because the contracts are not the new contracts that those have been embedded into—we may have an issue with enforcing those. To this point we have had no issues with that. They have abided by the KPIs and have been meeting the performance requirements that those have laid out.

The CHAIR: What about the AG's suggestion that people have been paid twice to do the work?

Mr Whyte: The AG's concerns were fundamentally with us having a program manager and then housing going in and doing its own oversight. That was the double pay issue. RAESP, being a repairs and maintenance service, and Housing having other works that are capital works, and Housing doing housing work in a community, meant that quite often we were going back and doing the engagement with the regional service provider and then other work with another provider, and that was where the duplication was identified—not paying for the same job twice. We accept that but I think it is different to some of the issues that have come up in the metropolitan head maintenance contract. This was actually Housing going in and trying to do too much.

In answer to your question about how, in the last 25 years, we have not got better clarity and better outcomes, it is partly because of the nature of the funding—RAESP being only for operational funding, it had very limited parameters around it. The state was not funded to provide capital into the communities unless it specifically provided that funding and through a separate process. So we have had a program called RAESP but set it across to one side, as it has needed to keep the lights on, if you like, and keep the water flowing, and then we have had other needs within the communities to actually, I do not know, replace a water tower or the generator, which is a capital response. What has happened is that we have, as I said before, blurred the lines between what was

operational and what was capital and then tried to oversee the lot. For instance, if we go into a community and we are doing a housing job for plumbing, we might go and get the taps fixed or the plumbing fixed at the central supplier. That is seen as being a double payment because we have got a provider over there. But to be as forthright as I can, we have tried to be as pragmatic as we can and get the job done, regardless of where the funding has come from or what anyone's specific responsibilities are. We will go in and try and get the job done and that is what the Auditor General is mostly critical of; the fact that we were not using the program manager just to manage that particular program. We would step in and engage a regional service provider. We would get them to fix up a tap in a house. That is a Housing issue, not a RAESP issue.

The CHAIR: I do not think anyone would want you to stop doing that despite what the Auditor General says.

Mr Whyte: Yes, and again we are not trying to back away from the findings and the recommendations of the Auditor General because it has caused us to take a good look at what we do and how we do it. It has spurred us to work with the Regional Services Reform Unit to identify where we have just been putting a bandaid on things. In terms of the capital needs, it is in the vicinity of \$37 million or \$38 million that we think we need just to get to the current standard.

Mr Hindmarsh: That is just for water.

Mr Whyte: That is for water. Wastewater is another issue and electricity is a separate issue. We figure that the regional services reform unit has been given by the regulated providers a figure of \$750 million to fix the lot up. So we are providing a repair and maintenance service of \$30 million a year to all the communities and, at times, getting capital to upgrade. We accept that within that funding envelope we have improvements to make, but I would suggest that most of our efforts have been on best endeavours rather than on a fully funded and fully overseen proper program.

The CHAIR: So, fully funded and fully costed, from memory.

Mrs G.J. GODFREY: Do not say that.

Mr B.S. WYATT: Can I just ask in respect of wastewater, because that was another finding of the Auditor General around—the later testing means that Housing could not always know if wastewater systems were effective. Like in my conversation Mr McCafferty before about those 84 communities, are the wastewater systems of a similar standard now?

Mr McCafferty: They are now fully tested. We have the reporting systems in place and since that point, we have had 100 per cent testing of wastewater.

Mr B.S. WYATT: How many people are employed in the Housing Authority? I am happy to take that on notice.

Mr Whyte: It is approximately 1 600.

Mr B.S. WYATT: How many are Aboriginal people?

Mr Lonsdale: About four-point-something per cent or five per cent of that workforce.

Mrs G.J. GODFREY: Did they meet their KPIs on that previous report? Is that one of your KPIs?

Mr Cash: It is somewhere between four and five per cent. We have an internal target which is closer to 10 per cent that we want to get to. We have the largest intake of Aboriginal trainees as a mechanism to try to help that and we continually —

Mr B.S. WYATT: Is that across WA?

The CHAIR: It is a great program but the other agencies nick them all the time.

Mr Cash: There are some challenges for us in retaining Aboriginal employees long term because —

Mr B.S. WYATT: Is that because they are going to other places of employment?

Mr Cash: Yes. We are a good breeding ground and because we have such a large regional footprint, we are able to have offices where there are a lot of Aboriginal people. They are a good entry way.

Mr B.S. WYATT: Are your Aboriginal employees mainly outside of the metropolitan area?

Mr Cash: No.

Mr Lonsdale: They are spread throughout the state and across all regions. It is true to say that a number of them are at head office but, yes, they are across all the regions throughout the state.

The CHAIR: And the training that they have every year was generally done by people from Perth who go out. I am sure we had a bigger percentage, though, when I was there.

Mr Cash: The organisation has grown a little bit and diversified its activities. When you add project managers and senior functional roles, the pool of talent changes.

Mr Lonsdale: Can I also add that under our contracts, we stipulate in our contracts for construction, civil works, and maintenance and property and tenancy management, certain threshold requirements for minimal Aboriginal employment targets. We have done that for a number of years, initially through NPARIH, the National Partnership Agreement on Remote and Indigenous Housing, construction contracts. That is rolled out more widely across our maintenance and, most recently, our civil works contracts. It will roll out from 1 July.

The CHAIR: Of course your Aboriginal representation here is zero. What is your highest level —

Mrs G.J. GODFREY: Not many skirts either!

The CHAIR: Female as well is zero. What is your highest employed Aboriginal person in the organisation? Would it be Cedric?

Mr Cash: It is level 8. Robert Isaacs—he is currently based in Keystart.

[11.40 am]

Mrs G.J. GODFREY: This is my last question. You mentioned \$700 million to what—to bring everything up to —

Mr Cash: Urban, essentially, in that context.

Mrs G.J. GODFREY: That is for how many communities—84?

Mr Cash: I would not expect there to be —

Mr Hindmarsh: It would probably be nearer 50, but we do not know the criteria as yet to know exactly.

Mr Whyte: I am quoting a figure that was quoted to me from the Regional Services Reform Unit.

Mrs G.J. GODFREY: What is your vision of how we could get there? Is it money restricted or too hard, you do not have enough resources? Why are not we getting there?

Mr Cash: I think it is more of a question of trying to position this right within government, the responsibility for this activity. Clearly for us, getting it regularised is the nirvana for the right number of communities, and we do not suppose to have the answer.

Mrs G.J. GODFREY: Is that the first step to get to this? So, the money is one side and to work out the right number of communities, and then the right level of services?

Mr Whyte: Certainly, there is the regional services reform group. We subscribe to that process.

Mrs G.J. GODFREY: Who is on that?

Mr Whyte: Grahame Searle heads that.

The CHAIR: That was started by us. Terry Redman and Helen Morton were the two that headed it up. Helen has gone now, so Andrea Mitchell has taken over and Terry is still responsible. We put a team together of people from all agencies. Some went in from Health, some from everywhere. Housing, I think, providing the greatest number of people to that organisation and the chair, and so their job now is to put together what we do in this changeover from the withdrawal of commonwealth money and how we manage all this other stuff—the RAESP stuff, the housing, the water, the power.

Mrs G.J. GODFREY: Is anyone here on that committee?

Mr Cash: Paul.

Mrs G.J. GODFREY: So where is that going?

Mr Whyte: The regional reform unit has just produced its road map, which outlines the future directions. In terms of remote communities and essential services, regularisation is the first step. Identifying those communities that need to have regularised power and water and wastewater services. Then beyond that, it is how do we better deliver the RAESP services and the municipal services to those communities.

Mrs G.J. GODFREY: Are any of the KPIs included in that?

Mr Whyte: In terms of —

Mrs G.J. GODFREY: What you just said.

Mr Whyte: Yes, and the Aboriginal employment targets too, but more particularly in services contracts that are engaged in remote communities.

The CHAIR: All right, well done. I have a closing statement I need to make. Thank you for your evidence before the committee. A transcript of this hearing will be forwarded to you for the correction of minor errors. Please make these corrections and return the transcript within 10 working days of the date of the covering letter. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be introduced by the corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thank you for attending.

Hearing concluded at 11.45 am
