

LEGISLATIVE COUNCIL
Question On Notice

Tuesday, 22 March 2016

3903. Hon Robin Chappie to the Minister for Housing

I refer to the Western Australian State Government agreement (the Agreement) with Senator Hon Nigel Scullion that saw the States take on responsibility for municipal and essential services in remote Indigenous communities in 2014. The Agreement is contained in correspondence exchanged between Ministers only and has not been publicly released, and I ask:

- (a) will the Minister table the Agreement and/or ministerial correspondence in which the Agreement is contained;
- (b) if no to (a), why not; and
- (c) why does the Minister hold the view that these documents should not be publicly released?

Answer

- (a) Yes, see tabled paper no.
- (b) – (c) Not applicable.

CH



MINISTER FOR MINES & PETROLEUM; HOUSING

Your Ref: B14/2186
Our Ref: 42-31986

Senator the Hon Nigel Scullion
Minister for Indigenous Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister *Nigel*

Thank you for your letter of 22 July 2014 regarding essential and municipal services to remote Aboriginal communities in Western Australia.

I acknowledge the offer of a one-off payment of \$90 million from the Commonwealth Government on the basis that the State takes on sole responsibility for providing essential and municipal services to remote Aboriginal communities from 1 July 2015.

Unfortunately, I was not able to meet the timeline of 31 July 2014 you requested as this offer will need to be considered by Cabinet prior to any formal response. I will endeavour to have this matter scheduled as a high priority and would hope that I can respond substantively by the end of August.

In the meantime I am hopeful that progress can be made towards a broader bilateral agreement as proposed in the Premier's letter to the Prime Minister, where the State and the Commonwealth can more closely align our resources and efforts around priority areas.

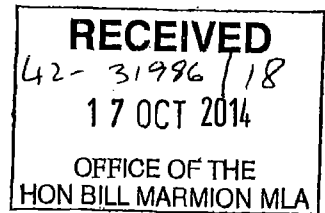
Yours sincerely

Bill Marmion

HON BILL MARMION MLA
MINISTER FOR MINES AND PETROLEUM; HOUSING

2 AUG 2014

cc: Hon Colin Barnett MLA, Premier
Hon Tony Simpson MLA, Minister for Local Government
Hon Peter Collier MLC, Minister for Indigenous Affairs



MINISTER FOR INDIGENOUS AFFAIRS

Reference: C14/79440

The Hon Bill Marmion MLA
Minister for Mines and Petroleum; Housing
Level 29, 77 St Georges Terrace
PERTH WA 6000

Bill
Dear Minister

Thank you for your letter of 18 September 2014 confirming acceptance of the Commonwealth Government's offer of \$90 million as a final one-off payment for municipal and essential services.

I am pleased Western Australia has accepted the Commonwealth's offer, and can confirm that payment will be made in October 2014.

As a result of this agreement and final payment, the Commonwealth will provide no further funding for municipal or essential services from 1 July 2015. As you know, I have agreed to continue the current funding arrangements until 30 June 2015 at a cost of \$28.6 million.

I acknowledge your concerns about the need to address infrastructure in Indigenous communities. However, infrastructure has never been a core component of the Municipal and Essential Services Programme. I look forward to working with you on delivering better outcomes in these communities including through the Commonwealth's investment in remote housing.

Thank you again for your cooperation on this important reform.

Yours sincerely

[Signature]
NIGEL SCULLION

*- noted
- no response req'd
- advise Treasury.*

1/14/14 October 2014



COPY

MINISTER FOR MINES & PETROLEUM; HOUSING

Your Ref: C14/72027
Our Ref: 42-31986/11

Senator the Hon Nigel Scullion
Minister for Indigenous Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister *Nigel*

Thank you for your further letter received on 8 September 2014 regarding the Government of Western Australia's acceptance of the Commonwealth Government's offer of \$90 million towards infrastructure and for municipal and essential services in remote Aboriginal communities.

We confirm acceptance of the \$90 million.

Unfortunately the \$90 million will only assist the Western Australian Government in providing essential services for two years for the remote communities, which the Commonwealth Government has, now withdrawn responsibility.

I acknowledge your view that municipal and essential services are not a Commonwealth Government responsibility, even though the majority of these remote communities were established by a decision from the Commonwealth Government of the day.

Preliminary estimates of the costs associated with providing a minimum level of municipal and essential services to all 274 remote communities range between \$2 billion and \$6 billion over 10 years on a net present value basis, depending on assumptions as to whether service standards are applied uniformly or variably across all communities. Over a 20 year horizon the costs increase to between \$3 billion and \$10 billion.

As you would be aware Western Australia receives just 38 cents of every dollar of its population share of GST raised nationally. That means that for 2014-15 a total of \$3.6 billion will go from Western Australia to other states. If nothing changes by 2017-18, Western Australia will receive only 1.3% of the national GST pool.

Yet the Commonwealth Government is content to withdraw responsibility for these remote communities and provide only \$90 million that will fund only two years of services with no funding provided to upgrade or maintain infrastructure.

I am also deeply concerned about a large number of remote communities that do not meet a basic standard of living. As outlined to you in my letter of 13 November 2013, in relation to those communities for which the State has previously assumed some degree of responsibility, the withdrawal of Commonwealth funding for infrastructure replacement and upgrades in recent years has had a direct impact on the health and safety of community residents.

For example, the State Government is concerned that drinking water is generally not treated or monitored in the more than 180 small remote communities and outstations for which the Commonwealth has until now retained funding responsibility. Similarly, the National Audit of Municipal and Essential Services commissioned by the Commonwealth in 2009-10 found that remote Aboriginal communities regularly fail basic infrastructure and service standards, with only seven per cent of audited communities meeting the base level standard for all assessed functions.

Regardless of the Commonwealth's decision to withdraw responsibility of these communities, the State Government finds it reprehensible if these communities are left in such a state.

In addition, the infrastructure needs and the associated health risks to residents in those communities, for which the Commonwealth is now seeking to withdraw responsibility, are largely unknown. Any audit of these communities will show the extent of the liability that the Commonwealth is seeking to transfer to the State.

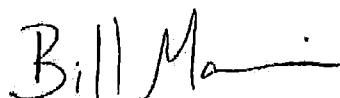
We believe the decision to withdraw from this Commonwealth area of responsibility is wrong and that any audit of remote communities will show that the figures that I have quoted earlier in this letter will be correct.

Western Australia requires an infrastructure package from the Commonwealth to bring these remote communities to a minimum standard.

Given how significant the impact of this change will be for the State Government and Western Australian residents I have provided a copy of this letter to my Federal State colleagues.

I look forward to your response.

Yours sincerely



**HON BILL MARMION MLA
MINISTER FOR MINES AND PETROLEUM; HOUSING**

18 SEP 2014



E-MAILED
26/8/14

MINISTER FOR MINES & PETROLEUM; HOUSING

COPY

Your Ref: B14/2186
Our Ref: 42-31986

Senator the Hon Nigel Scullion
Minister for Indigenous Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to our recent discussions concerning your offer of \$90 million towards the operating expenses for 2015/2016 and 2016/2017 in Western Australia.

On behalf of the State Government of Western Australia the offer of \$90 million is accepted.

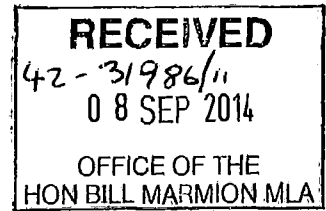
Yours sincerely

**HON BILL MARMION MLA
MINISTER FOR MINES AND PETROLEUM; HOUSING**

26 AUG 2014



MINISTER FOR INDIGENOUS AFFAIRS



Reference: C14/72027

The Hon Bill Marmion MLA
Minister for Mines and Petroleum; Housing
Level 29, Allendale Square
77 St Georges Terrace
PERTH WA 6000

Dear Minister *Bill*

Thank you for your letter of 26 August 2014 in which you accept the Commonwealth's offer of \$90 million for the provision of infrastructure and municipal and essential services related activities, as set out in my letter of offer on 22 July 2014.

Reaching this agreement is a significant milestone achievement for both our governments.

I would reiterate the settlement between us is made on the basis that municipal and essential service provision going forward is the responsibility of the Western Australian Government and no further Commonwealth funding will be provided. Future arrangements, including how these funds are allocated and the approach to delivering services are entirely a matter for the Western Australian Government.

Also, as stated in my letter of offer, our settlement includes an agreement that we work together to settle any public statements about these arrangements and to communicate the revised arrangements to affected communities.

Commonwealth officials will now make arrangements to process the Treasury payment on the basis of our agreement, as outlined in my letter of offer on 22 July 2014.

Yours sincerely

NIGEL SCULLION

13 September 2014

Attachment 2



MINISTER FOR INDIGENOUS AFFAIRS

Reference: B14/2186

The Hon Bill Marmion MLA
Minister for Mines and Petroleum; Housing
Level 29, Allendale Square
77 St Georges Terrace
PERTH WA 6000

Dear Minister ^{Bill}

On behalf of the Commonwealth Government, I am pleased to offer the Western Australian Government a one off payment of \$90 million towards infrastructure and for municipal and essential service activities in Western Australia.

This offer responds to your letter of 29 April 2014 and formalises the discussions between officials in our respective Departments over the past four months. It is made on the basis that municipal and essential services are not a Commonwealth responsibility and no further Commonwealth funding will be provided. Future arrangements, including how these funds are allocated to deliver these services, are a matter for the Western Australian Government.

In order to assist with the transition, I have extended existing funding arrangements for municipal and essential services until 30 June 2015.

I request the Western Australian Government consult with the Commonwealth before making any public statements about this agreement and that it work with the Commonwealth to communicate the revised arrangements to affected communities.

As outlined in the Prime Minister's letter to the Premier on 8 July 2014, the Commonwealth is also keen for officials to continue bilateral discussions on Indigenous priorities and possible joint actions.

To formally accept this offer, please reply to me in writing by 31 July 2014 so I can seek Cabinet approval in early August.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel Scullion', written over a horizontal line.

NIGEL SCULLION

22 July 2014



MINISTER FOR MINES & PETROLEUM; HOUSING

Our Ref: 42-29011

Senator the Hon Nigel Scullion
Minister for Indigenous Affairs
PO Box 6100
Senate
Parliament House
CANBERRA ACT 2600

Dear Minister

Nigel

ESSENTIAL AND MUNICIPAL SERVICES TO REMOTE ABORIGINAL COMMUNITIES

I am writing in relation to the preliminary discussions held in Perth on 16 April 2014, between Commonwealth and State Government officials, regarding future bilateral negotiations on essential and municipal services to remote Aboriginal communities.

I welcome the indication from Commonwealth officials that the Commonwealth's commitment to the Municipal and Essential Services Program (MUNS) will continue for a further 12 months to 30 June 2015. Without that funding, and in the absence of any agreed new arrangements to take its place, the health and safety of the residents of more than 170 communities serviced through that program would be at significant risk.

I also welcome the prospect of an additional capital funding contribution (estimated at \$35 million) to be available in 2013-14 subject to factors that will be finalised in the context of the upcoming Federal Budget. As outlined in my letter of 14 November 2013, the declining availability of Commonwealth funding for essential capital works has had a major impact on service reliability and there is subsequently significant and growing risks to communities, associated with inadequate and unsafe infrastructure.

While the immediate availability of Commonwealth funding is pleasing, I am deeply concerned that the Commonwealth appears to have made a unilateral decision regarding future roles and responsibilities for essential and municipal services in Western Australia (WA). I am advised, that Commonwealth officials indicated at the above meeting that the funding expected to be provided in the coming budget was intended to be the last Commonwealth funding to be provided for municipal and essential services in remote communities in WA.

Audit processes initiated under the Council of Australian Governments (COAG) and the National Partnership Agreement on Remote Indigenous Housing have clearly shown that there has been an overall lack of capital investment over many years, and this has left a legacy of often substandard and inadequate infrastructure that will require significant and sustained investment before transition to different mainstream like arrangements are possible.

It is the clear view of the WA Government, as enunciated in previous bilateral agreements and within the current COAG framework, that the provision of essential and municipal services is a shared State and Commonwealth responsibility. In fact, the WA Government has not accepted funding responsibility for these services in the majority of communities currently supported by the Commonwealth through the MUNS Program.

To potentially withdraw ongoing and future funding support in the absence of negotiated new arrangements is inconsistent with the reform process agreed by COAG, contrary to shared public commitments to improve services and Close the Gap, and threatens the health and safety of remote community residents.

I must repeat the Government of WA's strong opposition to any unilateral decision by the Commonwealth to withdraw from its long standing roles and responsibilities for essential and municipal services in WA. Further, the State will not be able to accept responsibility to provide any funding required to maintain services affected by any future unilateral withdrawal of services by the Commonwealth.

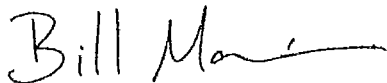
The WA Government, however, is seeking to negotiate new arrangements for the provision of essential and municipal services to remote Aboriginal communities that will progressively improve these services, consistent with the reform agenda approved by all governments through COAG, and in a fiscally responsible manner. As such, acceptance by the Commonwealth Government of the following points is considered essential to underpin future bilateral negotiations:

1. The funding of essential and municipal services to Aboriginal communities is a shared responsibility and requires a long term commitment to capital and operational expenditure from both governments.
2. New arrangements will not result in an overall reduction in effort by either party.
3. Both parties will continue to meet their historical funding responsibilities (as defined in previous bilateral agreements and noted in Section 15(b) of the National Partnership Agreement on Remote Indigenous Housing) until such time as new arrangements have been agreed and implemented.
4. Subject to Cabinet endorsement, negotiations will be informed and guided by the Principles for Reform of Infrastructure and Municipal and Essential Services in Remote Indigenous Communities.

Whilst our governments may have different views on the history of arrangements regarding remote Aboriginal communities, which inform our respective positions on the responsibilities of the Commonwealth vis a vis the **State**, given that the current and unsustainable situation has developed over many decades, it will require a shared commitment from both parties, over many years, to take full advantage of this opportunity and create a sustainable opportunity for remote communities in **WA**.

I look forward to your positive consideration of these matters.

Yours sincerely



HON BILL MARMION MLA
MINISTER FOR MINES AND PETROLEUM; HOUSING

29 APR 2016
cc: Hon Colln Barnett MLA, Premier
cc: Hon Tony Simpson MLA, Minister for Local Government
cc: Hon Peter Collier MLC, Minister for Indigenous Affairs