

**COMMUNITY DEVELOPMENT AND JUSTICE
STANDING COMMITTEE**

**INQUIRY INTO THE ADEQUACY AND FUTURE DIRECTIONS OF
SOCIAL HOUSING IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 23 FEBRUARY 2011**

SESSION TWO

Members

**Mr A.P. O’Gorman (Chairman)
Mr A.P. Jacob (Deputy Chairman)
Ms M.M. Quirk
Mr I.M. Britza
Mr T.G. Stephens**

Hearing commenced at 10.55 am

KOBELKE, MR STEPHEN CHARLES

Chief Executive Officer, Aged and Community Services WA, examined:

BUNNEY, MR ROBERT LESLIE

Member, Housing and Retirement Villages Subcommittee, Aged and Community Services WA, examined:

VARTAN, MRS JENNIE

Member, Aged and Community Services WA Subcommittee, examined:

The CHAIRMAN: Welcome. This committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demands. 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. Have you completed the “Details of Witness” form?

The Witnesses: Yes.

The CHAIRMAN: Did you understand the notes at the bottom of the form?

The Witnesses: Yes.

The CHAIRMAN: Did you receive and read the information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

The Witnesses: Yes.

The CHAIRMAN: Do have any questions relating to your appearance before the committee this morning?

The Witnesses: No.

The CHAIRMAN: Thank you all for coming in this morning and for giving us the benefit of your experience. We have received a submission from you. Are there any other comments you would like to make to that submission before we ask you some questions?

Mr Kobelke: No, we do not have anything further to add to what we have put in.

The CHAIRMAN: Stephen, I think this question is to you. With the advent of NRAS, how much service integrated housing has or is being developed for your needs?

Mr Kobelke: Jennie is really a specialist in that area. If you do not mind, I will hand it over to her.

Mrs Vartan: We do not have figures for actual members across the board, so I could not say. I do know that for Amana Living, we have refurbished 22 units which were otherwise uninhabitable with NRAS but that is the limit of it.

Mr Kobelke: A number of members have been in the same situation. We do not have any coordinated information across the sector for our membership across Western Australia but for our membership it has been more in the line that Jennie is talking to. It has been taken up to a certain extent. We could possibly come back and quantify the numbers for you.

The CHAIRMAN: If you could, that would be great. Again, this question is directed to any one of you. To your knowledge, how adequate is the available continuum of support in community housing? Is the issue funding or lack of a whole-of-government approach?

Mrs Vartan: There are many issues. I think you have a government department that has its own housing stock and obviously it is looking after that to the best of its ability. It is doing its best to encourage the community housing sector to grow and to capacity build there, both in terms of skills and also in terms of housing stock by trying to engineer stimulus package transfers and other transfers. To my mind, that is only touching about half the affordable and social housing stock held by community-type providers at the moment because they have not really engaged with ACSWA or ACSWA members at all. Our members hold at least as much stock, if not more stock, than those who are designated community housing providers. Where they are dealing with the community housing providers, they have gone down this line of choosing—we hear various figures—between seven and nine that they are focusing on to capacity build. I can perfectly understand why they are doing that. It does mean that they are ignoring all sorts of opportunities to build stock in other environments. If they just liberated a few rules and engaged with providers and said, “Here’s the playing fields; go play” rather than very narrowly saying, “This is what we’re doing and we’re not doing this”, they would not miss opportunities to develop housing that could be developed by others with their own gearing up.

The CHAIRMAN: You mentioned the rules? Are there any rules that need to be relaxed?

Mrs Vartan: I have seen a copy of the community housing agreement that they are using at the moment in my capacity working for Amana Living. It is incredibly prescriptive. It is very tightly to rule. You have to go back and talk to them if you want to change a project manager, if you want to make a small change to the scheme or if you want to negotiate finance. It is incredibly tight. Again, I can understand because they are not used to the idea of giving over control, and it is quite frightening. You have a series of individual deals with individual community housing providers through that agreement. In my view, it would be better to have a legislative environment that actually sets out the broad parameters and what government wants to achieve. It wants to enable people out there to gear up, to provide housing, set the context for any transfers of housing from government to providers and also set the context for funding from government to providers and then let the providers go out there and provide and do what they do best. Those who are good and capable will grow and will be built and the banks will want to fund them. At the moment there are a lot of one-off deals which makes it very hard to know what is going on. It makes it very hard to build experience, particularly with funders so they know what the deal is and get used to it and come in and put in more funding.

Ms M.M. QUIRK: One of the impediments to greater efficiencies in our housing at the moment is, for example, older people who are in their family homes that might have four bedrooms and might be better off moving to some of the accommodation that you all provide. One of the disincentives is stamp duty. They are better off staying where they are. Are you aware of any situations like that or have you made any submissions to government on that issue?

Mr Bunney: In effect, the retirement village industry has responded to that in some ways in that they have constructed the lease of life concept or the leasehold tenure rather than a strata title or freehold tenure. That eliminates the requirement for stamp duty. There is no stamp duty on a lease. They already have the potential to make that saving. There has been no specific submission about stamp duty.

Ms M.M. QUIRK: That tends to be the upper end of the scale predominantly though.

Mr Bunney: It does not need to be. I will go back a step. The early development of retirement villages was related. It was mainly by the not-for-profit sector and it was usually related to the use of surplus land when the not-for-profit providers created aged care facilities. The prime purpose was to build an aged care facility on some surplus land. That was turned into a village of some description. That was the beginning of the retirement village sector. The private operators really only became heavily involved in the retirement village sector in the late 1990s because of a tax ruling in 1994. I cannot remember the number of it but it basically gave a 100 per cent capital write-

off. It was a very attractive scheme and lasted for about 10 years before the federal government put a stop to that and changed the rules. That is where the industry started.

We saw the creation of the higher value villages for the profit sector, which is where the profit was and that is where they went to start with. We went to the not-for-profit sector because there was no longer any capital funding from government for aged care construction from 1997. That came to an end. We went looking for a way of creating some capital inflows that we could then direct to the provision of the higher care stuff in residential care. That does not mean that we are not still interested in lower value. For many of us, that is our basic mission. The first thing you hit as an obstacle is the cost of land. Then you go through all the planning issues. By the time you overcome those, you are then looking for a slightly higher value product because you have to get some sort of return on investment.

Ms M.M. QUIRK: What sort of legislative incentives do you think need to be brought in or changed? We have already heard from Jennie about the general settings of the community housing agreement. Are there any particular legislative provisions that would make it more financially attractive or viable?

Mr Bunney: I think the legislative structure that Jennie alluded to is probably what is necessary. A lot of the not for profits already have joint venture agreements with the department for small pockets of housing around the state. To build on what Jennie said earlier, there is nothing in what is being proposed at the moment that tries to leverage all of those little bits of equity around the place. The department's equity in those little projects prevents us from leveraging on them. The department is talking about transferring housing to big providers so that they can leverage up and create big lumps of housing. If at the same time they said to the smaller provider, "We have 15 per cent equity here or we have 20 per cent equity there; we will write that equity off and give you 100 per cent", those smaller providers have just as much ability to go and leverage off their little package. You will not get the 100 or 200-unit development but if there are 50 providers each providing 20 units, you have your thousand and it has not cost the government a penny. All they have done is given up some equity in some villages that they were never going to get back in any case. Sometime down the stream in 50 or 60 years, the thing might be sold and they get some money back but it really does nothing for them at the moment other than give them something to manage.

Ms M.M. QUIRK: We know about the anecdotal evidence about our ageing population et cetera. Should government be doing more in terms of demographic information given the industry modelling or whatever so that the industry can better plan for what we know is a tsunami of ageing population?

Mr Kobelke: I declare a conflict of interest in that! The story is out there. Western Australia has really been at the pointy end of that. The story that is reasonably well known now is that in the aged care industry, we are 2 500 beds behind and they are not being taken up. I think that links in with a lot of what is happening here. The providers have not been building. Quite often the mix for the build involves retirement living and other things so it is putting pressure on.

[11.10 am]

I think governments generally have been slow to come to this realisation but it is now becoming a worldwide realisation that it is hitting in a big way, probably from 2025 onwards, which is just around the corner. We have had some discussions with CODA about this, looking at the development of some reports into ageing in Western Australia, we continue to have discussions to highlight for government a bit further about what Western Australia's position is. We are behind the eight ball. One of the areas that may come up later regards the workforce, which links back into this as well. Yes, there needs to be recognition of the cost to the community that ageing—whether residential or at home—is coming for Western Australia, and with the current arrangements that have been discussed around health and ageing at the COAG level, how that will impact on Western

Australia. We are playing in a different field to the other states, around workforce, around building costs, around general costs and around isolation. The Western Australian government and political leaders need to see this coming. Any work that can be done around quantifying what is going to be needed, and to make the community more aware of it, would be welcome.

Ms M.M. QUIRK: What is your guess, say, in a decade's time, what the shortfall will be in your sector?

Mr Kobelke: It is a good question. A lot depends on the Productivity Commission's Caring for Older Australians interim report. The final report to the federal government is due in June. That answer probably depends a great deal on what the federal government does, particularly in residential care but also packaged care into homes. If the issues were not addressed, this would be a best guess, but with 2 500 beds short, each year from now the number that has been allocated to be put out there is growing. Around 2 200 beds are coming up this year. The beds will be 400 taken off. That shortfall, even for these years, would be 4 000. We could be 10 years. It is a guess. If nothing happens, we could easily be 6 000 or 7 000 beds behind. But the challenge is—I am sure your group understands that—that with these types of works, they do not happen overnight. If you build an aged-care facility, first of all you will need to get it through local government. It is a big issue because communities are concerned about big constructions. We have seen some held up for five or six years. You understand the challenge for the community to address, and also for the elected officials. By the time you get the thing finished, you can be fronting up seven or eight years. Anything approved today you may see it some time around 2017.

I think another aspect is certainly around planning. The government has a role to play in planning in terms of the bigger picture planning to assist local government, if that is where the decision-making process is, to assist councils in understanding about the aged care requirement for their area so they can battle through the community issues and then free up some of the zoning or to review zoning. Both my colleagues have examples of where—I know there are a couple on at the moment—it takes a long time to get things through.

Mr Bunney: The problem with planning is that it takes too long to react to reality, to what is going on. Jennie mentioned a good example last night: the City of Stirling are trying to redevelop a site. The intention is to redevelop it with retirement housing. Amongst other things, the council is insisting that an aged-care facility be part of the planning. The whole of the aged care industry is trying to get people out of aged-care facilities and provide for them in their own homes. The commonwealth government's funding is going to EACH packages and community aged care packages so people can receive services in their own homes. That is not being reflected on the ground in local government.

Ms M.M. QUIRK: And it is probably that transitional stuff that is the highest need.

Mr Bunney: Yes. They are not seeing that they have to change. They are going to have to, because the bottom line is the costs of residential care are increasing. The returns just are not there, which is the reason that beds are not being taken up. We are going to have to provide these services into people's homes, whether social housing, affordable housing or their own homes. Renter, buyer or owner—it does not matter; they are going to have to get the service in their homes. Those sorts of issues need to be addressed.

Just going back to the legislative question very quickly, it is not an existing piece of legislation but the review of the Retirement Villages Act has been released, there will be legislation this year —

The CHAIRMAN: We hope!

Mr Bunney: I am sure. Government is efficient; I am sure it will achieve what it plans to do.

There are two pieces of that proposed legislation which will affect the economy of the industry. That is to do with mandatory reserves, particularly for those villages that do not have that currently, and for the continued payment of operating costs after a unit has been vacated. Both of those have

the potential to make operators step back and reconsider whether they will go into retirement villages. They are pushing costs onto the owner-operators of the village that they perhaps should not be meeting. That is something we have made quite clear to the department, but that is just a shot across the bows to be prepared: when the legislation comes forward, those will be sticking points.

The CHAIRMAN: We well know they are sticking points. In fact, I know well they are sticking points. I think there has to be a reasonable acknowledgement that if somebody leaves a village or a retirement facility, why should they be required to pay fees for up to 12 months or 18 months or a little longer? That is the issue.

Mr Bunney: If they have equity in the property, it is no different to if they had left their home. They still need to pay the rates, they still need to maintain their property, they still need to mow the lawns, they still need to do all the things that are part of home ownership.

The CHAIRMAN: It is about having an incentive, because the only people that can on-sell at the moment are the retirement village managers.

Mr Bunney: No, that is not true. It depends on the village scheme. This might be worth another committee hearing. I am happy to defend the retirement village industry with you for as many hours as you have available.

The CHAIRMAN: And we will defend the residents, I think.

Mr I.M. BRITZA: Stephen, in your submission you state that aged Western Australians represent 42 per cent of people in public housing and that there needs to be a better range of options for them so that space for families and younger people is made available. This is the first time I have heard someone speak positively about this kind of issue, because everywhere else we are finding that people—this is my word—I feel like they have been pressured to go to a one or two-bedroom unit. Some are finding that very difficult. Are you implying that the existing accommodation is unsuitable; and, if so, could you expand on that?

Mr Kobelke: I missed the last bit. Am I implying that the existing is suitable?

Mr I.M. BRITZA: Unsuitable.

Mr Kobelke: No. I think what we are saying is that there are other models that have been looked at through Europe where they try to bring community integration. Some of those models have been successful. There are people within the industry—I know three people who will appear before you shortly; leaders from our organisation—have just done a fairly big tour to study this question. I am sure they will throw some ideas. We need to be more innovative about how we approach housing for the future. It came out in the committee chaired by Ian Carter, the housing taskforce, about looking at innovative ideas for housing. It is a matter of getting specialists together who understand and have seen what works, and then look at how we can work that in. But some of the models try to get a small society almost within the building framework. It may be young people, it may be older people. There are examples of this through Europe that work quite well.

Mrs Vartan: Basically, from my experience both in the UK and here, it is hard work to persuade people who have lived in their family home for perhaps 30 years, raised their children there, to move on; whether that actually be in affordable housing run by the state, or indeed when they own their own home and their children are going, “Look, mum, it’s too much for you.” I have had experience with organisations which have put a lot of work—I believe the Department of Housing does some of this kind of work as well—into working with them, offering moves, liaising with them. Older people get very anxious, so they need all of that kind of social support in looking at the new property. They might look at it five or six times and dither about whether they want to go there. They need help with the actual move and all of those kinds of things. We used to give grant funding for the removalists. There are ways in which you can support people through it, but also, as Stephen was saying, it is about where they are going as well. They want to stay in their existing community if they can because obviously all their social links are there. You do not want to be moving them

way over here because that is where the department has accommodation. You want to tap into all the available options. One kind of option, which Amana Living is exploring with the Department of Housing at the moment, is the refurbishment of one of our mission retirement villages. It is former independent living accommodation. It is empty and needs complete refurbishment. We will then work with the department to attract people in. Most of the units are one bed. Six of them are two beds, but what we are also offering is a guest unit, because that is an issue. Mum might not mind moving into a one bed if she knows she can have son or daughter come to stay. There is a community hall in the facility. Again what we are offering is a social life. Mum might be perfectly happy in her house in the community but actually she is quite lonely; she is not seeing many people. What we are trying to do is work with the department to put together a scheme that uses houses that otherwise would be demolished. It is quite cost effective because it is a refurbishment rather than a redevelopment. It is more than just about the houses—the kind of support services that ACSWA members are used to offering in their villages, to try to help the department give a good offer rather than saying, “You’ve got to move because you’re in a three-bed house” and entice people out rather than push them out.

Mr Bunney: If you are not going to be in a position to provide those services and remove that isolation effect, then any housing you do develop—this is not an industry perspective, it is a personal perspective—needs to be a minimum two bedroom. Even though a couple might be able to share a bedroom, as you get older, for medical or all sorts of other reasons, it is sometimes best if you do not. You need that second bedroom. If you have an elderly single person in a house and you have not got a way of providing some relief from social isolation, then you need to be able to provide them with that second bedroom so they can get relatives, grandkids in; or, more importantly, if we do not have the residential aged care, to have somewhere where a carer can come in and be in the house with them providing the care they need. The construction of single-bedroom units for seniors accommodation I think is a retrograde step.

The CHAIRMAN: How large is the aged-care sector’s stock of social and affordable housing? Do you know across your organisations how many you have got?

Mr Kobelke: We have 7 000 independent living units around Western Australia. Of course, we have high care–low care beds. At any one time our members are housing around about 15 000 people on any one night. In the recent retirement villages review report that has come out, I think they are indicating our membership is around 70 per cent, or 70 per cent of the provision of independent living in Western Australia. When they did the analysis we did not realise we were quite—we knew we were big but we did not realise we were quite that big.

Mrs Vartan: An independent retirement village. So, 30 per cent is the St Ives and 70 per cent is our members of the retirement villages market.

[11.25 am]

Mr Kobelke: I think the point was touched on before about ownership—I am jumping around a bit here, but I want to get it in—and Bob talked about where the state may have 20 per cent equity and could hand that over. Our members have a mission to provide housing and provide high care, low care and community care throughout Western Australia. It is mission orientated. It obviously has to be financially well run because it cannot continue to provide what the state will need. On the basis we provide most of it, on this issue of social housing, there has been a lot of toing and froing about the ownership issue. When the department first put out one of its big papers on this issue, it was pointing to the fact that they would bring in the provider, but they would still own everything. Providers cannot work with that. It is still an issue. Bob’s point is a good one about the 20 per cent. If the state could work with providers and give them the ownership, they would be away and would provide that lot and go on and provide others. Ownership is still a sensitive issue with the department. A lot of paperwork is involved and work needs to be done.

Mrs Vartan: I think part of the problem may be that the department feels it is giving the houses away, which is what it is doing right now with the stimulus package in housing. It is transferring them to providers for free. Coming from a UK background, I raise an eyebrow at that. Why would you do it? In the UK, transfers were paid for by the providers who were taking the transfers. They were not paid for at open market vacant possession value because the stock had to remain in social housing in perpetuity. But they were paid for by the provider taking them at a price that reflected the fact that they were cash flows, basically, of rents, rather than housing stock, but that did have a value. They were financed by the banks on that basis. The department is transferring its housing for free because it wants to build the community housing providers, and I can understand that. Stock transfer associations in the UK were often created from scratch to take a transfer. They had no stock before they took the transfer, yet they were still able to secure bank funding to take that transfer and to be viable entities. I think it is something the state ought to be looking at a bit. If you are selling your houses for value, it is their value in social housing in perpetuity. People who do not understand that might say, “Why is that house selling for only \$40 000, when actually it is worth \$250 000?” But it is worth \$250 000 only if it has vacant possession and can be sold. But it is still being sold at \$40 000 for the value it has to remain as social housing in perpetuity.

The CHAIRMAN: Bob was saying earlier that there are a number of villages around that the department has, say, 20 per cent equity in. He is saying that if that equity was transferred somehow to the organisations, they could use that equity along with their own equity to borrow from the bank to build another 20 houses somewhere else.

Mrs Vartan: Yes.

The CHAIRMAN: Are you saying that the department should put a price on that rather than just transfer it?

Mrs Vartan: No; I was talking about something different. I think Bob is right. Where they have existing equity out there, they will never realise because the member will carry on letting that property, so it is not going to be sold and the money is not going to go back to the department.

The CHAIRMAN: I was just being careful that we were not making a recommendation for surety!

Mrs Vartan: They should be writing that off. There are all sorts of things they could be doing. It is fine to give houses to community housing providers, again, to capacity build to give them something that they can lever off to gear up for future development, but, as part of the many strands they might do, they could also look at selling some of the houses at a price that reflected their social housing ongoing business. That might start to make the department less anxious about the fact that, with this ownership issue—well, actually, you have sold them; you don’t have ownership any more. Let those guys take it and make it work, and gear up on it and build in the long term.”

The CHAIRMAN: I was getting a bit confused; I thought we were tying the two together.

Mrs Vartan: There are many, many deals that can be done.

Mr Bunney: Under the growth strategy their intent is to transfer responsibility for some of the department’s housing to these growth providers. As Jenny is saying, rather than just give it to them, perhaps there could be some financial involvement because then the department would have money it could put into new housing straightaway. Having said that, the department is not giving up a lot at the moment because just about all the housing it intends transferring is stuff that was built with the stimulus money and would never have been theirs in the first place, anyway. It is a little bit of a shuffle at the present time.

The CHAIRMAN: In your submission you said that you believe there is a cultural barrier at the state level, where there is a believe that only community housing providers can provide social housing and that state governments preferred to fund organisations where housing is the organisation’s core business. Can you explain why you believe this to be true?

Mrs Vartan: Yes. I do not think that the state government—we have been lobbying and talking to the department—really comprehends that there are providers out there beyond the narrow community housing providers that it is focused in on, and a group of providers that are bigger en masse than the community housing providers are right now. They are focused on the capacity building of this set number of community housing providers, and I think they have got blinkers on in terms of what other options might be available to them to grow the housing stock with different sectors; and particularly given that 40-odd per cent of the people in state housing right now are of pensionable age, I think they need to be aware that there are other options and other parties that they could be talking to. Now, I know that the department has staffing issues and constraints of time and all sorts of things, and it may be simply that they are trying to focus in on one thing at a time. But it means they are ignoring other possibilities at a time when we desperately need housing.

The CHAIRMAN: Is Aged and Community Services WA metropolitan based or do you cover the whole state?

Mr Kobelke: We cover the state—in residential, community and retirement living. In the regions, in community care, home-based care and residential care, we are almost exclusively the only players in those areas. Metro, you get a mix of for-profit, but in the regions it is very much a mission-based position for our members. Their metro operations in many ways will subsidise their regional ones.

The CHAIRMAN: A number of our coastal townships between here and Geraldton have an express view that they would like to be the retirement capital, if you like in WA. Have you had any discussions with those organisations about providing aged care and retirement village-type accommodation in those towns? Dongara is one in particular I am thinking about.

Mr Kobelke: I have just written an article on what happened there recently. It has only got four aged-care beds and people are leaving for Geraldton and for Perth to find residential aged care. The particular case is a federal matter. They put in a strong application, supported by local politicians and St John and everyone, and the federal government department did not approve their application, keeping in mind there were no applications for beds in the whole of Western Australia. There has not been an application for beds in regional Western Australia now for two years that have been approved. There basically has not been any. But this year two members were brave enough to go into the fray: one in Geraldton-Uniting Church Homes put in an application to build—and also the Dongara case. Nobody else was approved, and their applications were knocked back. We have sought clarity. We do not understand that—in a market where nobody is building and two providers are prepared to stump up, that you would say no in a state that is nearly 2 500 beds short. The Dongara case is quite baffling. This is certainly an issue around, particularly in the growing areas of Busselton, Geraldton in particular, and the other growth areas—retiring areas such as Dongara. There are some really big issues there. There are issues in the city, but we have not quantified how big that will be. There is certainly not the infrastructure going in on the ground to cope with that ageing population that will start impacting in those areas as people retire there in the next 15 years. It is something we are aware of. It is one of the challenges given Western Australia is a long way from Canberra. On this issue, I do not know that they really understand, even though it has been explained to them. If you get two people in a situation in which they will obviously lose money—they could not operate them at anywhere near break-even—they put in an application and the federal government does not approve either one. As I said, there have been no beds approved for the past two years in regional Western Australia for residential aged care, particularly high care, which is what they need in Dongara.

Mr Bunney: From the retirement village perspective, Jurien Bay seems to be the place at the moment. RSL Care is doing a village. I know at least one other operator that is looking very carefully there to build.

The CHAIRMAN: Has RSL Care gone ahead with their village or are they just starting the planning?

Mr Bunney: I believe they have made the decision very recently to proceed. It was put on the backburner for a little while.

The CHAIRMAN: That was council land that was given or sold to them.

Mr Bunney: I believe it will definitely go ahead. As I said, I have had discussions with another operator. I will not name him in case it does not happen, but he is very keen to go to Jurien Bay. I do not know of any other towns at the moment. Certainly, I know that the market outside Perth is as dead as a doornail, but that is just reflective of the market. It will turn around. My only concern with any of the places that new villages go to is the long-term infrastructure support there. It is all very well to have sea and tree change—you see it quite often—where people in their late 60s, early 70s, will retire on the coast et cetera, but by the time they are in their early 80s and start needing some of those specialist medical health services or allied health et cetera and they are just not available, they come back to Perth and those developments do not grow. They are there; they continue to roll over; people continue to come and go; but they do not really create the impetus for any growth around the services.

The CHAIRMAN: Are the councils or the local governments not planning for that infrastructure service issue? Are they not being funded for it or is it not being seen as an issue?

Mr Bunney: I think it is a state issue really. We are talking about something more than a medical centre. You have to have some basic hospital services, the ability to carry out some of your basic tests and things like that, without having to travel. It is not such a problem on the east coast, because when people retire from Sydney and go to Port Macquarie or Coffs Harbour or the big towns along the Queensland coast, they are all well-established cities with all that basic infrastructure in place. We do not have that. The breakdown of the population along our coast is not such that it can support those sorts of services. It makes it very difficult. It is easy for local government to say, “Yes, we will let you build 200 retirement units.” But what will happen in 10 or 15 years’ time when you have a ghetto of the elderly who cannot do anything other than sit there? They’ve got nothing to support them and nowhere to go.

Mr Kobelke: That is the sort of example from Dongara really, is it not? That is what has happened there. The growing retirement sector have enjoyed their years, but as some reach that time when they need extra care, it is not available. As I said before, as you are obviously aware, people are relocating, in quite big numbers, to Perth and Geraldton. I think the other part about that is it is not just about residential—I know you are looking at housing—but it is around community care. Where most people get assistance is in their home, whether it be nursing assistance or just general health and, in the regional areas, because of the distance and travel for people getting out to see people, it is part of that infrastructure that needs to be there. If you are pitching towards the retirement area, unless you are looking, planning and committed to beyond the higher care—and certainly the Busselton area, the south west and Geraldton, the preparation is not there, even though I know the councils are looking at an aged care strategy, as some are here. Kalamunda has been very strong in this area because they can see the problem up there; they do not have any facilities for their community. It is an area that we all must grapple with.

The CHAIRMAN: We have to cut things short. I am sorry about that. I will read you a closing statement before you go so you know what happens from here on in. Again, thank you for your evidence before the committee this morning. A transcript of the hearing will be forwarded to you for correction of minor errors. Could you 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, we will deem it to be correct. New material cannot be introduced via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, could you please include a supplementary submission for the

committee's consideration when you return your corrected transcript of evidence. Again, thank you very much for coming this morning.

Hearing concluded at 11.41 am