

# STAFF HOUSING POLICY REVIEW

Kadar Pearson & Partners Pty Ltd

## SHIRE OF BROOME MARCH 2008

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## STAFF HOUSING STRATEGY REVIEW CONTEXT & TERMS OF REFERENCE

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At its Ordinary Meeting of Council of 27 September 2007, Item 9.1.4 “Staff Housing Policy Direction” was submitted for consideration by Council. The agenda item, prepared by the Manager Human Resources and Manager Finance provided Council with findings of a review of the Staff Housing Policy, commenced in June 2006. Key recommendations of the paper included:

1. Removal of the current five (5) year limit of Council’s contribution to mortgage interest payments
2. Maintenance of the value of Staff Housing Package Benefits to CPI
3. Increase the Staff Housing Package Benefit (Mortgage Assistance) to encourage home ownership
4. Manage Staff Housing Assistance via the Workplace Agreement

In order to provide an objective review of the Staff Housing Policy and provide recommendations on the impact of any changes to both the Shire and employees, Council voted unanimously to seek an independent Consultant to undertake this review.

Les Mainwaring (Manager Finance) and Catherine Husk (Manager Human Resources) from the Shire of Broome met with Klari Kadar and Grant Smart of Kadar Pearson & Partners (KPP) at the Shire of Broome offices 24 October 2007 and as an outcome of this meeting, KPP prepared a Project Scope based on its understanding of the project’s requirements. (Refer Appendix 1). The Terms of Reference (TOR) agreed by approval of the Project Scope can be summarized under four (4) key points.

- I. Desk research and stakeholder interviews to understand issues, concerns, Shire capacity and suitability of current policy relating to current Shire employees
- II. Research to be provided by Shire of Broome relating to profiles of past employees, reasons for leaving etc. KPP to provide matrix outlining information sought.
- III. Assessment of criteria and staff priorities relating the decision-making process when applying for vacant positions, and subsequent development of profiles / trends.
- IV. Development of models / options from a policy perspective for consideration by Council

Ultimately, this Project looks to develop a Staff Housing Policy for the next five (5) years, highlighting implications and outcomes for the Shire of Broome.

## PROJECT METHODOLOGY

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Based on the requirements of the Terms of Reference, this project was completed over five (5) phases as follows:

Phase 1 – Desk Research looked to develop a clear understanding of the existing policy, its application and suitability to the current economic environment

Phase 2 – Investigation of past and current employees to develop an understanding of the demographic profile of past employees and how this may relate to housing requirements. This phase also looked to identify any reasons relating to the Shire housing policy that may have influence on staff retention

Phase 3 - A series of group interviews were conducted with existing Shire staff to understand the key drivers in the decision-making processes (to accept a position in Broome) and priority needs associated with employment opportunities.

Phase 4 - Documentation and analysis of key findings from research phases of the project

Phase 5 - Development of models based on the weighted criteria and priorities identified through the stakeholder interviews. These models considered financial capacity of the Shire of Broome to accommodate staff priorities and while providing employment opportunities that have a balance between social and financial benefits.

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## ACRONYMS AND ABBREVIATIONS

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KPP	Kadar Pearson & Partners Pty Ltd
SOB	Shire of Broome
WALGA	West Australian Local Government Association
HOS	Home Ownership Scheme
ABS	Australian Bureau of Statistics
DIIST	Department of Innovation, Industries, Science and Research
DEWR	Department of Employment and Workplace Relations

## 1 KEY CONCLUSIONS & SUMMARY OF FINDINGS

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Employers around Australia are currently feeling the effects of a serious labour and skills shortage, placing a range of pressures on business operations and costs. At the same time, employees are feeling the impacts of rising interest rates and housing stress. These issues are not unique to Broome, but are exacerbated by the town's remoteness.

In order to provide the Shire of Broome with a review of the current Staff Housing Policy and recommendations going forward, a comparative analysis with a number of relevant regional Western Australian Shires was undertaken. Key findings conclude that Broome's base salary is around 6% below the average being offered, although the total salary package is around 2.2% higher than the average. However, an assessment of housing affordability relative to salary packages suggests that the Shire of Broome housing and rental assistance has not maintained relativity with the cost of renting property in the town. With a median house price of around \$724,000, Broome is now second most expensive location in the state behind Port Hedland. The average weekly rental costs of Broome, at around \$650 - \$750 for a 3 bedroom house, are second only to Karratha. It is evident that the weekly rental assistance offered to employees by the Shire has not kept pace with the rapid increase in house and rental prices over the past few years. It is therefore recommended that the weekly assistance of \$150 is increased immediately.

As part of the comparative review process, an analysis of staff turnover was also conducted and combined with employee exit information collected by the Shire of Broome for employees who have left Broome over the past three (3) years. Findings showed the overall staff turnover for Broome is relatively high at around 40% - 42% but is lower amongst employees affected by the Housing Policy at around 26% - 28% per annum. The cost of staff turnover amongst those employees impacted by the Housing Policy can be estimated at around \$630,000 per annum. A portion of this turnover is outside the Shire's control as some employees do leave Broome for reasons other than housing affordability, such as personal and family reasons or employees move to improve their career opportunities. It is worth noting that employees who do decide to purchase homes in Broome are more likely to have longer tenure within the Shire. It is clearly in the Shire's interest to target those employees who leave Broome due to the cost of living, particularly housing. It is therefore recommended that length of employee tenure at the Shire be rewarded and home ownership encouraged through the Shire's Housing Policy.

Specifically, it is recommended that rental assistance be increased to \$200pw immediately and increased each year after two (2) years of employment to a cap of \$325pw. It is also recommended that housing assistance be increased to \$300pw immediately and be pegged to CPI, and that the five (5) year "sunset clause" on mortgage assistance be removed from the current Policy. These recommendations clearly discriminate towards home owners, however there is evidence of a relationship between tenure in a location and home ownership. The increased costs associated with the benefits recommended above are outweighed by the savings derived from reduced staff turnover.

Broome is seen by employees to offer a quality of life that is hard to match. Acknowledgment by the Shire of the high cost of housing through increased financial assistance will help to reinforce the Shire as an employer of choice.

## 2 STAFF HOUSING POLICY BACKGROUND & REVIEW

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### 2.1 CURRENT POLICY BACKGROUND

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The current Staff Housing Policy was implemented in 2000 as a result of a consultancy by Kimberley Consulting Services. The key conclusions and recommendations from that study included:

- That ownership of staff housing by the Shire “...was costly, inflexible and not well suited to cope with the Council’s prospective expansion”
- That the ten (10) residential properties owned by the Shire in 2000 be sold
- That the Shire lease property on behalf of staff or reimburse employees for private residential rent or home loan interest rate payments

Key benefits of remuneration packages offered by the Shire to employees include:

- Broome Allowance of around \$8,500 per annum
- Bonus Superannuation of 3% based on employee contribution of 5%
- Salary sacrifice benefits such as Novated Leasing of vehicles, rent, fuel, mortgage interest, relocation allowances and so on
- 5 weeks annual leave

### 2.2 CURRENT POLICY

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At February 2008, 34 staff positions were impacted by the Staff Housing Policy. At this date, only (1) position was vacant. The current policy is relatively flexible in that employees are provided with a number of options as follows:

#### 1 Rental Assistance

At February 2008, the Shire was leasing 17 residential properties on behalf of its employees. The Shire provides employees \$150 per week in rental assistance. It should be noted that this amount has remained constant since 2001.

#### 2 Mortgage Assistance

The Shire acknowledges the advantages of employees owning their residence in Broome, and provides employees who are owner/occupiers \$150 per week in mortgage assistance. It is understood that this mortgage assistance was modeled on the State Government’s Home Ownership Scheme (HOS) for

Government Employees in Regional Western Australia. <sup>1</sup> The Scheme includes a sunset clause where the assistance is only available for five (5) years. This sunset clause has been adopted by the Shire.

### 3 Cash

Employees are given the option to rent or share property directly with owners or agents, rather than through the Shire. Cash assistance of \$150 per week is provided by way of rental assistance.

The majority of recipients of the Shire’s Housing policy at this time are receiving rental assistance as follows:

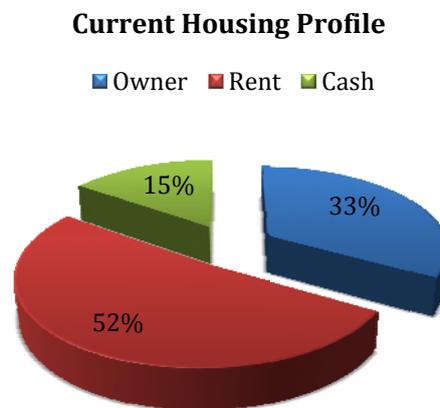


FIGURE 1 - CURRENT HOUSING BENEFIT PROFILE

The current cost of benefits provided to employees by the Shire is estimated at \$265,200 or \$7,800 per employee (when all positions are filled).

Housing Assistance Type	No	Cost to Shire
Owner	11	\$85,800
Rental	17	\$132,600
Cash	5	\$39,000
(Vacant Position)	1	\$7,800
<b>Total</b>	<b>34</b>	<b>\$265,200</b>

TABLE 1- HOUSING ASSISTANCE COST TO SHIRE

<sup>1</sup> In 2002, the WA Government Employees’ Housing Authority (GEHA) introduced a range of strategies to implement a commercial and sustainable housing service for Government employees. Refer Department of Housing and Works

### 3 FINDINGS - KEY STAKEHOLDER INTERVIEW

The Shire of Broome, like many other employers in Broome, is in a competitive environment in the areas of staff recruitment and staff retention. KPP conducted a series of employee interviews over the week commencing February 11, 2008. Four (4) group discussions were held, of which two (2) were moderated by Grant Smart and two (2) by Klari Kadar. Attendance by staff affected by the current Staff Housing Policy was voluntary. Of the 33 employees impacted by the Policy, 20 employees in total attended.

The purpose of the interviews was threefold:

1. To understand the key drivers (decision-making processes) when considering an application and ultimately the acceptance of a position with the Shire of Broome.
2. To understand the key factors (variables) that impact on staff retention.
3. To quantify the importance and effectiveness of the Shire’s Housing Policy in terms of attracting and retaining staff to positions with the Shire.

A number of quantitative questions were asked in advance of the group discussions, to ensure the sample was representative and secondly, to quantify the profile of employees impacted by the Shire’s Housing Policy. Responses to these qualifiers can be summarized as follows:

	Yes	No
Did you move to Broome to take up a position with the Shire	16	4
Are you purchasing your current home in Broome?	8	12

	1	2	3	4+		House	Unit	Share
How many people live in your household?	1	10	4	5	What type of accommodation do you have in Broome?	13	5	2

TABLE 2 – HOUSING POLICY RECIPIENTS’ PROFILES

High level assessment confirms that employees who participated in the study moved to Broome to work for the Shire, are renting, have 2 – 3 people living in their household and are renting a house rather than a unit or flat. These interview qualifiers proved to be consistent with the data provided by the Shire and therefore provided an appropriately representative sample for the purpose of analysis.

Group discussions were designed around three (3) key issues: The motivators and drivers of completing applications, the process and considerations adopted once the Shire offered the position to the applicant and thirdly, the motivators that drive staff retention. A summary of key findings is as follows:

#### 1. Applications

- Most employees saw the position advertised rather than heard about the job. Of the sources of advertisement, the majority were paper based rather than web based.
- The initial reaction to the position was the “wow” factor – as Broome is still a sought after location. At this first stage, the decision making process is more about lifestyle and a less stressful job (rightly or wrongly). For a minority, the position offered career advancement.
- The priorities agreed by the groups were lifestyle and the secondary priorities were pay and the job itself.

#### 2. Acceptance

- On confirmation of an interview for the position (and other mechanisms used), applicants start to research the cost of living, quality of accommodation, opportunities for their partner and the salary package.
- Services such as medical, educational and recreational facilities were assumed to be of a good standard and rarely considered before accepting a position. Ultimately, even if the cost of living is higher, a job in Broome will still be considered if there is no financial disadvantage from current circumstances.
- In the process of making the decision to accept the position, groups generally agreed that the order of priorities were:
  - Cost of living
  - Salary package
  - Partner’s employment opportunities

#### 3. Retention

- There is an overall concern that the cost of living in Broome has increased at a faster pace than salaries. Much of the consideration at this stage is how much is one prepared to sacrifice to stay in Broome.
- Participants believed they were extremely hard working with strong loyalties and that the Shire fails to recognize sacrifices being made by staff (to stay in Broome).
- Participants discussed the significant competition in the labour market and that there were approaches at least a couple of times a month from other regional Shires. The perception is that these jobs are generally better paid and offer housing .
- Currently, the cost of housing is a “deal breaker” and there is a view that the Shire has not done enough to address this issue.

- The “five-year” sunset clause on mortgage support is seen to be unfair and proves the lack of understanding by Shire of the decline in take home pay of staff.

As part of this phase of the project, a review was also undertaken to determine the reasons for past employees having made the decision to leave their positions with the Shire. Data was provided by the Shire of 31 past employees where their reason for leaving the position had been recorded. The data covers the period 2005-2007.

This analysis was seen as an important element of the research to verify information gained through the group discussions held with current staff. Clearly, the reason people give when they leave a job is not necessarily the same information that would be provided in discussions about a specific issue such as housing costs, and therefore there is a level of flexibility required in the analysis of both sets of data.

### Reasons for Leaving Employment

■ Career ■ Cost of Living ■ Family/Personal ■ Short-Term Contract

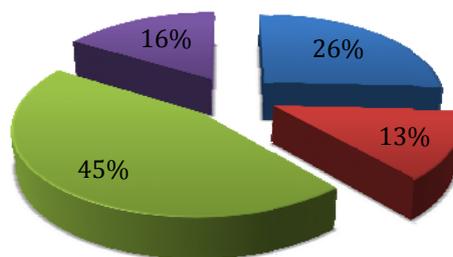


FIGURE 2 - REASONS FOR LEAVING EMPLOYMENT<sup>2</sup>

Based on past employee data, around 16% were on short term fixed contracts and therefore should be excluded from this analysis.

The classification “family/personal” included a large range of issues such as maternity leave, return “home”, family pressures and so on. These variables make up the largest segment of the “reason for leaving” and, as these are out of the control of Shire, do not warrant specific analysis.

As shown in Figure 3, once short term contract employees are taken out of the data, around one third of past employees left for improved career opportunities and over half due to family and/or personal reasons. Only 15% stated that cost of living was a key consideration of their resignation.

<sup>2</sup> Source: Shire of Broome

### Reason for leaving (Excl Short term Contracts)

■ Career ■ Family/Personal ■ Cost of Living

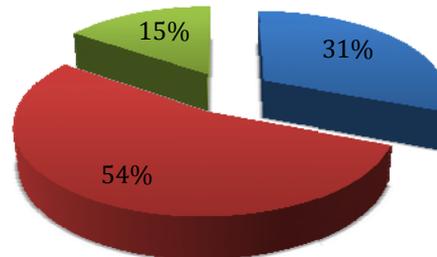


FIGURE 3 - REASONS FOR LEAVING EMPLOYMENT (EXCL CONTRACT STAFF)

A number of assumptions can be made to draw conclusions around the seemingly contrary information between group discussions held and the exit information from past employees. Although it is not within the scope of this project to quantify the reasons for current high staff turnover levels, some observations are appropriate.

The strong labour dominated market is creating a situation where employees tend to compare their job inputs and outcomes to others. In the field of Organisational Behaviour research, this is known as Equity Theory, and when employees perceive an inequity they can be predicted to make one of six (6) choices:<sup>3</sup>

1. They change their inputs (e.g. put in less effort)
2. They change their outcomes (e.g. to increase wages through higher quality work effort)
3. They distort their perceptions of self (e.g. believe they work harder than others)
4. They distort their perceptions of others (e.g. other jobs are seen to be of lesser value than their own)
5. They choose a different referent (e.g. they compare themselves to other non-related employees)
6. They quit their job

The findings from the group discussions suggest that a level of dissatisfaction exists amongst the Shire employees, and a number of the above perceptions are currently held by employees. The cost of living and housing in Broome tends to be one 'tangible' element that is verbalised as a reason for their dissatisfaction with the Shire. However, at the end of the day, it is not the significant or key reason upon which a decision to leave Broome (or a job at the Shire) is being made.

<sup>3</sup> Robbins, Millett, Walters-Mason, 2004, *Organisational Behaviour*: Pearson Education Australia

## 4 MACRO ENVIRONMENT

### 4.1 SKILLS SHORTAGE

The “skill shortage crisis” is not unique to Western Australia, or to Broome particularly. This is a nationwide issue which will continue to dominate employer frustration for some time to come. In its release of 18 February, 2008 the Australian Bureau of Statistics (ABS) reported 183,400 advertised positions that were left vacant in November 2007 and estimated that this trend will continue to grow at around 15% per annum in the foreseeable future.

There are many reasons for the current skills shortage including in cyclical growth in employment in parts of the economy; underinvestment in training and skills development; and structural change within the economy combined with low unemployment. In most cases, the labour market will sort out the problem of shortages as there is no fixed “quantity” in any particular skill nor is there fixed demand. Rather, supply will increase as the terms of employment become more attractive and demand will fall as cost of employing people with particular skills rises.

Wages and employment benefits are not the only aspects of employment that help to correct shortages. Employers increasingly reduce their expectations of the quality and experience of staff they recruit for the wage and benefits they are prepared to offer.

### 4.2 JOB VACANCIES

The issues impacted by job vacancies have been high on both political and business agendas over the past couple of years. The relationship between number of businesses and job vacancies nationally, suggests the pressure to be in Queensland and Northern Territory as shown in Table 3. At 1 March 2008, Western Australia ranked at about the national average, although historically this measure has understated the vacancy position in WA.

State	No of Businesses <sup>4</sup>	Job Vacancies 1/3/08 <sup>5</sup>	% Vacancies
NSW	1,965,226	22,925	1.17
QLD	1,210,075	25,026	2.07
VIC	1,500,473	19,694	1.31
WA	624,278	8,933	1.43
SA	423,087	6,416	1.52
TAS	106,090	914	0.86
NT	46,007	1,466	3.19
<b>Australia</b>	<b>5,875,236</b>	<b>85,374</b>	<b>1.45</b>

<sup>4</sup> Number of ABN registered Businesses. Source: Dept of Innovation, Industries, Science and Research (DIISR)

<sup>5</sup> Source: Department of Employment and Workplace Relations

TABLE 3 - BUSINESS TO JOB VACANCY RELATIONSHIPS

However, investigation of towns and localities of around the same number of business as Broome shows that Broome has almost three times more vacancies than the average. Broome is only exceeded by Mount Isa (Qld) and Darwin (NT) as shown in Table 4.

Locality/Town	No of Businesses	Job Vacancies 1/3/08	% Vacancies
Dalby (Qld)	3,974	66	1.66
Warragul (Vic)	3,938	41	1.04
Mount Isa (Qld)	3,881	141	3.63
Palm Cove/Trinity Beach (Qld)	3,861	3	0.08
Carrum Downs (Vic)	3,823	38	0.99
Torquay (Vic)	3,747	6	0.16
Murdoch (WA)	3,743	5	0.13
Broome (WA)	3,709	116	3.13
Nelson Bay (NSW)	3,702	7	0.19
Darwin (NT)	3,667	193	5.26
Keysborough (Vic)	3,644	39	1.07
Swan Hill (Vic)	3,610	65	1.80
Emerald (Qld)	3,543	44	1.24
Bongaree / Bribie Is (Qld)	3,533	13	0.37
Jimboomba (Qld)	3,521	11	0.31
Moree (NSW)	3,483	57	1.64
Moe / Rawson (Vic)	3,473	20	0.58
Sale (Vic)	3,437	21	0.61
Innisfail (Qld)	3,423	12	0.35
Murray Bridge (SA)	3,391	16	0.47
Horsham (Vic)	3,389	42	1.24
Broken Hill (NSW)	3,377	7	0.21
Ingham (Qld)	3,326	24	0.72
Palmerston (NT)	3,297	32	0.97
Inverell (NSW)	3,286	30	0.91
<b>Average</b>	<b>3,591</b>	<b>42</b>	<b>1.15</b>

TABLE 4 - NO OF BUSINESSES AND VACANCIES COMPARATIVE TABLE

Analysis of selected regional Western Australian towns/localities by postcode, suggests vacancies in Broome are generally below the Kimberley and Pilbara averages but slightly higher than the state average as shown in Table 5.

Postcode	Locality/Town	No of Businesses	Job Vacancies 1/3/08	% Vacancies
6770	Halls Creek (WA)	286	33	11.54
6753	Newman (WA)	880	56	6.36
6758	Nullagine (WA)	33	2	6.06
6743	Kununurra (WA)	1,521	89	5.85
6442	Kambalda East (WA)	409	23	5.62
6765	Fitzroy Crossing (WA)	221	11	4.98
6106	Welshpool (WA)	2,174	104	4.78
6437	Leinster (WA)	132	6	4.55
6394	Beaufort River (WA)	69	3	4.35
6728	Derby (WA)	854	35	4.10
6710	Onslow (WA)	180	7	3.89
6229	Picton (WA)	172	6	3.49
6721	Port Hedland (WA)	1,187	38	3.20
6725	<b>Broome (WA)</b>	<b>3,709</b>	<b>116</b>	<b>3.13</b>
6558	Wooroloo (WA)	220	6	2.73
6799	Cocos Islands (WA)	74	2	2.70
6090	Malaga (WA)	2,945	77	2.61
6105	Kewdale (WA)	3,091	75	2.43
6714	Karratha (WA)	2,853	69	2.42
6443	Norseman / Caiguna (WA)	214	5	2.34
6530	Geraldton (WA)	8,414	144	1.71
6713	Dampier (WA)	354	6	1.69
6104	Belmont / Redcliffe (WA)	4,530	74	1.63
6507	Cataby / Dandaragan (WA)	319	5	1.57
6740	Wyndham (WA)	202	3	1.49
6718	Roebourne (WA)	139	2	1.44
6640	Cue / Weld Range (WA)	75	1	1.33
6446	Grass Patch (WA)	77	1	1.30
6642	Meekatharra	234	3	1.28
6798	Christmas Island (WA)	321	4	1.25
6722	South Hedland (WA)	1,318	16	1.21
6646	Wiluna (WA)	86	1	1.16
6707	Exmouth (WA)	714	8	1.12
6053	Bayswater (WA)	4,186	43	1.03

6438	Leonora	203	2	0.99
6260	Pemberton (WA)	512	5	0.98
6751	Tom Price / Nanutarra (WA)	570	5	0.88
6501	Muchea (WA)	229	2	0.87
6109	Maddington (WA)	3,060	25	0.82
6754	Paraburdoo (WA)	251	2	0.80
6440	Laverton (WA)	128	1	0.78
6720	Point Samson/Wickham (WA)	435	3	0.69
6701	Carnarvon / Coral Bay (WA)	1,918	13	0.68
6638	Mount Magnet (WA)	166	1	0.60
6390	Boddington (WA)	358	2	0.56
6562	Bakers Hill (WA)	211	1	0.47
6531	Geraldton PO (WA)	217	1	0.46
6165	Naval Base (WA)	295	1	0.34
6762	Telfer (WA)	1	0	0.00
6760	Marble Bar (WA)	65	0	0.00
6752	Wittenoom (WA)	1	0	0.00
6741	unknown (WA)	4	0	0.00
6733	Koolan Island (WA)	1	0	0.00
6723	Goldsworthy (WA)	1	0	0.00
6716	Pannawonica (WA)	75	0	0.00
6712	Barrow Island (WA)	1	0	0.00
6711	Thevenard Island (WA)	1	0	0.00
6705	Gascoyne Junction (WA)	23	0	0.00
6639	Sandstone (WA)	28	0	0.00
6635	Yalgoo (WA)	57	0	0.00
6630	Mullewa / Murchison (WA)	293	0	0.00
6468	Kalannie (WA)	188	0	0.00
6466	Cadoux	66	0	0.00
6447	Scaddan (WA)	42	0	0.00
6435	Agnew (WA)	4	0	0.00
6431	Warburton Community (WA)	25	0	0.00
6409	Tammin / Yorkrakine (WA)	189	0	0.00
6403	Grass Valley (WA)	71	0	0.00
6372	Yealering	99	0	0.00
6332	Albany PO Boxes	97	0	0.00
6271	Capel (WA)	634	0	0.00
6126	Keysbrook (WA)	63	0	0.00
6034	Eglinton (WA)	16	0	0.00
	<b>Average</b>	<b>723</b>	<b>16</b>	<b>2.14</b>

TABLE 5 - WA VACANCY COMPARISONS BY POSTCODE

### 4.3 HOUSING AFFORDABILITY

The Australian Institute of Health and Welfare (AIHW) figures released on 22 February 2008 show more than 1.5 million households nationwide now receive government assistance. This latest housing report reveals that governments are spending \$4 billion every year on housing assistance programs and the number of people needing help is on the rise. The data show the cost of housing and the shortfall in supply is creating housing stress for many Australians and for some of those people, the assistance is not easing any pressure.

The median prices for houses and units have increased by over 11% nationally over the past 12 months, with the actual median of Perth house prices second only to Sydney.<sup>6</sup>

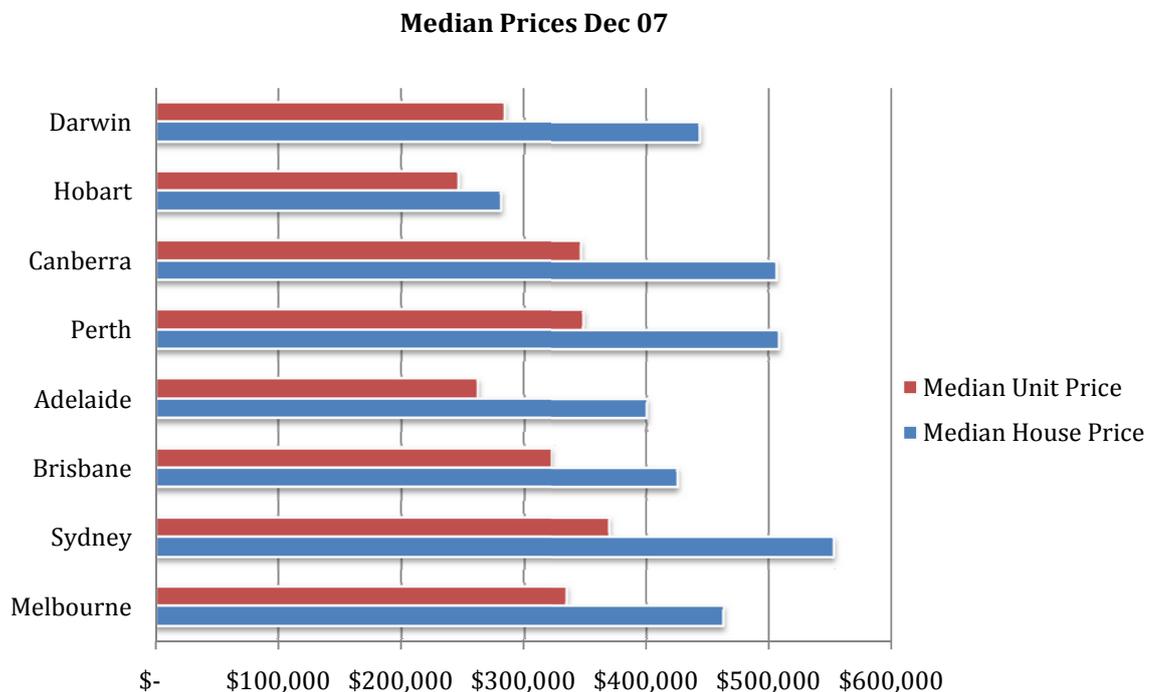


FIGURE 4- NATIONAL MEDIAN HOUSE PRICES

The most substantial increases have occurred in Melbourne, Brisbane and Adelaide housing and units in Adelaide and Hobart as shown in Figure 5.

<sup>6</sup> Source: Reserve Bank of Australia

### 12 Months to Dec 07 ( % Change)

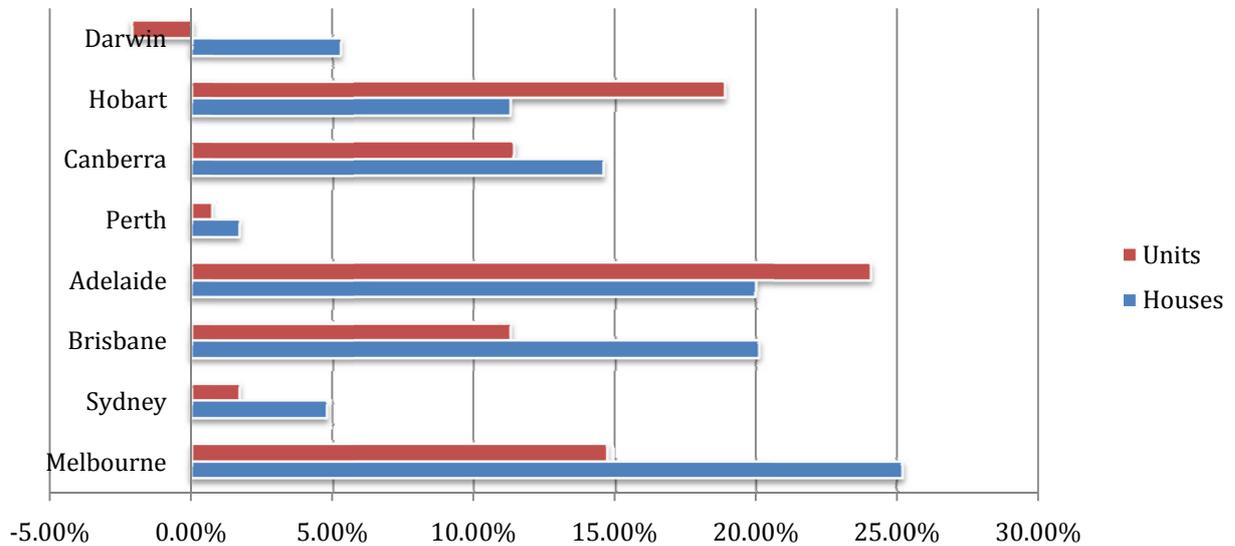


FIGURE 5 – NATIONAL % CHANGES IN MEDIAN PRICES

## 4.4 CONCLUSIONS

There is an underlying sense within Broome that the town is suffering unique problems in attracting and retaining staff, the cost of living and the shortage of housing.

KPP believes that an important part of this review was to test this view and provide evidence to support or reject this opinion. We conclude that there are nationwide issues of staff shortages and housing affordability which are exacerbated by the remoteness of the location but by no means are the difficulties unique to Broome.

## 5 MICRO ENVIRONMENT

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### 5.1 WESTERN AUSTRALIA

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Western Australia has undergone a period of significant economic and population growth since 2000 largely due to significant investment by the mining and resources' sector. This has resulted in substantial stress on the Western Australian housing market, both in Perth and in a number of regional areas. This increased demand has been evidenced by substantial rises in both the costs of established and new homes and increases in construction times and costs due to capacity limitations within the building industry.

The Western Australian economy has doubled in size over the past 16 years, with Gross State Product (GSP) in chain volume terms rising 107% between 1990 - 2006.<sup>7</sup> Coinciding with the current resources boom has been a sustained increase in the number of employed persons in Western Australia and a consequent decline in unemployment. In November 2004 the number of employed persons in Western Australia surpassed the one million mark. At the time of the 1996 Census the unemployment rate in Western Australia was 7.5%. By the 2001 Census this rate had declined to 7.1%, and by August 2006 it had more than halved to 3.4%. Between August 1996-2006, 27% (227,100 persons) more people were employed in Western Australia and the number of unemployed persons had almost halved to 30,100.<sup>8</sup>

### 5.2 BROOME

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As a tourist destination Broome's population and housing requirements are heavily influenced by non-residents. In 2006 there were 19,783 persons recorded in Broome on Census night, with only 59% (11,753) of them usual residents of the area. The remaining 41% (8,030) persons were visitors to the area.

Dwelling prices in Broome have more than tripled in the ten years to 2006, according to analysis released by the Australian Bureau of Statistics in January 2008. Median prices in Broome increased from \$160,000 to \$482,500 over the period.

However, the median house sale price has been far more pronounced with the median at around \$724,000 in 2007 compared with \$190,000 in 1998. (Refer Figure 6). The median sale price of units has also seen substantial growth from around \$135,000 in 1998 to \$415,000 in January 2008.<sup>9</sup>

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<sup>7</sup> Source: Australian Bureau of Statistics

<sup>8</sup> Source: Australian Bureau of Statistics

<sup>9</sup> Source: RP Data

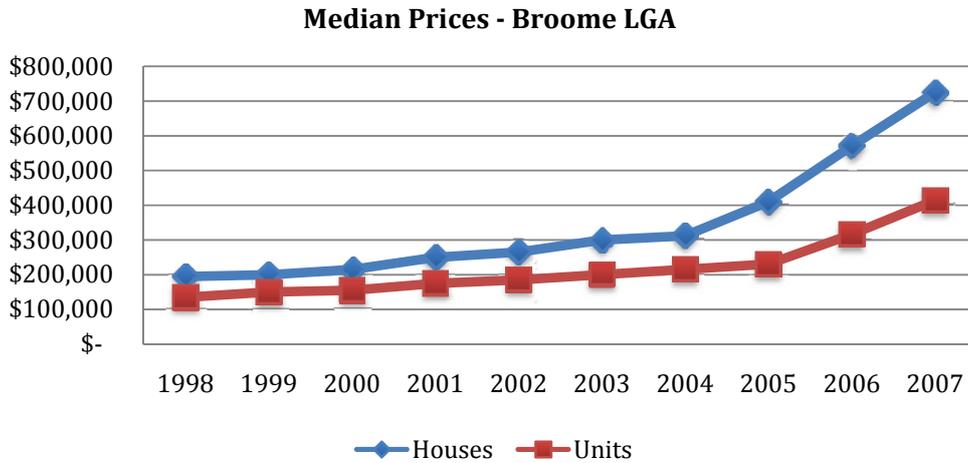


FIGURE 6 - MEDIAN PRICES BROOME

However, this growth needs to be reviewed in context and compared with other regional centres in Western Australia. There is no question that the Broome housing market is under enormous pressure and that median prices are in the top range of regional WA, however, the problem is not isolated to Broome (Refer Figure 7).

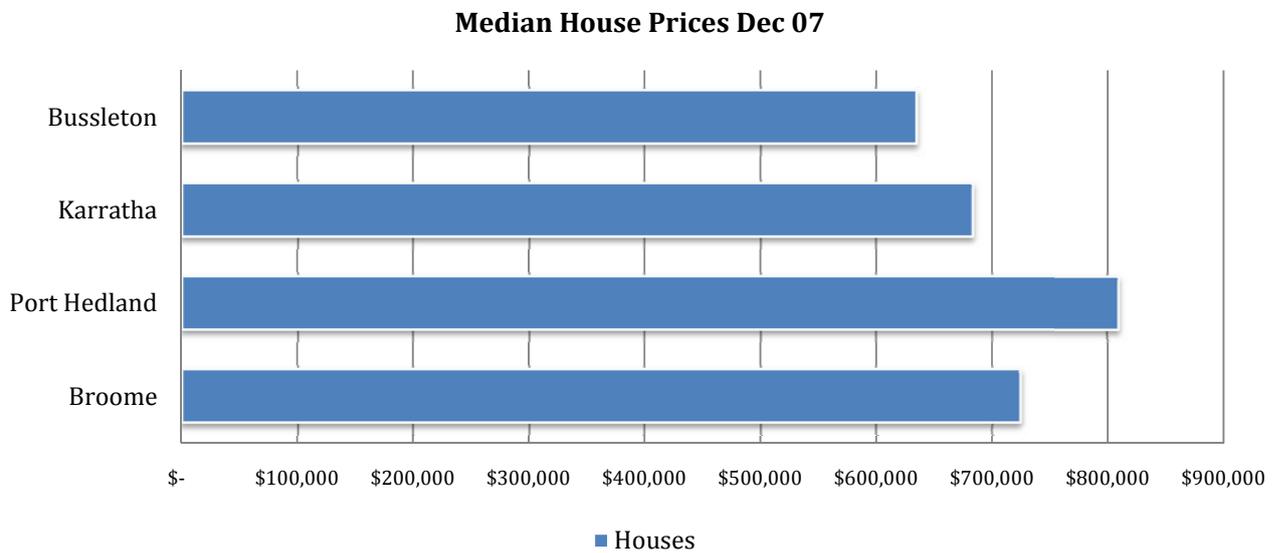


FIGURE 7 - COMPARATIVE MEDIAN PRICES REGIONAL WA

### 5.3 STAFF TURNOVER

The level and cost of staff turnover is an important variable when looking to establish salary packages and benefits as it is a variable that needs to be considered in calculations of cost to the Shire.

Anecdotally, the Shire has a staff turnover rate of around 40% excluding fixed contract staff. This is in line with the West Australian Local Government Associations' (WALGA) 2007 Remuneration Survey which indicated a 41.22% turnover at the Shire of Broome.

However, as the Staff Housing Policy is available to 34 positions currently within the Shire, only past employees who fall into this segment need to be considered for this project. Based on data provided by the Shire for terminations from January 2005 – November 2007<sup>10</sup>, it is estimated that there is a 26.4% pa turnover of staff that are impacted by the Housing Policy.<sup>11</sup> This equates to around 7 people per year.

Anecdotally, the Shire estimates the cost of employee turnover at around \$1m per annum. Based on studies conducted by the Queensland Office of Public Service (2006); the Tasmanian Government's Development Commission (2007) and the Australian Institute of Management's National Salary Survey (2004), the average cost of replacing an employee is 1.5 times annual salary.<sup>12</sup> On this basis, it is estimated that the cost of replacing staff who are impacted by the Staff Housing Policy is around \$630,000 each year.

Workforce Turnover Estimate	
Average number of employees	34
Average turnover rate	7
Average salary of employees	\$60,000
Cost of replacing one employee pa (1.5 times average)	\$90,000
<b>Current estimated turnover cost</b>	<b>\$630,000</b>

TABLE 6- ESTIMATED STAFF TURNOVER COSTS

On the basis that 15% of staff affected by the Housing Policy (refer Figure 2) leave due to the cost of living (housing costs), the annual turnover that can be influenced through a revised Housing Policy is estimated at 1 – 2 people or around \$135,000 per annum.

<sup>10</sup> Estimates of staff turnover have excluded fixed term contract employees

<sup>11</sup> 27 terminations over 35 months = 77.14% over 35 months or 26.45% over 12 months

<sup>12</sup> Costs of turnover were divided into 3 categories a) lost productivity of the employee immediately prior to leaving the organization b) Replacement costs that include advertising, review of applications, conducting interviews, pre-employment and reference checks, correspondence, cost of orientation and induction, incidentals such as relocations costs, business cards and an estimated loss of employee productivity of 80% over the first month of employment c) Training costs

## 6 COMPARATIVE REVIEW

### 6.1 SALARY PACKAGING

In order to assess the current housing assistance provided by the Shire to its qualifying employees, a comparative review of wages and benefits was undertaken. Comparisons were undertaken against other regional and remote Western Australian Shires. Information was gathered from a number of sources including WA regional Shire employment advertisements (print and web), telephone interviews and WALGA's 2007 Remuneration Survey. It is clearly unrealistic to attempt to compare as though "like-with-like" but best efforts have been made for fair comparisons.<sup>13</sup>

#### Key findings

- I. The base salary offered by the Broome Shire is 6% below the average but Broome is 2.2% above the average in terms of the total package offered
- II. Benefits offered to employees by the Shires of Roebourne, Broome and Wyndham East Kimberley are of equal value
- III. There is significant variation between base salaries offered within the Kimberley and Pilbara regions that were investigated

	<b>Base Salary<sup>14</sup></b>	<b>Super</b>	<b>Annual Leave</b>	<b>Leave Loading</b>	<b>Est. Value of Benefits</b>	<b>Total Package</b>	<b>% Base Salary of Package</b>
<b>Roebourne</b>	\$70,729	14%	6	NO	\$31,470	\$102,198	69.21
<b>East Pilbara</b>	\$71,700	13%	6	NO	\$27,107	\$98,807	72.57
<b>Broome</b>	\$59,009	12%	5	YES	\$31,213	\$90,221	65.40
<b>SWEK</b>	\$48,324	18%	5	YES	\$31,298	\$79,622	60.69
<b>Busselton</b>	\$63,339	15%	4	NO	\$12,019	\$75,358	84.05

TABLE 7 - COMPARATIVE REMUNERATION PACKAGES

<sup>13</sup> For the purpose of comparison, five (5) Shires were used as the basis and 14 positions reviewed within each Shire. An average of the base salary and total salary package across all reviewed positions was calculated to form the base data for comparison

<sup>14</sup> Excluding CEO and/or General Manager

## 6.2 SHIRE REVENUE COMPARISONS

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A comparison of operating revenue to total employees shows an inverse relationship exists between staff numbers and Shire revenues. The findings from this analysis suggest that the Shire of Broome is appropriately staffed.

	<b>Total Employees (at 30/6/07)</b>	<b>Operating Revenue (F06/07)</b>	<b>Staff to Income Ratio</b>
<b>Busselton</b>	401	\$43,158,000	1:\$107,626
<b>Broome</b>	130	\$22,900,000	1:\$176,154
<b>Roebourne</b>	161	\$34,044,000	1:\$211,453
<b>East Pilbara</b>	48	\$12,700,000	1:\$264,583
<b>SWEK</b>	40	\$11,855,000	1:\$296,375

TABLE 8 - STAFF REVENUE RATIO

## 7 STAFF HOUSING POLICY OPTIONS

A number of options can be developed to improve the affordability of housing in Broome by its employees. In the development of options, a number of suppositions and assumptions have been made.

1. It is in the interests of the Shire to reduce staff turnover wherever practicable
2. It is in the interests of the Shire to extend the length of employee tenure wherever practicable
3. It is in the interests of the Shire to encourage home ownership wherever possible as this appears to extend the length of employee tenure
4. It is in the interests of the Shire to offer employee incentives based on length of employment
5. Weekly rental costs in Broome are amongst the highest in regional Western Australia
6. The median price of a house in Broome is only exceeded by Port Hedland in Regional Western Australia

As a first step in developing options, average rental costs in a number of Shires in Regional Western Australia were analyzed against “total salary package” so that the net result could be quantified. Average rents have been based on 3 bedroom houses available in January and February 2008. Results show that although the salary package offered by the Shire of Roebourne is well above other Shires reviewed, the pre-tax income is the lowest.

	<b>Total Package</b>	<b>Av Week Rent</b>	<b>Est. Annual Rent</b>	<b>PreTax Income after Rent</b>
<b>Roebourne</b>	\$102,198	\$1100-\$1300	\$62,400	\$39,798
<b>SWEK</b>	\$79,622	\$500-\$575	\$28,600	\$51,022
<b>Broome</b>	\$90,221	\$650-\$750	\$36,400	\$53,821
<b>Busselton</b>	\$75,358	\$250-\$340	\$15,600	\$59,758
<b>East Pilbara</b>	\$98,807	\$550-\$560	\$31,200	\$67,607

TABLE 9 - COMPARATIVE INCOME AFTER RENT

The same analysis was undertaken against home mortgage payments in lieu of rent. Mortgage payments assumed 10% deposit on a house at the median market value on a standard variable rate (9.03%) over 20 years. The outcomes for employees in markets such as Busselton, Kununurra and Broome are fairly grim as shown in Table 10.

	<b>Total Package</b>	<b>Weekly Mortgage</b>	<b>Annual Mortgage</b>	<b>PreTax Income after Mortgage</b>
<b>Busselton</b>	\$75,358	\$1,194.93	\$62,136	\$13,221
<b>SWEK</b>	\$79,622	\$1,185.52	\$61,647	\$17,975
<b>Broome</b>	\$90,221	\$1,362.03	\$70,826	\$19,396
<b>Roebourne</b>	\$102,198	\$1,285.85	\$66,864	\$35,334
<b>East Pilbara</b>	\$98,807	\$1,072.65	\$55,778	\$43,029

TABLE 10 - COMPARATIVE INCOME AFTER MORTGAGE

## SCENARIO 1 – REWARD EMPLOYEE TENURE

For the purpose of costing options, only average base salary and housing allowance has been calculated as additional options such as increased superannuation, Broome Allowance, 5 weeks annual leave, and so on, are deemed to be constant.

The first option is based on an annual increase (to a maximum of \$325pw) in housing/rental contribution for each year of tenure after year 2. The starting value is based on \$200pw as the current level of \$150pw is an inadequate entry level based on Broome rental and home purchase costs. This option assumes that staff retention will increase by two (2) in years 1 and 2, and by four (4) in years 3, 4 and 5. (i.e. Staff turnover will reduce from an average of seven (current level) to five (5) in years 1 and 2. This is based on past exit information that around 15% - 20% of employees leave Broome due to the high cost of living. It is estimated that this option would reduce costs to Shire by over \$357,000 in the five (5) year period.

Current cost to Shire based on average base salary of \$59,000 (increasing at 5% pa) and estimated turnover is as follows:

Estimated Staff Costs (5 years)	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Base Salary<sup>15</sup> (34 Employees)</b>	\$2,006,000	\$2,106,300	\$2,211,615	\$2,322,196	\$2,438,306
<b>Housing Assistance (\$7,800pa)</b>	\$265,200	\$265,200	\$265,200	\$265,200	\$265,200
<b>Turnover Cost (7)</b>	\$619,500	\$650,475	\$682,999	\$717,149	\$753,006
<b>Cost to Shire</b>	\$2,890,700	\$3,021,975	\$3,159,814	\$3,304,544	\$3,456,512

TABLE 11- CURRENT HOUSING ASSISTANCE COSTS TO SHIRE

Based on this option, costs and savings to Shire would be as follows:

Projected Staff Costs (5 years)	Year 1 \$200pw	Year 2 \$200pw	Year 3 \$250pw	Year 4 \$300pw	Year 5 \$325pw
<b>Base Salary (34 Employees)</b>	\$2,006,000	\$2,106,300	\$2,211,615	\$2,322,196	\$2,438,306
<b>Housing Assistance</b>	\$353,600	\$353,600	\$442,000	\$530,400	\$574,600
<b>Turnover Cost (5 Y1/Y2 &amp; 4 in Y3,Y4,Y5)</b>	\$442,500	\$464,625	\$390,285	\$409,799	\$430,289
<b>Cost to Shire</b>	\$2,802,100	\$2,924,525	\$3,043,900	\$3,262,395	\$3,443,195
<b>Annual Saving</b>	\$88,600	\$97,450	\$115,914	\$42,149	\$13,317

TABLE 12 - SCENARIO 1 COSTS & SAVINGS TO SHIRE

<sup>15</sup> Based on average base salary of \$59,000

## SCENARIO 2 – ENCOURAGE HOME OWNERSHIP

The second scenario is based on increasing the contribution to support home ownership to \$300 per week for the start of employment and pegging annual increases to CPI. This option assumes

1. Staff turnover (amongst home owners) would reduce from around 3 to 1.5 per year
2. Housing assistance would have no “sunset clause”

It is estimated that this option would reduce costs to Shire by over \$233,000 over the five (5) year period.

<b>Estimated Staff Costs (5 years)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Base Salary (11 Employees)</b>	\$649,000	\$681,450	\$715,523	\$751,299	\$788,864
<b>Housing Assistance (\$7,800pa)</b>	\$85,800	\$85,800	\$85,800	\$85,800	\$85,800
<b>Turnover Cost (3)</b>	\$265,500	\$278,775	\$292,714	\$307,349	\$322,717
<b>Cost to Shire</b>	\$1,000,300	\$1,046,025	\$1,094,036	\$1,144,448	\$1,197,380

TABLE 13 - COST TO SHIRE CURRENT HOME OWNERS

<b>Projected Staff Costs (5 years)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Base Salary (11 Employees)</b>	\$649,000	\$681,450	\$715,523	\$751,299	\$788,864
<b>Housing Assistance (inc CPI Increases)</b>	\$171,600	\$178,464	\$185,603	\$193,027	\$200,748
<b>Turnover Cost (1.5)</b>	\$132,750	\$139,388	\$146,357	\$153,675	\$161,358
<b>Cost to Shire</b>	\$953,350	\$999,302	\$1,047,482	\$1,098,000	\$1,150,970
<b>Annual Saving</b>	<b>\$46,950</b>	<b>\$46,724</b>	<b>\$46,554</b>	<b>\$46,448</b>	<b>\$46,411</b>

TABLE 14 - SCENARIO 2 – COSTS & SAVINGS TO SHIRE

### SCENARIO 3 – RECOMMENDATION

A combination of scenarios 1 and 2 is recommended in that it would bring rental assistance to a more realistic level, while encouraging tenure and home ownership. Specifically, it is recommended that:

1. Housing and rental assistance be increased immediately to reflect the increases in Broome property costs over recent years from \$150 to \$200pw for renters and from \$150pw to \$300pw for owners.
2. That tenure be rewarded through increased rental assistance after two (2) years of employment and increased annually to a cap of \$325pw after five (5) years of employment.
3. That average length of employment tenure be extended through proactive encouragement of home ownership by the Shire via higher weekly assistance than that provided for rental assistance.
4. The sunset clause on mortgage assistance (after five (5) years) be removed as it is in the Shire's interest to encourage lengthening average tenure which in turn reduces staff turnover costs.

<b>Estimated Staff Costs (5 years)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Base Salary (34 Employees)</b>	\$2,006,000	\$2,106,300	\$2,211,615	\$2,322,196	\$2,438,306
<b>Housing Assistance (\$7,800pa)</b>	\$265,200	\$265,200	\$265,200	\$265,200	\$265,200
<b>Turnover Cost</b>	\$619,500	\$650,475	\$682,999	\$717,149	\$753,006
<b>Cost to Shire</b>	\$2,890,700	\$3,021,975	\$3,159,814	\$3,304,544	\$3,456,512

TABLE 15 - CURRENT ESTIMATED ANNUAL COST TO SHIRE

<b>Projected Cost &amp; Savings to Shire</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Base Salary Renters (23)</b>	\$1,357,000	\$1,424,850	\$1,496,093	\$1,570,897	\$1,649,442
<b>Base Salary Owners (11)</b>	\$649,000	\$681,450	\$715,523	\$751,299	\$788,864
<b>Rental Assistance</b>	\$239,200	\$239,200	\$299,000	\$358,800	\$388,700
<b>Home Ownership Assistance</b>	\$171,600	\$178,464	\$185,603	\$193,027	\$200,748
<b>Turnover Costs</b>	\$442,500	\$354,000	\$354,000	\$265,500	\$265,500
<b>Cost to Shire</b>	\$2,859,300	\$2,877,964	\$3,050,218	\$3,139,522	\$3,293,253
<b>Annual Saving</b>	\$31,400	\$144,011	\$109,596	\$165,022	\$163,258

TABLE 16 - RECOMMENDED COSTS & SAVINGS TO SHIRE MODEL

## APPENDIX 1 – PROJECT SCOPE

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### 1 BACKGROUND

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Les Mainwaring (Manager Finance) and Catherine Husk (Manager Human Resources) from the Shire of Broome met with Klari Kadar and Grant Smart of Kadar Pearson & Partners (KPP) at the Shire of Broome offices 24 October 2007. The meeting was initiated by Catherine Husk in response to a Council resolution that the Shire seek to engage an independent party to assist in the review of the Shire Staff Housing Policy. The purpose of the meeting was to gain an understanding of the broad parameters of the project and background information on the issues and concerns that have prompted a review of the policy.

KPP was subsequently provided with an overview of the project with Les and Catherine stating that it was as much a policy framed around social benefits as it was with financial assistance provided. It was also made clear that the Shire has an overriding objective to be viewed as an employer of choice and the Shire is eager to develop strategies and accompanying policies through which this can be achieved.

It is understood from the brief provided by Shire staff that a range of considerations will need to be reviewed and assessed as part of the project including human resources, social context, quality of life, financial assistance / benefits and other key elements of the decision-making process for prospective new staff.

At the completion of the meeting KPP advised they would provide a project scope relating to this brief outlining the proposed methodology & approach, timings, cost estimates and understanding of the required outcomes.

### 2 TERMS OF REFERENCE

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The Terms of Reference (TOR) outlines the scope of the work required and can be summarized under four (4) key points.

- I. Desk research and stakeholder interviews to understand issues, concerns, Shire capacity and suitability of current policy relating to current Shire employees
- II. Research to be provided by Shire of Broome relating to profiles of past employees, reasons for leaving etc. KPP to provide matrix outlining information sought.
- III. Assessment of criteria and staff priorities relating the decision-making process when applying for vacant positions, and subsequent development of profiles / trends.
- IV. Development of models / options from a policy perspective for consideration by Council

Ultimately, this Project looks to develop a Strategic Housing Policy for the next five (5) years, highlighting implications and outcomes for the Shire of Broome.

### 3 METHODOLOGY AND APPROACH

---

Based on discussions and the Terms of Reference, this project is seen to have four (4) clear phases as follows:

#### PHASE 1 - DESK RESEARCH

---

This phase of the Project looked to develop a clear understanding of the existing policy, its application and suitability to current economic conditions.

##### Outcomes

- I. An understanding of the key elements of the existing policy and current regional economic conditions
- II. An understanding of the Shire's capacity and broad parameters for strategy development

#### PHASE 2 – PAST EMPLOYEES MATRIX

---

As part of this phase, a matrix of information required on past employees in order to develop profiles and an understanding of the primary reasons for leaving their employment with the Shire of Broome. The matrix will be provided to Catherine Husk (Manager Human Resources) for completion.

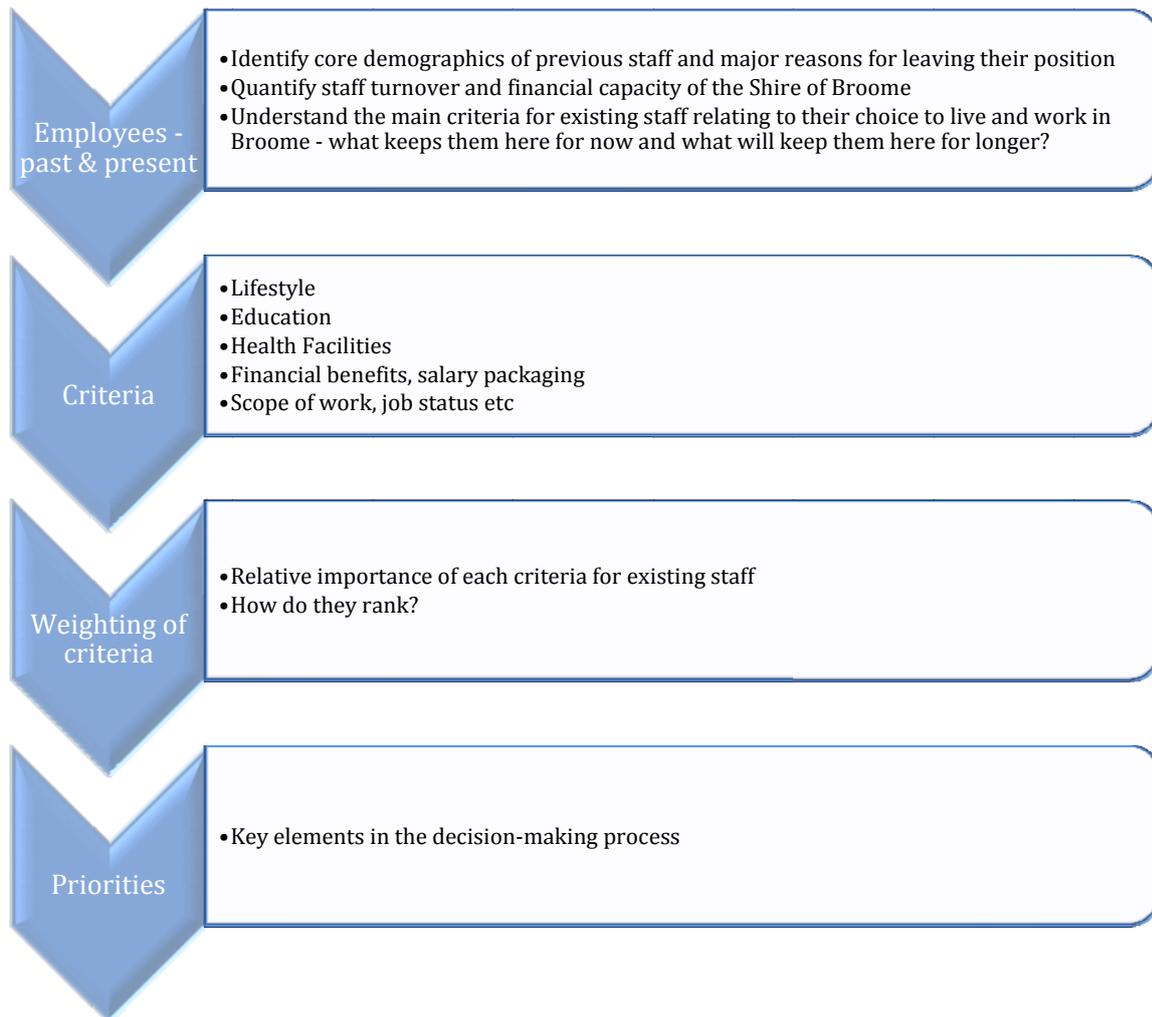
##### Outcomes

- I. Develop an understanding of the demographic profile of past employees and how this may relate to housing requirements
- II. Identify any reasons relating to the Shire housing policy that may have influenced a decision to leave Broome.

#### PHASE 3 – STAKEHOLDER INTERVIEWS

---

A series of interviews will be conducted with existing Shire staff in order to understand the key drivers relative to decision-making processes and priority needs associated with employment opportunities, in addition to gaining insight as to what makes an 'Employer of Choice'. It is anticipated that up to twenty six (26) interviews will be conducted as part of this phase. The interviews will be undertaken with the following elements considered:



### Outcome

This phase of the project will help to establish staff priorities in terms of critical elements relating to the decision-making process in assessing employment opportunities.

#### PHASE 4 - ASSESSMENT OF KEY FINDINGS (INTERVIEWS)

---

The stakeholder interviews documented and analysed provide the basis against which core criteria will be identified, weighted and prioritized. This process will be used to develop employee profiles and emerging trends.

##### Outcomes

- i. Quantification of the key elements of the decision-making process and related priorities
- ii. Development of employee profiles and emerging trends relating to analysis of employment opportunities with the Shire of Broome
- iii. Review key findings in context of the Shire's financial capacity to accommodate staff needs

#### PHASE 5 – STRATEGIC MODELS & OPTIONS

---

The final phase of this project will be the development of strategy models based on the weighted criteria and priorities identified through the stakeholder interviews. These models will take into account the financial capacity of the Shire of Broome to accommodate staff priorities and provide employment opportunities that have a balance between social and financial benefits.

##### Outcome

To provide Broome Shire Council with a series of well considered strategic models that can be adopted into a reviewed policy with the overall aim of making the Shire of Broome an employer of choice.

## APPENDIX 11 – KEY STAKEHOLDER INTERVIEWS, RESEARCH DESIGN

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### *QUALITATIVE RESEARCH DEVELOPMENT OUTLINE*

Qualitative research involves an in-depth understanding of behavior and the reasons that govern behavior. Simply put, it investigates the **why** and **how** of decision making, as compared to **what, where,** and **when** of quantitative research. Therefore, the need is for smaller but focused groups rather than large random samples, which qualitative research categorizes data into patterns as the primary basis for organizing.

Qualitative researchers rely on four methods for gathering information:

1. participation in the setting,
2. direct observation,
3. in depth interviews, and
4. analysis of documents and materials

As detailed in the Project Scope, KPP propose to use two (2) of the abovementioned methods – In depth interviews and analysis of documents and materials.

The research design has been based around the following parameters:

1. Problem audit and problem definition - What is the problem? What are the various aspects of the problem? What information is needed?
2. Conceptualization and operationalisation - How exactly do we define the concepts involved? How do we translate these concepts into observable and measurable behaviours?
3. Hypothesis specification - What claim(s) and idea(s) do we want to test?
4. Research design specification - What type of methodology to use? Question specification - What questions to ask? In what order?
5. Scale specification - How will preferences be rated?
6. Sampling design specification - What is the total population? What sample size is necessary for this population? What sampling method to use
7. Data collection – How will information and data have collected and verified?
8. Codification and re-specification - Make adjustments to the raw data so it is compatible with statistical techniques and with the objectives of the research - examples: assigning numbers, consistency checks, substitutions, deletions, weighting, dummy variables, scale transformations, scale standardization
9. Statistical analysis - Perform various descriptive and inferential techniques on the raw data. Make inferences from the sample to the whole population. Test the results for statistical significance.

**GROUP INTERVIEWS**

Date:.....

Participants (number).....

Moderator: .....

**QUALIFIERS**

	Participant 1	Participant 2	Participant 3	Participant 4	Participant 5
<b>Did you move to Broome to take up a job with the Shire?</b>					
<b>Were you living in Broome when you accepted a job with the Shire?</b>					
<b>How many live in your household?</b>					
<b>What type of accommodation do you live in? House, Unit, Share..</b>					
<b>Are you purchasing your home in Broome?</b>					

The Shire of Broome, like many other employers in Broome, is in a very competitive environment in both staff recruitment and staff retention. This research is seeking to better understand the decision making process that applicants go through when applying for (and ultimately accepting) a position with the Shire. We’re also looking to get an understanding of the things that are important in retaining staff.

Let’s start with your application for your current job with the Shire.

Did you see it advertised or did you hear about it somewhere else?

.....

.....

.....

When you saw the ad or heard about the job, what were the things about the job that made you consider completing the application?

.....

.....

*Options might include:*

- *Career Advancement*
- *Lifestyle*
- *Financial Benefits*
- *Community and community involvement*
- *Personal/Family Relationships*
- *Adventure/challenge*

Prioritize list

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....

Having been short listed for the position, what other things did you consider before making the final decision? *Both positive and negative*

.....

.....

.....

.....

*Options might include:*

- *Schools/Education Standards*
- *Health and medical services*
- *Housing Affordability*
- *Cost of Living*
- *Recreational and other service amenities*
- *Opportunities for employment for wife/husband/partner*

- *Distance from family*
- *Remoteness of location*

Prioritize list

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....

Now that you're employed by the Shire, what are the things you think will make you stay or leave the job? *Both positive and negative*

.....

.....

.....

.....

*Options might include:*

- *Remuneration levels*
- *Schools/Education Standards*
- *Career Opportunities or lack of*
- *Lifestyle*
- *Health and medical services*
- *Housing Affordability*
- *Cost of Living*
- *Recreational and other service amenities*
- *Distance from family*
- *Pressure from Partner*
- *Remoteness of location*

## APPENDIX 111 – KPP CREDENTIALS

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### **The Company**

- Kadar Pearson and Partners Pty Ltd (KPP) is an Australian Private Company, trading as KPP Business Development. Its directors are Klari Kadar and Grant Smart.
- The company is based in Broome, Western Australia, with office premises located at 3/19 Hamersley St.
- The key focus of our work is business development in both the private and public sectors.
- The business offers a cohesive suite of skills and expertise to deliver an end to end service for clients.

### **Our core business**

- Kadar Pearson & Partners Pty Ltd is a business development specialist. Unlike consultants who simply evaluate needs, KPP draws on specialist skills such as scenario and econometric modeling, business and process auditing and business planning to produce and deliver measurable results.
- More specifically, the primary tasks undertaken by KPP include feasibility plans, business and marketing plans, strategic planning, scenario modeling and business process audits.
- The services offered by KPP are not limited to any particular business sector. The skills and experience of KPP's directors are transferable across a diverse range of business sectors which to date have included retail operations, tourism, feasibility studies, scenario modeling, business start-up, corporate governance and business audits.

### **Our values**

- Profit First. We are a business and therefore our principle objective is to make a profit. Unless all shareholders are receiving an acceptable return, there will be no business.
- Integrity of work. We never produce work of which we are uncertain. If we don't know, we say so but never "wing it".
- Reliability. We are predictable in delivery of committed outcomes.
- Community Citizenship. Our primary objective is to make a profit, however we will do all we can to support our community and its members. We do not take on projects that are in conflict with our values or projects which we believe to be against the community interest.

## **Key Personnel**

***Klari Kadar*** is a qualified econometrician and major shareholder of Econometrics Australia. Klari's business expertise was acknowledged with her appointment as Vice Chair of the Australian Broadcasting Tribunal's Programming Committee; the Federal Government's Economic Summit Implementation Group; the National Aboriginal Employment Development Committee and to the Victorian Government's Economic Steering Committee.

From 1991- 2003, she was also been a part time lecturer at RMIT University's School of Business, teaching econometrics and management at both under- and post-graduate levels. Klari has also co-authored curriculum and student resource materials for Econometrics courses at RMIT University.

Klari has extensive experience in working across a range of diverse industry sectors. Previous clients have included Coles Myer, Woolworths, National Australia Bank, Westpac Banking Corporation, IAG, ACP, Pacific Publications, Hyundai and Proctor & Gamble. This impressive list of previous portfolios clearly demonstrates Klari's versatility in applying her skills to a diverse range of industry sectors.

***Grant Smart's*** professional career includes experience in a range of industry sectors including banking, aviation, tourism and general business management. Within these industry sectors Grant has gained considerable experience and expertise across a diverse range of aspects relating to business management and development. These include business and strategic planning, business process mapping, organisational reform, business recovery processes, strategic and tactical marketing, public relations and communications. Grant also holds a Bachelor of Business qualification with majors in Marketing and Management.

Grant's tertiary qualifications and extensive experience brings a high level of hands-on expertise and knowledge to KPP, further highlighting and contributing to the suite of services offered by KPP in specialist business development.

***Melissa Hartmann*** holds a Bachelor of Science (Honours) Natural Resource Management and is currently completing a Master of Business Administration through the University of New England. Melissa has extensive professional experience in the fields of environmental science and impact analysis, human resources, public relations and project management. Melissa has recently demonstrated her strong project management skills through the Waterwatch Program with WA Plantation Resources Pty. Ltd and has been widely acknowledged for her achievements through this work. This program has also involved a large degree of consultative processes through the engagement of industry stakeholders and community members in ensuring the program is transparent and high in integrity. As a recent addition to the team at KPP, Melissa adds further depth to an impressive range of skills and experience and is committed to upholding the consistently high standard of work produced.

### **Our Approach**

- The products and services offered by KPP are modular by design so that clients' objectives can be met on a project or task specific basis.
- However, where end to end projects are required, clients are able to work with one rather than four or five consultancies to ensure that each phase of the project provides a cohesive basis for the next.

Examples of modules developed to meet varied client needs are outlined below:

<b>Modules</b>	<b>Project Type</b>	<b>Product &amp; Services</b>
Module 1	Current Business Evaluation	Business Audit Process Audit
Module 2	Potential Business Evaluation & Planning	Strategic Planning Marketing & operational Planning Feasibility Studies Scenario Testing
Module 3	Implementation	Project Management Media & PR Strategies and execution Conference & Events implementation Legal requirements
Module 4	Measurement	Success & Failure Criteria Analysis

**Examples of the diversity of our client base**

CLIENT	WORK COMPLETED	COMPLETED
Growing East Kimberley Organisation	Strategic Planning	2006
Kimberley Area Consultative Committee	Business Audit	May 2006
	Strategic Plan	January 2007
	Design of Training	March 2007
Blue Seas Resort	Marketing Audit	April 2007
Kimberley Enterprises Aboriginal Corporation	Feasibility Study	December 2006
Yiyili Community Store	Business Audit	June 2007
Tourism WA	Broome Accommodation Study	February 2007
Derby Auto Parts	Business Development Plan	November 2006
Kimberley Storm Enterprises Pty Ltd	Business Development Plan	December 2006
Energy Applications	Marketing Plan	January 2007
Ngauwudu	Strategic Business Plan	June 2007
East Kimberley Dingo	Business Plan	December 2006
Winun Ngari Aboriginal Corporation	Strategic Business Plan	February 2007
	Regional Economic Development Plan	May 2007
Marra Worra Worra Aboriginal Corporation	Strategic Plan	December 2007
Djugun Tribal Creations	Business Development Plan, Financials	September 2007
Pilbara Regional Council	Regional Tourism Strategy	September 2007
Julgnunn Aboriginal Corporation	Strategic Business Plan	July 2007