

Legislative Assembly

Wednesday, 1 June 2011

ESTIMATES COMMITTEE A

The meeting commenced at 9.00 am.

Division 9: Western Australian Tourism Commission, \$65 712 000 —

Ms A.R. Mitchell, Chairman.

Dr K.D. Hames, Minister for Tourism.

Ms S. Buckland, Chief Executive Officer.

Mr D. Lowe, Executive Director, Corporate and Business Services.

Ms D. Belford, Acting Manager, Executive and Strategic Services.

Ms L. Follows, Chief Financial Officer.

Mr D. Van Ooran, Executive Director, Eventscorp.

Mr I. Wight-Pickin, Chief of Staff, Office of the Minister for Tourism.

Mr C. Allier, Principal Adviser, Office of the Minister for Tourism.

Ms M. Hayes, Principal Policy Officer, Office of the Minister for Tourism.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he/she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

[Witnesses introduced.]

The CHAIRMAN: The member for Midland.

Mrs M.H. ROBERTS: Thank you, Madam Chair. I refer to page 157 of the *Budget Statements*, the heading "Major Spending Changes" and the amount of \$15 million for event tourism. I note that \$10 million of that amount will be for regional events and will come from royalties for regions. Will all of the remaining \$5 million be spent on events in the metropolitan area; and, if not, what will that money be spent on? How, and through what agencies, will the royalties for regions events funding be distributed? Will it be distributed through the regional development commissions, the Department of Regional Development and Lands, or the Minister for Regional Development, or will it be distributed through the Western Australian Tourism Commission?

Dr K.D. HAMES: As the member mentioned, the funding will be \$15 million a year—\$10 million from royalties for regions, and \$5 million for metropolitan-based major events tourism. I will deal with the

\$10 million first. That funding comes under royalties for regions funding. However, we have in our office an Eventscorp section, which is headed by David Van Ooran, and David and his team do estimates of all events and look at events that are approved and events that are proposed. There are different components to that. We already fund \$300 000 a year for a regional events program. Some of the events that are funded through that are the beach polo in Broome and the Gamex fishing tournament—smaller regional events. We have increased that funding to \$600 000. That increase of \$300 000 came out of royalties for regions, with cabinet approval. That extra funding will enable some of those events to be significantly improved. It will also enable some new events to be added. That was announced in a press release just recently. Some of the events that were formerly funded under that smaller funding package, such as the Kimberley Muster, Gamex and the beach polo in Broome, have been taken out of that, and they will now be funded to a much greater extent, along with a range of other events, such as the Kalgoorlie Cup and the Boulder Cup. It has not been decided yet where those additional funds will be spent—we are doing those business cases now—to make them major regional events.

A significant component of that \$10 million will be used for new events that may come forward, and we will be looking at the proposals that are put forward and what events we can support. Recommendations on funding for smaller events will be made by Tourism WA. However, recommendations on funding for major events will go to cabinet for approval. Not any of the \$5 million of funding has been officially allocated through the cabinet process. That is because individual events will come through, perhaps with some component of existing funding, and some of that \$5 million may be added to that funding to enable those events to be bigger and better. That money may also be used for new projects. A new project is in the wind. I cannot talk about it yet, because it still has to go to cabinet. But that project will have a variety of sources of funding. Some of it will come from royalties for regions, some of it will come from that \$5 million and some of it will come from sponsorship and from the promoter of that event. Most of the larger events go to cabinet, but smaller events are determined by Tourism WA.

Mrs M.H. ROBERTS: Just to be clear, will that \$5 million be quarantined to be spent in the metropolitan area, or will some of that potentially be spent in regional areas? I have deduced from what the minister has said so far—I want to check that it is correct—that all major spending decisions will be made by cabinet. When we talk about major spending decisions, what amount of money are we talking about? Are we talking about an amount over \$100 000 or an amount over \$500 000? Is there a figure for that?

Dr K.D. HAMES: That figure has not been determined yet. We will determine that as part of the cabinet process. Now that those funds have been allocated, I will take a submission to cabinet about what amount we should choose. I do not think that every small allocation of funding should have to go to cabinet for approval. For example, some funding will be going to the Celtic international soccer game.

Mrs M.H. ROBERTS: How much will that be?

Ms S. Buckland: It is Perth Glory versus Celtic Football Club, and the funding will be \$75 000.

Dr K.D. HAMES: For small amounts of funding like that, that is quite reasonable. The Tourism WA board was created as an offset from government to act semi-independently, as were the Rottneest Island Authority and similar organisations. A lot of these decisions can be made by Tourism WA, but, for all the major decisions, we will take to cabinet a cut-off point to determine how those decisions will be made. The \$5 million is not nominated specifically for the metropolitan area, but chances are that that is where it will be spent. We have that \$10 million for regional funding; we do not want to take away from that \$5 million when we have so much to spend in the bush. Chances are it will be used for a big event like some of the ones we have had. We have a separate allocation for the golf but if we did not, we might use that funding in combination with sponsorship and the like to sponsor the golf event. It will be something like that—a major state event that will be funded.

[9.10 am]

The CHAIRMAN: Minister, before the next question is asked, I remind you that if you wish your adviser to give an answer to the committee, you need to direct her to answer.

Dr K.D. HAMES: Yes, I know that.

Dr G.G. JACOBS: I note on page 157 of the *Budget Statements* under “Major Spending Changes” the allocation of \$1.3 million for “Aviation and Market Development in China”. This is pretty exciting for Western Australia. Can the minister indicate what this funding will be used for?

Dr K.D. HAMES: The \$1.3 million is for marketing to promote Western Australia to China. A significant component of that will be used as part of the arrangement we have reached with China Southern Airlines for marketing, particularly in conjunction with it. It will also be putting in significant funds to ensure that we get good exposure of that direct air route. As the member knows, earlier this year we went to China specifically to talk to the airlines. We did not just meet with China Southern; we met with representatives from four airlines in China to talk about the possibilities of getting a direct flight to Western Australia.

Mrs C.A. MARTIN: Broome—do not worry about Western Australia!

Dr K.D. HAMES: No, we did not meet them in China to get a direct flight to Broome, but we did meet with Singapore Airlines—I will come to that later—to try to get a direct flight.

Dr G.G. JACOBS: The minister can send it to Esperance if he likes.

Dr K.D. HAMES: We met Singapore Airlines to get a direct flight to Broome. I will talk to the member about that in a minute. In fact, she could ask that question.

Mrs C.A. MARTIN: I am going to.

Dr K.D. HAMES: We met with the different airlines. We went to Hangzhou, Beijing, Shanghai and Guangzhou, which is the capital of Guangdong province. We had been involved in some heavy negotiations prior to that. The commonwealth had increased the number of flights that were able to be exchanged between Australia and China. That was a great opportunity for us. We leapt in. There was competition between the Gold Coast, South Australia and Western Australia to get the next flight because China Southern had been flying to Brisbane, Melbourne and Sydney. We wanted China Southern to fly here. We lobbied and negotiated very heavily. The chief executive officer met the head of China Southern at the tourism expo that was on recently in Sydney. We reached agreement to some extent before we went, so by the time we got there, we had signed a memorandum of understanding. We had Brad Geatches from the Perth Airport with us. It had also made a commitment, as had Tourism Australia, to the funding package that we were able to put forward. This is part of that.

I am going back to China in September, provided the Premier lets me because I have not asked yet! I will be taking a group of tourist operators. About 20 have put their hands up so far, which is probably a bit too many. We will take a group to meet tourist operators in China and to meet with China Southern Airlines to try to develop a strategy of what we can best do. The plan is to start those flights later this year, provided China Southern gets all its sign-offs from the central government—that has not yet happened—and we get a proper marketing plan and everybody is happy. I think it will be a great step forward.

There was a big increase—about 32 per cent—in China’s tourists coming to Western Australia last year. We get three per cent of tourists from China. Yet they want to come here. They are excited about Western Australia, with its blue skies, beaches, peace and quiet, and particularly some of the more adventurous opportunities. We will be developing packages and marketing those packages heavily, and making sure that we get as many people as we can. We want to make sure that this is successful. The last thing we need is to start it off and it not be successful—it does not have the loads—and it shuts down. We will be working very hard. That \$1.3 million a year is specifically designed to make sure that happens.

Mrs C.A. MARTIN: Under major spending changes on page 157 of the *Budget Statements* is the line item “Royalties for Regions—Kimberley Science and Conservation Strategy”. Could the minister give me a bit more information about that? There is \$10 million in royalties for regions funding. How much is going to the Kimberley science and conservation strategy?

Dr K.D. HAMES: As the member knows, work has been done on this for a long period. Chris Ellison and his team have been looking at developing a Kimberley science and conservation strategy. That has been going very well. It has developed plans. It specifically looks at Aboriginal tourism opportunities. We have not released this document yet but I will table it today. It is entitled “Making a Difference: Aboriginal Tourism Strategy for Western Australia, 2011–15”. It has comments in it from Neville Poelina, whom the member knows, talking about the plan in Indigenous opportunities.

Mrs C.A. MARTIN: Is the minister going to table that now?

The CHAIRMAN: Minister, you cannot table a document during estimates.

Dr K.D. HAMES: I will just give it to the member then.

Mrs C.A. MARTIN: I thank the minister.

Dr K.D. HAMES: I will ask Stephanie Buckland to make further comments about the specific funding under that Kimberley strategy.

Ms S. Buckland: Tourism WA has been allocated \$4.7 million over four years for the Kimberley science and conservation strategy. We will be responsible for delivering four key projects. We will be working in very close partnership with the Western Australian Indigenous Tourism Operators Council, the Department of Environment and Conservation and the Small Business Development Corporation to deliver those. Specifically, the first one is working on developing Aboriginal tourism products—that is, working with those operators to develop their products to make them export ready, which means that they are prepared to accept national and international visitors. We will also be working very closely with the Department of Environment and Conservation on developing and promoting new tourism corridors. Gibb River Road is a very well known tourism corridor. We

are hoping that we will be able to develop and promote new tourism corridors. That would include a range of initiatives, things like signage and making sure there are appropriate rest stops along the way, as well as the promotion of those corridors eventually. The third thing is the aerial highway concept. This is an idea that has been around for quite some time.

Mrs C.A. MARTIN: We already have Ibis.

Ms S. Buckland: Yes, that is right. Basically, it is working on the Ibis aerial highway and further developing that, whether that is infrastructure that may need to occur at the various runways along the highway or whether it is promoting that and working very closely with national and international tour operators to package that up.

The fourth project relates to four-wheel-drive trails. That is separate from the tourism corridors. There are tracks and trails that can be accessed only by four-wheel-drive vehicles. Again, it is about identifying those and making sure that they are safe and signed. Those are the four things that we will be working on over the four years. A detailed project plan will go to cabinet very shortly and then we will be able to share more information about that.

Dr K.D. HAMES: Can the member ask me a supplementary question about direct flights to Broome?

Mrs C.A. MARTIN: Yes, I wish to ask for supplementary information about other international flights.

Dr K.D. HAMES: Tourists from Singapore is our second biggest market behind the United Kingdom. There is a lot of potential to increase the number of visitors from Singapore. People from Singapore speak good English. They see Perth almost as a second home and want to come. The trouble with getting them to the Kimberley is that they have to fly all the way over the Kimberley and all the way back again. There were direct flights before the global financial crisis. One of the airlines did some charter flights into the region. Singapore Airlines is not particularly interested but we might be able to get some traction with SilkAir—its smaller subsidiary. Silk Air has told us that the best time to get Singaporeans to travel is during the two long school holiday breaks. One is in the middle of the year during June and July and the other is during October and November, just before our school holidays. As the member knows, it is hot and sticky in the Kimberley in October and November. The best time to tour the Kimberley would be during the dry season in June and July.

[9.20 am]

Mrs C.A. MARTIN: The green season is okay.

Dr K.D. HAMES: Yes, but that is not when the school holidays are. During the last tourism campaign we concentrated on attracting adults from Singapore. I want to concentrate on the types of attractions that Singaporeans can take their kids to because, as the member knows, it is a fantastic and perfectly safe place to go, provided the children are looked after. We can use that angle as a way to get the children's parents to visit Western Australia. We are talking to tourism operators in Singapore about how to develop better packages and about linking those packages with SilkAir. Although the flights will be charter flights because they will come at only certain times of the year, we want to increase the number of flights that travel directly from Singapore at the best times of the year. We will also continue to talk to Garuda Indonesia, which I did when I visited Indonesia recently. I believe that it is very important to get direct flights from there.

I have been talking to the Chinese about travelling to the Kimberley. The lower end of the tourism market—those people who have enough money to go on a holiday but who are not in the high-end income group—want to get to Perth and visit Margaret River, the Pinnacles, Mandurah or some other place around Perth and then go back. I have shown people from the high end of the market some of my fishing pictures from the Kimberley and they are blown away. They want to experience those sorts of outback places. I am looking at putting together a package that allows people to spend a couple of days in Broome to go camel riding, a couple of days outside of Broome to experience Aboriginal culture and then to Kununurra, the Bungle Bungles, the Argyle diamond mine, and on to Warmun to look at the Aboriginal art before coming back to Kununurra to go to the diamond and outback-style shops. That package could even include a helicopter flight down the Ord, which is just amazing.

Mrs C.A. MARTIN: It is also the best barra fishing experience in the country.

Dr K.D. HAMES: Yes, there are options for people to go fishing in Kununurra if they have a couple of free days and want to do that. They could do their own thing, such as go on a boat cruise up the Ord River with Triple J Tours or go to El Questro, or wherever. They could pick their own little package. We are looking at developing that sort of package and selling it to the better-off Chinese tourists who have been to Sydney and Melbourne and are looking for something new and different. That is the sort of package that I believe would blow them away.

Mrs C.A. MARTIN: We already have the international airport down south.

The CHAIRMAN: Is the member for Kimberley asking a further question?

Mrs C.A. MARTIN: No, I am just bragging!

Mr A.P. JACOB: I refer to the line item for event tourism on page 157 of the *Budget Statements*. Can the minister outline what is happening specifically to increase the number of events in regional areas, particularly following the renewal of the regional air services?

Dr K.D. HAMES: There are a number of opportunities. A lot of the money has not yet been allocated. We are looking at different things, and some events may come out of the woodwork. A good example of that is when we were talking to tourism operators in Singapore about what Western Australia could do to attract tourists, we were made aware that the Singaporean government has been a big promoter of holding marathon events in particular and also cycling events. Singaporeans want to get out of little Singapore and go places and see things while competing in those events. An increasing number of Singaporeans want to run marathons. Hundreds and hundreds of families and friends get together and run a marathon. We may look for an operator to hold a marathon event in which a sequence of marathons is held around different parts of Western Australia. One could be held at Esperance, another in the Kimberley and yet another in the Pilbara. Each leg could be held over three or four days and the competitors could run through totally different countryside before going back home. That is an example of the sort of event that we are looking for. As I said earlier, there has been a big increase in funding for some specific events to attract tourists, including Gamex, the Kimberley Ord muster, Marilynne Paspaley's Paspaley Beach Polo in Broome and the Shinju Matsuri Festival. We have given certain events that should be major regional events more than the little amounts of funding that they had received in the past. I do not know if they even know about it yet, but we will be negotiating with those groups. They might even read about it from these estimates hearings. The opportunities we have are very exciting. Through the regional events funding, we are able to fund events that we were unable to fund previously or were able to fund only to a small extent. The Dwellingup 100 MTB Classic bicycle race is a good example of that. We did not fund that event last year. It started out small but has become a very popular event. The Mandurah Crab Fest got extra funding last year to hold some water events that were very popular and attracted a big turnout. We want to make sure that events like that can continue to grow.

Mrs M.H. ROBERTS: I refer to the service summary on page 158 and the seventh dot point on page 159 of the *Budget Statements*. The regional events scheme is to be bolstered, but from what the minister said earlier, clearly not all the \$10 million in royalties for regions funding is going into the RES. How much money will go into the RES in 2011–12 and how much money went into the RES in each of the last three financial years?

Dr K.D. HAMES: I have already answered that, but I will go through it again because obviously I did not make myself clear enough. Previously \$300 000 in funding was provided. People would bid for that event and get the money. The Mandurah Crab Fest, for example, got \$10 000 a few years ago, which built up to \$20 000 a year, and I think it might have got \$30 000 this year. A lot of events received \$10 000 or \$20 000 to support the events. I said earlier that cabinet had agreed recently to double the total amount of RES funding from \$300 000 to \$600 000 a year, which has allowed us to add some new events and increase funding for a lot of existing events. We announced that last week and I put out a press release showing which events would receive funding and the amount they will receive. That extra \$300 000 will come out of the \$10 million.

Mrs M.H. ROBERTS: That is what I was trying to get at.

Dr K.D. HAMES: The rest of the \$10 million is for some existing events, but we pulled out of some of the regional events schemes because they were too big. This funding is for the smaller events that we want to keep.

Mrs M.H. ROBERTS: The service summary table on page 158 accompanies the dot points on page 159. I am trying to clarify the figures. In 2010–11 event tourism was allocated \$24.395 million, although I note the slight underspend, and in 2011–12 event tourism has been allocated \$36.697 million. That is a difference of \$12.3 million. If \$10 million of that amount is royalties for regions money, how does the minister explain those figures? How does that relate to the minister's claim of allocating an additional \$5 million? Can the minister deconstruct those figures?

[9.30 am]

Dr K.D. HAMES: To do that we need to go back to page 157 because that shows where the funding comes from. The member will note that under major spending changes is the \$15 million for events tourism as well as money for international golf. That amount includes money that is no longer allocated to previous events. The table on page 157 does not make it as clear as it could be, so I will go through it in more detail. There are two ways of getting money for events. In the past, every major event that Tourism WA supported has gone to cabinet to get additional funding. Funding for an event was provided over five years. Some of those events fall over, like the rally, and that money goes back to Treasury, so that we lose money in some areas; however, I am still able to go back to cabinet with a new event. I have that \$10 million for regional events and \$5 million for metropolitan events, but that will be chewed up very quickly on events. If I have another big event come forward that I need additional money for, I take it back to cabinet; and, if I get approval, those numbers change. That drop in the numbers reflects that \$15 million, but the allocation does not go up by \$15 million because some money comes off.

Mrs M.H. ROBERTS: The point I am getting at is: is it really additional money? The minister has referred to a few events, so I will ask what has happened to the \$15 million for the Red Bull Air Race?

Dr K.D. HAMES: That money goes back to Treasury; it was \$2 million-odd so that is why the net increase is only \$12 million.

Mrs M.H. ROBERTS: So, it is not fair to say that is an additional \$15 million.

Dr K.D. HAMES: It is, in the sense that it was never a line item in events tourism. The actual spend last year on events tourism was \$17 million. The actual spend available this year is just under double that. The member will see that it goes from \$17 million up to about \$32 million, so it is additional spending. In some instances, we get funded for an event. If we get funded for the Red Bull Air Race and that falls over, those funds go back to Treasury. But I may have another event that we strongly support and I will go back to cabinet seeking additional funds. The member might see that, rather than its being only \$12 million at present, during the course of the year an extra \$2 million or \$3 million a year will be provided to fund that additional event. That has always been the way with Treasury budgets, which can be up and down like a yoyo. We might have an event that is funded for four years or a specific one-off event like a swimming championship. We would get the funding for that for two years and at the end it is gone, so the budget looks as though nothing is happening, but then we might win another event. For example, if we had won the Rugby World Cup Sevens event there would have been an amount added on top of that, and it would have been \$17 million a year, not \$15 million, because of the extra funds we had for that. That \$15 million is additional specific funding.

Treasury has said that instead of Tourism WA having to beat on its door for each event year after year, which tends to happen when the figures are very volatile, this time it is allocating \$15 million for events, which doubles our budget. The member will notice in the forward years some significant drops, and I will be fighting as Minister for Tourism because I see it as my job to get those numbers back up before we get there so that we can make sure we have new events to replace those that have gone.

Mrs M.H. ROBERTS: How much money went back into Treasury from the Red Bull Air Race?

Dr K.D. HAMES: I will ask the chief executive officer to answer that.

Ms S. Buckland: I will refer that to David.

Mr D. Lowe: I do not have the answer on that. We have our own money plus the supplementary.

Ms S. Buckland: A little over \$2 million of supplementary funding specifically for the Red Bull Air Race went back into Treasury. We can provide the specific number as a follow-up.

Dr K.D. HAMES: We agree to provide as supplementary information the exact figures for funding returned to Treasury for the Red Bull Air Race, which was allocated in the budget over three years. As I indicated, for this year it was just over \$2 million.

[*Supplementary Information No A21.*]

Mrs M.H. ROBERTS: I deduce from that, that while the minister has security of funding for this \$5 million, it is fair to call it additional money because the minister has said that in past years bids would have been made for some of that money in any event and cabinet would have made it available, and if we go back over previous budget papers we can see that that occurred.

Dr K.D. HAMES: All the member has to do is look at our total budget figures, and she would have to admit they are reasonably impressive when we compare the total allocation for tourism this year with previous years. I refer the member to page 157 of the *Budget Statements* showing an allocation of \$81.69 million. That is a significant increase over recent years.

Mr P. ABETZ: I refer to the first dot point on page 158 of the *Budget Statements*, which states that WA tourism generates substantial employment in the regions. Does the minister support the findings in the recently released report of the Economics and Industry Standing Committee, chaired by Dr Mike Nahan, on the review of caravans and camping in WA? Are there any budgetary flow-ons from that report?

Dr K.D. HAMES: I would very much like to answer that question, but I have just thought of something relating to the previous question that I should have pointed out. The member for Midland will notice that under the \$15 million of new funding we announced, there is funding for a golf event that, in effect, replaces the funding we had for the Red Bull Air Race. That means that \$15 million is in addition.

Mrs M.H. ROBERTS: Hopefully next year, there will be another \$15 million by the time you get here!

Dr K.D. HAMES: I intend to get more money, not less as the years go on.

Mrs M.H. ROBERTS: Excellent! That is what we like to hear.

Dr K.D. HAMES: As members know, the member for Riverton chaired a committee looking into caravans and camping and recommended changes that the government should make. That was about a year ago. The member for Mandurah was a part of that committee. That committee made a number of recommendations, which were supported by government, and I have to say that I am a strong supporter of just about all of the recommendations. We all worry that tourists are taking off to Bali, and with the strong Australian dollar that is inevitable, but there are lots of other opportunities to attract tourists to Western Australia. People come to Perth, but our hotels are 85 per cent-plus full. Although we want people to continue coming to Perth, we need to look at where else to promote tourism in WA. We want to get people into the rural areas and the regions. They do not have to be all overseas people; they can be our own people. Instead of people sitting at home watching television, I want to get them out to the regions. About 20 per cent of Western Australians are retired. In my electorate, the figure is 25 or 26 per cent, and most of Mandurah's residents disappear to Broome during the middle of winter as people get into their caravans and go to the northern electorates. I want to make sure that the facilities throughout Western Australia are excellent.

I had a meeting yesterday with the caravan and recreational motor vehicle association, which also manages caravans, which is very keen on what we want to do to improve facilities. There are two areas that we need to improve. At my request, a committee will look at all the recommendations of the Economics and Industry Standing Committee and bash on the door of the departments to make sure they are doing what was supported by cabinet. The member for Mandurah has been seconded to that committee. I also want the committee to deal with issues that are particularly important in Mandurah; that is, all the caravan parks closing down and people having nowhere to go. I want the committee to identify land and find alternatives to make caravanning and camping facilities available, both long-stay and short-stay, with government involvement in developing those. Broome gets chock-a-block and we need a big new area to cater for the huge demand in overflow caravan parking. We also need places for the recreational motor vehicles, the owners of which do not want to stay in the caravan parks but just need some dump points for their waste.

[9.40 am]

So it is a matter of finding spots for them to go where they do not have to pay for all those extra costly facilities. I want to get the connections right. Most elderly drivers towing a caravan will do only 85 to 90 kilometres an hour for only four or five hours, so we need places within a radius of only about 350 kays where they can stop. I think that, as a government, we need to spend the money to put in dump points, water sources and perhaps even toilets, so that people can stop along the way and get out into the bush, perhaps on the pastoral leases as well, and make sure we have a total network plan for Western Australia to get people out there. Most retired people these days have more money than they used to have; they have an affordability, particularly if they get \$500 in fuel vouchers in those regions. That is, sadly, outside most of our electorates, but certainly in the member's electorate, they have \$500 in their pockets to spend on fuel and get out into the bush. We want to make towns that are capable of looking after tourist-friendly towns, and fill the gaps in the more remote areas so that people will get out there and go four-wheel-driving, caravanning and camping and driving their mobile homes. I want to make that a big focus during our next couple of years in government. I see that being as important as the work in getting overseas tourists here.

Mr P. ABETZ: Is there specific funding for those purposes in the budget?

The CHAIRMAN: Member for Southern River, that is a further question.

Dr K.D. HAMES: Members have to say the words "further question".

No, there is not, although we have some capacity in our existing tourism budget to do some things. Some people who have responsibility for that will do a lot of the legwork. Some of the clubs themselves are going to put in a lot of effort to help show us where the gaps are. We had agreement yesterday that they will come back and show us what all their people think are the gaps in our service. After that I intend to put in a submission, hopefully in conjunction with the Minister for Regional Development, to seek regional development funds because I think that we as a government need to put in money to fund the dump points. Queensland has just spent \$500 000 on dump points throughout Queensland to make it easier for people. We have to be doing those same sorts of things. When I talk to caravanners and ask where they think is the best, they say, "WA is okay; Queensland is the best; and Victoria has the best facilities, with swimming pools and tennis courts, but we have to pay for them." That is not what they want; they do not want all that stuff. They are happy just camping there looking after their hard-earned dollars, relaxing and enjoying themselves. But they spend money. For example, Wongan Hills, I think it is, has become an RV-friendly town. The number of tourists who go into the town of Wongan Hills has gone up from around 2 000 a year to more than 10 000 a year since it has been advertised among the tourists that it is a friendly town and that there are special places for them to camp. They stay there and then buy their food at the local deli and go to the pub and have a meal there. They want normal facilities that they can access in the town. If they know of somewhere that is friendly and looks after them, they will go there and use that as a stopping point along the way. We have to make sure we have a network of those throughout Western Australia.

Mr D.A. TEMPLEMAN: The member for Southern River stole my thunder. I had a number of questions about caravan parks. In light of what the minister said about the caravan park priority, I expect that in the minister's soon-to-be-released tourism strategy, which I understand will be released in the second half of 2011, a significant element will focus on caravan parks and camping. I am referring to the first dot point on page 159.

Dr K.D. HAMES: Thank you, member. That is true. Tourism WA has had some good discussions about this. We have reached agreement that this will be a significant component of the Tourism WA strategy in the future. Ms Buckland will talk about the document.

Ms S. Buckland: As the member noted, we are working on a new five-year strategy following the restructure of the organisation and the new direction set by the government last year. As the minister indicated, one of the things that will be incorporated into that strategy is the caravan and camping sector. This year we will conduct all the research necessary to create a road map that identifies the key spots across the state where we need to improve the facilities. That will eventually flow into a business case that will support a submission that the minister is planning to make.

Mr D.A. TEMPLEMAN: Thank you. My substantive question relates to the Extraordinary Taxi Ride referred to in the second dot point on page 159 in which mention is made of a return on investment ratio of 13 to one. I am interested in knowing what measures were used to arrive at that figure.

Dr K.D. HAMES: I will need to hand over to Ms Buckland for an answer to that question, but before I do I want to make a point on the return on investment, as I discussed last week with the member for Rockingham. He made a statement when the member for Mandurah and he were in government about an event not being scheduled because the return on investment was not adequate. I am not too fussed about return on investment. Therefore, a lot of the things we will look at funding through Tourism WA are events that are exciting for Western Australians. I want to make WA a more exciting place to be so that we can all get out and enjoy ourselves. I think that will generate its own interest for tourists and rellies when they see what events will be on. A good example is the Dwellingup bike ride. We have funding for that for next year. I do not know that lots of tourists come to watch the Dwellingup bike ride—there are probably some—but it is a fantastic local event and great for people to be able to participate in. It will generate some tourism, even if only local. I do not want us to spend too much time chasing up what the actual return on the investment dollar is. I want to make sure we have events that are exciting and interesting. The Extraordinary Taxi Ride is a little different because it was a marketing strategy, and it is always worth working out the effect of a marketing strategy. I use that as an opportunity to say those things. I will hand over to the director.

Ms S. Buckland: We measure the return on investment for marketing campaigns in a couple of different ways. I will speak specifically first about how the 13 to one ratio is calculated and then I will talk about the other way we look at it. For the Extraordinary Taxi Ride campaign, we conduct market research on an ongoing basis in the Sydney, Melbourne and Perth marketplaces. We continuously ask people whether they are aware of the campaigns we are conducting and whether they have booked a holiday in WA. We looked at the people who were aware of the Extraordinary Taxi Ride campaign and had booked a holiday to WA versus people who were not aware of the campaign and booked a holiday—we looked at the differential between the two. We basically attributed the booking of a holiday to WA to the people who were aware of the campaign and calculated that based on average visitor spend, and calculated that that generated about \$72 million in direct visitor spend from those people who had booked a holiday in WA and were aware of the campaign.

Mr D.A. TEMPLEMAN: What was the total spend on the Extraordinary Taxi Ride campaign and what was the specific marketing aspect of it?

[9.50 am]

Ms S. Buckland: Tourism WA's investment in the Extraordinary Taxi Ride campaign was \$4.7 million. In addition, a number of tourism industry partners were involved in the campaign, and they invested in total \$1.5 million. Therefore, the total cost of the campaign was \$6.2 million. We estimate that the visitor spend generated as a result of the campaign was \$72 million; therefore, a return of \$13 for every \$1 spent on the campaign.

Mr D.A. TEMPLEMAN: I have a further question. How many visitors to Western Australia can be attributed to the Extraordinary Taxi Ride campaign?

Dr K.D. HAMES: I ask Ms Belford to answer the question.

Ms D. Belford: Part of our calculations for getting the \$13 to \$1 ratio was, as we said, how many people had seen the campaign and how many people had booked, and we attributed a portion to that. Therefore, the attributed portion from the intrastate market was just over 21 000 visitors, and from the interstate market just over 65 000 visitors. These are people who have booked a trip. They might not have come to Western Australia in the two or three months around the campaign, but they told us that they booked the trip, and we have attributed that in the population. Those are the figures that we have in our calculations.

Mrs M.H. ROBERTS: I refer to the eighth dot point on page 159 of the *Budget Statements* and to the figures on page 161 underneath the heading “3: Tourism Investment and Infrastructure”. The eighth dot point refers to activities that will enhance tourism infrastructure and indicates that a key focus of the agency is to facilitate the investment required for tourism infrastructure. The eighth and ninth dot points advocate for new hotels, the progressing of new Naturebank sites, the development of tourism corridors, four-wheel-drive trails and the like. This area will be a key focus. However, when I turn to the table on page 161, I am curious to find out how this will be a key focus, given that the staffing level in that unit responsible will go from 47 full-time equivalent employees to only 21 FTEs. How will Tourism WA make it a key focus with fewer than half the staff?

Dr K.D. HAMES: Yes, this will be a key focus, but it will focus not on government spend on infrastructure, but on achieving certain components. Hotels are a good example. As I am sure the member knows, and as tourism ministers before me have been saying over and over again, we lack hotel infrastructure in this state. In fact, we could provide an additional 300 beds a year for 10 years and still not get the total number of beds that Perth needs for tourism. Therefore, this government intends to concentrate very heavily on what we can do to promote hotel development, particularly in Perth. One of the problems with developing hotels is that they are just not economically viable; the return that people get from commercial or residential construction in the city is far greater than that for tourism. For the capital outlay needed, the returns are simply not great. We intend to do what Sydney did before the Olympic Games; namely, look at what the government can do to make land more readily available for hotels and look at incentives that we can build into packages. That may be, for example, using government land and a long-term lease for hotel sites rather than requiring companies to purchase land and to designate certain sites as hotel sites. A good example is that, in my view, we will need a major 300-bed five-star hotel within the Perth foreshore development. The government can work hard to ensure that that infrastructure is built. Although the infrastructure that we talked about for caravans and camping is only minor, I will seek additional funds for that as we go through the process. However, all these things need not be specifically done by staff in our office; these are things that the government, and I as the minister, can be involved in. In China, I met with the former chair of CITIC Pacific, who is now the chair of the entire CITIC Group, and he expressed a very strong interest in building a hotel in Western Australia. Remember, that group has CITIC Pacific Mining and it has a construction arm. In fact, CITIC built the Beijing National Stadium—the bird’s nest stadium—for the Olympic Games. Therefore, we have lots of opportunities to promote for people who want to invest in infrastructure in Western Australia; the Singaporeans are also very interested. With regard to the specific FTE numbers, I will hand over to the chief executive.

Ms S. Buckland: As the member is probably aware, Tourism WA went through quite a significant restructure last year. With regard to the infrastructure and investment division, the purpose of the restructure was to focus that division of the organisation on developing significant infrastructure projects. Therefore, rather than work on very small projects across the state, which took lots of people, even though each individual project did not amount to much, we now have a smaller group of people who are very focused on the types of issues that the minister pointed out—such as Perth hotels. For example, they will research the caravan and camping roadmap for the state or do an analysis of the cruise shipping industry and all our ports across the state and how we might improve our infrastructure in that regard. Therefore, it is a very small team focused on doing a lot of research on specific projects.

Dr K.D. HAMES: I think that previously—I was not involved in the restructure, as the member knows—there was a lot of duplication of effort, particularly with the regional development commissions. A lot of the work that I do with our local development commission is focused on infrastructure, particularly tourism infrastructure. I know that a lot of the applications we get from areas such as Karratha are for tourism infrastructure, such as a foreshore development, boat ramps and the like—things that significantly improve tourism. I was not involved, but the methodology behind the restructure was to leave more for the regional development commissions, which have access to considerably more funding than we do through tourism, and to help deal with those major issues.

Mrs M.H. ROBERTS: I have a further question on that aspect. With 26 FTEs gone, what is the annual saving in dollar terms? What is the cost of those 26 FTEs?

Dr K.D. HAMES: I hand that question to Mr Lowe.

Mr D. Lowe: Those 26 FTEs would equate to in the order of \$2.5 million to \$3 million per annum in terms of salaries and associated overheads.

Dr G.G. JACOBS: I will ask a local question. My home town was voted last year as having the best beaches in Western Australia. I refer to the second dot point under “Significant Issues Impacting the Agency”.

The CHAIRMAN: Which page are you on, member for Eyre?

Dr G.G. JACOBS: It is page 158, which refers to a greater effort in making holidays in WA more accessible. What efforts did the Western Australian Tourism Commission make in the regional air services review? What means are there to address the greatest impediment, essentially, to holidaying in Esperance—namely, that it is a

720-kilometre drive from Perth, and that the normal return airfare is \$720? Of course, until recently, the service provided no holiday packages or cheap fares. I obviously have a bias towards Esperance as my home town, but if we are to make these places more accessible, one of the major impediments —

The CHAIRMAN: Member for Eyre, there is only one minute left for this division. Do you want a quick answer?

Dr G.G. JACOBS: Yes, if I may; there is another minute to go.

The CHAIRMAN: I will be stopping at 9.59 am; therefore, does the member want a quick answer?

[10.00 am]

Dr G.G. JACOBS: What efforts will be made to make it more accessible?

Dr K.D. HAMES: The Minister for Transport is responsible for that review regarding airports. It is a concern that they are still charging such fees. The member will see, in some of the changes up north, that although there has been criticism of the change up there, people are now getting cheaper fares. But in the end it is a matter of us working on the numbers to improve tourism so we get the competition that allows that. The alternative way to get to Esperance is to drive. By making better routes for people, better stop points and better caravan spots, we can get lots of people down to Esperance because it is such a beautiful place. We can attract people who do not necessarily want to drive. Most families in fact do not want to fly.

The appropriation was recommended.

Rottneest Island Authority —

Ms L.L. Baker, Chairman.

Dr K.D. Hames, Minister for Tourism.

Mr P. Amaranti, Chief Executive Officer.

Mr O. Beerli, Chief Financial Officer.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

[Witnesses introduced.]

The CHAIRMAN: Member for Kimberley.

Mrs C.A. MARTIN: I refer to the item "visitor facilities" under the heading "Asset Investment Program" for 2011–12. Are any of those facilities being constructed on burial grounds?

Dr K.D. HAMES: No. My understanding is they are not; they are existing facilities that are not on burial grounds.

Mrs C.A. MARTIN: Is there a commemorative area with an interpretive centre, to explain where the burial sites are and that sort of thing?

Dr K.D. HAMES: I will hand over to the chief executive officer in a minute to answer that, but I want to talk about those burial sites. As the member knows, we were there last year for a commemoration and talked about those burial sites —

Mrs C.A. MARTIN: Yes, a lot of Kimberley people came down for it.

Dr K.D. HAMES: Yes, they did. As the member knows, there is a burial site for Aboriginal people from all over Western Australia. I think a lot more work has to be done, personally. That area is degraded. A report was done and recommendations were made —

Mrs C.A. MARTIN: But they were not followed up.

Dr K.D. HAMES: — in 2005 or 2006, somewhere around then, for a significant spend on upgrading that area and having more recognition. That has not occurred. It is not in this budget either, but it is something that I strongly believe we need to do.

Mrs C.A. MARTIN: It is one of the reasons I want to put it on the record.

Dr K.D. HAMES: I want to put on the record that I agree that something needs to be done. I will be looking to future budgets to try to achieve that. I will ask the chief executive officer to add any further comments.

Mr P. Amaranti: In terms of a commemorative area, we do have large interpretive information signage in place, clearly outlining what has occurred, where the burial site is, and also talking about some of the future things we would like to do. That is already in place, and has been for some years.

Mrs C.A. MARTIN: Are there any plans to do any of those ceremonies that we suggested, regularly?

Mr P. Amaranti: There is nothing set in motion at the moment. We are certainly dealing with those issues as per section 18 and the recommendations in section 18. We will continue to do that. On request for any ceremonial activity that is required we support and provide facilities for that to take place.

Mrs C.A. MARTIN: Is there a consultative committee made up of Nyoongah elders and people from the Kimberley Aboriginal Law and Cultural Centre?

Mr P. Amaranti: We do not at this stage. We advertised for a reference panel almost two months ago. We are waiting for a decision to be made on selected members of that panel. But that was advertised and we are waiting to complete it.

Dr G.G. JACOBS: The spreadsheet on page 166 of the *Budget Statements* seems to be configured on a common figure of \$3.7 million. My question relates to “New Works”. What will \$3.7 million be spent on under the 2011–12 program? In the out years, the figure is \$3.7 million for each. Is there some magic figure about \$3.7 million? What will \$3.7 million be spent on this year and what is it envisaged it will be spent on in the out years?

Dr K.D. HAMES: The figure of \$3.7 million is largely a traditional figure that has been going for some period. Remember that the total budget of the Rottnest Island Authority is significantly higher than that because funds are received through tourists using the island. The total budget is \$34 million for the Rottnest Island Authority. This is the amount appropriated from the central fund. The list of new works includes visitor facilities, restoration of the heritage cottages, accommodation equipment, accommodation and public barbecues, and campground design phase 1. That is one thing I am very keen to see happen. Currently, people camp on a fairly basic dirt area. I would like to see greening and proper camping facilities, including barbecues, for people who want to pitch a tent on the island. That is the first stage of that. The list continues—the Geordie Bay cafe fit-out; heritage accommodation refurbishment; and service building upgrade—a new housekeeping services building. Included in “utility and infrastructure assets” is the installation of closed-circuit televisions. There is some work required, relating to the death of the young boy, to make sure the island is absolutely safe. There will also be a waste water treatment plant upgrade, which is required, and a wash-down facility. These are all things that we have been told by the service provider are essential to meet the standards that are required to properly look after the island. There will also be some phase 2 power, and some repairs, and other items of that nature. There will also be some information technology improvements for the business systems strategy. Those things will come out of that \$3.7 million. Some other works will be done separately from that. Those works will be funded through the Rottnest Island Authority’s normal mechanisms, from its profits from tourism and the like.

[10.10 am]

Dr G.G. JACOBS: Just to keep us up to date with what is happening at Rottnest Island—I have not been there for a while—there was a plan to build some five-star accommodation at Rottnest Island. At what stage is that plan?

Dr K.D. HAMES: That was initiated by the former government, but it is strongly supported by the members of this government, me in particular. I believe we need to provide all the options. We need to provide for people who want to stay in tents, and at the same time we need to provide for people who prefer to stay in a hotel. A company had been appointed previously, but that did not eventuate. There was then a second round, and they appointed a company that is run by Marilynne Paspaley. Marilynne Paspaley owns a number of accommodation facilities in the Kimberley, including the Kimberley Grande and Pinctada Resort in Broome. I understand that there are some difficulties in obtaining capital funding through the banks for that project. The banks are very reluctant to lend the money that is required. The time for her to proceed was recently increased by the board, and

she has been given a small extension until the end of June. Therefore, at the moment, it is a bit in limbo. She has the option of either coming up with the funds that she requires, or talking to other bidders to see whether she can find an alternative source of funding to ensure that the project proceeds. I have seen the design of that project. It looks very good, and it will be in balance with the environment. Some of the other proposals that were put involved time share. We are not keen on selling off parts of Rottneest Island, so we do not support the concept of time share. I think the previous government had the same view. As I have said, it is proving problematic in the financial situation that exists in Australia to get that project up and running. We do not know how successful that is likely to be. But we will do everything we can to support that project.

Mrs C.A. MARTIN: Was that because 20*20 Pty Ltd fell over as a partner with Marilynne? It was not her doing. She did a great job in tendering for it.

Dr K.D. HAMES: I have had conversations with her, and I will be having another meeting with her next week to talk about it.

Mrs C.A. MARTIN: She is brilliant.

Dr K.D. HAMES: I also met her in Sydney at the Australian Tourism Exchange meeting. She is very keen, and she wants to do it. We want her to do it. The design is good. But she needs to get the funding from the banks to enable that project to proceed. At present, the banks are very reluctant, after the global financial crisis, to invest in anything, and that is creating some difficulties for her. I have linked her with some Chinese people who want to invest in this state. But it is up to her in the end. She has to find those funds.

Mr D.A. TEMPLEMAN: I refer to page 166, which is the only page in the budget papers for the Rottneest Island Authority. Actually, I am a bit disappointed about the presentation of this document, because it does not tell us a lot, frankly, apart from what the expenditure is. I want to ask a question that is related to the investment plan. What is the current trend in annual visitor numbers to Rottneest Island? Is the number up or down compared with that of previous years? Is Rottneest maintaining itself as an affordable holiday destination for Western Australian families, and what data is collected to provide evidence of that, or is it becoming a tired entity? I am interested in the trends. Rottneest has a long history. But if it is not delivering affordable holiday options for Western Australian families, I want to know what is being done about that.

Dr K.D. HAMES: That is a very good question, and I will hand over to the chief executive for the answer. But I want to explain why only the amount of \$3.7 million has been listed in the budget papers. The Rottneest Island Authority is a bit like Homeswest. It is at arm's length from government. I remember when the Homeswest component of Housing was not in the budget papers at all, and nor was the Water Corporation. The information in the budget papers relates only to the \$3.7 million of funding for the Rottneest Island Authority. But I accept that it is reasonable for Parliament to hear the answer to this question.

I point out also that there is an amount of money in the budget for the Rottneest Island Authority that is not listed on this page but is in another part of the budget. That was due to a decision made later in the budget process. I think it is in budget paper No 3. The Rottneest Island Authority has to pay about \$3.8 million a year for the management of the environment of Rottneest Island. That money has to come out of its earnings, and we do not think that is appropriate. We believe the state government should pay that money. Therefore, in recognition of that, we have made an additional allocation of \$1 million this financial year for that purpose. That will increase to \$2 million next financial year, and to \$3 million in each of the following two financial years. That will make a total of \$9 million, additional to what is shown on this page of the budget, for the state government to progressively take over the role of paying for environmental management. I have used that as an excuse to get that on the record. I now hand over to the chief executive officer to talk about numbers.

Mr P. Amaranti: The visitor numbers to Rottneest Island for this year are up by 15 per cent on last year—9 per cent year to date. In the month of April, we were up by 27 per cent on last year. The comment has been made that the accommodation at Rottneest Island is tired. The island has been undergoing a refurbishment program since 2004. We have set aside a \$1.5 million facility for the ongoing refurbishment of all the units. In terms of value for money, at page 40 of today's *The West Australian*, we have advertised accommodation at Rottneest Island, including ferry, Bayseeker bus pass and access to bikes, from \$474 a week for a family. I think that is affordable.

Mr D.A. TEMPLEMAN: But that is not for peak time, is it? That is for now?

Mr P. Amaranti: That was advertised today.

Mr D.A. TEMPLEMAN: What would that figure be, approximately, in peak time?

Mr P. Amaranti: In peak time, it is \$454 000 for a bungalow for a week.

Dr K.D. HAMES: You said \$454 000!

Mr P. Amaranti: Did I!

Mr D.A. TEMPLEMAN: That would be an exceptional bungalow! I am sure Prince William and Kate might even consider staying in a bungalow like that!

Mr P. Amaranti: We have extras! It is \$454 a week for a bungalow, and for a full house at Kingstown, it is around \$2 000 a week.

Mr D.A. TEMPLEMAN: Has there been an increasing interest in the ballot system, particularly for peak times, including holiday periods et cetera? Are you able to track, by postcode and other data that you collect, the sorts of people who are successful in the ballot? I am interested to know whether people from more affluent postcodes are having more success in the ballot than people from perhaps less affluent postcodes.

[10.20 am]

Mr P. Amaranti: The number of applications we have received for the ballots is equivalent to that of previous years. About 5 000 people apply for 1 800 occupations. It is spread around about 400 postcodes, which I am able to provide.

Mr D.A. TEMPLEMAN: Could I have that tabled?

Dr K.D. HAMES: We are not allowed to table it. We will give it to the member.

Mr D.A. TEMPLEMAN: I would really love to see that.

Mr P. Amaranti: That gives all the postcodes and the number of applicants per postcode. More people apply from certain areas but the spread is quite large. That information is available so members can see where they come from.

Mr D.A. TEMPLEMAN: I thank the chief executive officer for his answer. Will the cost of the refurbishment be reflected in an increase in rental prices for those refurbished units?

Mr P. Amaranti: No. We made a decision some time ago that we would increase the accommodation rates when the refurbishment started back in 2004–05. Outside of that, we have kept the increase to only CPI.

Dr K.D. HAMES: It is interesting to look through the postcodes because the good thing about this paper is that it shows how many applications were received and how many were allocated. Certainly, the more affluent areas of the state are the big appliers, so lots more people apply. For example, 114 people from Dalkeith applied and only 30 from Coogee applied. It would appear that on a percentage basis, about the same percentages, which is about one-third of the applicants, are successful from each bunch of applications. The more affluent people tend to go to Rottnest more often because so many more of them apply, but about one-third from all areas are successful—although one person from Wickham who applied was successful, so 100 per cent of people from Wickham got to go.

Mr P. ABETZ: Under “Asset Investment Program” on page 166 of the *Budget Statements*, what will be the priority items for visitor facilities for the new financial year?

Dr K.D. HAMES: I might hand over to the chief executive officer to answer that question.

Mr P. Amaranti: The priority will be the restoration of the heritage cottages, the furniture within the accommodation and the accommodation’s public toilets. We are creating some new hubs for public barbeques. We are redoing all the public barbeques but we are also creating some new hubs. The campground will be a big initiative. We are also looking at the fit-out of the Geordie Bay cafe. The private sector renovated the entire general store. We are going to upgrade the cafe and put it out to market. We will refurbish the last two bungalows. In 2006, we refurbished all the historical bungalows, which are 85 years old. We have two left, and they will be completed in this financial period.

Dr K.D. HAMES: The additional funds that I spoke about earlier—the \$1 million, \$2 million, \$3 million and \$3 million—will give the authority the opportunity to look for additional works that can be completed. That was allocated to take over the money that is currently lost in paying for environmental management. It will give the authority an additional amount of money—\$9 million over four years—to spend on other things. The authority can look at what other things are of high priority. One example is the better use of waste water from the water treatment plant and re-using that waste water to reticulate the golf course. Further upgrading of the campground facilities is another example. The authority will make decisions on the best use of that money to enhance the experience of people going to Rottnest.

We need to remember that we are already chock-a-block during the peak period in summer; we could not fit any more people in if we tried. We need to try to encourage people to go to Rottnest outside those times. We need to make the facilities better and keep the low-cost fares. I know that a lot of people prefer that time of year because

the kids are gone and the crowds have gone, so they can have a more relaxed and peaceful time. We want to ensure that people have a quality experience, and those additional funds will assist us to provide that.

Another key issue is power management. Western Power has been involved in looking at the management of that power service. We are keen on Horizon taking over the management of that matter. We are having discussions on how we might upgrade the standard of that infrastructure because some work needs to be done in that regard.

Mrs M.H. ROBERTS: I was listening to the figures that the minister gave on visitors and so forth. I would like some historic perspective. Could I have the figures on the number of visitors for each of the past four years? I am also interested in a breakdown of how many of those visitors are from overseas, interstate or local, and what proportion of the visitors are daytrippers and what proportion are accommodated on the island.

Dr K.D. HAMES: I will ask the chief executive officer to answer.

Mr P. Amaranti: I could provide data on visitors going back to 2001–02. I do not have the break-up of the day visitors with me, but I can certainly provide that. We have data on visitor numbers going back 15 to 20 years. I can provide that.

Mrs M.H. ROBERTS: I would be interested in the specific —

Dr K.D. HAMES: We will give the member this graph. It contains the details from each month in each colour going back to 2001–02. From looking at the early years of 2001, I can see that there has been a mild decline. There was more of a decline in the middle, which is around 2004–06, and then it built up again. The figures do vary from year to year. I pass that to the member.

Mrs M.H. ROBERTS: I have not had a chance to look at this but I am guessing from what Mr Amaranti said that it does not have a break-up of the daytrippers compared to the people who are accommodated and the percentages involved. I think Mr Amaranti indicated that he might be able to provide some supplementary information on that aspect.

Dr K.D. HAMES: We will agree to provide as supplementary information a breakdown for the past four years of day visitors and those using the accommodation on the island.

Mrs M.H. ROBERTS: The other part of my earlier question related to the origin of visitors, whether they are from overseas, interstate or local.

Dr K.D. HAMES: We can answer that. We do not need to provide that as supplementary information.

[Supplementary Information No A22.]

Dr K.D. HAMES: Mr Amaranti will provide the answer to the second component.

Mr P. Amaranti: In 2004–05 our international visitor numbers were one per cent. They have now increased to 12 per cent. Clearly, from an international perspective, which the authority does not market—it is basically word of mouth, and people are primarily coming through the ferry operators, which are operating on their inbounders—the level of international visitors is increasing.

Mrs M.H. ROBERTS: Maybe the minister knows the direction of this. Would that be because there are more backpackers coming as opposed to high-end tourists? Has there been some general shift in the tourism market that is attracting more people to Rottneest?

Mr P. Amaranti: Every quarter we do a survey as part of our requirement to determine our visitor types. A lot of those visitors are international students who are here studying. Primarily, there are not so many backpackers; they are just people who are travelling through Perth for a number of reasons. Rottneest has been suggested to them as a destination they should see.

Mr A.P. JACOB: That leads in quite nicely to my question relating to page 166 of the *Budget Statements*. We have \$3.7 million for new works that we already heard about. What is the government doing to attract daytrippers to the island?

[10.30 am]

Dr K.D. HAMES: A number of things that occur attract day tourism, one of which is obviously the Rottneest Channel Swim. That attracts a very large number of participants.

The CHAIRMAN: I am sorry to interrupt, minister, but we have run out of time.

Division 8: WA Health, \$5 353 520 000 —

Ms L.L. Baker, Chairman.

Dr K.D. Hames, Minister for Health.

Mr K. Snowball, Director General.

Mr W. Salvage, Acting Executive Director, Resource Strategy and Infrastructure.

Ms N. Feely, Chief Executive, South Metropolitan Area Health Service.

Dr D. Russell-Weisz, Chief Executive, North Metropolitan Area Health Service.

Mr P. Aylward, Chief Executive, Child and Adolescent Health Service.

Mr I. Smith, Chief Executive Officer, WA Country Health Service.

Dr T.S. Weeramanthri, Executive Director, Public Health Division.

Ms J.E. South, Acting Director, Health Infrastructure Unit.

Mr J.R. Harrison, Executive Director, Corporate and Strategic Services.

Mr S.J.C. Hunter, Acting Director, Client Services, Drug and Alcohol Office.

Mr G. Kirby, Director, Prevention and Workforce Development, Drug and Alcohol Office.

Mr B.C. Sebbes, Executive Director, Fiona Stanley Hospital Project.

Mr I. Wight-Pickin, Chief of Staff, Office of the Minister for Health.

Mr C. Allier, Principal Adviser, Office of the Minister for Health.

Ms M. Hayes, Principal Policy Officer, Office of the Minister for Health.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

[Witnesses introduced.]

Dr K.D. HAMES: I point out that the number of advisers is about half of that which the previous minister used to bring into this chamber. The crossbench used to be totally full.

The CHAIRMAN: The first question will be from the Deputy Leader of the Opposition.

Mr R.H. COOK: I refer to the Royal Perth Hospital asset investment program on page 145. In 2010–11 only \$800 000 was spent of the estimated \$4.3 million that was allocated in 2010–11. Can the minister explain this? Specifically, why is there no capital funding in the forward estimates for the redevelopment of that hospital?

[10.40 am]

Dr K.D. HAMES: I will make some initial comments on Royal Perth Hospital. As a result of an election commitment, upon coming into government we originally allocated \$20 million to prepare for the work that would need to be done for Royal Perth Hospital. I made it clear, and copped criticism from a certain member of the Liberal Party—not a member of Parliament—for clearly stating that the work would begin in our second term of government. Before doing that work, we need to prepare for the work that will be undertaken. I clearly remember the Leader of the Opposition's statement about Royal Perth Hospital when he said that the Liberal

Party had promised to retain Royal Perth Hospital as a tertiary hospital but that no funds had been allocated to upgrade the hospital. Obviously, they are different statements. We did commit to retaining Royal Perth Hospital as a tertiary hospital, which clearly we are doing. That is contained in our clinical services framework plan and it is part of all the negotiations with doctors and other staff involved in what services will be provided in a tertiary Royal Perth Hospital in the future. Under that clinical services framework, Royal Perth will be an approximately 400-bed hospital. That is clear.

In my view, there are three options for what we could do in the future for Royal Perth. One option is that we do nothing and Royal Perth operates as a tertiary hospital; and there is nothing that would stop it from operating as a tertiary hospital in the future. If that were our decision, we would keep going with Royal Perth Hospital as it is, remembering that it will go down from about 680 beds now to 400 beds and it will have lots of empty rooms. The second option is to keep the old part of the hospital, and in that framework we would do a major redevelopment of the Wellington Street side of that H-shape, the A block, and use that for patients; and we would redevelop the side that was closest to the church as an administration component. We are looking at the outbuildings at each end of that site and at bringing in those people who are doing various tasks and opening that up for public use, such as offices, hotels and the like. That option has not been finally costed, but would be in the order of \$200 million to \$300 million for a major refurbishment. The other option, which is the option that I talked about leading up to the election and which is my preferred option, is not the one to which we have committed because the costs would be in excess of \$600 million. However, it is still my preferred option. That option is to build a new west wing that would make up for what is in the north block, so that we still have a total of 400 beds, and then perhaps demolish part of what is left on the side. The former health minister was going to demolish all of it, but we might demolish half and use the Wellington Street side for administration. Those options are available now. I did look at the option of having a figure in the year 2013–14 budget that would clearly indicate we were going to do something, but the decision was made that, instead, we would work very hard over this next year to develop a plan to decide on those options, and then to look at the timing and the funding source. My view is that we cannot start any work there until everyone has moved out to Fiona Stanley Hospital; it would be silly to do that. We have to wait until all those people have moved, which is in 2014. I want to get the timing right. If we are going to follow the plan that I envisage, we will need funds in the 2014–15 financial year to start that redevelopment process in late 2014. That is because we will be establishing Fiona Stanley Hospital in the first part of that year. Nothing appears in this budget, which goes up to 2014–15, because it has not been determined. Hopefully, I will be able to use the Faganesque characteristics to which the Deputy Leader of the Opposition referred to get money out of the commonwealth—with his assistance!

Mr R.H. COOK: The gentle art of begging is a time-honoured tradition. Has the committee that the minister set up to advise him on the options associated with that site submitted its report; and, if so, can the minister make a copy of that report available to the Parliament?

Dr K.D. HAMES: The committee report was an internal document, so I do not plan to make that public. The committee looked through those various options and came back to me with those options. The committee's report, in effect, talked about moving forward the first two options to which I have just referred as the preferred options—obviously subject to finances—but it also looked at whether there was an option to sell off the rest of the land. The purpose of the committee was to provide me with advice. I now intend to get that to the proper formal committee that looks after all our major infrastructure, which is also dealing with the Princess Margaret Hospital for Children and the children's hospital in Midland, to get them to undertake the proper forming task. We need a fully professional committee doing all those detailed costings and works. The committee that I established was an informal committee to talk to people, to look at those issues and to provide me with advice to see if what I wanted to do was the best direction to take. That committee has done that and has now closed.

Mr R.H. COOK: The minister would be aware that he came under some criticism from the Under Treasurer for this plan. Indeed, last year the government's strategies surrounding Royal Perth Hospital were listed as a risk associated with the budget. It is no longer listed as one of the risks, and in estimates hearings in the other place last week the Under Treasurer essentially indicated that it is no longer a risk because it has gone off into the never-never of planning. I may be verballing the Under Treasurer, but I will paraphrase him by saying that he does not feel particularly threatened by that development happening in any hurry at all. The Under Treasurer clearly does not believe that the minister is going to develop the hospital. Where are we up to with this program? Members opposite gave a commitment to the people of Western Australia that a Liberal government would redevelop this hospital. Why has the government not done that?

Dr K.D. HAMES: The commitment was that we would save Royal Perth as a tertiary hospital, which we have done, and that we would look towards redeveloping it. That is certainly my intention. It will not come as a surprise to the Under Treasurer that I disagreed with his initial listing of the Royal Perth Hospital proposal as high risk. The Under Treasurer's assessment of high risk was not related to capital infrastructure costs; it was all about the recurrent costs of managing hospitals. That assessment did not change until we released the last clinical service framework, which clearly set out the growth in demand in this state, how that demand would be

met and where those beds would be. I think Treasury officials somehow had it in their heads that there would be a significant increase in costs once Fiona Stanley Hospital opened if we kept Royal Perth Hospital. However, the member will recall that under the former government, the then health minister Jim McGinty had planned instead to have 1 000 beds at Sir Charles Gairdner Hospital; it subsequently moved on from that to putting those additional beds at Fremantle Hospital. The total number of beds under our government is the same as that which was proposed under the Labor government; the only difference is that we will have slightly fewer tertiary beds and slightly more secondary beds, but overall that cost is the same. We had not been able to make it clear to Treasury what that progress on cost was. Once Treasury had seen this, its concern regarding risk was gone. On the issue of capital works, Treasury will always wait and see what proposals come forward. It is not going to be easy. Our commitment was to retain Royal Perth as a tertiary hospital. I have confidence that my scabbing abilities will allow me to proceed with the redevelopment that I want to see done. But as a worst-case scenario, I am confident that we will still have a major refurbishment to the remainder of Royal Perth Hospital. If we cannot afford the new west wing, we will still have a major tertiary hospital. If we did nothing, we would have the tertiary hospitals that were operating under the former government continuing to operate under our government. They would not have been there after 2014 other than Mr McGinty's latest version of the plan, which I think was a surgi-centre of some sort. Under this government, a major tertiary hospital will be retained.

Mr R.H. COOK: Can the minister confirm that at the moment Fiona Stanley Hospital is fully commissioned, even though the government has not redeveloped Royal Perth Hospital, it will still be operating as a 680-bed tertiary facility?

[10.50 am]

Dr K.D. HAMES: No; that is not the case.

Mr R.H. COOK: But the minister is not doing anything about it before Fiona Stanley Hospital comes on-stream. That is what the minister said.

Dr K.D. HAMES: That is what I said.

Mr R.H. COOK: Therefore, will it remain as it is—a 680-bed tertiary hospital?

Dr K.D. HAMES: There are “beds” and “staff beds”. The Deputy Leader of the Opposition knows the difference; he has been around health long enough to know what beds are. There will be a room where a bed used to be positioned with staff who used to look after patients in those beds. After Fiona Stanley Hospital opens, there will be either an empty room because all those new beds—those potential beds—and the staff will have moved to Fiona Stanley Hospital. In fact, a significant number of wards will be closed to reduce it from the current 680-bed to a 400-bed hospital. That is quite clearly how we will do that. We will not keep it operating at 680 beds because the staff required to manage those beds will be relocated to Fiona Stanley Hospital.

Mr R.H. COOK: I want to confirm that some of the advice the minister is getting from the internal committee secret report to the minister includes possible options for selling the land at the Royal Perth Hospital site.

Dr K.D. HAMES: Absolutely; that is no secret. I have been talking about that for a long time.

Mr R.H. COOK: Which particular areas of the land are involved?

Dr K.D. HAMES: Royal Perth Hospital land occupies the equivalent of five inner city blocks. It is a fantastic opportunity for redevelopment. At the WACA ground end, for example, on the corner opposite Mercedes College, are the Marginata Flats, where I once stayed. It is an old run-down building. Some government services are currently operating out of a lot of those other buildings that are along that side and face Wellington Street. When that space becomes available in the main block, they will be redeveloped and those people will move into them. The same will happen at the city end. Land will then be made available for redevelopment. In our meeting, Lisa Scaffidi and other representatives from the Perth city council, the member for Ocean Reef, who has previous architectural training —

Mr R.H. COOK: Unless the minister is prepared to make that report public, perhaps we can leave it there.

Dr K.D. HAMES: I am happy to tell members what is proposed. We have looked at that land —

Mr R.H. COOK: But he is not prepared to share it with the public

Dr K.D. HAMES: I am sharing it now. There is a capacity to redevelop that land. It is our intention to hand management of that land over to the East Perth Redevelopment Authority once it becomes available.

Mr P. ABETZ: I refer to appropriations, expenses and cash assets on page 127 of budget paper No 2. It appears that the total cost of spending on health services is up \$470 million or 8.2 per cent in 2011–12. Can the minister outline for us what this increase represents and its overall effect on the health budget?

Dr K.D. HAMES: I thank the member for the question. The line on the front page shows some excellent trends. Firstly, if we look across the appropriations, the 2010–11 budget was \$4.550 billion. The estimated actual was

within \$23 million of that. That is an extraordinary change from what has occurred in the past in health. I think it represents about a 0.15 per cent variation from our landing spot. If we were to land in a circle, we would have landed on the line. That is an amazing result. It shows that we now have good control of the health budget. It is reasonable to say that in previous years, including our first year, the budget was not as bad as being out of control, but certainly the management of that budget was not good. Demand was growing; there had been insufficient allocation in past years because funds had not been properly allocated to years and the deficit was growing. The first thing we did was rebase the budget so that a significant increase last year got rid of those traditional deficits and brought it up to a level of actual costs. We had to rein in our spending because we were growing at more than 12 per cent spending when, at that stage, growth in demand was officially at only 3.5 per cent. However, the forward estimates last year predicted the growth in activity and pitched it at a certain level. In this year's budget, Treasury has recognised that it had pitched it too low; that the actual growth in and ageing of the population is greater, so more than \$350 million has been allocated in the forward estimates to bring us back up to a proper growth pattern. Also in that budget are some of the things we have announced recently, such as the southern inland health package, and a further commitment to replacement equipment spending and the training for doctors package of \$75 million over four years. Some excellent new packages will allow us to get to that growth in budget, which is just over eight per cent. That figure is sustainable in a modern, growing economy such as that in Western Australia.

The member will have heard the commonwealth argument about the national health package and the claim that the states will not be able to afford their growth in health expenditure in the future. Western Australia can afford it, so we are joining the national health agreement because we want to, not because we have to. For the past 10 years, Western Australia's income has grown by more than nine to 10 per cent a year. I am sure we will cover in further detail the individual packages involved in that.

Ms J.M. FREEMAN: I refer to the first dot point under the heading "Child Development" on page 130 of the *Budget Statements*. Can the minister provide a breakdown of the 54 positions filled in child development services and where those people are employed?

Dr K.D. HAMES: I will hand over to the director general, who I am sure will pass the answer to one of his staff.

Mr K. Snowball: I will ask Mr Phil Aylward, the chief executive officer of the child and adolescent health service, to respond.

Mr P. Aylward: In that split, 45 positions have been created in the metropolitan area spread across all clinical disciplines—allied health, speech pathology, physiotherapy, occupational therapy, social work and psychology. They are based mostly in outer metropolitan areas such as Armadale, Rockingham and Peel, as well as in Koondoola in the north and across to Midland in the east. I have been out at those centres and they are having quite a significant effect in reducing the wait time and waitlists and, importantly, getting children ready for school. There have also been 15.6 full-time equivalent positions established in the country that relate to this initiative. Again, they are broadly spread across those same clinical disciplines.

Ms J.M. FREEMAN: Can the minister table a breakdown of those 45 positions and where the 15.6 positions in the country have been placed?

Dr K.D. HAMES: I think that answer was provided to a question on notice in the past. It is not hard to provide the figures.

Ms J.M. FREEMAN: Is the minister happy to do that?

Dr K.D. HAMES: Yes; we will provide the breakdown of those positions as supplementary information. The supplementary information will be details of positions provided under the child development state funding of \$49.7 million of the 60.6 full-time equivalent positions statewide.

[*Supplementary Information No A23.*]

[11.00 am]

Ms J.M. FREEMAN: In the answer to the question, reference was made to Koondoola. Are the additional FTEs at Koondoola for the integrated service centre? As I understand, the integrated service centre has a community nurse and counsellor from the Department of Health and has received funding through the Department of the Premier and Cabinet for that. The integrated service centre also has a community worker and an administrative assistant from a non-government organisation. Can the minister confirm whether that FTE position is for the integrated service centre?

Dr K.D. HAMES: I refer the question to Mr Philip Aylward.

Mr P. Aylward: The positions in the child development areas that we spoke of before were not going to be in integrated service centres; that is a separate program, as the member would know, relating to children of migrant or refugee status. We intend to continue that program. The funding formally concludes at the end of the year but,

in conjunction with a range of government departments, we intend to extend the status quo into the new financial year.

[Mr J.M. Francis took the chair.]

Ms J.M. FREEMAN: Will that funding for integrated service centres be extended for a one-year, two-year or three-year period?

Dr K.D. HAMES: Mr Aylward will answer that question.

Mr P. Aylward: At this stage, several government departments are looking at a proposal to expand and develop the service and give it a long-term future. However, right at the moment in our budget allocation for 2011–12, we are just considering extending it for a further 12 months.

Ms J.M. FREEMAN: I heard the word “consider”, so I want to get an idea of whether that funding is confirmed for the 12 months.

Dr K.D. HAMES: It is confirmed to extend funding for 12 months.

Ms J.M. FREEMAN: I thank the minister; I am very pleased to hear that. I have a further question. In terms of the 54 positions, can the minister please —

Dr K.D. HAMES: How is the shadow minister ever going to get a question in?

Mr R.H. COOK: I ask the questions!

Ms J.M. FREEMAN: I refer to child development on page 130. Can the minister provide a breakdown for the child development services waiting list, detailing services required and by region?

Dr K.D. HAMES: We have provided that information also; it was provided to the standing committee. The member will not have access to that, so I am happy to provide that as further supplementary information. Can the member detail exactly what she wants?

Ms J.M. FREEMAN: A breakdown for the child development services waiting list, detailing services required and by region.

[*Supplementary Information No A24.*]

Dr G.G. JACOBS: I would love the minister to talk about the southern inland health initiative. The minister can take as much time as he likes because discussion on Royal Perth Hospital, in fact, took 25 minutes. This health initiative really needs to be discussed. As a person from the regions, I am excited about this initiative.

Mr D.A. TEMPLEMAN: It is good to have the member here!

Mr R.H. COOK: Mr Chairman, I draw the member’s attention to the fact that he has not pointed out where in the budget papers —

The CHAIRMAN: I thank the Deputy Leader of the Opposition; I do not need his help. I am about to ask the member for Eyre to tell us.

Dr G.G. JACOBS: The Deputy Leader of the Opposition had 25 minutes on Royal Perth Hospital, so —

Mr R.H. COOK: That is because —

The CHAIRMAN: Okay, members! Do not interrupt, Deputy Leader of the Opposition.

Dr G.G. JACOBS: I refer to the major spending changes on page 127. Can the minister put some flesh on this health initiative for us and what it means for the Southern Crosses, Merredins, Lavertons and Leonoras of this world—even my home town of Esperance? One of the challenges in telehealth has been the issue of doctors in the regions accessing appropriate consultant services. As the minister knows, there is a fair bit of concern about who will pay the consultant fee for the patient in Southern Cross or wherever. How will this initiative make a difference to that? I look forward to the minister actually putting a bit of flesh on this health initiative, which will receive \$42 million this year. I am obviously excited about this and wonder whether the minister can itemise that for us a bit.

The CHAIRMAN: Just before the minister answers, members, I will not re-read the Chairman’s statement, but it is a request that questions be kept short and that answers be kept short so that we can get through as many as possible.

Dr K.D. HAMES: Mr Chairman, I will do my best. I have to say that part of the reason discussion on Royal Perth Hospital took so long was my answers, as it is a subject that I am particularly interested in, but no less so than the southern inland health initiative.

The southern inland health initiative will cost \$565 million over five years—an unprecedented payment to try to improve something that has proven to be significantly broken. That funding is broken down into \$240 million for the health workforce and \$325 million in capital. One of the key problems with country health outside the rim of hospitals around the edge, which in most circumstances are going well, has been the enormous difficulty in getting doctors in those inland health areas. The WA Country Health Service has been working for some time with local government, health providers and advisers to try to find an alternative solution. We think that the solution we have brought forward will make a significant difference to the way health services are delivered. It is not about doing what we did in Albany. In Albany, the doctors did not want to continue in the role of providing management of the emergency department, although they still wanted to be involved. Therefore, we have put doctors into the Albany hospital to work for us and to support the general practitioners in the area to ensure that we have an integrated service. That is not what we will do with the rest of these country services. We are looking to support the private practices in the rest of those country areas to enable them to provide for a resource centre—for example, at Katanning, Narrogin or Northam—that will provide outreach services to the country towns around them.

To do that, we need a significant increase in the number of doctors; therefore, we will fund doctors in two ways. We will recruit doctors and assist them to go privately into those practices, while significantly increasing on-call funding for the doctors who cover our hospitals to ensure that the major resource centre has 24-hour coverage of its emergency department by a doctor. Doctors may also continue to work for us and go seamlessly through that service and back to working for us, if they so choose in the future. In that case, they will still work as private doctors with the private practice, but we will pay them and the practice will pay us in the same way that it currently pays a locum service—that is, a 60 per cent equivalent to the state government for providing that service. Those doctors will be backed up by a lot of other things going with it.

I will quickly go through the six streams. There is \$182.9 million for medical workforce investment; that is, to improve doctors and the payments for doctors. It will include seamless around-the-clock, on-call medical care and regular medical presence at seven hub hospitals: Northam, Narrogin, Merredin, Katanning, Manjimup—which is Warren hospital—Collie, and the member's town, Esperance. Those will be included. There is also a \$147.4 million investment to upgrade the six district hospitals. There was some funding of those by the former government. There is about \$9 million for Narrogin and Merredin. Those funds will be significantly increased. We will upgrade Northam, Narrogin, Merredin, Katanning, Manjimup and Collie hospitals as part of that package. An amount of \$43.4 million is allocated for what we call a primary health care demonstration program. That is the Jurien Bay model. Instead of a hospital, a clinic can provide lots of other ancillary services but has only 24-hour bed-stay accommodation, after which patients have to be moved on. We put the funds there to allow local communities to choose whether they want to follow that model, in which case the hospital previously operating might be converted to something like an aged-care centre as an alternative. There is \$31 million for the telehealth investment program to significantly improve telehealth linkages. We want a nurse practitioner available in a town that cannot get a doctor, or has only a part-time doctor, to link into the resource centre, like at Katanning, or directly to the tertiary hospitals. We will have dedicated rooms at our tertiary hospitals to deal with telehealth so people can receive immediate, direct advice. We will upgrade the standard of our telehealth equipment and training so people working in the hospital are fully familiar with how they can better access those things through telehealth.

[11.10 am]

Dr G.G. JACOBS: How much money is allocated towards that?

Dr K.D. HAMES: That is \$31 million over five years. The last area —

Mr P.B. WATSON: I have a point of order.

Dr K.D. HAMES: I am nearly finished.

Mr P.B. WATSON: This is a budget estimates process for us to ask questions related to government accountability, not to issue stuff that has already gone out in press releases.

Dr K.D. HAMES: That has always been my attitude, but actually is not the requirement of estimates. I am happy to give members every opportunity to ask questions. I am nearly finished.

Mr R.H. COOK: He just needs to say “working with the aged-care sector”.

Dr K.D. HAMES: We have allocated \$20 million to the aged-care sector. The reason for doing that is —

Mr P.B. WATSON: I remember the minister used to go crook at us when he was in opposition.

Dr K.D. HAMES: There is a big demand for aged care in those areas. We are particularly trying to encourage private sector involvement. This affects country areas. I am sure the member for Albany, being a country person, would be very enthusiastic about health improvements in the country.

Mr P.B. WATSON: I have already read the press release; I know what it is about!

Dr K.D. HAMES: Perhaps I should refer the member to previous *Hansards* when the member was in government.

Dr G.G. JACOBS: There is an issue in the Yilgarn area where the shire is paying on-call rates for the doctor. Will that practice be addressed by these initiatives?

Dr K.D. HAMES: Yes, it will. That is the purpose of this. Councils will not have to pay on-call rates anymore. A little country town that has a doctor may still choose to invest in the clinic, or the car or those things, to keep the doctor in the town. If the town does not want to do that, the alternative is to use the resource centre and we provide the doctor whom that town needs to keep it operational.

Mr D.A. TEMPLEMAN: I refer to “New Works” on page 146 of the *Budget Statements*. I specifically refer to “Peel Health Campus — Development Stage 1”. What is the current status of those new works? At the completion date of the project, what additional facilities and services are intended for these specific new works? I have a couple of follow-up questions, depending upon the answer.

Dr K.D. HAMES: I will hand over to Jodie South, who will provide details of that funding.

Ms J.E. South: The Peel Health Campus redevelopment stage 1 had a total of \$2.464 million. The project included a range of initiatives to ensure that the hospital was maintained fit for purpose. This included the theatre cooling system project, which is still to be completed but is in progress at the moment.

Mr D.A. TEMPLEMAN: But those works are shown —

Dr K.D. HAMES: They are shown as “Works in Progress”; we are talking about “New Works”.

Mr D.A. TEMPLEMAN: In the out years there is a figure of \$1.4 million in 2012–13 and \$1.064 million in 2013–14, but the minister is saying that these works have been either partially completed or nearly completed. Why are they included in “New Works” and why are they shown in the out years?

Ms J.E. South: There remains money in our forward estimates period as holding funds for the Peel redevelopment project. This money can be called on for a range of other fit-for-purpose projects. We have done some work within the Peel Health Campus but some additional moneys remain to be utilised.

Mr D.A. TEMPLEMAN: I need clarification, through the minister —

Dr K.D. HAMES: I have received an explanation. The budget used to be a composite budget, and higher than that. It was just an amount across the forward estimates for stage 1. Some of it was completed, so that has been pulled out. That has been taken out of what was a higher budget for stuff that has already been done. A \$480 000 cooling system was put in. The remainder of the funds remain there but have not been allocated for a specific purpose, but we anticipate that things will come up. It has not been pulled out. It is there if required over those forward estimates period for whatever work comes about.

Mr D.A. TEMPLEMAN: I do not want to labour the point, but is it not a bit misleading to show it as “New Works” in that the item “air cooling et cetera” really is a maintenance-related issue? Something new is not being built. There is no new addition proposed to the hospital or an expansion of the emergency department, or anything of that nature. Is it not a little misleading putting it in “New Works”?

Dr K.D. HAMES: Those things currently being done, or that have been completed, are not in that figure. They are in figures elsewhere to show that they have been done. When an allocation of funding across four years is not all spent, there are two options: one is to pull it out and it goes back into some other project; the alternative is to leave it in the forward estimates so that when things come up that need doing, there is money to do it. In this case that is my preferred option. That money is not funding —

Mr R.H. COOK: It is just money under the mattress.

Dr K.D. HAMES: That is money under the mattress. It is not funding any existing projects, but it is there for new works. It is not existing works. It is available for new work when new work is required. My experience is that something will come up that the hospital needs. We have some funds there to enable us to do that. That is often the case.

[11.20 am]

Mr R.H. COOK: Has the private sector operator of Peel Health Campus been contacted by the department or by the minister in relation to making a contribution to the capital works at Peel Health Campus?

Dr K.D. HAMES: Is that for the current capital works that are being done or for the new capital works?

Mr R.H. COOK: It is for the current capital works, of which some are completed, some are not completed, and some are just money under the mattress. Is the minister engaged in conversations with the private sector operator to get it to make some contribution to the redevelopment of the hospital?

Dr K.D. HAMES: That funding has not been allocated to any particular project. Therefore, it would be hard to ask the operator for a contribution when there is no project to which that funding has been allocated. For the existing projects, I will ask Nicole Feely to answer that question.

Ms N. Feely: We meet on a monthly basis with Peel Health Campus to discuss everything from activity through to budget management. The ongoing maintenance of the building is a matter for discussion. In relation to new capital developments, we would expect that any request would come from Peel to us through a business case, which would then be considered; and, if funds are available, they would be allocated. That is how we do it on an ongoing basis.

Mr R.H. COOK: Has the operator of Peel Health Campus made such a request?

Ms N. Feely: We are in discussions with Peel in relation to some concepts that it has put on the table, but we have not yet received any business cases from it, which, as I understand it, is required pursuant to section 28 of the contract. When we receive those fully worked up business cases from Peel, we will consider them through the normal infrastructure process within the Department of Health.

Mr R.H. COOK: Given that the operator of Peel Health Campus has approached the department with regard to some redevelopment concept plans, will that also include a potential extension of its contract, given that the operator will be making a capital contribution towards the redevelopment?

Dr K.D. HAMES: My understanding is that the operator would like to do some further extensions to that campus. From the conversations that I had with the operator when I was in opposition, the operator was seeking from the former minister an extension to its contract to enable it to do the work.

Mr R.H. COOK: Has the operator discussed that with the minister?

Dr K.D. HAMES: The operator has raised that with me, but my response has been that it should prepare a business case and put it to the health department showing what it wants to do and what that lease extension would need to be. If that is done—the operator has not done that yet—I will ask the Department of Health to do a fair assessment. Two options are available to us. One option is to give an extension on the lease, which the operator would need if it is to get the borrowings to do that redevelopment. Alternatively, we could say no, and make our judgement when the lease expires, which I think is in eight years. I am not even going to bother about considering those options until the operator makes an application and the Department of Health has done a thorough assessment of the options and made recommendations to me.

Mr R.H. COOK: Has the operator indicated when it will be bringing this proposal to the minister?

Dr K.D. HAMES: No, it has not.

Mr D.A. TEMPLEMAN: I have a further question about Peel Health Campus. I refer to page 146, and the heading “Completed Works”. The Peel paediatric ward is listed as a completed project in both the 2010–11 budget and the 2011–12 budget. I want some clarity as to why it appears as a completed work in both last year’s budget and this year’s budget.

Dr K.D. HAMES: It is because it is completed.

Mr D.A. TEMPLEMAN: It was listed in last year’s budget as a completed project, but it is also listed in this year’s budget as a completed project. If it was completed last year, it should not have been listed again. I need some clarity about how the operation of the paediatric ward is funded. As the minister is aware, there has been some concern about the delivery of services and the ward not being open at certain times to meet the expectations of the community. Some clarity needs to be given to the community about how that ward is operating now and how it will be operating in the future. Key to that is the configuration of the staffing of that ward. Can the minister give us some comments, from his perspective, on how that paediatric ward should be operating with regard to staffing?

Dr K.D. HAMES: Previously, only the hospitals in which services were contracted out, such as Joondalup and Peel, were funded on an activity-based level. Therefore, whatever activity they had come through the door, that is what they were funded to provide. Children who went to Peel Health Campus were previously placed in an adult ward. As the member would know, the community raised an enormous amount of money, with supplementary funding from the commonwealth and state governments, for a paediatric ward at that hospital so that children could be placed separately from adults. However, that did not change the funding; it was funded according to the demand. As part of the national health agreement, all our public hospitals are switching over to that same system. With regard to whether a direction has been given that the paediatric ward must remain open, if only one child comes into the hospital—because that has tended to be the problem—Peel Health Campus has made the decision that that patient will be placed in an adult ward, as opposed to providing additional staff for the children’s ward. I hand over to Nicole Feely to answer the question about any specific directions regarding the operation of the children’s ward.

Ms N. Feely: To my knowledge, no specific directions have been given. The funding would be accommodated through the overall funding arrangement from a public perspective through the national partnership agreement with Peel hospital. There is also a private funding element if patients with private health cover come into the hospital. How that ward is run is a matter for Peel campus. I am not in a position to give advice now on how it is staffed and those sorts of issues.

Dr K.D. HAMES: What is clear from that is that, in my view, the hospital has a moral responsibility to keep that ward open whenever possible. However, if there are no children in that ward, we would not expect the hospital to have staff work in that empty ward. That just does not make sense. Is the trigger point that requires that ward to be open one child in the hospital or three children in the hospital? We have not given the hospital specific directions about that matter. I think the community is telling the hospital very clearly that it expects it to open that ward and to look after children in the children's ward, and I think it would be far better if it could do that. Some of the information that I have seen has been somewhat misleading. It has been said that children have not been able to be admitted to that hospital and have had to go to Fremantle Hospital. Children can be admitted to that hospital. It is just that if only one child needs to be admitted to that hospital, that child might not be admitted to the children's ward but might be admitted elsewhere in the hospital system. My preference would be for that ward to stay open. As the member for Mandurah would know, he and I, and many other people in the community, have put a lot of time and effort into the funding of that children's ward. I have decreed my \$300 a year for about five years, and there is also all the fundraising events that we attended so that that ward could be built. I think we will find that as the population of Mandurah grows and more children are admitted to the hospital, that will stop being an issue. The only reason it is an issue now is that very few children in Mandurah are getting sick; they must be a healthy bunch down there!

The CHAIRMAN: I want to exercise my right as Chairman to ask a brief question. Hopefully, there will be a brief answer. I would not normally do this, but it is in my electorate. I refer to the new works listed on page 147.

Mr P.B. WATSON: Point of order!

The CHAIRMAN: Thank you, member for Albany! My question is about Fiona Stanley Hospital. Can the minister please give me a snapshot update on how we are going with Fiona Stanley Hospital? Is it on budget? Is it on track? When does the minister expect it to be completed?

[11.30 am]

Dr K.D. HAMES: I will hand over to Brad Sebbes, who is in charge of that, in a minute. It is going amazingly well; it is on time and on budget. The original proposal was for Fiona Stanley Hospital and also the replacement of the state rehabilitation centre. They are going exceptionally well. I will hand over to Brad to give any further details he may wish.

Mr B.C. Sebbes: The project has been tracking on time and on budget since the approved business case in 2007. Since then, we have received \$255 million from the commonwealth to relocate the state rehabilitation service, which is currently in Shenton Park. We have managed to contractually get that arrangement into an existing managing contract. That is also now on track to be completed along with the hospital in December 2013.

Dr K.D. HAMES: Before we conclude, I want to point out that on page 145 of the *Budget Statements* the planned expenditure for Fiona Stanley Hospital was \$330 million in 2010–11. That is the year just gone. The actual spending is \$429 million. We have spent about \$100 million more this year than we planned to ensure that work progresses quickly. It is excellent news.

Mr P.B. WATSON: I refer the minister to the line item “Albany Regional Resource Centre—Redevelopment” under “Works in Progress” on page 144 of the *Budget Statements*. Being on the board of the hospice in Albany, I believe the self-funded Albany Community Hospice is at risk of closure due to the Albany Regional Hospital redevelopment. Can the minister confirm that the hospice will have to be relocated due to that redevelopment because it will be 350 metres away from the development and people will have to be transported between the hospice and the hospital in ambulances? Can the minister confirm that he has provided no funding for the hospice's relocation? Is the minister aware that the hospice needs to double in size and has no funds to do so? Will the minister provide any assistance for the hospice to relocate and increase its bed capacity so it is able to keep its doors open and continue caring for the people of Albany?

Dr K.D. HAMES: I will hand over responsibility for those questions shortly. I have always been a bit surprised that the hospice wanted to move. The hospices I have dealt with in the past always wanted to be separate and away from the hospital to have a different atmosphere. Patients are normally transferred by ambulance from one to the other.

Mr P.B. WATSON: They are going to walk through the car park.

Dr K.D. HAMES: Normally they are a lot further away than that; they are sometimes streets or even suburbs away from the hospital because that is where they want to be.

Mr P.B. WATSON: The minister would understand that the one in Albany is connected to the hospital. It saves a lot of time and money.

Dr K.D. HAMES: I do know that but that is not what other hospice managers want. Other hospice managers want it totally separate and as far away as possible.

Mr P.B. WATSON: I am speaking on behalf of the board here.

Dr K.D. HAMES: I know that the member is driving that. Ian Smith, the WA Country Health Service director, is going to answer that question for me.

Mr I. Smith: There were four questions. I did not pick up all four. Can we go through them one at a time?

Mr P.B. WATSON: Can the minister confirm that the hospice will have to be relocated? Can the minister confirm that no funding has been provided for it? Is the minister aware that the hospice needs to double in size but has no funds? Will the minister provide any assistance for the hospice to relocate?

Mr I. Smith: Through the minister, no, the hospice does not have to relocate. That is a preferred option of the board of management of the hospice. As the minister has just described, there are lots of alternatives. Many years ago the hospice was not based on the Albany hospital campus. The hospice has been aware for some considerable time that it was not going to be part of the redevelopment because it has a beautiful building, purpose-built for its pre-existing level of service. The second question was about funding. The hospice is funded on an activity-based requirement. The number of bed days that it is providing is what it is funded for.

Mr P.B. WATSON: I am not talking about that funding; I am talking about funding to relocate.

Dr K.D. HAMES: It is better if the member does not interrupt because he can then ask a further question if the adviser gives the wrong answer.

Mr P.B. WATSON: Thank you, Mr Speaker!

Dr K.D. HAMES: Keep going.

Mr I. Smith: There is no funding for the relocation. In conjunction with the hospice, we did apply for royalties for regions funding in the last round. That was not successful. I understand that the hospice is chasing additional funding to continue to see whether there is another source to co-locate with the hospital if it is able to fund it.

Mr P.B. WATSON: There is space on the new site for the hospice. I was told that during talks it was stated that the government would take over the hospice section, so we could relocate and the area could be used for training rooms or doctors in the old hospice section. Has that idea been looked at by the government?

Dr K.D. HAMES: As the member knows, we significantly increased the funds to build it. I think the final figure is up to \$165 million.

Mr P.B. WATSON: That is what we were promised in the first place and the minister said that it was too much.

Dr K.D. HAMES: It was not in the budget. I am sure the member is very pleased that this government has focused very strongly on the Albany hospital, and we are determined to finish it during this term in office.

Mr P.B. WATSON: I am very pleased. I congratulate the minister. The minister forgets one thing: we announced that we were going to build it, and he came out two days later and said that the new government was going to build it.

The CHAIRMAN: Member for Albany and Minister for Health, I do not ask much but I ask that you do not talk over the top of each other.

Dr K.D. HAMES: Relocating the hospice unit is not the highest item on my priority list. My priority is to rebuild the hospital and to get it up and functioning. Having said that, I am not opposed to the relocation of the hospice if there is an alternative source of funds. I do not have the funds, given that we are going to build Karratha hospital, Midland, the children's hospital, Busselton and all those others. I do not have additional funds to fund something that I do not regard as being essential, but I am not opposed to it if it is wanted and if there is a way to do it. If the board is able to resource funds, say through royalties for regions, I am more than happy for the health department to cooperate in how we might achieve that and how it might be done. I am not going out of my way at this stage. If it was a high priority for the Albany community to do that, perhaps in the next term of government we could look at how that might be achieved.

Mr P.B. WATSON: As a senior member of cabinet, I am sure the minister could use his influence with royalties for regions or is that the Minister for Regional Development's ransom he holds over the city people?

Dr K.D. HAMES: I have used my significant influence on royalties for regions; hence, \$565 million over five years, plus \$150 million —

Mr P.B. WATSON: That would generally come out of the budget.

Dr K.D. HAMES: It is a significant investment by royalties for regions in regional health.

Mr A.P. JACOB: I draw the minister's attention to page 130, in particular to the second heading "The Four Hour Rule—Managing Unplanned Care". I noted last week's *The West Australian* article entitled "Hospitals finally on the mend", which highlighted the success of this program. Could the minister please detail the progress of the four-hour rule program and how it is impacting on patient journeys through our hospital system?

Dr K.D. HAMES: I thank the member. What an excellent article that was. I hope all members read it.

Mr R.H. COOK: We were looking at the article on the front page.

[11.40 am]

Dr K.D. HAMES: We are working through that.

This is a significant development in the state. It shows that it is making an enormous difference. Frankly, if we had not brought in the four-hour rule with the growth in demand that we have had, which was about six per cent last year and about nine per cent this year, we would not have coped with the demand. We were the worst state in Australia. Fremantle Hospital was the worst hospital in Australia, with an eight-hour wait for a bed. Sometimes up to 50 per cent of patients were lying in the corridor desperately waiting for a bed. Now those figures are down to seven to 10 per cent. When I was at Fremantle Hospital yesterday, I congratulated the staff on achieving the 85 per cent target. A nurse—I do not know what level nurse she was—had recently given a lecture to nurses from the other states about the four-hour rule. She showed them graphs and figures of the changes that have resulted in a reduced access block. The other nurses could not believe the changes. Western Australia has gone from having the worst figures in Australia to having the best. They are major changes that have not been made without hard work. There is some variation on the 85 per cent target on a day-to-day basis. The figure for Fremantle Hospital on the day I was there was 79 per cent and on the weekend it had been 90 per cent. The hospitals are getting variations, depending on the demand coming through the door. Many of the solutions that Fremantle Hospital has put in place are developing and gaining strength. However, everyone to whom I spoke said that they would never go back to the old system.

The four-hour rule has had a profound impact and has involved a huge effort. Some of the people who helped get those changes through spent an enormous amount of time and effort doing that. A ward nurse at Royal Perth Hospital who arranges patient discharges told me that she had telephoned a doctor and said, "We've got a patient ready for discharge. Where are you?" He told her that he was busy and she told him to get his butt down there because the patient would be discharged in 10 minutes even if the doctor did not turn up. Often it is that level of staff who are driving the reforms and making sure they work, and sometimes they must drag recalcitrant doctors to do what they need to do to ensure that the system is efficient. This is about efficiency and the patients' journey. Although we are getting an increased numbers of patients, we are not getting huge increases in patients coming into our hospitals because they cannot get a GP, as happened in England. The balance of admissions and the complexity of the patients' cases remains the same. The patients are not all turning to GP services. The morbidity rate throughout our hospitals is going down. When I was in opposition, I used to wave a report by Dr Sprivulis at the then Minister for Health. That report gave the numbers of patients who were either dying or suffering from long-term consequences as a result of hospital delays, and those figures have started to come down. It is a success story all around. As part of the national health agreement, the other states have to do it, too, but the system they proposed would not work. Our middle-level staff are convincing the other states that the way we are doing it is the best way for the other states to do it.

As members know, we set a target of 98 per cent. The advice I had from everyone, particularly those from England, was that we should not set the bar so high that it was almost unachievable. To turn around a ship like this, we needed to make it an extremely difficult figure to reach, which I did. We have now asked for the interim target to be set at 85 per cent, which, on average, has been achieved. The long-term figure will probably be set on a national level that will encompass what all the states believe the national level should be. I believe it will be either 90 or 95 per cent. That is a sensible figure that will ensure patients are not being driven out the door or poor decisions are being made that are not in the best interest of the patient. Unfortunately, we still see statistics reported in the paper that are two years old. Those figures do not look good and we get caned for having those statistics. We need people to see the current figures so that they can see how much it has improved.

Mr R.H. COOK: On that basis, could the minister provide us the daily reports on the performance on the four-hour rule for each of the major metropolitan hospitals over the past four months?

Dr K.D. HAMES: I think we have done that publicly.

Mr R.H. COOK: The minister has provided consolidated quarterly reports. I would like a breakdown per day for each of the major hospitals over the past four months.

Dr K.D. HAMES: A lot of those figures are available on the hospital wards. We make sure that all our staff are aware of how they are tracking, particularly compared with the other hospitals.

Mr R.H. COOK: What we would see, for instance, is that Royal Perth Hospital's performance has deteriorated over the last month. It would be interesting to see the daily rates.

Dr K.D. HAMES: It has deteriorated only in the last week. As we head into the winter demand, it is going to be difficult. We will see how the hospitals cope and how good they are at meeting the 85 per cent target. Yesterday I talked to Royal Perth and Fremantle Hospitals about that. They understand that it will be difficult, but they are feeling very confident. They are telling me that the processes they have put in place are changing and improving on an almost weekly basis. Although there will be days when they cannot cope —

Mr R.H. COOK: That is fine, minister. It would be terrific if the minister could provide those reports.

Dr K.D. HAMES: Sure. There was no need to interrupt my answer. I have agreed to do it. It is my answer, not the member's.

Mr R.H. COOK: I noticed. It was a very long one.

Dr K.D. HAMES: I thought that it was quite short.

The CHAIRMAN: There was a lot of cross-chamber talking going on. I must clarify that the minister is agreeing to provide supplementary information.

Dr K.D. HAMES: We will provide the tracking over the four tertiary hospitals—Royal Perth Hospital, Sir Charles Gairdner Hospital, Fremantle Hospital and Princess Margaret Hospital for Children—on the percentage they achieved on a daily basis in relation to the four-hour rule.

Mr R.H. COOK: The percentage and the numbers.

[*Supplementary Information No A25.*]

Dr G.G. JACOBS: I refer to major spending changes outlined on page 127 of the *Budget Statements*. The government has allocated \$11.5 million for junior doctor training in 2011–12. Can the minister provide some details on exactly what that expenditure is for? Will the funding assist country areas like my electorate? Will that be a new funding program on top of the rural registrar program or on top of PYPPP? How will it work? Are we talking about junior doctors going to general practices to be trained in rural medicine?

Dr K.D. HAMES: That funding represents a component of the \$75 million in additional funding that has been allocated to the Department of Health to train rural doctors. The member will be aware of the increased number of doctors who have graduated over recent years. I do not know about the number of doctors who graduated in the year the member graduated, but 90 doctors graduated in the same year I did. Today, almost 300 doctors graduate each year, and that figure is expected to increase to 310. In all those years there has never been a specific allocation for the training of doctors. It has been absorbed into the activity growth and the doctors doing that work have had to provide training as part of their employment package. Whereas in the past there were two or three residents on a ward round, there are now many more and therefore they are not getting the same degree of training that they used to.

This funding will allow two components. I must point out that 40 per cent of the funding will go to the country and 60 per cent will go to the city. The first component will allow the employment of 94 additional doctors to do training. Most of those doctors do sessional work. A 0.2 or 0.4 full-time equivalent surgeon will be able to increase to a 0.5 or 0.6 FTE, or whatever capacity we have to recruit them to undertake more training. Perhaps we can even employ more full-time doctors in our hospitals to provide that additional training. The second component of the program is to provide 44 additional doctors who will be educators and will train other doctors at our universities using a range of simulators. That is a significant boost that will enable us to properly look after the training of doctors. As we get increased numbers of doctors, we will have to farm them out. More of them will be sent to regional hospitals where they will be given additional training. That is why this significant increase in funding was needed. I was in Northam last week and met a doctor who is approaching retirement. He told me that new doctors do not have the same skills as the old doctors. He also said that when he is retired, he would be more than happy, if he were paid, to teach doctors how to put in a PICC line, for example, or some other procedures that doctors are not as familiar with now as they were in the past. This is a fantastic step in the training of doctors.

[11.50 am]

Mr R.H. COOK: My question refers to “Emergency Department” on page 138 of budget paper No 2 and sets out the growth in emergency services demand as five per cent in the last financial year, and nine per cent to the end of the March calendar quarter in 2011. Could the minister please provide the projected increase in demand for emergency departments in 2011–12? Given this projected increase, why is the percentage increase in total costed services less than one per cent and why is the number of FTEs falling by over 100?

Dr K.D. HAMES: I will hand over to Mr Snowball to answer that question, but I will point out the previous figures and what a massive increase this government has put into funding. If the Deputy Leader of the Opposition looks at the cost of service in 2009–10, it was \$256 million —

Mr R.H. COOK: I did not ask the minister about 2009–10.

Dr K.D. HAMES: The member seems to object to the way that I answer questions. I can answer however I like. The member does not have to like the answer, but it is still my answer, even if I want to add to it.

Mr R.H. COOK: Does the minister remember the guidance from the Chair that his answers are to be short and addressed to points in the budget?

Dr K.D. HAMES: I would be able to do that if the member had not interrupted me.

It is very important to look at those previous figures. The figure of \$258 million increased to an actual spend of \$434 million. The government has put a lot of money into our emergency departments, which I think is fantastic. I will hand over to Mr Snowball to answer the rest.

Mr K. Snowball: Through the minister, the growth projection for next year, and accommodated in the dollars we have, is eight per cent growth in the major hospitals in ED presentations. This year it has been roughly nine per cent with a variation there, so we are expecting a continuation of that level of growth. As the member will see, it looks like there is a reduction in FTE and cost of service as well. That came about as a consequence of the commonwealth contribution towards EDs over a period of four years being brought to account in the base year. Part of our accounting requirements is that whenever we receive a grant from the commonwealth that might be for a program over three or four years, we are required to bring the entirety of that grant to account in the year in which it is received. It looks like we have a major lift there, but that is then spent over the subsequent two or three years, depending on the length of time of the program. It looks as though there has been a reduction; in fact, the increase follows the increase in activity over that time. So expenditure will in fact follow the activity that we are generating in those major hospitals.

Mr R.H. COOK: Thank you for that answer. Contrary to the minister's earlier comments that there was a massive increase in 2011–12, that is not the case and that is simply an accounting measure to recognise the increase in commonwealth government funding. It is not, in fact, the substantial increase that the minister began his answer describing.

Dr K.D. HAMES: To save being seen to pad my own nest, I will hand over the question again.

Mr R.H. COOK: The minister contradicted himself in the last answer.

Dr K.D. HAMES: In fact, my answer does not do that and the member will hear the explanation now.

Mr K. Snowball: The year in which the major lift occurred included a state contribution to increased expenditure in emergency departments, but a large part was also associated with the commonwealth contribution and grant. There was a lift in the state's contribution towards ED based on growth—this is the rebase that occurred last year—in which we saw the dollars from the state budget now matching activity through the clinical services framework. That is the projection going forward.

Mr R.H. COOK: Could the minister provide a breakdown of the funding sources that underpin that funding increase in 2010–11; and also for 2011–12? If that is provided as supplementary information, that is fine.

Dr K.D. HAMES: We do not have the figures now, so we are happy to provide that as supplementary information.

The CHAIRMAN: The minister agrees to provide supplementary information, so I ask him to repeat what that information will be.

Dr K.D. HAMES: The member needs to repeat what he has just asked for.

Mr R.H. COOK: It is a breakdown of commonwealth and state funding for emergency department services in 2010–11 and 2011–12, including FTEs that were last year spread across the forward estimates.

[Supplementary Information No A26.]

Ms L.L. BAKER: I refer to the line item for “Hospital Nurses Support Fund” in budget paper No 2, volume 1, page 145. I know this government made a commitment to spend \$28 million on that fund. Could the minister confirm that \$15.47 million is all that has ever been allocated to date to that program?

Dr K.D. HAMES: The member is looking at the capital component and not the total. We allocated \$6 million a year over four years. That has been distributed. I have a figure for the year 2010–11 of an allocation of \$6.124 million—I will give the member the rough figures—of which \$1.5 million went to North Metropolitan Area Health Service, \$2.3 million to the South Metropolitan Area Health Service, \$443 000 to the Child and

Adolescent Health Service, \$1.2 million to the WA Country Health Service, \$153 000 to other organisations like the Drug and Alcohol Office and NurseWest, and \$400 000 to the Joondalup Child Health Centre capital works.

Ms L.L. BAKER: Has anything been allocated for the 2011–12 estimates?

Dr K.D. HAMES: We have made a commitment for the four years of this government, so that money is in the budget and it is there for allocation, but we have not done the allocation. We go out to the nurses and we ask them what they want to spend this money on. The nurses have regular meetings and choose things. The reality was that there was some criticism somewhere along the way of the things they were choosing as being things that helped them personally. I am happy for them to do that. This was about recognition of the value of nurses to our system and providing additional funding that would help make it easier for them in their workplaces. I expected them to spend that on funding childcare centres, painting and all sorts of things like that, but quite a few of them spent it on equipment for patients, which, frankly, I thought we should have to pay for. However, they were things above and beyond what would be the normal allocation to a ward and that would make their lives easier, so I was happy for them to do that. We leave that choice up to those staff.

Ms L.L. BAKER: Would I be able to get a copy of the breakdown, minister?

Dr K.D. HAMES: I have that information for the year that has just been allocated on a piece of paper. I do not need to provide that supplementary information; I will give the member this piece of paper that has last year's allocation.

[12.00 noon]

[Mr M.W. Sutherland took the chair.]

Ms J.M. FREEMAN: I have a further question.

Dr K.D. HAMES: Has the member been given the call?

Ms J.M. FREEMAN: No; this is a further question.

Dr K.D. HAMES: Yes, but the member still has to get the tick from the Chair.

The CHAIRMAN: I have agreed.

Ms J.M. FREEMAN: Was that part of the work–life balance project to support nurses and to retain them in the workforce, and does that mean that the work–life balance project has been cut?

Dr K.D. HAMES: It has absolutely nothing to do with this. That is something I personally cooked up from when I was in opposition as a way to get members opposite out of government!

Ms J.M. FREEMAN: Did the minister cook up the hospital nurses support fund to get us out of government, but now he has cut it?

Dr K.D. HAMES: We had policies that I thought would be of great benefit, such as the patient assisted travel scheme funding and the Silver Chain program, and the work–life balance project was one of them. I recognised a need to give a more reasonable reward to nurses for the work they do. During the lead-up to government is the best time to commit to things because we then get the money out of our own people to do it. I thought it was good concept. We got a commitment from our leaders at the time, and when we won the election, they had to give me the money and I was able to allocate what I think nurses were very happy to get.

Ms J.M. FREEMAN: But now it has been axed.

Dr K.D. HAMES: It is nothing to do with any other program. The pre-election commitment of \$28 million for the nurses' support program is in the budget and that is what they get.

The CHAIRMAN: Member for Maylands.

Ms J.M. FREEMAN: I just do not get to ask a question.

Ms L.L. BAKER: I am happy to hand my question to the member for Nollamara.

The CHAIRMAN: The question can go to the member for Nollamara.

Ms J.M. FREEMAN: I refer to the line item “South West Health Campus—Critical Care Unit” under the asset investment program on page 145. How much recurrent funding has been allocated in the 2011–12 budget to run the critical care, or intensive care, unit and how does this compare with the funding allocation in the 2010–11 budget.

Dr K.D. HAMES: That is an excellent question. I will hand over to Mr Ian Smith, WA Country Health Service director.

Mr I. Smith: The funding for the ICU, as we develop it, will come on stream. We have capacity in the base of the south west hospital's budget to do the following year's activity. It is not additional funding, because it is already in our base.

Dr K.D. HAMES: That means that the funding was put in for the capital works. The South West Area Health Service gets a funding allocation and there is some flexibility within that allocation. It is based a lot on demand. As demand grows, the budget grows. The service looks at where it spends that, and there is capacity within that to fund the staffing of that centre without needing me as minister to require an extra specific allocation to allow those staff to be employed. They have recently sought to employ a director for that. They did not have an applicant for that but since then someone has been allocated to that position on a temporary basis. Is that correct?

Mr I. Smith: Yes.

Ms J.M. FREEMAN: Does that mean there have been no employees since late February 2011 for the critical care unit? Has it been operating since late February 2001, or has it been idle?

Dr K.D. HAMES: It has not been opened yet. We have only just got the funds and just finished building it.

Ms J.M. FREEMAN: When was it completed?

Dr K.D. HAMES: The equipment went in during February 2011.

Ms J.M. FREEMAN: Equipment went in during 2011, so when was it completed?

Dr K.D. HAMES: I think it would be better if we gave a proper answer!

Mr I. Smith: The upgrade to the level 1 ICU was dependent on minor changes to the equipment upgrade and some minor changes to the building renovations. They have been finished and the equipment is there as well. However, to operate as a full level 1 ICU requires the appointment of the director of the ICU, which is what the minister was referring to, and that is still in process. In the interim, the hospital operates sometimes with the capacity of an ICU with the pre-existing staff and specialists in the service. When the additional staffing comes through is when we can guarantee that a level 1 ICU will operate 24 hours a day.

Ms J.M. FREEMAN: The equipment went in during February 2011. When was the building upgrade finished?

Mr I. Smith: I am sorry; I do not know the exact date. I visited it about a month ago and it was completed then.

Ms J.M. FREEMAN: It was completed a month ago but it has not been operating because there has been no staff.

Dr K.D. HAMES: That is not what Mr Smith said a minute ago. He said it has been operating as best it can, but not as a full level 1 ICU; that is, for 24 hours. We have to have the staff there and they are hard to recruit. We are expanding significantly ICU spaces throughout the state, and it is not before time. A study was done in 2004 on requirements for intensive care units, which showed a significant shortfall in ICUs. When I became minister, Fremantle Hospital, for example, was extremely critical. The former minister had promised for four years to upgrade ICUs. We have now done upgrades to PMH and Rockingham and Bunbury hospitals—I think there are more than that. Anyway, there have been significant upgrades to the availability of ICU beds, which is a critical need in the state. I have to say that it has been hard getting the capital funding to do it, but it has been harder to get the significant increase in staff funding because it requires about two nurses per patient. I think in the high dependency unit it is one and a half per patient. It is a significant extra cost. We have been waiting for the process to go through so that we can afford the staff and get the equipment ready for it to proceed.

The CHAIRMAN: I will call the member for Albany and then the member for Maylands.

Dr K.D. HAMES: What about our side?

The CHAIRMAN: Do not worry about your side; I am worried about the other side.

Mr P.B. WATSON: We are not asking dorothy dixers; we are asking really tough questions here. I refer to "Supplies and Services" under "Expenses" on page 149. Can the minister explain why, when a business in Albany was providing water coolers to the health department offices, the process for another contract is now going through Perth? The Albany supplier was not given an option to quote on it. The price would have been cheaper in Albany because the supplier could provide the coolers for the same price as that provided through Perth and, obviously, the Perth suppliers have to pay freight. Can the minister please explain the Buy Local policy in this situation with the health department?

Dr K.D. HAMES: We can answer part of that question but not all of it. Firstly, I as a minister cannot get involved in those things.

Mr P.B. WATSON: No, no; I was wondering what the policy is.

Dr K.D. HAMES: That is a requirement of the health department. I do not think we should air publicly in here that a specific tenderer might have been successful and another one has missed out.

Mr P.B. WATSON: Minister, there was no tender; it was done through Perth.

Dr K.D. HAMES: I have had similar situations in my electorate and have written to the health department.

Mr P.B. WATSON: We have the health department here now.

Dr K.D. HAMES: Yes, but I do not know that people here have knowledge about an individual contract. Things like that are generally raised as questions on notice or as a grievance. The Buy Local policy, generally, is different; it is a policy and that is what the estimates hearings are about. Is there someone here who can answer that question on the Buy Local policy?

Mr P.B. WATSON: Is there a Buy Local policy?

[12.10 pm]

Dr K.D. HAMES: The answer I am given is that there is a Buy Local policy, particularly based around regional areas. Without knowing the particular details, we cannot answer that question. I suggest that the member provide those details to me and I will have the director general investigate that case outside the budget process.

Mr P.B. WATSON: I have a further question. Will the new Albany Regional Hospital have any additional beds?

Dr K.D. HAMES: I answered a question on this recently and I think the answer was that the number of beds would be relatively the same. The question was: how can that be the case given there is major investment and major resource development? There was an excellent answer, which I hope someone can reproduce.

Mr P.B. WATSON: Surely the minister would have given the answer from his heart!

Dr K.D. HAMES: The answer related to the change in the methodology of treating patients; that is, the change in efficiency of the system, patients' length of stays and so on. A careful analysis of how many beds were needed was conducted in developing the business case for Albany. The member might be aware that the business case, developed when the member was in government, for the new children's hospital had a reduction in the number of beds because those beds would be needed elsewhere. We are not doing that —

Mr P.B. WATSON: Beds will not be needed anywhere else in Albany because there is only one hospital.

Dr K.D. HAMES: That is right; there are different circumstances. However, the reality is that modern treatment, particularly the short length of patients' stays, and the big increase in focus on day surgery, so that patients do not need to be admitted, has changed the demand for beds enormously. When I had my appendix out, I had a week in hospital; nowadays, it would be only a day in hospital, if the patient is lucky. The director general will provide a better answer.

Mr K. Snowball: There are probably two key important points to make about bed numbers and activity. Albany has one of the highest lengths of stay of the regional hospitals for two reasons: the design of the old hospital, which is not functional any more for contemporary medicine, so we end up with higher cost overheads to provide the service; and the age of the population. With the hospital's new design, major growth will come from the day surgery-type areas and so on. Therefore, the hospital will expand its ability to provide a service to the wider region, not just the people of Albany, with the intent of lifting the level of local service so that fewer people have to travel to Perth for a range of services, particularly for the higher, more complex services and the day surgery-type services. There will be an increase in the provision of those services. Given the age of the population, there will also be an increase in areas such as oncology. Again, chemotherapy is a day surgery-type treatment. That is where most of the growth in activity is coming from. The bed numbers have been worked out purely from the clinical services framework. It is the same projection that we use in every other service to project how many beds we will need over time to meet the activity. I think that 134 beds are needed in Albany to cope with the projected level of activity.

Ms L.L. BAKER: I am interested in what the Drug and Alcohol Office or the Department of Health will do in response to butane —

The CHAIRMAN: Member, what line is this?

Ms L.L. BAKER: I refer to the first dot point under the heading "Drug and Alcohol" on page 133 about the drug and alcohol interagency strategic framework. It states that the Drug and Alcohol Office will focus on prevention and reducing the harmful impacts of alcohol and other drugs in the community. Given that a recent report by the Education and Health Standing Committee provided evidence that three per cent of Australians over 14 years of age and more than 10 per cent of 12 to 17-year-olds have admitted using butane inhalants, can the minister tell me what resources his department has allocated to produce a plan to deal with the use of inhalants by Western Australian schoolchildren?

Dr K.D. HAMES: I thank the member, but, as she will understand, it is not my department.

Ms L.L. BAKER: Drug and alcohol —

Dr K.D. HAMES: Yes, I am not the minister for drugs and alcohol, but those staff are here to answer those questions.

Mr R.H. COOK: We confronted this issue last year, minister. It is still front and centre in the budget, so I do not understand why it has not been taken out.

Dr K.D. HAMES: I have staff in the chamber who are perfectly willing and capable of answering that question. I refer the question to Gary Kirby.

Mr G. Kirby: I understand that there are two parts to the question: the first is about the interagency framework and the second and most significant part is about what might be in place for the volatile substance use plan. Is that correct?

Ms L.L. BAKER: Specifically, butane inhalants.

Mr G. Kirby: The interagency framework sets out a plan for the development of a volatile substance use plan and the funding for that is within the operating budget of the Drug and Alcohol Office.

Ms L.L. BAKER: I have a further question, although it is the same question at the beginning: how much funding has been allocated?

Mr G. Kirby: The VSU plan will largely be a strategic plan and the actual operating expenses within the Drug and Alcohol Office is approximately \$175 000 for this forthcoming year. That needs to also be considered in light of the existing funds that go to various regional services for alcohol and other drug services.

Ms L.L. BAKER: Is that \$175 000 for a butane inhalant program across Western Australia?

Mr G. Kirby: That is within the Drug and Alcohol Office, but we need to be mindful of the fact that other funds will be expended by the various drug and alcohol services throughout the state. That will obviously be contributed to as part of their ongoing work.

Dr K.D. HAMES: On that point, I fund most of those non-government organisations through my budget. We fund a lot of drug and alcohol services to the community, which will also benefit from that 25 per cent increase in funding.

Ms L.L. BAKER: I thank the minister. My point, hopefully constructive, is about the need to get a strategic view on tackling this issue. If the government does not want to support legislation, what is the plan for tackling butane abuse?

Mr R.H. COOK: Good question.

Dr K.D. HAMES: Mr Kirby.

Mr G. Kirby: The plan at the moment, specific to butane and volatile substances, is working with the Retail Traders' Association of WA on a voluntary code of compliance and the other education work that is being done within the regions. Some local regional strategies are being developed to respond to VSU plans within those local communities. Alcohol and other drug services will support those communities to work up those plans.

Ms L.L. BAKER: I have a final question. Can the minister point us to anywhere those various pieces are brought together? Is it written up anywhere as a strategy to address this problem? I am mindful of the fact that the parliamentary committee report released last week called for the department to plan overall how to do that work. Is that already in existence or is that something the department plans to do out of this budget?

Dr K.D. HAMES: Mr Kirby.

Mr G. Kirby: That is planned for development in this financial year, 2011–12.

Mr P. ABETZ: I refer to the third dot point under "Patient Transport" on page 132. Can the minister provide us with an update on the extra funding for ambulances? It is very welcome, but has it had any impact on ambulance ramping at our main tertiary hospitals, and is there any space in the budget for an ambulance station down Southern River way?

Mr R.H. COOK: That is called friendly fire!

[12.20 pm]

Dr K.D. HAMES: There has been a significant increase in funding, as the member knows, to St John Ambulance services—\$149.6 million in total. Through that, we have 79 new paramedics, 24 new communications officers, 12 new ambulances, and 10 extra transfer vehicles to make sure we increase ambulance services throughout the state. In terms of the more specific component of the member's question, the director general will answer that.

Mr K. Snowball: Putting the additional ambulances on the road also means they have improved their response times. We are working closely with St John Ambulance, particularly on ambulance ramping in our hospitals. We put out an operational directive regarding no ramping and no diversion, which we reactivated last year after we experienced some difficulties. Previously, we increased ramping at a number of our hospitals to deal with increased pressure at Joondalup hospital. We are seeing more ambulances on the road and, similarly, we are working with St John Ambulance in how better to task ambulances to our hospitals—where the capacity is—so that we can reduce ambulance ramping through that process. In conjunction with putting funds into the ambulance service, it is also about how well we work together with them in terms of our emergency departments.

Mr P. ABETZ: The second part of my question has not been responded to yet.

The CHAIRMAN: The member wants to know whether Southern River will get an ambulance station!

Mr R.H. COOK: That was nicely avoided! Don't let him bully you!

Dr K.D. HAMES: The location of extra stations was determined as part of the inquiry undertaken by Greg Joyce. He spent a lot of time talking to ambulance officers, both in the metropolitan areas and country regions. He developed a plan as to where those additional services were required. I do not have the details of where those services are. I am sure if the member writes me a letter, if that is part of it, I will be able to provide that answer.

Mr R.H. COOK: At an earlier Education and Health Standing Committee hearing there was discussion about at which point ambulances start to be ramped.

Dr G.G. JACOBS: When does the clock start ticking?

Mr R.H. COOK: Yes, that is right. At that particular point it was something like 20 minutes, but the director general said it was under review. The minister was to examine exactly when the clock would start clicking. That issue was to be given a fair bit of consideration. Has that consideration been given, and could the minister advise us at what point an ambulance starts ramping?

Dr K.D. HAMES: The time remains at 20 minutes. It is not my intention to change that time, although I have to say some people sitting behind me have a different view—that it should start at a later time, and that that was a fairly arbitrary time to choose. I think it is adequate. I do not propose changing it.

One of the difficulties I have found is when exactly the four-hour rule starts and when exactly does ambulance ramping start and finish. In fact I had a conversation recently with Joondalup Health Campus. An elderly lady had been transported to the hospital by ambulance, which was subsequently ramped. I thought patients actually spent more time in the ambulance, but they do not. Patients are taken out of the ambulance and taken inside. They then have some basic assessment of their problem and a determination is made as to their category. This elderly lady was designated category 4, which is not urgent. At the same time a patient designated a higher category came in. The emergency department was fairly full, so that person was whisked through and treated. The elderly lady stayed on the ambulance couch in the corridor. She had been triaged to determine what was wrong with her. She asked the hospital when its responsibility for her started. The answer was, "It starts at the time the triage is done. You're in our building, you've been assessed, and we're now responsible for you." In theory, the four-hour rule starts from that time. The ambulance driver was left there, so that was counted as ramping because the driver had been there longer than 20 minutes. I was in effect getting caned in both directions!

I want ambulance drivers to do what ambulance drivers are supposed to do; that is, collect people and not stay around emergency departments looking after patients. There are two options for me to resolve this. We are in the process of it now. One option is for the hospital to employ extra staff at the coalface and take over management; that is, put the patient on a bed. The patient then becomes the hospital's responsibility and the ambulance driver can go. Hospitals say to that proposition, "We don't want our corridors to become quasi-wards filled with patients waiting to get into ED." The alternative is to employ St John Ambulance people who are not the drivers to stay in those corridors and look after the patient until the hospital takes responsibility for them. Then I do not have the ramping, because the ambulance takes off, but I have to employ additional people who are not perhaps as well qualified in managing patients. It is a matter of intense discussion at the moment. Different hospitals do it differently. Sir Charles Gairdner Hospital, for example, has very low ramping. The hospital has a very active front-end service. Doctors and nurses come out into a nice area at the front and are much more active in looking after patients. It is a difficulty that I am sure will be resolved over the next few months. From the latest ramping numbers, since I have had those conversations, the numbers have gone down.

The CHAIRMAN: I had firsthand experience of that very nasty area last Thursday evening. I was very well treated.

Dr K.D. HAMES: You should be more careful what you eat!

Dr G.G. JACOBS: You certainly look a lot better than last time I saw you!

I refer to “6: Patient Transport” on page 140 of the *Budget Statements*. I notice the total cost of service has gone from \$137 million to \$157.56 million. Patient transport involves transport other than ambulances. Can the minister provide a breakdown of that figure? As a country member, I am particularly interested in the patient assisted travel scheme. What does the increase in PATS mean for people from regional areas seeking treatment?

Dr K.D. HAMES: I thank the member for that question. We undertook a major review into the St John Ambulance scheme, which resulted in significantly increased funding. We also made an election commitment to significantly increase PATS funding. We increased it by about 50 per cent. We took the recommendations of a Senate inquiry into account and put them holus–bolus into our policy. Now we are far above what is provided for PATS in any other state. The “self-interest group”, as the former Minister for Health called it, the Royal Flying Doctor Service, was also allocated additional funding. That \$157 million is made up of \$32.42 million for PATS, \$81.97 million for St John Ambulance, \$37.13 million for the RFDS and \$6 million of corporate overheads. I do not know the exact percentage increase for PATS, but I am hoping someone can assist me.

Mr I. Smith: The estimated increase in demand in the calendar year January to December this year is 13 per cent in trips and nine per cent in subsidies.

[12.30 pm]

Dr G.G. JACOBS: In my electorate office, I probably get more inquiries about PATS than I do about any other issue. I understand that the intention of this scheme is to provide assistance, not full compensation. But how will this increase in funding help broaden the eligibility criteria? Will this take off some of the pressure? As an aside to that, the mammogram clinic comes to my town every second year. Therefore, in the off year, people who have been recommended to have a mammogram often fall between the cracks because they are not eligible for PATS. Will this increase in funding for PATS help alleviate some of the difficulties that are faced by country people?

Dr K.D. HAMES: What this goes to show is that people are never happy. In saying that, I am not referring to the member particularly; I am talking about those people who complain about PATS. There used to be a large number of complaints about PATS, particularly about petrol charges and how many cents a kilometre was funded through PATS. It is correct that PATS was never intended to fully pay for the cost of a trip to Perth for medical treatment; it was always intended to be a government subsidy. However, we have done a number of things. We have significantly increased the petrol subsidy so that it now covers the real cost of petrol, based on a country average that is regularly reviewed to cater for fluctuations in the cost of petrol. However, it does not cover the cost of wear and tear on a car, and nor should it; it is just a subsidy to assist people.

The accommodation subsidy for people who have to come to Perth for medical treatment was also inadequate, and we have increased that. We now also subsidise the carers of patients. Previously, if the carer of a cancer patient came to Perth with a patient and stayed in accommodation with that patient, and the patient was admitted to hospital, the carer was no longer eligible for the subsidy. Cancer patients are now given increased assistance in the form of greater access to flights, and the ability to have a person accompany them to treatment to make sure they are properly looked after. We have also changed the eligibility criteria for the flight subsidy. Previously, people had to live 17 hours’ driving time away from the place of treatment to be eligible for flights. That has now been changed to four hours’ driving time. That means that people from places such as Esperance and Kalgoorlie are now eligible for flights.

However, even though there has been a huge increase in funding—a 50 per cent increase—I still get complaints. For example, a person may live in Boddington, and their specialist is in Perth, and they want to come to Perth for treatment, and they are eligible for funding to come to Perth, but the department says no, because there is now a specialist in Narrogin, within a driving distance of less than 100 kilometres. I have, therefore, asked our staff to be flexible and to consider the history of the patient. I do not want a patient who has been seeing a doctor in Perth for 20 years to have to see a new doctor in Narrogin. But, on the other hand, how will we be able to get specialists to work in Narrogin if patients do not go to see them? Therefore, we need to find a balance.

People who need dental care are not eligible for PATS unless they have a severe problem. People say we should add dental care to PATS. However, that would lead to a significant increase in costs, particularly if people lived in the north of the state and had to be flown to Perth for treatment. Also, we would find that people would tend to get major problems with their teeth at around the time of the footy finals. I am not being cynical. That is true. In the past, there was a huge surge at around those times in the number of people who wanted to access medical treatment in Perth. We have been significantly more generous with PATS funding, but we cannot cover everyone. I have, however, asked the department to show practical commonsense. If the member has an issue on which commonsense is not being shown, and it is not going to blow our budget, the member should put that issue forward as the local member. The director general would like to add to that answer.

Mr K. Snowball: The other side to PATS is the investment that we have made in telehealth. PATS is one way of getting people to specialists for outpatient treatment. Telehealth is another way of getting specialists to patients

without the need for travel. The investment of \$31 million in telehealth as part of the southern inland funding will create the opportunity for more specialist consults to be done through telehealth. That is a good outcome and one from which everyone will benefit.

Dr G.G. JACOBS: In the area of telehealth, often the argy-bargy used to be about who would pay for the consultant to sit in front of a camera at the other end, because the Medicare rebate would cover only a face-to-face consultation. Will this state have to pick up that cost? Also, will there be a consultant who is on a ward somewhere and who does the telehealth conference? One of the difficulties in rural Western Australia is accessing an appropriate consultant at a time when we can put the patient in front of a camera.

Dr K.D. HAMES: There are two components to that answer. As part of the telehealth package, we will be putting telehealth units into our tertiary hospitals. They will have dedicated staff. Those staff will need to chase up a specialist, and that would normally be a registrar. That will mean that doctors will be able to get through directly to a specialist in a tertiary hospital to get answers. However, if a doctor wants to get access to an ophthalmologist to do telehealth, that is, as the member knows, an issue for the commonwealth government in terms of the Medicare rebate. I understand that the commonwealth government has just made the decision that a teleconference will be a rebateable item. That will make a significant difference to our ability to get doctors who are prepared to do that work.

Ms J.M. FREEMAN: I refer to page 128, dental health. As someone who has used the excellent dental service for schools, I am interested to know why the dental health budget has increased by only 3.5 per cent when the average increase for the Department of Health is 8.2 per cent, and that includes a consumer price index of three per cent, a wage price index of 4.5 per cent and a health cost index of 6.7 per cent. Does this, therefore, represent a real decrease in the government's commitment to dental and oral health services?

Dr K.D. HAMES: As members would know, there is significant demand for dental health services. In my view, dental health services are primary health care and should be provided by the commonwealth. This state has always provided dental care for schoolchildren. I do not know how many other states do that; not many of them do. That is a fantastic service. However, the difficulty has always been recruiting dentists and dental assistants. Part of the reason for that has been the wages issue, and we discussed that briefly during question time last week. It is also because dentists can earn much more working in the private sector than they can working for government. The budget for dental services in the previous year was \$74 million. Our actual spend is about \$4 million higher than that. The budget estimate for 2011–12 of \$81 million is an increase of just under \$7 million from the previous budget. The budget for dental services is growing. I do not know what \$7 million represents as an increase —

Ms J.M. FREEMAN: It is about 3.5 per cent.

Dr K.D. HAMES: It would have to be about a nine per cent increase. But it is not a nine per cent increase on what our actual spend was last year. That was higher, because we were able to recruit more dentists. But it is tough going to get more dentists. The member may be aware that during Labor's seven and a half years in government, Hon Jim McGinty had to deal with exactly the same issues, and I used to tell him exactly the same things as the member is telling me. Just because we get into government does not mean that things suddenly become easier. We are going to continue with that extra pay. I heard the member for Joondalup criticising us in his speech on the budget, saying that we were taking some of that away. The previous increase had been tacked on in the wage negotiations; it became part of the budget so the level was increased, which is what the dentists were asking for. The reason we guaranteed it for only a year is that we are trying to do exactly what the member for Joondalup was saying his constituent wanted. We need to increase the level. We need to get them paid at a better level to get people to stay. That will be further than 12 months out because we are going through those negotiations with people working in the industry and the union in question.

[12.40 pm]

Ms J.M. FREEMAN: I have a further question relating to the attraction and retention bonus. During Parliament the minister said that it was recommended that he "guarantee that the bonus for 12 months continue while those negotiations are underway". Can the minister confirm that the attraction and retention bonus will continue for the next 12 months?

Dr K.D. HAMES: The Department of Commerce wants to be part of that decision-making process but I have guaranteed that that will occur in 12 months. Whatever its involvement will be, it will not be getting me to change my mind.

Ms J.M. FREEMAN: Will the dentists be getting the general agreement 5 increases in addition to the attraction and retention bonus that the minister has guaranteed?

Dr K.D. HAMES: I understand that they will get the GA5, which is the agreed position, and the bonus for the first 12 months. After that, either the dentists or the dental assistants—I forget which; I think it is the dentists—

will still get that bonus throughout GA5. For dental assistants, the plan is to negotiate that to be part of the salary increases so they do not need the bonus because they will get the same additional money, which will become part of their wage package. The way we do that is to move to the market classification, which is what they are asking for.

Ms J.M. FREEMAN: That is the current offer.

Dr K.D. HAMES: They are guaranteed that for a year while they negotiate with the unions.

Ms J.M. FREEMAN: Is the minister aware of the pay equity case for dental nurses and dental assistants in Queensland and the increases they got, looking at it as a pay equity issue?

Dr K.D. HAMES: I am not aware of that because I am not involved in negotiations over pay issues. The department is aware of those.

Ms J.M. FREEMAN: I understand that dental services is the last area of government to not use computerised records and information systems. When is it planned to introduce computers to bring the records of dental health services into the modern age so that if patients shift from caravan to caravan, as can happen, their records can be accessed?

Dr K.D. HAMES: That is an excellent question. I was surprised to hear the member for Joondalup talking about the dental health services' lack of computer capacity. Like the member, I will be very interested in the answer.

Mr R.H. COOK: It is the last department to still use carbon paper!

Dr K.D. HAMES: I gather it still has carbon paper as part of its requisitions. What is the answer?

Mr K. Snowball: Through the minister, it is part of our ICT strategy to introduce computerised records for our dental records. That has been scheduled but it needs to be aligned with other priorities for the health system in terms of timing. A decision about timing has not been set but it is on our agenda.

Dr K.D. HAMES: I would suggest that we need to do it in the near future.

Mr A.P. JACOB: I refer the minister to page 128, which I think we are already on. Going below that table, under "Significant Issues Impacting the Agency, the first dot point is "National Health Reform". Can the minister please update us on what progress has been made on this reform in talks with the federal government?

Dr K.D. HAMES: It is a very timely question. With the director general and senior staff from the Premier's office, I had a televisual link-up with Nicola Roxon and senior staff from the Prime Minister's office. We discussed some of the sticking points of that national agreement. There are not many but they are significant. Subsequent to that, there has been further negotiation between the first ministers' offices and the Prime Minister's office. Those negotiations have not been conclusive. It really hangs in the balance at present. I was comforted by the commitments that were given in that link-up with the federal health minister. I have reasonable confidence that we will be able to come to an agreement. It was quite clear that the federal Minister for Health and Ageing and I are in clear agreement on what we want and what we should get but the difficulty comes when it progresses beyond that. This has to be signed off by first ministers and the Prime Minister during the Council of Australian Governments meeting. I am sure there will be significant further discussion between now and then to try to reach that point.

We always made it clear that the stumbling block for us was the taking of the percentage of the GST. We always said that we would not be part of that. The change by the commonwealth government from that position was a major success of this government when all the other states had agreed. Now the other states are very happy that that was not the case. We had always agreed to the health components of that national agreement; that is, things such as activity-based funding, which we were always moving towards. That is now in place for this year. We are committed to creating local health networks, otherwise known as boards, and we will move through that process in the relatively near future. Other more minor components around that health package, particularly the publishing of data, making clear comparisons between us and other states, is again something that we supported. We are currently getting funding from that package as though we had signed up, which is what the agreement was at the last COAG meeting.

As I said, we have not yet signed up. Those issues really need to be ironed out. The reality is that if I could do it with the Minister for Health and Ageing, it would be done. We are having trouble with the Prime Minister's staff, who seemed very agreeable and cooperative at that meeting but I gather further issues have arisen since then. We will need to wait and watch that space. The next COAG is in July, when all first ministers are supposed to sign off on that agreement. There will be some negotiations between now and then. We will not sign if we do not get agreement to the two sticking points to which we think we have agreement through the minister. One of those is direct funding of the local health networks—the boards—bypassing the state governments. We will not accept that. The state government runs the health department in this state, and we will not let that occur. The

other was a more minor issue about the formation of those boards, what their powers are and how they operate. I do not think that is a major sticking point. We will not sign if we do not get agreement.

The additional funds—\$70 million—represent about seven days of expenditure on health by the state. In fact, I think we spend it in fewer than seven days; I think we spend the additional annual funding we are proposed to get in about five days. The reason for the reforms that are put to other states is that the other states cannot afford it unless the commonwealth lifts its funding. The reality is that Western Australia can. We would like the money and we are putting the money that is proposed towards some really important areas for the better management of our health system. However, it is not as though the health system will not function without it. We appreciate the money and we think it is for a good purpose but we will not roll over and sign over the management of the health system in this state for what amounts to five or six days worth of funding for our health system.

[12.50 pm]

Mr R.H. COOK: When the minister was playing politics with our health system earlier, he said he was quite happy for the federal government to fund hospitals directly through the area health networks. Is the minister now saying that that is no longer his position and that he will not accept that?

Dr K.D. HAMES: I have to say that I resent the term “playing politics”. These negotiations have been ongoing for some time. We have made our position very clear from the start. I never said that we would agree to the direct funding of our area health networks. We have agreed to put funds into the commonwealth pool and those funds will come back to the state. That is what each state has demanded should occur. The funds will then be redistributed by a state government fund to those area health networks based on activity-based demands. I do not blame the commonwealth for wanting to do that because in the past some states have got money from the commonwealth for a particular purpose and have then either withdrawn their own money or spent the commonwealth money on something else. I do not blame the commonwealth in the least for wanting the funds that it provides to be clearly accountable so that the states cannot rip off that money from the commonwealth. We will distribute the funds through a state body. We do not need the commonwealth to directly fund our boards, because that removes the management system that the state has. We have a clear line of responsibility from the minister to the director general, down through to each local area health network. We do not want the commonwealth saying, for example, that it will provide funds for a CT scanner in Esperance but not in Kalbarri. The state will decide what its priorities are and the funding direction.

Ms L.L. BAKER: The minister will need to bear with me. I need to start by relating my question to a line item. I do not think it is the correct line item, but it is the closest one that I could find. I refer to outcomes, services and key performance indicators on page 128. The tenth service summary line item is “Contracted Mental Health”, which is defined as the contract of mental health services provided by area health services under agreement with the Mental Health Commission for community mental health. That is where I found a reference point for my question, although I might need to be redirected. My question relates to the expert advisory committees and the government’s recent commitment to provide a substantial increase to contracted services. The Department of Health is the biggest contractor of services in the state, as a single entity. If it is not the tenth point on the service summary, which I think it probably is not —

Dr K.D. HAMES: Where what is or is not?

Ms L.L. BAKER: I am referring to the increase shown in the Premier’s and the government’s commitment to hand over more services to the NGOs. Where is the funding for the additional services? What will be outsourced and where is the money for that shown in the out years?

Dr K.D. HAMES: It will be easier if I quickly answer that first. That funding is not in the Health budget; it is in the Treasurer’s budget. He has that funding in his budget.

Ms L.L. BAKER: The government has committed to increase the level of outsourcing to non-government organisations. Has the Department of Health looked at that?

Mr W. Salvage: The contracted mental health line item largely relates to the Department of Health’s service provision through its area health services.

Ms L.L. BAKER: I figured that.

Mr W. Salvage: The initial funding for NGOs announced by the Premier is not reflected in the Department of Health’s budget at this point; it has been allocated to the Treasurer’s budget. A process is underway whereby we will provide information to Treasury about the statewide contracts or NGO contracts within Health that we believe are eligible to receive funding. The \$600 million will then be distributed, based on a decision-making process in government. At that point the funds will flow to Health and be reflected in the budget. They will then be distributed to the NGOs.

Ms L.L. BAKER: Where are the NGOs shown in the current budget?

Dr K.D. HAMES: The NGOs do not appear as a line item, although I do not know about the total NGO funding. That will appear under the grants funding. I have a large budget for NGOs that does not cover just those that I look after; it covers sobering-up shelters and a range of things. The good news is that that fund was quarantined from the three per cent efficiency cuts, and most of them have a built-in escalated factor. Those that have the normal escalated factor of two per cent—the consumer price index increase—will get an additional 25 per cent increase over two years through the Treasurer’s budget.

Ms L.L. BAKER: Is the Department of Health paying all the NGOs that receive funds for indexation?

Dr K.D. HAMES: Not all of them. Some we do and some we do not. Ngala and other substantive NGO providers get the 3.1 per cent standard CPI increase.

Ms L.L. BAKER: When I was trying to find the NGO budget, I found the budget for royalties for region funding for the Kimberley and Pilbara in the table headed “Major Spending Changes” on page 127. That is a significant increase; it is almost double. Can the minister take some time to run through that good news story and to also tell us about the royalties for regions funding for Carnarvon? My question is a related question, not a further question.

Dr K.D. HAMES: We have only four minutes left.

Ms L.L. BAKER: I am sure the minister can get the answer out in a hurry.

Dr K.D. HAMES: Hopefully the person giving the answer can run up the clock to one o’clock.

Mr S.J.C. Hunter: Through the minister, yes, this has been a significant allocation through royalties for regions for additional alcohol and drug services in the Kimberley, the Pilbara, Carnarvon and also Prospect Lodge in the Goldfields. The additional funding allocated for the Kimberley totals over \$11 million over the four-year period. We expect that will provide for an additional 18.5 alcohol and drug worker positions in various locations across the Kimberley. The Pilbara will receive just over \$5 million over four years and will receive an additional 10 workers. A new dual-purpose facility will be built at Carnarvon. That will encompass a fairly modest sobering-up facility, similar to the other sobering-up centres that operate principally in regional Western Australia. That facility will also provide day programs from which the existing community drug service teams servicing Carnarvon can operate. The Prospect Lodge facility in the Goldfields is a 10-bed residential treatment service that reopened fairly recently. The additional funding will allow that service to operate at a full 10-bed capacity.

Ms L.L. BAKER: If I added up the figures into the out years, that would be the whole cost of the facility over four years. When will there be a door-opening or a ribbon-cutting ceremony?

Mr S.J.C. Hunter: Through the minister, we are in discussions with the WA Country Health Service about a location for that building. We expect those discussions to reach an agreement shortly and hope that construction can begin in the latter half of this calendar year. The service should be up and operating shortly afterwards. It should be fairly soon.

Meeting suspended from 1.00 to 2.00 pm

[Ms L.L. Baker took the chair.]

Ms J.M. FREEMAN: I have a further question to the member for Maylands’ question about the \$600 million for community funding. Through the minister, an answer referred to looking at the NGOs and looking at the criteria that will establish them as candidates for additional funding. Is the minister able to outline what the criteria are? Why will there be differences for different NGOs if they are government funded?

Dr K.D. HAMES: I will hand over to Mr Salvage to provide the response.

Mr W. Salvage: Through the minister, it is to be clear about what the scope of the application of the policy is. For example, within the health budget there are things that receive additional funding allocation for large contracts—for example, St John Ambulance or the Royal Flying Doctor Service. It is about being clear which contracts are within the scope for applying the \$600 million additional funding.

Ms J.M. FREEMAN: Further to that, is that scope and that criteria available or can it be made available?

Dr K.D. HAMES: No, we cannot do it. I am told it is within the Department of Treasury and Finance, so the member would have to ask that department.

Mr R.H. COOK: I refer the minister to page 129 of budget paper No 2 and “Elective Surgery”. Can the minister provide the current waitlist numbers for patients waiting to see specialists from referral? What is the average waiting time for patients to see these specialists?

Dr K.D. HAMES: It so happens, I can. It was the next question on our list. The member has not got our questions over there, has he?

Mr R.H. COOK: The member for Southern River has ours!

Dr K.D. HAMES: In April 2011 there were 6 000 admissions from the waitlist. I have the actual waitlist numbers somewhere. Someone while I am talking will try to find the actual current number. A key point to make is that, as the member knows, the number has been going up since we have been in government. While I am mildly troubled by that, I am not extremely troubled by that. It is not so much how many people are on the waitlist; it is the time that is taken to treat them. If the number on the waitlist tripled, and they were all treated within the approved time that they were supposed to have surgery, that is just a reflection of demand. That is what we are striving to do. We have done significantly more operations and significantly more have been in boundaries in a lesser time. The average time in 2010, for example, used to be 33 days; now it is 28 days. We are above the commonwealth requirements, by the way, as part of our agreed reforms. Therefore, we are doing better than as required. In April 2011 there were 6 000 admissions from the list, and 91.1 per cent those were within boundary.

As I said, in April 2010 it used to be 33 days; it is currently 28. The proportion of those waiting for over a year has decreased significantly—nationally, not just here. When I look at the median wait times in days and compare WA with other states, WA is second; Queensland is first. The second graph shows the proportion of patients who have waited longer than a year. Again, we are second best—South Australia is best; we are second best. We are progressing well. Has someone found an actual number of people on the waiting list yet?

Mr R.H. COOK: There are 16 661 people on the waiting list.

Dr K.D. HAMES: I thank the Deputy Leader of the Opposition; it had to be in my figures somewhere. As we have said before, that is an increased number, but those people are being seen in time. I do not know how long I have not been bothered by that number going up. I guess it should not bother me for as long as patients keep getting seen in time. I would be worried if times start going out rather than coming in, as they are at the moment. The reality is, to meet the increased demand that is coming on the list all the time and keep patients getting treated within the time, we have to increase our capacity to do elective surgery all the time. We have been doing that. Each year there has been more surgery compared with the last. The critical question is how to keep the capacity growing.

Mr R.H. COOK: The minister is quite right. The number of people on the waiting list is as high as it has ever been under this government. What I am asking about—I think it is a bit different—is people waiting for pre-surgical assessment; that is, people who have been referred to a specialist for surgery but who have not yet seen that person. They are the people the minister described previously as those who are “hidden” on the waiting list.

Dr K.D. HAMES: It is a large number. The system, in my view, is anything but perfect. What has tended to happen with these people—it was the same under the opposition’s government as ours, and we have not been successful in finding ways to significantly reduce these numbers—is that the categories used for people to have their surgery are the same categories used for people to see the surgeon in the first place. What tends to happen is, if a person is a category 5 and needs a hip or a knee replacement, they can wait up to a year to have their surgery, but they can wait up to a year to be seen. That is regarded as accepted practice. To me, it is not acceptable. But finding a way to fix it is tough, particularly for category 1 patients. A person who is a category 1 waits 30 days to get surgery, but it can take 30 days to get seen as well. Someone could have a major problem and not be seen. That tends not to be the case, particularly with the urgent cases. However, in category 2 cases, which are not quite so urgent, such as angina in which the patient is not actually physically having a heart attack, it can be 90 days before they are seen because they are not dying. As soon as that person starts having a heart attack, they move straight in and are seen straightaway. It is not satisfactory.

The way to fix that is to have a better outpatient clinic system. We have been talking to Nicola Roxon about that, because there is talk, as part of the national health care agreement, of the federal government funding outpatient clinics. Currently, outpatient clinics in New South Wales are funded. NSW was clever—it got on and just outsourced all its outpatient clinics to the private sector, and the private sector runs them. The commonwealth pays for them. Having realised its mistake, the commonwealth stopped anyone else from doing it. We have to run those clinics ourselves. There are long wait times to get in, particularly for some of the key practices like plastic surgery.

I have recently put in some changes to try to address that. A good example was someone from my way—I forget whether he was from Mandurah or my electorate. He was category 2 for a hip replacement. He had been offered by the doctor in Mandurah an opportunity to see either an orthopaedic surgeon who worked at Peel Health Campus or one who worked at Fremantle. The specialist at Peel happened to be on holiday, so this person saw the one at Fremantle Hospital. He is in great demand, and his wait times for category 2 patients were way outside the boundary already, yet he still got that patient. Once he sees that patient, he is not going to send him on. Some

patients have to be treated in a tertiary hospital, which is fair enough as they have other conditions, but this patient did not. Trying to get this patient off that specialist to go to a local doctor was very difficult. The change that I am putting in place is that, on getting that initial referral, the tertiary hospital has to do an assessment of the paperwork of the patient to see if they should be seen in a tertiary hospital or not. If they are not assessed as a tertiary hospital patient, the hospital has to directly refer that patient either to Rockingham hospital or to a specialist who operates in Rockingham or Peel, so that they see them first and follow through their treatment and do their ops. In that way we will get them seen to much quicker. That is fine for south of the river, but not so easy for north of the river because Joondalup hospital is chock-a-block. We are actively looking for a different system, and if the member comes up with any good ideas, I am all ears.

[2.10 pm]

Mr R.H. COOK: While we are on good ideas, before the last election the minister said that by March 2009 he would publish by hospital the number of patients waiting for pre-surgical assessment and that by the end of 2009 he would ensure that the time from the original identification of a problem to an outpatient pre-surgery proponent would be no more than six months. Has the minister met that election promise?

Dr K.D. HAMES: No, I have not. In fact, I was not aware that I had made that commitment. It seems like a good idea.

Mr R.H. COOK: It is from the 2008 Liberal Party plan for a better health service.

Dr K.D. HAMES: If it is from my document, obviously it is a good idea.

Mr R.H. COOK: The minister was just asking for good ideas.

Dr K.D. HAMES: I am always full of good ideas. We go through those documents quite carefully to identify the things that we have committed to, and I do not recall that being one of them but as the member has read it, it has to be there.

Mr R.H. COOK: It is a direct quote.

Dr K.D. HAMES: Regardless of the commitment made, I have been doing my absolute best to try to get those times down. We have significantly reduced the number of people on that wait-for-surgery list by improving procedures through outpatient clinics. Obviously, if I made an election comment, we had better work harder over the next year and a half to make sure I keep it.

Mr R.H. COOK: Could the minister please provide by way of supplementary information the average cost for elective surgery procedures in priority 1, 2 and 3 patients?

Dr K.D. HAMES: I do not know why the member wants that as supplementary information, rather than putting a question on notice because we have a fixed time and it takes time to put all that information together.

Mr R.H. COOK: It looked like interesting information and was asked by a previous shadow Minister for Health.

Dr K.D. HAMES: Did I not put it on notice?

Mr R.H. COOK: No, the minister just asked Jim McGinty to provide the information.

Dr K.D. HAMES: Did Jim McGinty agree to provide it as supplementary information?

Mr R.H. COOK: Of course, he did!

Dr K.D. HAMES: Then I agree to provide it.

The CHAIRMAN: Minister, would you like to state again what you will provide?

Dr K.D. HAMES: What he said!

Mr R.H. COOK: It is the average cost for an elective surgery procedure in each of the priority categories.

[*Supplementary Information No A27.*]

Dr G.G. JACOBS: I refer the minister to page 140, around the “Prevention, Promotion and Protection” area, which is a very important area, particularly in child and community health but also in breast cancer screening. Can the minister advise of the progress of the newborn hearing program that was implemented some time ago? I have noticed this program is ongoing in all regional hospitals, particularly those in my region. The second question is in and around the prevention area of breast cancer screening services, particularly in regional areas. I am sorry to harp on the regional component in my questions. As the breast screen service is offered only two yearly, is there any plan or possibility of making that a yearly service and what impost would that be to us? There are a lot of women who are in very distant areas and who are recommended medically to have a breast screen every year, whereas the van comes only every second year and so there is the impost of travelling et cetera.

Dr K.D. HAMES: In the lead-up to the last election the Labor government made a commitment to introduce newborn hearing screening in all government hospitals. We matched that commitment, and we have done that. One of the earliest things we did was to bring in newborn screening tests in all public hospitals. I have had some criticism of that program recently, not of public hospitals but of what happens in the private system where there is a fee. In St John of God Hospital, for example, the test can be done but the fee is in the order of \$100 and only about 40 per cent of patients are paying that fee and getting that hearing screening done, which means some children miss out. I am told that most other states and territories provide a screening program that covers people in public and private hospitals. I have asked the health department in the past few months to go away and come back to me with a program that covers all children, not just those in public hospitals. It is not finished yet, but I expect it relatively soon so that we can work out the additional cost. There are different options as well. We could pay the hospital or a non-government organisation to do this screening, or a state government employee could go to the private hospitals on a regular basis and do the screening. It should be the responsibility of parents to do that, but at the end of the day the children suffer if they do not have their hearing defect detected early, and also the state suffers because these children will have significant problems later on in life that will impact on all of us and on budgets—not that that is the key issue.

I have not been asked before to try to get breast screening vans out on a yearly basis. Our challenge has been to get them out two yearly to all parts of the state, so that everybody can have access to them. There are some places that do not get good access yet, particularly in the northern regions of the state. It really depends on how many women there are as to whether it is cost effective when compared with the alternative—the patient assisted travel scheme. How many women would there be in the member's electorate who would need annual breast screening? If I think back to my surgery, not a lot of my patients would have needed annual screening; it may have been a dozen in a year.

Mrs C.A. MARTIN: PATS is good.

Dr K.D. HAMES: It depends on the numbers, and we would use PATS to get to the nearest centre for screening.

Dr G.G. JACOBS: So it is based on the numbers?

Dr K.D. HAMES: Yes, and on cost effectiveness. We provide the money for them to be flown to a location, depending on the distance of course, or it may be that driving is the easiest option. As the member knows, someone who would need a breast screen annually is someone who has either had breast cancer or a strong family history of breast cancer, so it is obviously very much in their best interests to make that effort to go and get the screening done on an annual basis.

Dr G.G. JACOBS: The minister would know the prevalence of breast cancer in the community, but from my point of view the number of women who need a yearly breast screen is more than just a few. My recent experience of PATS concerned a lady who came to see me the other day who could not get PATS because she had a mammogram the previous year. PATS said she had to wait for the van, which only comes every two years. Fortunately, we have solved that problem and I thank the minister very much for that, but that was an issue for that woman.

[2.20 pm]

Dr K.D. HAMES: That issue is not to do with the provision of service; it is to do with the way PATS operates. Quite clearly, there was an error in that case. I do not know whether that error is common or occasional. However, if someone requires PATS on clinical grounds, that is enough reason for PATS to have to pay. All it has to do is have some evidence of that clinical necessity.

Mrs C.A. MARTIN: The follow-up is done here in Perth.

The CHAIRMAN: The member for Kwinana. I am terribly sorry; I am suffering from temporary dyslexia of the members. The member for Nollamara.

Mr R.H. COOK: I think Madam Chair was just about to start a revolt.

Dr K.D. HAMES: I used to hate it when I was shadow Minister for Health; I was responsible for health and other members would come in and ask questions all the time. It was frustrating!

Mr R.H. COOK: Our lot is an unhappy one, minister!

Ms J.M. FREEMAN: I refer to page 145 of the *Budget Statements* and the reference to the Osborne Park Hospital reconfiguration stage 1, which is listed under the works in progress in the asset investment program. I was born at Osborne Park Hospital, I gave birth to my son at Osborne Park Hospital, my mother and aunt worked at Osborne Park Hospital, and the Nollamara electorate uses Osborne Park Hospital.

Dr K.D. HAMES: I did many deliveries at Osborne Park Hospital. I did not deliver the member for Nollamara, did I?

Ms J.M. FREEMAN: No, and the Minister for Health did not deliver my son, because I did not have a doctor in the room. Can the minister explain why this development was underspent in 2010–11 and is underfunded in 2011–12 and 2012–13, with the majority of funding not coming until 2013–14? As I understand it, the government estimated spending \$2.8 million in 2011–12 but spent only \$80 000. I am interested to know how the funding seems to have shifted across in each subsequent year.

Dr K.D. HAMES: I will ask Dr Russell-Weisz to answer that question.

Dr D. Russell-Weisz: The Osborne Park Hospital redevelopment is now on track. We had to review the business case for the mental health unit with the Mental Health Commission. The Mental Health Commission has reviewed the business case for the 50-bed mental health unit at Osborne Park, which relates to the bulk of the funds in providing 50 beds at Osborne Park Hospital. The commission has endorsed that and we are now on track to have that unit opened in mid-2013.

Ms J.M. FREEMAN: When will it open?

Dr D. Russell-Weisz: October 2014 is the actual planned date, but that has been moved from 2013.

Ms J.M. FREEMAN: Is that the completion date of the hospital?

Dr D. Russell-Weisz: Yes.

Ms J.M. FREEMAN: The same funding amount covers that particular project and the two additional operating theatres and surgical centres at Osborne Park Hospital; is that coming from the federal government?

Dr D. Russell-Weisz: The expansion of Osborne Park Hospital with the surgicentre will come through the commonwealth government. We have just put forward the plans to the commonwealth government.

Dr K.D. HAMES: The commonwealth put up an amount of money for infrastructure funds across Australia. Each state was asked to bid, so we put in bids for those areas with the greatest need where we thought the money would be best spent. The surgicentre was one of those things we bid for and we were very pleased to receive funds from the commonwealth for it.

Ms J.M. FREEMAN: From my understanding of how that funding operates, reconfiguration stage 1 is funded with state money, and the two additional operating theatres and surgical centre at Osborne Park are funded with federal money. Therefore, there is no cost shift to use that \$33 million; that money is additional to the moneys here.

Dr D. Russell-Weisz: That is correct, yes. The reconfiguration money ostensibly relates to the mental health unit. The majority of the money is for the 50-bed mental health unit.

Ms J.M. FREEMAN: In answer to a question earlier, the minister talked about a situation in which the state had withdrawn its money to use the federal money to fulfil a project that it planned. Is that the case here?

Dr K.D. HAMES: Definitely not. The commonwealth government is very strict on doing that on those distributions of funds. They must be clearly identified as separate, new projects.

Mrs C.A. MARTIN: I draw the committee's attention to "Infrastructure" on page 129 of the *Budget Statements*. In the fourth point from the bottom of the page, reference is made to the \$47 million implementation of facility upgrades in East Kimberley. Can the minister give us a general breakdown of how that \$47 million will be spent?

Dr K.D. HAMES: I hand over to Ian Smith to answer that question.

Mrs C.A. MARTIN: Can I have a copy as a pressie?

Dr K.D. HAMES: That is a separate question!

Mrs C.A. MARTIN: I will get some hard questions then!

Mr I. Smith: The \$47 million will be spent on upgrades to the following health facilities: the Wyndham health facility, \$3.4 million; the Kununurra hospital expansion, \$20 million; the short-stay patient accommodation, \$4 million; remote clinics at Warmun and Kalumburu, \$5.5 million; environmental health measures at Kalumburu and Oombulgurri, \$4.3 million; sobering-up centres in Kununurra and Wyndham, \$600 000; and some housing, \$5 million.

Dr K.D. HAMES: The Oombulgurri fund is not likely to occur.

Mrs C.A. MARTIN: Is 1 July officially the centre's last day of operation?

Dr K.D. HAMES: I have not made that decision. At the meeting we recently had we said that the government needs to make a decision when to close that centre.

Mrs C.A. MARTIN: It is no criticism. However, if the minister has a date, I would like to know it.

Dr K.D. HAMES: I will not close the centre; the Minister for Indigenous Affairs will close the centre, so presumably he has set a date.

Mrs C.A. MARTIN: The adviser mentioned the alcohol rehabilitation centres in Wyndham and Kununurra.

Dr K.D. HAMES: Yes; we funded that before. We upgraded the hospital and funded the rehabilitation centre.

Mrs C.A. MARTIN: The rehabilitation centre in Wyndham was funded, but what about the one in Kununurra?

Dr K.D. HAMES: I do not know about the one in Kununurra.

Mr I. Smith: The sobering-up centres in Kununurra and Wyndham have been refurbished.

Mr P. ABETZ: Under “Infrastructure”, on page 129 of the *Budget Statements*, reference is made to \$1.18 billion for the new children’s hospital, with construction to commence in early 2012. Could the minister advise us what planning has taken place so far and to what extent the parking issues around the Queen Elizabeth II Medical Centre have been addressed?

Dr K.D. HAMES: Yes, the progress of the children’s hospital has been extremely satisfactory. A whole series of things have been required to come together in a row, particularly timings, to ensure that we get the facility open at the time that we committed to, and that is occurring. The original site that was chosen for the children’s hospital turned out not to be an adequate size—that is where the L, M and N buildings are—because of the required floor space. Therefore, the only place to move the children’s hospital to was out on the major road. In doing that, the plant had to be removed; otherwise children’s beds would have looked out over the plant. In moving the plant to the back, some parking space was lost. Given that not enough parking space is available at Sir Charles Gairdner Hospital, we had to build a multistorey car park.

We had to get the timing of all those projects right. The plant is currently under construction. We are very close to proceeding with the construction of that multistorey car park. The conclusion time of that is critical to when we start work on the new children’s hospital. The new children’s hospital will be slightly larger than was originally proposed. It was 246 beds, 75 per cent of which will be single rooms. There will also be a parking bay underneath and the Telethon Institute for Child Health Research—Fiona Stanley’s baby—will be relocated next door to the children’s hospital. It will also contain floors that will be available for state government research. All those things are progressing extremely well. Given it is held close to the heart of some of the staff members behind me, I will hand over to one of them, who I am sure would like to add to my comments.

[2.30 pm]

Mr P. Aylward: Planning for the new children’s hospital is quite advanced. We are assessing three proponents, one of whom will be the successful tenderer for phase 1 of the managing contract phase. Detailed design will get underway during July. The expected timing to undertake physical work will commence early next year.

Dr K.D. HAMES: I gave the wrong number of beds—it was 246—it is now 274.

Mr R.H. COOK: I have a further question.

The CHAIRMAN: You are next anyway, but certainly have a further question.

Mr R.H. COOK: What are the increased logistical issues in no longer being able to use Rosalie Park and Highview Park as temporary parking facilities; how will the government get around those issues?

Dr K.D. HAMES: They have been difficult. As the member knows, we were looking for temporary car parking. Rosalie Park seemed a good option. We were aware that the users of Rosalie Park had been seeking considerable funding of, I think, about \$5 million from the council to undertake a redevelopment of its building. We said that if we put up that money would they let us use that section at the lower end, which is only about a quarter of their total area, while the building was being constructed. The Rosalie Park people decided not to do that, so at the request from council we withdrew our offer. We kept looking for other options because another club had come to us suggesting it would be interested. In the end, that did not work out either. It is critical that we get our timing right for parking areas. But I am aware that Dr Russell-Weisz and Dr Aylward are working on looking for alternative sites. They have one area in mind that is about to be redeveloped, which is under current discussion. Dr Russell-Weisz will talk about that.

Dr D. Russell-Weisz: Yes, we obviously were looking at Rosalie and Highview, but they did not come off. We have other options such as at Graylands and Shenton Park for some of our staff, albeit temporarily. We have capacity for probably an additional 350 bays at Graylands and 350 bays at Shenton Park. Obviously, this means staff would be off site but we would be able to bring them on site with adequate buses for a short time. The tough time will be between September 2011 and December 2012. By that stage the first stage of the multideck car park will be built. As the minister said, we are looking at two sites on the current QEII site—the remnant bushland between the Oral Health Centre of Western Australia and Crawford Lodge on Monash Avenue. We are also looking at doing some work on what is called car park 3, which is also on our site, and potentially putting

some decking on it temporarily to alleviate the parking pressures on site. We are also developing a number of areas around the site to take car parking wherever we can get it. There are a number of small areas on site where we have refashioned the current car parks to increase the number of car park bays. But we will have to shift some staff off site in the interim to allow the new children's hospital and multideck car park to be constructed.

Dr K.D. HAMES: Car parking at Sir Charles Gairdner Hospital has always been a difficult issue, with lots of people parking in side streets and annoying everyone. That is why we have taken the step of building a multideck car park that will have sufficient bays to cater for future demand. While we are building it we are taking away lots of existing bays. I recall the previous minister's requirement, as part of the redevelopment of Sir Charles Gairdner Hospital, that the use of public transport be increased to some amazing level. What percentage was that?

Dr D. Russell-Weisz: It would have reduced the use of cars on site from 85 per cent to 60 per cent.

Dr K.D. HAMES: That would have meant that everyone else had to get there by public transport. It is a nice theory. My daughter used to work at the dental hospital next door to Sir Charles Gairdner Hospital. As a single mum with a child going to school, to travel by train and then bus to get the child to school and then get herself to the hospital to start work would have been impossible. I am sure many nurses and other health staff are in the same position. It is very difficult because the access is poor. The long-term solution obviously is the light rail that people have talked about.

Mr R.H. COOK: I have a policy the minister could look at. There is a lot of money in the City of Perth parking account that he could use straight away.

The CHAIRMAN: Deputy Leader of the Opposition, your question.

Mr R.H. COOK: Thank you, Madam Chair. I draw the minister's attention to line item "Enhancing Health Services for the Pilbara in Partnership with Industry" under "Other Projects" on page 146. If read in conjunction with last year's budget there appears to be a cut of around about \$24.9 million, which I am sure is not the government's intention. There is a \$5.45 million allocation in this budget. In the 2010–11 budget it was \$30.4 million. That is a substantial reduction on that amount. Obviously, we are very keen to understand what is going on in relation to that line item.

Dr K.D. HAMES: I am told \$33 million was capital and recurrent together. This is just the capital component of that, so the estimated cost was \$5.4 million and that is the amount that will be spent. A list of things included in that are the construction of the Karratha helipad; a CT scanner at Nickol Bay, which has been done; emergency department medical equipment; and small hospital and planning infrastructure in Newman, Tom Price and Paraburadoo.

Mr R.H. COOK: Can the minister break down the recurrent component?

Dr K.D. HAMES: What was the original amount?

Mr R.H. COOK: The original amount was \$30.4 million.

Dr K.D. HAMES: Take from that \$5.451 million, which is the capital component.

Mr R.H. COOK: Can the minister provide documentation of what recurrent funding it relates to and whether that funding is ongoing. Obviously, if it is in a capital works line item it is confusing to say it is recurrent funding.

Dr K.D. HAMES: Sure. It is for things such as the cost of the obstetrician. It will be a very large cost in the recurrent budget for health for that region to employ the obstetrician.

Mr R.H. COOK: The minister must have a list.

Dr K.D. HAMES: I must have figures somewhere, or Mr Salvage must have figures to identify that.

We will provide as supplementary information reconciliation of the \$30.4 million under the heading of "Enhancing Health Services for the Pilbara in Partnership with Industry".

[*Supplementary Information No A28.*]

[2.40 pm]

Ms J.M. FREEMAN: I refer to "SCGH — Mental Health Unit" on page 145 of the *Budget Statements*. A bit like Osborne Park Hospital, I note that the majority of funding will now not be allocated until 2012–13.

Dr K.D. HAMES: Which line?

Ms J.M. FREEMAN: I refer to page 145, “Asset Investment Program”, “Works in Progress”, “SCGH — Mental Health Unit”. Can the minister please explain why the majority of funding will now not be allocated until 2012–13? They underspent in 2010–11 by \$651 000 and were underfunded in 2011–12 by \$9.734 million.

Dr K.D. HAMES: Sorry, my figures do not show that. If we follow the line item “SCGH — Mental Health Unit”, we see a total cost of \$28.9 million. Estimated expenditure to 30 June 2011 is \$1.482 million, followed by \$1.464 million.

Ms J.M. FREEMAN: I think it was when we looked at the previous year’s expenditure, what I understand now —

Dr K.D. HAMES: Dr Russell-Weisz knows what the member is asking and seems to have an answer.

The CHAIRMAN: That is extrasensory perception!

Ms J.M. FREEMAN: That is very good. Thank you.

Mr R.H. COOK: Scary, but impressive!

Dr D. Russell-Weisz: I hope I can answer it! I think the question relates to the potential delay in expenditure for the Sir Charles Gairdner Hospital mental health unit.

Ms J.M. FREEMAN: Yes.

Dr D. Russell-Weisz: This has been caused by a number of issues, but more to do with the number of projects actually occurring on the site. We have 13 projects in total on the site—some small, some large. Some are quite small, but they all cause significant demand on the site. They have to be coordinated well. There has been some delay in the Sir Charles Gairdner Hospital mental health unit. The actual planning is underway. It is due to open in September 2013. It will be a substantially enhanced mental health unit because we will have approved beds on site, which we do not have at the moment.

Ms J.M. FREEMAN: When we were talking about Osborne Park Hospital, it was explained that it was partly because they were doing a mental health business plan. Was there any impact in terms of business plan for this or was it all due to the number of projects on the site?

Dr D. Russell-Weisz: There has obviously been some discussion with the Mental Health Commission on both projects. We had to go through the normal process with Treasury to get approval for the business cases, which we now have. That discussion contributed to some slight delay in the mental health unit at Sir Charles Gairdner Hospital, but the majority is due to the volume of projects on site and us being able to do the projects in the right order. For example, the central plant on the Sir Charles Gairdner Hospital site is a critical large project to establish on site; that is, to get the tunnels done before the multideck car park and the new children’s hospital comes on board. We had to start that before we could do the mental health unit because we had to demolish a couple of buildings. We have had to move things around slightly to get the best outcome for the site.

Mrs C.A. MARTIN: I draw the minister’s attention to “Major Spending Changes” on page 127, the line item “Enterprise Bargaining Agreements”. Does the amount of \$49.1 million include district allowance back pay for midwives in the regions? I understand there is a problem; midwives will not be paid.

Dr K.D. HAMES: I am advised that is separate.

Mrs C.A. MARTIN: It is not on that line?

Dr K.D. HAMES: It is not in our budget because it is coming. It applies to all government agencies. We get it once they have sorted it all out. The government is negotiating that. When that is agreed, it will come out of Treasury. They will give that to whichever departments are relevant. We will then be given that money, which will add to this amount.

Mrs C.A. MARTIN: The nurses as well—is that the same thing?

Dr K.D. HAMES: Yes.

Mrs C.A. MARTIN: I now draw the minister’s attention to “Indigenous Health/‘Closing the Gap’” on page 131 of the *Budget Statements*. The first dot point states —

WA Health has set targets to add 100 additional Indigenous people to its workforce per year ...

A range of culturally secure recruitment and selection strategies will be adopted to facilitate this employment process.

Can the minister please explain what these recruitment and selection processes are? Will many of these positions be in regional areas?

Dr K.D. HAMES: We are very keen to increase Indigenous employment across health. The member will recall that when I was in opposition, I was part of the parliamentary committee with Hon Tom Stephens and others.

One of the issues we raised was looking at departments across the board and seeing what their Indigenous employment was. With some notable exceptions, it was pretty ordinary. Health was one of those. Health is about one per cent. Our recommendation from that committee was to get Aboriginal employment up to the population figure, which is about 3.5 per cent. We established that as a target. I am pleased to say it is one of the key focuses of the new director general. He will answer the question from the member in detail soon, but one option that I have asked the department to consider is Aboriginal employment. I had a meeting not too long ago with the Challenger Institute of Technology. For \$1 000, an Aboriginal person can be sponsored to do a course through the institute. That is the first stage of either being an aged-care worker or going on to be an Aboriginal health worker, or in fact a nurse. I have asked the department—I have not had an answer yet; I am hoping to get one soon—for \$50 000 to sponsor 50 000 Aboriginal people to do that course. It is not just in the metropolitan area —

Mrs C.A. MARTIN: Fifty Aboriginal people—we cannot fill 50 000 positions!

Dr K.D. HAMES: Yes, 50 Aboriginal people, but across the state. The courses are done in Broome as well, through the University of Notre Dame.

Mrs C.A. MARTIN: Send them all up to Broome; we will be happy!

Dr K.D. HAMES: We want more people to get in. We need to do that. I have had talks with “Twiggy” Forrest about the covenant to see if he will commit to a certain number of Aboriginal employees as part of that program. In my view, we have to do a lot. One per cent is not necessarily the number of Aboriginal employees. It is not a requirement that people identify themselves as Aboriginal. A lot of Aboriginal people choose not to specifically identify themselves—if they are a nurse, they are a nurse. We encourage people to do it because it gives us some idea of how well we are tracking. I will now hand over to the director general to talk about specific things he is doing to make sure we have sufficient levels of Indigenous employees in Health.

[2.50 pm]

Mr K. Snowball: There is an enormous effort going on within the health system. We think the most important thing we can do as a health system to improve health outcomes for Aboriginal people is employ more Aboriginal people right through the health system, involving more people in decision making and planning at all levels. An employment strategy was released by the WA Country Health Service probably four or five months ago, which is there to guide Aboriginal people. That has been developed in conjunction with the Aboriginal medical services. We turned to those services as a source of advice to us about how we can become a better place for Aboriginal people to work in. The Aboriginal health services certainly are good employers, and they shared quite a lot with us about how we can improve in that area. We have talked to our own employees as well about how we can attract more people to work for us. We have done what might seem to be quite straightforward things. One of those things is that advertising positions online does not get to Aboriginal people. We have therefore changed our policy, which required us to advertise everything online, to make sure that we can advertise in different ways to get that information to the people we are trying to attract to these positions.

That target of 100 is a minimum, by the way. We hope it will be well in excess of that. We are also developing that further through our performance agreements. I have a performance agreement with every chief executive who directly reports to me. All those chief executives have, as one of their criteria, the employment of Aboriginal people. They have to report to me on what they are doing about that, what their base line is, and what their strategy is to improve the recruitment and retention of Aboriginal people. A huge effort is going on, as I have said.

I have also contracted our Office of Aboriginal Health, through Jenny Collard, who has recently been appointed to that office, to work for us so that we can have a statewide strategy that builds on the work that the WA Country Health Service is doing. We are very keen to be better engaged in a very different way with the Aboriginal community, not only in delivering health services, but also in being a source of employment.

Mr P. ABETZ: While we are on the Closing the Gap strategy, can the minister indicate what has been planned to assist in the treatment of Aboriginal women across the state?

Dr K.D. HAMES: Some funding has been allocated specifically for that. There is now a new unit at King Edward Memorial Hospital for Women, the Aboriginal maternity services support unit. That unit opened on 28 April, with \$3.28 million worth of funding under the COAG national partnership agreement as part of the Closing the Gap funds. Both the state and commonwealth governments have put in a lot of money to fund a range of services under the Closing the Gap strategy. They include tackling smoking, \$6.9 million; primary health care, \$35.35 million, fixing the gap in the patient journey, \$20.5 million; making Indigenous health everyone’s business, \$9.78 million; and health transition to adulthood, \$44.78 million. That is a total of \$117.42 million over four years designed to improve Aboriginal health care.

I have to say, though, with regard to the previous question about employment, that the proof of the pudding is in the eating, obviously. What I would like to get—I am putting this question to the department right now—is the

Aboriginal employment figures that came out of the study that we did when we were in opposition, and how those figures have tracked through the years until now, so that we can see exactly where we are at and where we need to get to. That will help us when we sign up to the target. I will not ask for a supplementary on that, but that is what I will be requiring!

Dr G.G. JACOBS: The minister mentioned funding of \$35.35 million to improve access to primary care services for Aboriginal people. Is that for the provision of Aboriginal health services for people in certain regions, or is that for improving access to primary health care for Aboriginal people services? I ask that because, as the minister knows, there are some issues about getting Aboriginal people to access the services that we provide. How much of that funding is for infrastructure, and how much of that funding is for improving access?

Dr K.D. HAMES: I think I know the answer to the question, but I am not positive, so I will hand over to Mr Snowball in a moment. A lot of the focus of that funding for better access to primary health care is due to my saying that the health department does not need to be the be-all and end-all of service provision, and we need to make sure that we use those funds in the best way that we can. In my view, a lot of that work can be done, particularly in the northern part of the state, by using the Aboriginal health services. Those services are funded by the commonwealth, and they have clinics everywhere, and they seem to have a better ability to attract staff than we do, particularly dentists, and get them into remote areas. We have had a lot of discussions with those services, and with people like Sandy Davies from the Geraldton Regional Aboriginal Health Service, and we are providing extra funding to those services so that they can provide services to people in the bush who otherwise would not be able to access general practitioners, a lot of the time because there are no general practitioners there.

Mr K. Snowball: We are working through a couple of avenues. I will start with how we decide what services will be provided out of that \$35 million. We have regional planning forums. Those forums involve Aboriginal medical services, and our own area health services. Large non-government organisations, such as the Royal Flying Doctor Service, will also be at the table. They share what are the health issues for that region. This includes the metropolitan area, so there are nine of them. They look at the health data to see where they should be targeting their intervention, including primary health care. They then decide among themselves who is best placed to deliver that service. One very interesting outcome from these planning forums is that almost 40 per cent of the funding for primary health care has gone to the Aboriginal medical services, as they are the best vehicle to get improved access for those communities. But it is shared across the board. Everyone knows what everyone else is doing. They are not all providing the same service to a community and passing each other on the road. It is coordinated. They are all holding each other to account. Each service is accountable to the planning forum as a group to say whether it has or has not achieved a result. That means that the visiting services are now focusing more on chronic disease prevention in particular—which is the scourge for Aboriginal people in this state in terms of acute health outcomes—through primary health care. There is a very strong focus on that. But it is region by region. The issues in the Goldfields are different from those in the Kimberley and the Pilbara. It is very much tailored to the needs of particular areas. There are over 80 projects in this area. That is why I have not named them all. It is a very widespread program, but it is targeted region by region.

Dr G.G. JACOBS: While we are on that region-by-region approach, my town of Esperance does not have an Aboriginal health service. The question is whether we should use that as an integrated model as part of the hospital upgrade, or whether we should have a stand-alone service. What part of this funding is likely to deliver an Aboriginal health service on the ground in my region?

Dr K.D. HAMES: Mr Snowball.

Mr K. Snowball: I am aware of a proposal to establish an Aboriginal health service in the member's region. We are basically providing, to the people who are seeking to set that up, advice about where they need to go to get support to do that. That will not prevent us from providing services through Aboriginal service providers. They do not necessarily need to be an Aboriginal medical service in the traditional sense. We have, for example, the Wheatbelt Aboriginal Health Service and the Great Southern Aboriginal Health Service, which is run under the auspices of the WA Country Health Service but essentially employs Aboriginal health workers who run the entire service. So either of those models can deliver what I am describing under the Closing the Gap funding.

Mr A.P. JACOB: This is a very important area. I also want to refer the minister to page 129, the heading "Infrastructure", and the amount of \$229.8 million for the Joondalup Health Campus redevelopment project. Can the minister please update us on how this redevelopment is progressing? In particular, has the opening of the new emergency department assisted with the subsequent increase in presentations?

[3.00 pm]

[Mr M.W. Sutherland took the chair.]

Dr K.D. HAMES: Mr Chairman, Joondalup hospital is progressing very well, as we all know, and we were recently out there to open the new emergency department, which is just amazing in terms of its size and the services it provides. We do not yet have all the backup beds available, but they are close. Significant changes

have occurred. Although there has still been some ambulance ramping at Joondalup Health Campus, remembering that it was the worst of all the hospitals for ramping, it previously had significant numbers of diversions as well as ramping; however, there are now no diversions from that hospital as it takes all patients who present. Initially, although ramping was down, it was still significant, but when I questioned the hospital about that aspect, the reason I was given was that some of the wards that will provide the bed capacity had not yet been opened. In addition, a 10 per cent surge in demand had occurred; that is, a surge in the number of people coming through the door, which is amazing. Where do all those patients come from? One could think that they are patients who would otherwise have gone to Sir Charles Gairdner Hospital, but demand on that hospital has increased as well. It is as though they are new patients. Now that Joondalup hospital is bigger, people who cannot get to their general practitioner are perhaps attending the hospital. Maybe there are not enough GP services in the area. The way to test that is to look at the types of patients and the percentage of admissions required, and these are pretty much the same. We talk about us being a healthy lot in Mandurah, but you must be a sick lot up there in Joondalup!

Mr A.P. JACOB: Steady on!

Ms J.M. FREEMAN: It is the people from Dianella who are going up there.

Dr K.D. HAMES: Yes. I go to Royal Perth—a great hospital. Sorry; I have not yet finished my comments.

I want to offer my staff, who have been much more deeply involved in this project, the opportunity to make some comments, particularly about the progression of the construction and when those services will be opened. Who wants to do that? Dr Russell-Weisz.

Dr D. Russell-Weisz: Thank you, minister.

The Joondalup redevelopment program has to date been a great success. We opened the emergency department and the public ward block behind it ahead of schedule. The next stages of the Joondalup redevelopment look to be at least on, or in some cases ahead of, schedule. It is critical, as the minister said, that we bring on the additional beds, which is the next phase of the work. We have seen some spectacular increases in demand since the emergency department opened—noting that there has been a net increase in beds of about only 30 beds behind the hospital. Although we opened a 55-bed block, we had to take down some other beds while we do the extension to the older blocks. Since the new ED and ward block opened, we have seen an 18 per cent increase in ED attendances, which is quite significant. Probably more significant—we do not know whether this will continue—is a 33 per cent increase in what we call the triage 1 and triage 2 categories; that is, the most urgent categories in the emergency area. We are seeing more emergency surgery as well. However, the hospital retains most of its work and sends a very small percentage down to Sir Charles Gairdner or Royal Perth Hospitals.

As the minister said, we have not seen any reduction in demand at Royal Perth or Sir Charles Gairdner Hospitals, and we are looking very closely at those figures. Ultimately, we will end up with a hospital, in May 2013, that will have 471 public beds, and we will also have a 145-bed, stand-alone private hospital. That is a significant and very successful development on that site.

Mr R.H. COOK: I may have to beg the minister's indulgence; I guess the kernel of my question relates to the total cost of services outlined on page 127, although the minister may be able to correct me and say I refer to cost and activity growth. Obviously, we anticipate that with the commissioning of Fiona Stanley Hospital—as identified in the Fiona Stanley Hospital business plan that the minister made available to members of Parliament—over 950 nurses will come from Royal Perth Hospital. Of course, the document the minister provided was prior to his decision to maintain Royal Perth Hospital at 410 beds. I am interested to understand not only the quantum of recurrent funding for the commissioning of Fiona Stanley Hospital, but also how the minister will address the staffing issues, particularly with the nursing population maturing. How will the minister meet the staffing challenges associated with the commissioning of Fiona Stanley Hospital?

Dr K.D. HAMES: The provision of a 400-bed facility has not changed since we were in opposition. We said then that it would be 400 beds. As it turns out, in the reconfigured model, it will be 410 beds, but we always said it would be 400 beds.

Mr R.H. COOK: No, minister; I am saying that the quoted business case was drawn up prior to the minister making the decision to go to 410 beds. I think the business case, which is dated 2007, is predicated on a much lower activity level at Royal Perth Hospital.

Dr K.D. HAMES: Sure; that is right. The clinical services framework that we have just put out transitions those beds and costs from what is currently there today into the forward estimates.

Mr R.H. COOK: But that does not account for over 950 nurses.

Dr K.D. HAMES: It accounts for the total estimated expenditure listed under appropriations in the forward estimates and goes beyond 2014. It includes all the people required to staff those hospitals at the levels that we have predicted. The question is: how difficult will that be? Part of it is —

Mr R.H. COOK: I guess part of it is: where will the minister get them from?

Dr K.D. HAMES: Yes. I will talk about nurses to start with. In the days of the former Labor government nurses were exceptionally hard to find. Many were found driving Haulpaks in the Kimberley because the income was so high from that activity. We lost a lot of staff during that last boom as people began working outside the hospitals. I was lucky enough to find, when I came to government, that many such people came back to the hospital system. This was partly because of the dip or the global financial crisis, but we now find that as the activity in the mining sector increases, we are not losing those people again. I think people have been there and tried that type of work and found that it was not really what they wanted to do. Such mine work might provide more money, but it means being away from family and away from services. We are not finding a lack of nurses. A lot of nurses are coming through the system each year, and, to some extent, the challenge is to find enough nurses to retire to fit in the new nurses while staying beneath the full-time equivalent cap. Those FTE caps were set by the state government in anticipation of nurses needed when the extra hospital beds open. I do not know whether members have been through the numbers lately, but the number of tertiary beds reduce in the new model; I refer to the model under both the Liberal and former Labor governments. I used to know the figures off the top of my head, but I cannot remember them now. It was something like 1 300 tertiary beds across the tertiary system to reduce to in the order of 850 tertiary beds, whereas the number of secondary beds will increase significantly. The overall balance is a rise over the forward years of about 500 extra beds within the system, which the Australian Medical Association has been calling for, as the member knows, for a long time. We need those extra beds. We think that enough nurses are going through the system to staff those additional beds. It is the same situation for doctors. By then, we will have 310 doctors going through the system each year. One of the critical difficulties is getting the doctors who currently work at Royal Perth Hospital to work at Fiona Stanley Hospital. Many of them own houses in the northern suburbs and like to live north of the river, as the clever ones among us do! They are not so keen on south of the river.

Mr R.H. COOK: The minister is the one who kept the hospital open. I think the previous minister had a much more ruthless approach to that issue.

Dr K.D. HAMES: He did. He was ruthless. But our doctors want to stay at Royal Perth Hospital. I think we will find that there will be quite a few retirements. When it comes to moving, those people who are getting towards the end of their careers, many of whom work in both the public and private sectors, will be happy to return to the private sector only. We will have trouble recruiting the numbers needed because it is a new hospital, because it is south of the river and because it is a fair way from where people are. Nevertheless, we are now working through that and planning. We are talking to doctors to try to work out who is ready to go. When we recruit people from overseas, we say, “You are here now, but in 2014 you will be working at this hospital, so choose your accommodation carefully to ensure it is easy for you to get there.” That will be the difficulty. The dollars are there to cover the activity growth in the future in the forward estimates.

[3.10 pm]

Mr R.H. COOK: Can the minister provide us with a copy of the Fiona Stanley workforce development plan put together by the workforce division and area allied health adviser of the South Metropolitan Area Health Service so we can see the scope of the plan and where it is up to?

Dr K.D. HAMES: I can ask the department. The plan is still being developed.

Mr R.H. COOK: With respect, under the business plan, the workforce plan was supposed to be completed by mid-2008. It should not be in development; it should already be gathering dust.

Dr K.D. HAMES: The director general will provide a detailed, salient answer to the question.

Mr K. Snowball: With the draft workforce plan, and particularly the detailed workforce plan behind it, it is not just about how many nurses we need, but how many nurses with particular skill sets we need. A lot of additional work still needs to go into the plan that is in front of the member now. That plan is very much a broadbrush plan; I certainly would not want to use it as the vehicle to transition Fiona Stanley Hospital and Royal Perth Hospital and so on. There is a lot more work to be done at that detailed level. That is my first point.

My second point is that major events radically and quickly change the workforce supply side. The global financial crisis utterly changed the dynamics of nursing. Our turnover of nurses reduced so quickly, that we basically had surplus nurses. That is our prospect. It is really a case of working through this plan, getting the detail right and getting the target; that is, making sure of our supply side and that our overseas and interstate recruitment satisfies that. At the same time we have to keep an eye to what is happening in the broader health system. We find that the closer we get to the final plan, the more we start to build that workforce information.

We do not have to pull the trigger on any of this until such time as we are in trouble. For example, if we find we are two years out, that is not enough time to train nurses with particular skills. Therefore, that is the timetable. By mid-2012 we need to have all of that detailed work completed and that is what is happening. As I said, currently the plan is still a work in progress.

Mr R.H. COOK: I appreciate that and I thank the minister for the answer. I understand this plan is a dynamic document. Could we please have a copy of the workforce plan for Fiona Stanley Hospital as it currently exists?

Dr K.D. HAMES: I will hand over to the director general. This is not a political issue for the government; I have no problem with giving the document. It is a matter of the organisation —

Mr R.H. COOK: It is a political issue. The government is trying to privatise a significant portion of the health sector workforce; I can assure the minister that the matter is political.

Dr K.D. HAMES: The government is not privatising the workforce. We are contracting out support services for that hospital, and we should note that I have corrected my previous language, which made them so upset. The detailed workforce issues we have to deal with will not be about those support services that the member is so concerned about politically; the issues will concern nurses, doctors, physiotherapists, occupational therapists and all the rest of the service staff who will be employed by the government and will provide a public service. The detail about those workers is what the member asks for, not the detail about the other workers who will not be at Fiona Stanley Hospital—they will still work at Royal Perth Hospital.

Mr R.H. COOK: If my question is not political, the minister should have no problem handing over the workforce plan.

Dr K.D. HAMES: I will give the member that which it is practical for a government department to give, not a response to any political concerns.

Mr K. Snowball: The department has no fundamental objection to releasing the information, but I would like to put some riders on it so that it is very clear what it represents and what additional work needs to be done. I would hate to see our work in progress taken as the final picture of our workforce plan for Fiona Stanley Hospital.

Dr K.D. HAMES: I suggest that the member work with the director general. The director general will provide the information and discuss with the member what it relates to and what it does not.

Mr R.H. COOK: Will that be supplied by way of supplementary information?

The CHAIRMAN: It is not supplementary information at this stage. I understood that the member would contact the director general. If the member wants supplementary information, that is perhaps more difficult to arrange than him meeting with the director general. I do not know what the member wants.

Mr R.H. COOK: This is a bit like *deja vu*. I was promised a number of documents during last year's estimates period and I took it on faith that they would come, and they never did. Therefore, I ask the minister if he could supply the plan as supplementary information.

Dr K.D. HAMES: I am not aware of any documents that the member did not receive. If we agreed to provide them as supplementary information —

Mr R.H. COOK: The documents were about Indigenous health; the director general agreed offer to provide several documents and did not.

Dr K.D. HAMES: If we agreed to provide documents as supplementary information, it is a requirement that we provide them. All the member needed to do was raise the matter in the house, because I am obliged to supply them.

The CHAIRMAN: Will the minister supply the workforce plan by way of supplementary information?

Dr K.D. HAMES: I will not. I offer a direct personal briefing on the plan for the member by the director general.

The CHAIRMAN: That is what I understood. Is the member happy to have a personal briefing with the director general?

Mr R.H. COOK: The minister has made it clear that he will not provide the plan by way of supplementary information. I am clearly at the mercy of the government on this matter.

Dr K.D. HAMES: If I do not wish to provide it by way of supplementary information I am not obliged to. A briefing is available to him; I would be keen for him to have it, because this is an issue we want to work with the opposition on, not be at loggerheads.

Ms J.M. FREEMAN: I refer to doctors going to Fiona Stanley Hospital and the minister's comments about them being from the leafy green suburbs, and not wanting to move to the part of the city where Fiona Stanley Hospital will be. I have heard anecdotally from a few friends of mine who are doctors at Royal Perth Hospital

that there is a feeling that Royal Perth Hospital is being run down as an incentive for doctors to go across to Fiona Stanley Hospital. It has been said that there will be better facilities at Fiona Stanley Hospital. Is that the case?

Dr K.D. HAMES: I doubt that very much. People make their own judgements that they would expect the services in a brand-new hospital to be better. I do not know that I will be yet be able to put together the \$600-odd million required to build the west wing of Royal Perth Hospital. If we do not build it, the alternative is to do a major redevelopment, and they are often of a very high quality and standard. I have made a commitment to those doctors that Royal Perth Hospital will remain one of the three major tertiary hospitals. The major trauma unit will still be there, as will the heart and lung transplant unit. As we discussed when I mentioned that I had had a meeting at Royal Perth Hospital in the last couple of days with senior clinicians, nurses and ward staff, collectively, about the four-hour rule, they told me that they were very proud of their hospital. They were very happy that Royal Perth Hospital would be kept as a tertiary hospital. I am not sure whether the member knows, but I was recently unwell and the first place I went to was Royal Perth Hospital—not to any other hospital. I am very determined to keep Royal Perth Hospital as a significant force in tertiary hospitals in this state.

Ms J.M. FREEMAN: I refer to the minister's response to my first question. Can the minister confirm that unless he gets the money to rebuild the west wing of Royal Perth Hospital, there will not be the facilities needed to keep many of those doctors at Royal Perth Hospital, and that they will have to relocate to Fiona Stanley Hospital in order to be able to work with the facilities that they need and to work in the tertiary hospital area that they want to work in?

Dr K.D. HAMES: That is not the case. Royal Perth Hospital exists as a tertiary hospital with all the facilities required to operate as a tertiary hospital—those facilities are there now. Some of the facilities are a bit tired, but not all of them. The former Labor government spent a lot of money on upgrading sections of the hospital, for example, the coronary care unit and the burns unit. Those are high-quality areas within the hospital. The worst thing that could happen is that the government does nothing, and even then the hospital will still have all the facilities it has now. The hospital will not be downgraded in any way. It will remain the tertiary hospital that it is now. I would much prefer to improve the standards of service at Royal Perth Hospital, not to leave them as they are at present. That is my plan, and I will need to develop it by the next election so that people can clearly see what it is. We should remember that at present, the standards at Royal Perth Hospital are probably not that different to those of Sir Charles Gairdner Hospital. The standard of buildings, rooms and wards at Royal Perth Hospital is similar to what is available at Sir Charles Gairdner Hospital. But these hospitals will be in competition with Fiona Stanley Hospital, which is a new state-of-the-art hospital. Therefore, there will be a balance between doctors who want to stay in an old hospital and those who want to move to a new one. I want to try to encourage the doctors to remain at Royal Perth Hospital by improving the standards beyond what they are at present.

The member obviously has another little question that is bubbling to get out.

[3.20 pm]

Dr G.G. JACOBS: Minister, while we are on hospital infrastructure, on page 129 there is an impressive list of infrastructure for hospitals in Western Australia. Under the Midland health campus, though, is listed \$360.2 million. When will the construction of the new hospital commence? Is the planning complete? Where is this time line? Does the minister see the progress of this to a new hospital in Midland to replace, I believe, Swan District Hospital?

Dr K.D. HAMES: I thank the member for the question. Work is progressing well on the construction of Midland hospital. We now have two short-listed proponents, as we previously announced. One is Ramsay Health Care, which manages the Joondalup Health Campus. The other is St John of God Health Care. Those two proponents are going through the final stages of analysis before one is chosen as the preferred tenderer. We remain on time to complete the hospital. Work will commence in mid-2012 and be completed in 2015. As the member knows, it is \$360 million—\$180 million of that is state government money and \$180 million of that is commonwealth government money. We are very confident that that process will provide an excellent service. That is going to be a design-build operation and we will maintain public-private partnership with one of those companies, although the option of funding is still available as part of our discussions with those companies.

Dr G.G. JACOBS: As a follow-up question, can the minister tell us about hospital beds and services? Will the Swan District Hospital Campus have more services?

Dr K.D. HAMES: The member may recall that the original proposal from the Labor government when we were in opposition was to redevelop the old Midland hospital. I looked at that and it has gone beyond its time span. It is sprawling; it is old methodology. To try to turn that into a modern, vibrant hospital, in my view, is impossible. We then put out a document to say that, if we were in government, we would relocate and build it in the heart of Midland next to the railway line. I am very pleased to say that a month later the then minister decided that his

government would do exactly the same thing. Labor offered different timetables for completion—earlier timetables, I think, commencing in 2012. When we came to government, nothing had been done in the design or planning for that hospital. Certainly the funding was nowhere near adequate for the timetable or the scale that was proposed. There will be more beds. I do not have the exact number here. I have a list, and the member can add them all up. Prior to 2010–11 there will be 428 beds at that location: 90 multi-day beds, 28 obstetric beds, 28 assessment short-stay beds and 46 restorative rehabilitation/stroke beds.

Ms J.M. FREEMAN: Minister, can we move on?

Dr K.D. HAMES: I am happy to provide that detail to the member for his information.

Dr G.G. JACOBS: What about mental health?

Dr K.D. HAMES: Yes, there are 56 acute mental health beds, which is a tremendous number. Do we know what the current number of beds is?

Dr D. Russell-Weisz: Minister, it is about 180.

Dr K.D. HAMES: There 180 beds currently. That will go to 428. This will be a major —

Mr W. Salvage: It is 307.

Dr K.D. HAMES: Sorry, I am getting that confused. The final number of beds will be 307, up from 180 currently. This will be a major regional resource centre.

Mr R.H. COOK: A representative of the minister's department was in the newspaper quite recently saying that the department is looking at the two bids, and then it would decide between the three players in the bidding process—that is, the public system and then the two private bids. The minister has just said that he is going to go with the private bids. Will he make the public–private comparator, which he has obviously done as a result of that, available to the Parliament, or has the minister turned his spokesperson for the Department of Health into a liar?

Dr K.D. HAMES: No, and I have not. Please note that a dot point here says that Pfizer will develop a public–private comparator for the project in line with the department's public–private partnership policies.

Mr R.H. COOK: But the minister has just said that he is going for a public–private partnership. Has the minister done the comparator or not?

Dr K.D. HAMES: The final decision regarding the company that proceeds with that will be made on the advice of those who are involved in doing the assessment. Part of that assessment before they make that recommendation is to do a public–private comparator. If I have said in the words I have used earlier that we will go with one of them, then I will retract those words and say that we will go with them, subject to the recommendation being made to do so. That will obviously then come to cabinet.

Mr R.H. COOK: That is a bit cute.

Dr K.D. HAMES: I think I am being more accurate.

Ms L.L. BAKER: At the bottom of page 145 of Budget paper No 1 reference is made to the Sir Charles Gairdner Hospital redevelopment stage 1.

Dr K.D. HAMES: Yes; \$57.708 million.

Ms L.L. BAKER: That is the figure I am interested in, because when I checked back to last year's budget papers, the total cost of building stage 1 was estimated as \$83.954 million. Could the minister explain to us why there is a funding cut of \$26 245 000?

Dr K.D. HAMES: Yes, I can. I need to get someone to go through the details, because I forget, because it was well over a year ago that we did this. A budget for Sir Charles Gairdner Hospital was developed by the previous government. We changed that some time ago to look at what we were going to build and how we were going to build that. The original funding was developed when Royal Perth Hospital was going to close as a tertiary hospital. There was going to be 1 000 additional beds on that site, and they had to be developed. Part of that original funding was for a surgical unit to take over elective surgery from the hospital. Jodie South has the information on the change.

Ms J.E. South: The total redevelopment money for Sir Charles Gairdner Hospital was reported in last year's budget. That is a pool of money. As a project gets approved, it gets put into a separate line within our budget papers. What can be seen in the budget paper now is the remainder that is still to be allocated to projects.

Dr K.D. HAMES: Can I just interrupt there; obviously the answer I gave was incorrect. What I was talking about was what happened a year previously when we did significantly change that. If I could just get that on the record and then we can go back to Jodie.

Ms L.L. BAKER: An amount of \$83.953 million was in the bucket, and now \$57 million is in the bucket. Is that because the minister did a really expensive plan?

Ms J.E. South: Through the minister, that is because a range of projects have been approved out of that bucket since last year's budget. Those projects are now reported separately in the budget papers.

Dr K.D. HAMES: Such as?

Ms J.E. South: Examples would be a high-priority remodelling stage 1.

Ms L.L. BAKER: Is this for Sir Charles Gairdner Hospital?

Ms J.E. South: It is at Sir Charles Gairdner Hospital. That is correct.

Ms L.L. BAKER: These are all extra projects at Sir Charles Gairdner Hospital.

Ms J.E. South: That is exactly right.

Dr K.D. HAMES: Before we proceed, I ask the Deputy Leader of the Opposition what he wants to do in terms of timing and when he wants to move to the next division?

[3.30 pm]

Mr R.H. COOK: I am conscious of the fact that we need to move on. It looks like the member for Nollamara needs to ask a question.

Dr K.D. HAMES: We have an hour and a half to go for mental health and this division. I would be happy to spend all my time on this.

Mr R.H. COOK: The minister and I both, but we will get into trouble.

Ms J.M. FREEMAN: I refer to the "Health Services Development Fund" on page 145 of budget paper No 2, which is perhaps not the best place for this question that relates to the land at the corner of Milldale Way and Mirrabooka Drive, Mirrabooka. The minister was not going to leave this place without answering me!

Dr K.D. HAMES: It would have been hard to find a line, so I appreciate the member's difficulty.

Ms J.M. FREEMAN: I did find a line. Given that that land swap has occurred and the department has the lot on the southern side of Milldale Way, what are the plans for that land and when will those plans be implemented, or do I have to put up with degraded land for even longer?

Dr K.D. HAMES: I am surprised that the member did not include some criticism of a previous minister, because she will recall that, as the former Minister for Health, John Day had planned to build a day surgery centre; he had funding for that, and then it was cancelled.

Ms J.M. FREEMAN: What are the plans now, minister?

Dr K.D. HAMES: We have been through some difficulties working with the Department of Housing trying to get that land. I had a meeting with the member for Bunbury when he was Minister for Housing and got agreement on changing that. It has taken us a long time to do it.

Ms J.M. FREEMAN: It is a done deal now.

Dr K.D. HAMES: Now I will get to the member's answer. I do not know the answer, so Ms South will tell me exactly what will be there and when we are going to do it.

Ms J.M. FREEMAN: It is a done deal. They have the land. They are doing the redevelopment. What is the minister doing?

Ms J.E. South: Through the minister, the idea of the Mirrabooka land was always to be a land bank for health. As part of our strategic asset plans, as required by government, we need to look ahead in relation to how we purchase land for the future for areas of need. Mirrabooka was always one of those sites. If the member looks at the northern corridor, there is a large area, particularly in the middle, that is not serviced by a hospital and people have to go as far north as Joondalup, as far east as Swan District or down to Osborne Park. I could not give the member a definitive answer to when we will build a particular facility there, but it is definitely part of our asset plan in the next 10 to 15 years to look at some kind of facility to support the northern hospitals.

Dr K.D. HAMES: I have a plan. In the lead-up to the next election, the member for Nollamara can get the Deputy Leader of the Opposition on her right to commit to something that is appropriate and then I will match his election commitment because I will have to also keep our votes up in that area. I think something needs to go through and one way or the other we will get it done.

Ms J.M. FREEMAN: Meanwhile, the good people of Mirrabooka get degraded land.

Dr K.D. HAMES: I think that some sort of day surgery centre would be the most appropriate use for that site.

Ms J.M. FREEMAN: It is not going to happen.

Mr R.H. COOK: I will get the chequebook!

Dr K.D. HAMES: If the member has not worked it out, commitments before an election are worth their weight in gold.

Ms J.M. FREEMAN: There is enough land for the minister to rent out there; he is just banking on that land and using it as an asset, and nothing will happen to it. The people in that area will have to put up with land that is degraded.

The CHAIRMAN: We have a little bit of banter on that.

The appropriation was recommended.

Division 74: Mental Health Commission, \$527 928 000 —

Mr M.W. Sutherland, Chairman.

Dr K.D. Hames, Minister for Health.

Mr E. Bartnik, Commissioner for Mental Health.

Ms A. Keller, Acting Director, Corporate Services and Governance.

Mr E. Dillon, Acting Director, Services, Purchasing and Development.

Ms D. Pawelek, Director, Performance and Reporting.

Mr K. Snowball, Director General, Department of Health.

Mr W. Salvage, Acting Executive Director, Resource Strategy and Infrastructure, Department of Health.

Dr D. Russell-Weisz, Chief Executive, North Metropolitan Area Health Service, Department of Health.

[Witnesses introduced.]

The CHAIRMAN: The Deputy Leader of the Opposition has a question.

Mr R.H. COOK: The Minister for Health made us aware in the last session with the Drug and Alcohol Office that although it appears in the budget of the health department he is not the responsible minister. If we have questions on the Drug and Alcohol Office, can we ask the Minister for Mental Health, even though it occurs in this minister's budget?

Dr K.D. HAMES: I do not think that is a question for me; that is a question for the member.

Mr R.H. COOK: I am providing context.

Dr K.D. HAMES: The Drug and Alcohol Office was dealt with in the last session. The member may want to try to find some context in this session, but the Drug and Alcohol Office advisers were present in the previous sessions and they are not here now. Next year, that component will be transferred.

Mr R.H. COOK: I think that is what the minister said last year, too.

The CHAIRMAN: I do not think I can take that much further.

Ms L.L. BAKER: I refer the minister to the suicide prevention strategy referred to in the fourth dot point on page 885 of budget paper No 2, and also the income statement on page 888. Originally, \$13 million was allocated to the suicide prevention strategy, the majority of which, \$10.3 million, had to be handed back unspent. How much of the "\$10.3 million in increased expenditure" referred to in the first paragraph of page 888 has been allocated to the suicide prevention strategy?

Dr K.D. HAMES: I will hand the question to Mr Bartnik.

Mr E. Bartnik: In response to the first part of the member's question regarding funds in the previous year to do with the suicide prevention strategy, any funds that were allocated that were not spent have been carried out into current or future years. Therefore, the full \$13 million has been totally preserved.

Ms L.L. BAKER: Is that as a suicide prevention strategy?

Mr E. Bartnik: Yes, as a suicide prevention strategy—having been totally fenced for that purpose. There is an additional amount of \$500 000 each year for the administration of the non-government agency, and Centrecare, which is the contracted agency. The latest expenditure for this year to deal with the strategy is \$1.36 million. All the unspent funds in this year have been totally carried over to next year.

[3.40 pm]

Ms L.L. BAKER: I am sure that the Mental Health Commission has looked in great detail at why that money was not spent last year; indeed, I know that a number of stories are out there at the moment, as there often are. I would like to explore the issue with the minister. In particular, I am aware that Centrecare was the agency that

was eventually contracted to deliver on this program. Was Centrecare the first and only head agency contracted or was another agency contracted originally?

Dr K.D. HAMES: We have to go through this little charade in which the Chairman has to say “minister” and I have to say “Mr Bartnik” each time the member asks a question.

Mr E. Bartnik: Does the member’s question relate to the new suicide prevention strategy?

Ms L.L. BAKER: No, my question relates to the original strategy—last year’s.

Mr E. Bartnik: The Telethon Institute for Child Health Research originally had an operational grant of about \$500 000 a year to maintain the database and to do research and various other things. That was brought in as part of the new strategy with all the community action plans and the agency action plans as one tendered contract, and Centrecare was the successful tender for that contract.

Ms L.L. BAKER: Has the minister had the chance to find out what went wrong in getting this funding out? Clearly, there was an enormous bottleneck. The public would be very keen to know why the government did not get this money out there, considering suicide prevention is this government’s enormous election priority and great commitment, and it is a matter that is of extreme concern to all of us.

Mr E. Bartnik: In the Australian context the Western Australian strategy is very innovative; instead of the money simply going into direct service delivery, the framework for the suicide prevention strategy consists of community action plans running parallel with agency action plans. Community actions plans are grassroots community initiatives, often with a community coordinator, that build on local community initiatives and bring additional funding to areas of need. Agency action plans involve government departments, businesses and a range of other organisations, signing up to not only implement suicide prevention strategies in their own agencies, but also support the local community initiatives.

Ms L.L. BAKER: Whose fault is it that the money was not spent? Is Centrecare being blamed or is it due to the new commission’s inability to get the money out through a streamlined process under a sensible contract?

Mr E. Bartnik: The way the strategy has been set up, the Mental Health Commission holds the funds. Centrecare is contracted as the non-government agency to implement the strategy in conjunction with the Ministerial Council for Suicide Prevention, which oversees the strategy and reports to the minister. The ministerial council oversees the work of Centrecare, which deals with communities and different organisations. The community action plans and the funding approvals go back through the ministerial council —

Ms L.L. BAKER: Sorry to interrupt. I have some understanding of the process. I am trying to work out whether the department has worked out what went wrong so that it does not happen again. Where does the department see the blame being sheeted home to and how is it fixing the problem?

Mr E. Bartnik: I think that part of the issue is that the way the strategy is set out requires development of working with communities. The strategy is not simply going and offering money to communities. The process of working with communities, identifying a coordinator and then having a plan, takes time. We have developed quite a lot of momentum with approved community action plans and developing plans with a range of other communities. We will see this strategy accelerate quite quickly.

Ms L.L. BAKER: Mr Bartnik outlined four levels in the approval process: working on the ground, working through Centrecare, referring to the council and referring to the minister. That seems to me like an inordinate amount of red tape for a small agency trying to deliver crisis and, in many cases, absolutely essential services. Has the department got rid of that red tape?

Mr E. Bartnik: The Mental Health Commission works very quickly to respond to crises. To deal with the suicide issues in the Kimberley, the commission worked very quickly to allocate funds in conjunction with the WA Country Health Service and non-government agencies. The suicide prevention strategy is not about an urgent critical response to a situation; it is about a longer term development plan.

Ms L.L. BAKER: I would argue that it is still critical.

The CHAIRMAN: We do not want to have banter across the floor.

Dr G.G. JACOBS: The first dot point on page 885 of the *Budget Statements* refers to social housing. What funding has been allocated to social housing, particularly for people with mental illness? How many units will there be and in what configuration? Last but not least, are any units assigned to my region of Goldfields–Esperance?

Mr E. Bartnik: As part of the current budget, \$46.5 million in capital has been allocated to the Department of Housing for housing people who are currently in mental health inpatient facilities. The amount of \$47.5 million is allocated for 100 individual dwellings, approximately 80 of which will be located in the metro area and about 20 in different country areas. What will be quite different about this strategy is that it will have a housing

component and also individual packages of wrap-around support. The process will involve identifying each person personally and a plan being developed to deal with returning those people to their communities. As the housing arrangements will be dependent on where the people have come from, I cannot really answer whether any units will go back to the member for Eyre's electorate. However, the priority people will be relocated back to their homes and communities.

Dr K.D. HAMES: This is quite an innovative way of doing things. When I was Minister for Housing and Hon Paul Omodei was the Minister for Disability Services, I offered to build him however many houses he needed to house people with disabilities. His trouble was getting those wrap-around services and the extra support needed to look after people with disabilities. I could always build more houses than he could find staff to put in them. Putting housing and mental health services together like this as a package is unusual, but extremely effective.

[3.50 pm]

Dr G.G. JACOBS: Obviously, those support packages will be personalised. Is this part of this money? We are talking about money to build the unit. Are we are talking about extra money for this personalised package, or is it all in the one?

Mr E. Bartnik: There are two separate buckets of money. The support package is in the mental health budget. I think it is about \$2.7 million this coming year. That is because we have cashflowed it from only about March. It will be about \$7.4 million recurrent next year. It means the average package for people will be about \$74 000. That will include a community support component, practical support for daily living and employment and being involved in the community. It will also include a component for clinical support, so we will have a package that will have all the things that people need.

Dr G.G. JACOBS: Congratulations, fantastic.

Ms J.M. FREEMAN: Are any going into the electorate of Nollamara?

Mr R.H. COOK: No; they are all going to Esperance!

Dr K.D. HAMES: Has any decision been made on where they are going or is that decision still coming?

Mr E. Bartnik: We are working with the key people in the public hospital system to identify people who have been stuck in hospital, typically for longer than six months, who require significant support—both housing and wrap-around support—to return to their communities.

Ms J.M. FREEMAN: Is the answer that there has been no allocation to the areas they are going into at this point in time?

Mr E. Bartnik: Only the notional allocation of housing—about 80 housing units to the metropolitan area and about 20 to the country. We had to do that to give the Department of Housing an indication.

Dr K.D. HAMES: We would be happy to put lots in the member's electorate if that is what she wants.

Ms J.M. FREEMAN: I have a perfect piece of land that the health department owns. The commissioner said there was \$4.65 million; is that state or federal funding?

Mr E. Bartnik: This initiative is totally state government funded.

The CHAIRMAN: Member for Nollamara it is now your turn; do you have another question?

Ms J.M. FREEMAN: Thank you, Mr Chairman, I do. I refer to the last dot point about the new "Mental Health 2020 Strategic Policy" at page 884. I am told reliably that the PricewaterhouseCoopers investigation into a strategic plan and consultation came down in December 2009. Where is the strategic plan at this point in time? How is the department allocating such things as the housing we just spoke about, without a comprehensive strategic plan?

Mr E. Bartnik: The PricewaterhouseCoopers document set out more than 90 specific initiatives for mental health. In August–September last year the Mental Health Commission undertook a further series of consultations with the community to check out the validity of that report and get feedback from the community. Generally, there was strong support for the directions, and some feedback from the community to say that the plan needed to be more strategic in terms of its overall performance system and that some specific gaps needed to be addressed. One of those gaps was people with disabilities who also had mental health problems. The Mental Health Commission has published the consultation feedback summary. The redrafted report, which is a much sharper document and more strategically focused, is with the minister for her consideration. We expect that to be released shortly.

Ms L.L. BAKER: We have been waiting for nearly three years now, how long does "shortly" mean?

Dr K.D. HAMES: Shortly is a decision for government based on what the minister thinks when she has finished reading the document, when she brings it to cabinet and when she decides to release it.

Ms L.L. BAKER: After three years, we have no strategic plan and we have given back a lot of the suicide prevention strategy funding. Exactly what value is the commission currently adding to mental health in this state?

Mr E. Bartnik: The strategic plan is currently with the minister. When it is released I believe it will be a very forward looking, innovative strategy for Western Australia. In answer to the question about suicide prevention strategy, in fact, the commission has safeguarded all those funds to be sure they are part of a strong strategic framework. Not only has the Mental Health Commission been very thoughtful in its new investment in working in partnership with the Department of Health on the development of all the clinical services, but also there has been a very strong investment in the community sector as part of our future direction, which sees a need for both clinical services, which might be hospital or community based, and a greater proportion of practical community support for people.

Ms L.L. BAKER: The commissioner mentioned extra investment in non-government services. What percentage target does the commission want to increase the delivery of services to? At the moment it is about two or five per cent—I cannot remember, sorry. The minister can quote what is happening in the eastern states in terms of the number of services being delivered by government in the mental health area versus the non-government sector. At the moment it is sitting at quite a low level, which is not the commission's fault; it is historic. Where is the target?

Mr E. Bartnik: It is sitting around nine per cent. I think the Western Australian Council of Social Service, in one of its recent submissions—or the Western Australian Association for Mental Health—was looking at a figure of between 15 and 20 per cent. We consider that needs to be a very gradual process. We greatly value the clinical support provided, particularly through the public mental health system. It is a matter of preserving and growing that as well as growing the non-government sector at the same time. To be perfectly honest, having worked in a range of other sectors, the mental health non-government sector is relatively underdeveloped. It is not simply a matter of saying, "Here is another \$20 million or \$30 million because of the workforce and the capacity." We have been investing in the capacity of the sector to take the next step.

Ms L.L. BAKER: I understand that, and that is laudable. I wonder what the time frame is for bringing it up to 15 per cent.

Mr E. Bartnik: Every action the commission has been taking has been to strengthen the community sector. With regard to new initiatives in the budget, the majority of funding for the 100 packages of support, for example, will go to the non-government sector for the community support component. The majority of funding for the two intermediate-care units that are being developed at Joondalup and Rockingham will go to a contracted non-government agency with clinical in-reach. I think we are starting to see the bulk of the investment going into practical community-based services.

Mr P. ABETZ: I refer to the third line item under "Major Spending Changes" on page 883, "Transfer of Funding for Construction of the Joondalup/Rockingham Intermediate Care Units". What is being done to help people with mental illness make that transition from hospital to community?

Mr E. Bartnik: Intermediate care units are often called step-down or step-up units. They are for people who might be discharged from hospital who have got over their acute phase and require a period of stabilisation. There might be people who require some intensive support who could be kept out of hospital on the way through. The profile of infrastructure facilities in Western Australia is that we have a reasonable number of mental health beds, but we have been underdeveloped in the step-down facilities, which help free the acute beds for people who really need them. This line item is for two units each of 22 people—one north and one south—that will be able to fast-track people out of hospital beds on the way back to their local communities.

[4.00 pm]

Mr R.H. COOK: The amount of \$12.8 million appears to have been taken out of the 2010–11 budget. Where has that funding gone?

Mr E. Bartnik: In the current budget year, a significant amount of non-recurrent mental health strategy funds were carried over from previous years. There also had been previous planning for these intermediate-care facilities. In conjunction with the Department of Health, the Department of Treasury and Finance, and the Department of Housing, the non-recurrent funds from this year have been transferred to capital to build the two facilities. They will then be staffed through recurrent mental health services funding. It is a transfer of cash from this year into the capital account for building these two facilities in the next two years.

Ms J.M. FREEMAN: Where has it gone? We were directed to page 883. The amount is in brackets to indicate it was taken out. Where can I find it in the budget?

Mr E. Bartnik: It will go to the Department of Housing. There has been a budget transfer because the Mental Health Commission does not hold capital funds.

Mr R.H. COOK: For the immediate-care unit, do they get done by the Department of Housing?

Mr E. Bartnik: Yes. We will oversee the contracting and specification —

Ms J.M. FREEMAN: But is it at Joondalup hospital?

Mr E. Bartnik: No. The Joondalup one will be built on the back of the Joondalup hospital site. The location for the Rockingham one is yet to be determined. That has only been a recent announcement.

Mr R.H. COOK: So the money is sitting with Housing while the Mental Health Commission decides what to do with the one at Rockingham?

Mr E. Bartnik: The money has been transferred to Housing for next year. The Joondalup tender has already been let. We estimate that the Rockingham tender will be let by the end of the year.

Ms J.M. FREEMAN: It is in the forward estimates for the Housing budget—is that right?

Mr E. Bartnik: It will be in the 2011–12 Housing budget. The recurrent funds to operate the facilities—which will be a combination of non-government and typically public mental health clinical in-reach—are in the forward estimates of the Mental Health Commission.

[Mr A.P. O’Gorman took the chair.]

The CHAIRMAN: Further question, member for Nollamara. You need to address it to the minister.

Ms J.M. FREEMAN: I am now looking at the Housing Authority budget on page 701 of the *Budget Statements*. Can the minister point me to where that money has gone?

Dr K.D. HAMES: I would be surprised if Mr Bartnik knew that; it is not his budget. Housing would have it wherever it wants to have it. The member needs to ask the Minister for Housing to identify where it is, unless Mr Bartnik can surprise me by knowing it off the top of his head. The answer is no.

Ms J.M. FREEMAN: Can the minister answer it by way of supplementary information? It was in the budget of the Mental Health Commission but it has been taken out. Now the minister is telling us it is in the forward estimates of Department of Housing capital. Is it possible to answer it by way of supplementary information?

Dr K.D. HAMES: No; we cannot provide that as supplementary information. It is an issue for the Minister for Housing. I am sure if the member asks the Minister for Housing the question, he will be able to say exactly where it is.

Mr R.H. COOK: There is a hospital pass!

My question relates to “Specialised Mental Health Admitted Patient” on page 887 of the *Budget Statements* in relation to general hospitals. In the last estimates session, the Minister for Health said that the delayed reconfiguration of mental health services at Osborne Park Hospital was essentially associated with consultation processes with the Mental Health Commission. I raised this subject initially with the Minister for Mental Health in 2009 over the issue of the reconfiguration of the Osborne Park Hospital mental health facility. The former Minister for Mental Health explained to me that in order to redevelop Graylands Hospital—which at that stage was in the forward estimates, and no longer is—where patients suffer appalling conditions at the Murchison and Smith wards, the minister would first of all need to reconfigure mental health services at Osborne Park Hospital. The former Minister for Mental Health was keen to see Osborne Park Hospital redeveloped. It is now two years later. In the previous estimates session, the Minister for Health essentially said that the Mental Health Commission was holding up that redevelopment. Can the minister please comment on that matter and why that impacts upon Graylands Hospital? What other business cases does the minister have before him for mental health facilities in other hospitals due for redevelopment that are not progressing as a result of the consultation with the Mental Health Commission?

Dr K.D. HAMES: Before Mr Bartnik answers, I say that I have no recollection of blaming him in our session —

Ms J.M. FREEMAN: It was one of the minister’s staff members.

Dr K.D. HAMES: — but please feel free to answer.

Mr E. Bartnik: One of my priorities as Mental Health Commissioner has been to ensure that the future investment in mental health has the correct balance of investment into mental health inpatient beds and also into the community support structures. I have been very vigilant about hospital redevelopments that increase government commitment to inpatient beds in a disproportionate way to investment in the necessary community support services. With Osborne Park Hospital, the principle that I was very keen to establish was that relocation of activity from the Graylands site at no additional cost was perfectly fine, but that any additional cost would need to be found within the current arrangements, not as part of future Mental Health Commission growth

funding. It was a very simple matter of principle around relocation of activity, around cost being contained within that activity and about being very vigilant in wanting a balanced investment of our future recurrent funds into both community and inpatient support.

Dr K.D. HAMES: I think Dr Russell-Weisz might wish to add something.

Dr D. Russell-Weisz: To clarify some of the comments I made in the earlier session: there was a lengthy and important consultation with the Mental Health Commission which was not just about Osborne Park Hospital, it involved all north metro sites —

Mr R.H. COOK: Which others have been held up as well?

Dr D. Russell-Weisz: They have not been held up. The Midland one is going ahead as planned. I answered questions in relation to the Sir Charles Gairdner Hospital mental health unit. The delay was really due to the majority of developments on the site and nothing to do with mental health. After the global financial crisis, there was a review of all capital projects. Osborne Park Hospital was reviewed at that time—not just mental health but other areas in Osborne Park —

Mr R.H. COOK: It was well and truly dudded.

Dr D. Russell-Weisz: The Mental Health Commission came along and wanted to have a look at it.

Dr K.D. HAMES: It starts with the same “d”—delay!

Dr D. Russell-Weisz: It was very relevant consultation because it related to the future of the Graylands site and what we were going to do at Graylands and the shift of correct beds and services from Graylands to Osborne Park. I think we have got to an extremely good outcome with the service and building at Osborne Park, which will be in place by 2014.

Mr R.H. COOK: When will the redevelopment of Graylands Hospital take place, given that the planning for that is now complete?

Mr E. Bartnik: There is a current plan for the redevelopment of Graylands Hospital which is a planning principle. Part of that has some of the beds being relocated to other parts of the metropolitan area as part of the rationalisation of beds close to people’s homes. The new Minister for Mental Health and I, in conjunction with the health department, have been reviewing the clinical services framework and the state health infrastructure plan. There are still some key decisions to be made. An example of one of those decisions relates to the Frankland forensic facility. Minister Morton has stated that decriminalising mental health is one of her high priorities. We are currently doing work around not only court diversion but also forensic mental health. That will inform thinking about the development, particularly of the Frankland facility, whether that will take place on the Graylands site or elsewhere.

[4.10 pm]

Ms J.M. FREEMAN: I refer to page 885, the last dot point, which states in part —

In March 2010, the State Government launched its \$128.7 million commitment as part of the COAG National Partnership Agreement ... on Closing the Gap on Indigenous Health Outcomes.

Is the specialist Indigenous mental health service fully operational now; and, if not, when is it proposed that it will be operational?

Mr E. Bartnik: Apart from the Kimberley, for the remainder of the state, the agreements have been signed and the service is under way. The process that was used was that there was consultation with the regional health and mental health planning forums across the state. That was a relatively smooth process, and a clear agreement was reached in all parts of the state, apart from the Kimberley, where there was a request, particularly from the Aboriginal medical services, for the opportunity to put forward an alternative proposal. That was in October–November last year. Since that time, the Mental Health Commission has facilitated a series of meetings between the Western Australian Country Health Service and the Kimberley Aboriginal Medical Service’s council and its members, and they have now developed a collaborative proposal to implement that new service. That has taken some time. But as all my colleagues have reminded me, the issue of how to best deliver mental health services in the Kimberley, and the role of the public mental health system, and the role of the Aboriginal medical services on the ground, is a complex issue. We are very pleased that we have been able to get both sectors to come together and come up with a combined proposal.

Ms J.M. FREEMAN: Sorry, but I did not fully understand the answer to that question. Apart from the Kimberley, which Mr Bartnik has said is not yet operational, are the other services for Indigenous mental health services operational and providing services to the community, or is the commission still in the process of planning and consultation?

Dr K.D. HAMES: Mr Bartnik will respond first, and then Mr Snowball.

Mr E. Bartnik: All the contracts have been signed, and the funds have flowed to the various health department delivery units for implementation. I now pass to the Director General of Health to talk about the implementation of that on the ground.

Mr K. Snowball: This is a follow-up on the consultation. The planning forums in particular are our vehicle for planning services for Aboriginal people in the regions. What the Commissioner for Mental Health is talking about is that when that specialist mental health service program was being proposed across the state, there was a process of consultation with each of those forums to look at what was needed in a particular region to improve the mental health outcomes for that community. Some of those funds were signed up in contracts with Aboriginal medical services, and others were signed up with state health services. Every place in Western Australia, with the exception of the Kimberley, has signed up relatively recently to deliver those services. Therefore, services are now being rolled out on the ground. Prior to that, there was also funding under the Close the Gap strategy, under the area called transition to adulthood, for mental health services for young adults. Those services are basically to provide young adults with the ability to be a bit more robust about what life throws their way so that they can handle issues in a better way. Part of the focus of that is around counselling and support services in the community. That is already being applied. That has been in place for almost 12 months. There are two components. What the Commissioner of Mental Health is talking about is specialised mental health services; that is, the acute end of mental health. What I am talking about is primary mental health services, and they have been in place for 12 months, with people on the ground, doing the job.

Ms J.M. FREEMAN: So they have been rolled out and are on the ground. If I was an Indigenous person with a mental health issue, where could I go to access the services that were announced in March 2010 and that have been funded and are on the ground, and where could I not get those services?

Dr K.D. HAMES: It is quite clear, I think, but Mr Snowball may wish to respond.

Ms J.M. FREEMAN: I did not get it; sorry. Where are those services on the ground, now?

Dr K.D. HAMES: What the member is asking is: what is there now that was not there before?

Mr K. Snowball: There are additional mental health workers, and they are providing services out of Aboriginal medical services to Aboriginal people in their community.

Ms J.M. FREEMAN: But that is other than in the Kimberley?

Mr K. Snowball: Other than in the Kimberley, yes. In addition, because Aboriginal people do not use just Aboriginal medical services—they also go to local general practitioners, and to local hospitals, for those services—there are primary mental health services in those environments, too. Those funds have been spread across the state, in those service areas, to be available for Aboriginal people.

Ms J.M. FREEMAN: The Aboriginal adolescent health service in Mirrabooka was established to operate as a service that was focused on Indigenous youth. Under the new funding arrangements, will it be given funding to deal with Indigenous youth with mental health issues?

Dr K.D. HAMES: Is there anyone here who knows about the situation in Nollamara?

Ms J.M. FREEMAN: Can we take that as a supplementary?

Dr K.D. HAMES: Let us try to get an answer first. Mr Bartnik.

Mr E. Bartnik: In terms of the statewide specialist Aboriginal mental health component, an additional 60 FTEs will be in place across the state. Ten of those will be in the Kimberley. The other 50 will be in metropolitan and other country areas.

Ms J.M. FREEMAN: Will be, or are?

Mr E. Bartnik: They have been funded, and they are progressively being recruited. Some of those are through the statewide mental health service at Graylands, and the remainder will be implemented through the area health services.

Dr K.D. HAMES: We do not know the answer to that. We are here to deal with general issues regarding mental health. The member obviously has a specific question about her electorate, and we do not know the answer, so we will take that as a supplementary to find out what is happening in Nollamara.

Mr R.H. COOK: To cut to the chase, we might as well get that for Esperance, too!

The CHAIRMAN: Member for Nollamara, can you please make it clear what information you are asking the minister to provide?

Ms J.M. FREEMAN: Is the Aboriginal adolescent health service in Mirrabooka operating to provide services for Indigenous youth with mental health issues; and, if not, has it received additional funding through the Close the Gap strategy to focus on delivering services to Indigenous youth?

Dr K.D. HAMES: Yes. We will provide that information.

[*Supplementary Information No A29.*]

Mr A.P. JACOB: I refer to page 884, the heading “Service Summary” and line item two, specialised community mental health. This is an issue that I am curious about. What is being done to help inpatients in psychiatric hostels to stop smoking?

Mr E. Bartnik: There are two particular initiatives, one around oral health, and one around smoking. We are in the process of allocating \$187 000 per annum over two years to the Mental Illness Fellowship of Western Australia to provide peer support and tailored smoking programs to residents of those hostels. I have visited those hostels and I have seen people spend most of their income on smoking, so that is a big issue for those people, not only because of the health effect, but also economically. The second issue is oral health. We have allocated \$250 000 for next year to assist people to use the Medicare rebate for dental care. This is to engage residents of hostels who often find it difficult to access dentists and support them to do so.

The appropriation was recommended.

[4.20 pm]

Division 75: Disability Services Commission, \$489 062 000 —

Mr A.P. O’Gorman, Chairman.

Dr K.D. Hames, Minister for Health representing the Minister for Disability Services.

Dr R.F. Chalmers, Director General.

Mr G. Meyers, Chief Finance Officer.

Mr M.J. Carroll, Manager, Commonwealth–State Relations and Funding Analysis.

Ms D. Fitzgerald, Chief of Staff, Office of the Minister for Disability Services.

Mr S. Eadie, Principal Policy Adviser, Office of the Minister for Disability Services.

[Witnesses introduced.]

The CHAIRMAN: Members, are there any questions?

Mr R.H. COOK: I refer the minister to the first dot point on page 892 that refers to the growing demand “to meet diverse and emerging needs of people with disability, their families and carers.” Part of this is driven by population growth and the decline in the availability of informal care et cetera. I note the obvious anticipation of a significant increase in the demand for the services of the Disability Services Commission. However, in relation to the full-time equivalent in the budget, there is no increase in any of the five services listed under services and key efficiency indicators. If the demand for services is increasing, why are there no additional FTEs?

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: The commission FTE has not changed for approximately 10 years. We have always run at about that FTE. What has changed is the growth of the non-government sector. It has grown significantly over that 10-year period. Over that period, successive governments have channelled all the growth out to a range of non-government service providers that now provide a range of services for people with disabilities right across the state.

Mr R.H. COOK: I have a follow-up question in relation to the provision of services such as housing. Is it correct that all DSC staff are contracted out and therefore are not DSC employees?

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: The member mentioned our accommodation service. In terms of the number of people that we support, our accommodation service has not changed for a long time; therefore, the staff that we require to support those people has not changed for a long time. All the growth in accommodation services has, as I said, occurred in the non-government sector.

Ms J.M. FREEMAN: I refer to the second dot point on page 892 of the *Budget Statements*. We have heard about housing. Based on the current application levels for housing, which I understand the commission publishes through its CAP, or combined application process, bulletins, how much unmet housing need remains once these 169 homes have been built?

Dr R.F. Chalmers: That is very difficult to determine each funding round because the number of people who will require housing, and therefore the disability support dollars that we provide through those rounds, is unpredictable. It is near-on impossible to predict the housing stock requirements.

Ms J.M. FREEMAN: In terms of predicting need, the department must have some sort of strategic plan. Will the current plan to build 169 homes meet 10 per cent of the unmet housing need or 40 per cent of that need? What is the long-term plan for the commission and the 169 homes and the demand they will meet?

Dr K.D. HAMES: I am sorry; we have to go through the process: I defer to Dr Chalmers.

Dr R.F. Chalmers: The 169 houses will cut deeply into the unmet demand for housing stock that we have at the moment. It will not cover it all, but it is not the only strategy that we employ. People with disabilities who receive support from the commission through our accommodation support funding are also, routinely, getting housing stock through the social housing list.

Ms J.M. FREEMAN: When the director general said it cut deeply, can the minister give me an indication of the percentage size of that cut?

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: No; we cannot because, again I reiterate, each funding round generates a different demand. It is not as though we have a waiting list for houses that we can quantify.

Mr R.H. COOK: Is the department overwhelmed each time there is a funding round?

Dr R.F. Chalmers: There is no doubt that up until now each of our funding rounds has generated increased demand for housing stock to match the accommodation support that we have, and that is why the allocation of these additional dollars will go a long way to meet that demand. But in proportional or percentage terms, we are not in a position to say what that is.

Mr R.H. COOK: Is the subscription double? Would the minister expect to see, for instance, 300 applications for the extra 169 beds—or 400 or 500?

Dr R.F. Chalmers: Again, if in a particular round we get 300 or 400 people applying for accommodation support funding, some of those people will not require any housing because they already have accommodation in which to live. Others will rent their own accommodation via family or friends. Others will want a place in a group home. Some will want a different style of accommodation all together. We do not know from one round to the next what that demand will be.

Dr G.G. JACOBS: We referred to this when talking about mental illness. It is clear that this will deliver 169 new social housing units. Do these units come with that wraparound, personalised support services for those people as it does for mental illness support services? Are additional dollars provided for that? Is it under the current application process or are there some additional dollars to personalise a support service for those places?

[4.30 pm]

Dr R.F. Chalmers: All the people who will access one of those housing facilities, be it a flat, a unit, a duplex, half a house or so on, will have accommodation support dollars that accompany them. The Department of Housing supplies those houses for us either through spot purchase or by purpose building them for us and every one of the individuals has accommodation support funding that is used to meet their care and support requirements.

Dr G.G. JACOBS: When we talked about mental illness, an average figure was given for the personalised support service for those people who were going to be found new houses. Is there a dollar average reflecting the personalised support service for an individual?

Dr R.F. Chalmers: The average figure is \$103 000 per annum.

Mr P. ABETZ: I refer to the first dot point on page 892 of the *Budget Statements* that states —

Disability services continue to grow to meet the diverse and emerging needs of people with disability, their families and carers.

How is the government responding to the need for respite services? Also in that context, I think in the last budget a commitment was made to build some respite centres. How is that progressing, particularly the one in Gosnells?

Dr K.D. HAMES: Dr Chalmers.

Dr R.F. Chalmers: The commission was given \$11.75 million of funding over four years for the construction of five respite houses. But decisions were taken after consultation. Out of a process of looking at demand patterns right across the state, looking at demographics and looking at where unmet need was currently sitting, it was determined that these five respite facilities would be located in Broome, Rockingham, Clarkson, Gosnells and York. In short, we are absolutely on target and on budget to meet that requirement. The Broome facility is up and running and is working very effectively in meeting the needs of people right across the Kimberley region. It is a very flexible arrangement, and the feedback we are getting is very strong indeed. The sod was turned on the

York land. The Shire of York gave a piece of land to assist us and that land is very well located right in the middle of the York town site. That is proceeding according to the time frame we have available. We have building approvals for the facilities in Clarkson and Rockingham. Designs are being put together for those. The designs are based on what families tell us they want these facilities to do and provide them with by way of support. Every one of those facilities is at various stages of development, as we had planned to do, and we are comfortable that we will hit all targets as for that commitment.

Mr P. ABETZ: The Gosnells facility was not referred to in that answer. Are there any plans for that?

Dr R.F. Chalmers: There is a block of land in Gosnells that belongs to the commission. It is in a good residential location. Plans are well underway for the development of that respite centre and again the plans are based on what we heard from families in the local area, not just from Gosnells, because that facility will be used by people in surrounding suburbs as well—that corridor.

Mr R.H. COOK: I refer to the second dot point on page 892 of the *Budget Statements*, dealing with demand for housing. Can the minister please provide the strategic plan by the Disability Services Commission to track the demand for housing, housing services and the future growth of those services?

Dr R.F. Chalmers: Again, I preface my answer by saying that we do not know from one round of funding to the next exactly what locations people want their houses to be constructed or spot purchased in. With the additional funding, we will now need to almost do best guesswork about where people will be located in different parts of the metropolitan area. I give one example. We might be faced with a family in which an ageing carer is looking after a son or daughter and that ageing carer dies. Immediately, the son or daughter ramps right up the priority list and in the next funding round has every chance of securing support dollars. Ideally, we would ask where the best location to try to find a home for that person was if they could not stay where they were. They are emerging trends. We are aware of the locations of the houses that people who were funded in the past round, or the round before, were seeking to go into, but we cannot project too far into the future, because we simply do not know who we will deal with from one funding round to the next.

With this significant amount of additional funding, we will have to take a little bit of speculative risk to find appropriate suburbs and neighbourhoods. We are guided by knowing that people with disabilities will need to be close to public transport routes, close to good access to shopping centres and so on.

Mr R.H. COOK: At some point, the cabinet Economic and Expenditure Reform Committee, cabinet and indeed the ministers themselves would have had to have decided whether they would build 169 new homes or 171 new homes over the next three years. There would have to have been some modelling or assumption upon which that request for funds was based. In the context of the budget, what were the assumptions underpinning the decision that 169 is a good get, is hopelessly inadequate or is overly generous. That is the nub of my previous question about the budgetary allocation for this particular line item.

Dr R.F. Chalmers: Again, the modelling was based on projecting the number of two-bedroom, three-bedroom, five-bedroom, six-bedroom types of accommodation that we would require and was also based on the projected building costs we received from the Department of Housing for that style of housing, taking into account their different sizes for the three years we will be securing houses—2011–12, 2012–13 and 2013–14. Those factors gave us the modelling. Some of the modelling was also based on standard housing stock, because some people with disabilities only require standard housing. Purpose-built housing, which we became aware of by looking at trend data, has also been factored into this modelling. That process gave us the figures of \$43.5 million in the first year, \$37.8 million in the second year and \$14.4 million in the third year. In the first year we need to get a head start and we will do a lot more spot purchasing to get these facilities up and running quickly, rather than waiting for construction to be completed, because if we wait for construction to be completed, we will wait for quite some time. Therefore, the modelling is quite detailed and is based on the information that the Department of Housing has given us about building costs around the metropolitan area.

Mr R.H. COOK: Could we be provided with a copy of that demand modelling?

[4.40 pm]

Dr K.D. HAMES: I ask Dr Chalmers to answer that question.

Dr R.F. Chalmers: We have developed a business case, which has been submitted and vetted. The funding that has been provided to us for accommodation support has projections of the number of people who will get our accommodation support funding. We have made an assumption that not all of those people will require housing stock, but as I said before, a proportion of those will. We looked at trend data on who will require those. We have extrapolated out over those years to calculate who will require a house and then made assumptions about the size of the house and the model of support.

Mr R.H. COOK: I am not questioning the funding model, because the department is expert, not me. I am simply asking whether we can see a copy of the modelling, because obviously that —

The CHAIRMAN: Is the minister agreeing to supply that by way of supplementary information?

Dr K.D. HAMES: Yes, we are going to do that.

The CHAIRMAN: Can the minister detail what exactly he is going to provide?

Dr K.D. HAMES: What Dr Chalmers said.

The CHAIRMAN: I need a bit more information.

Dr K.D. HAMES: What is it exactly the member wants a modelling for?

Mr R.H. COOK: I seek the demand modelling that was done by the Disability Services Commission to arrive at the new funding levels associated with the housing.

[Supplementary Information No A30.]

Ms J.M. FREEMAN: I would like to go to the second dot point on page 893 and the comment that 65 per cent of the commission's budget goes to not-for-profit disability organisations. I have a couple of questions: What risk management strategies, through the review of performance and management capability of non-government service providers, are in place? In the review of performance and management and funding, has funding and assistance to non-government service providers been put in place to provide training to staff to ensure that services are being delivered? How many workers will benefit from that assistance over the 2011–12 period? Given that \$640 million going into the community sector will also go into this sector through the sustainable funding and contracting for the not-for-profit sector, how will the Disability Services Commission ensure that the money will be expended on increasing workers' salaries in not-for-profit organisations?

Dr K.D. HAMES: I will ask Dr Chalmers to answer that question.

Dr R.F. Chalmers: If I have this right, there were four parts to the question; I will see how well I go. I think the first part of the question was on how we manage and monitor the quality of services that are provided. Over the past three and a half years, the commission has been developing a new, state-of-the-art quality management framework. It started to be rolled out about 12 months ago. Before that we had a very robust standards monitoring process, but we felt that that was not going far enough, so over time we used the services of KPMG and worked with our sector to develop what we think is now probably the best quality management or quality assurance system of any disability service system in the nation. As I say, that is being rolled out as we speak. We are very pleased with what it is doing with monitoring. It is not a tick-box, compliance-only type of approach; it is very much a quality assurance process that involves the non-government organisations being a genuine partner in that quality assurance. It also involves a measure of truly independent monitoring of what is going on, but it is a very robust system. We are very pleased with it.

I think the member's second question was on the resources available to these non-government organisations to assist with training.

Ms J.M. FREEMAN: Yes. My question related to staff training so that non-government organisations can meet the department's quality management frameworks.

Dr R.F. Chalmers: There is no doubt that this unprecedented level of additional funding will make it far easier for non-government organisations to meet the costs involved in quality training for their staff. This significant boost in funding will certainly be directed towards increasing wages for those direct-care staff in particular, but it is also going to be made available for those organisations to attend to things such as training and development of their staff. That has really been welcomed by those non-government organisations. I must say that the commission also plays a role in facilitating and coordinating training for those sector organisations. We work through the sector's peak body, National Disability Services WA, which does a tremendous job in coordinating training across the sector.

The third area is the number of workers that will benefit from this. My view is that every one of the workers in our sector will benefit from these additional dollars. We are confident, because we have been told by the CEOs of those 114 organisations that they are committed to putting the vast majority of these additional dollars towards topping up the wages of their direct-care staff. I missed the last question.

Dr K.D. HAMES: The last question was about guaranteeing that the funding goes on improving wages.

Ms J.M. FREEMAN: He has already answered that. I have a further question. In terms of ensuring that the money goes on increasing wages, Dr Chalmers said that the money will go to other issues such as training. Can the minister tell me, prior to the \$600 million that is going into the sustainable funding and contracting for the not-for-profit sector, was there funding for training when the commission was contracting into the services?

Prior to this additional money, has there been funding for training to ensure that the quality management framework is met?

Dr K.D. HAMES: I will ask Dr Chalmers to answer that question.

Dr R.F. Chalmers: Yes. For many years we have operated a business rules framework that sets an hourly rate upon which we purchase services from those non-government organisations. That framework has served us very well, but it has been built on an hourly rate that involves direct-care support, front-line supervision of staff, on-costs, including training and so on. That framework has not been sufficient to meet all the needs in those areas. That has not allowed those organisations to pay the wage level that we think is required. Similarly, it has not required them to invest as much as we would have liked in training and development. This additional funding will enable all of those things to get a real boost.

Ms J.M. FREEMAN: The hourly rate is part of the \$604 million that disability services will get; obviously it does not get all of it, unfortunately. Will an increase to the hourly rate be contracted for? How will the minister ensure that the hourly rate runs on the lean-machine model that we keep hearing the not-for-profit organisations run on? How will the minister ensure that 80 to 85 per cent goes to wages and employment, instead of what is happening at Rocky Bay, as I read in a newspaper the other day, where around 60 per cent goes on wages? How will the minister ensure that there is not that heavy administrative cost coming out of the hourly rate and gobbling up this new money that is available?

[4.50 pm]

Dr R.F. Chalmers: The start of the member's question was on hourly rates. These additional funds are being made available to the government agencies to disperse to non-government organisations in two components. The first component is a flat 15 per cent top-up on existing funds under contract. The second component is where we get to analyse very closely what we are purchasing from those non-government organisations. We welcome this, because it takes us away from a fixed hourly rate. I will give one quick example. We are funding an organisation in the suburbs of Perth to provide accommodation support to a person with mild Down syndrome. We are currently paying the same hourly rate for an organisation in remote Kimberley to provide accommodation support for someone with very high support needs. It is a very blunt system that we have been operating until this point. With the second component we get the chance to say to the organisations, "You need to be a partner in telling us what the true cost of services are so that we can start to build into your contract a viable funding arrangement for you as well." We are moving away from saying, "Here is a fixed cost; you take that or you don't do business with us." It is a far more mature relationship in the end, and this will go right across human service departments. For one, I am very welcoming of this. It will allow us to factor in the true cost of not only care, but also training, if you happen to be located in the Kimberley, and travel, or if you happen to be located in the Goldfields. It is a far more real costing arrangement.

Ms J.M. FREEMAN: Will that also allow the commission to ensure that this new money, especially the 15 per cent in the second tranche, is not gobbled up in administration costs and is directly going to services and wages?

Dr R.F. Chalmers: We will not be endeavouring to dictate to non-government organisations how they run their organisations. We will not be saying, "You must spend a percentage on wages", because each organisation is different; they are structured differently and they are providing different services. Some of them have higher on-costs because they deliver different types of services. It would be, I guess, foolhardy of the commission to set, say, 85 per cent or some other percentage as a fixed, must-do for where they put those dollars.

Ms J.M. FREEMAN: How can we be sure that those dollars are being most effectively used and they are not used for the costs of a burdensome administration, especially when this government has said outright that the public service has admin costs that are vastly more than those in the non-government sector? How does your service ensure that the dollars will not go into those admin costs but will go to where the need is, which has always been, and is said to be, the wages of the workers to maintain longevity of employment and stability for employees?

Dr R.F. Chalmers: There are two elements of a response to that. Firstly, when we contract with organisations, we contract for them to provide a certain amount of service to a certain number of individuals. We monitor that very closely and the standard at which that care is provided. If the organisations can provide that level of care, quality and so on, then they have met their contractual obligation back to us. That is the primary way that we comfort ourselves that, in fact, dollars are being spent appropriately. I also have to say that at the end of each financial year, we monitor the financial statements. Those organisations report back to us what they have spent their money on in different categories, so we can monitor the 114 organisations that we fund. We get a fairly good idea of what is going towards salaries and wages versus on-costs, training and other things.

Mr A.P. JACOB: I refer the minister to the second dot point under "Significant Issues Impacting the Agency" on page 892 of the *Budget Statements*. That point deals with housing, specifically universal access and modified homes. Can the minister explain how the government will ensure sufficient housing for people with disabilities.

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: We have mentioned housing on a number of occasions here. The sheer fact that \$95.7 million is being made available gives us enormous scope, not only to provide 169 additional homes of various shapes and sizes for 340 people, but also in a very creative and innovative way, which we have never been able to do before. We are in the process of developing a robust memorandum of understanding with the Department of Housing, and we get to draw on all its expertise around architects, universal design and access requirements and so on. We have also been in good conversation and engagement with private developers who also want to assist in coming up with very innovative housing design models and so on to tailor accommodation to meet people's requirements. Every one of those houses that are built will be to the highest standard of universal design and access. The Department of Housing is very sensitive to that, as far as we are concerned. As I said before, location becomes important, so we get the opportunity to identify suburbs that are close to transport hubs, and workplaces for people with disabilities who are employed. We see this as a tremendous opportunity.

Mr R.H. COOK: My final question relates to the third dot point on page 899 under the section, "Significant Issues Impacting the Agency". Would the minister care to comment on the national disability insurance proposal put forward by the federal government, in particular the draft report by the Productivity Commission? What is the perspective on the national insurance scheme proposal and how that will impact on the work of the Disability Services Commission?

Dr K.D. HAMES: Dr Chalmers.

Dr R.F. Chalmers: There is no doubt that the draft proposal around a new national disability insurance scheme from the Productivity Commission is a bold proposal for the nation. The Western Australian government was the first state or territory government to respond to that proposal that is out there. I think it is fair to say that there are many aspects of that draft proposal that the commission likes—things like doubling the amount of funding that is available for disability services across the nation is something that is hard to argue against, but also things like highly personalised, individualised support arrangements and so on. We also welcome nationwide standardised assessment and eligibility procedures. We also like the proposals that allow very self-directed supports and services to be a reality for people who require them as well. There is lots of that that we really like. But we are concerned, which is expressed in the state government's response, that the model involves the creation of a new national bureaucracy that will operate out of the eastern states, and that will, I guess, effectively take control away from the state and territories concerning the running of disability services. From a commission perspective, we think that would be a retrograde step. There are many elements of disability services in Western Australia in which we can confidently say we lead the nation, and it would be disappointing if this national scheme swept a lot of that away and replaced it with a new national bureaucracy that delivers what looks to be a bit of a one-size-fits-all approach to disability services.

Ms J.M. FREEMAN: I refer to the second dot point on page 893 that states 65 per cent of the commission's budget goes to disability not-for-profit organisations, and to its quality management framework. Does that include a review of workers' compensation management across the sector? If not, given that part of the health of the sector is based on its injury management, what will the commission be doing in that area?

Dr R.F. Chalmers: In the whole area of workers' compensation and occupational health and safety, we rely very heavily on our partnership with National Disability Services Western Australia as the peak body that has tentacles right into the vast majority of all our disability sector organisations that we fund. We are in an ongoing partnership around development of resource materials, some of the training that gets done around this as well, and some of the occupational health and safety changes that are not too far away. We will be working very closely with NDSWA to ensure that the sector has the information it needs and the wherewithal to be able to respond.

Ms J.M. FREEMAN: But the commission does not manage it as part of its quality management framework in terms of time and injury management.

Dr R.F. Chalmers: No, we do not.

The appropriation was recommended.

[5.00 pm]

Division 68: Environment and Conservation, \$215 445 000 —

Ms A.R. Mitchell, Chairman.

Mr W.R. Marmion, Minister for Environment.

Mr K.J. McNamara, Director General.

Mr R.P. Atkins, Deputy Director General, Environment.

Mr J. Sharp, Deputy Director General, Parks and Conservation.

Dr J.C. Byrne, Director, Corporate Services.

Mr P. Dans, Director, Regional Services.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he/she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

[Witnesses introduced.]

The CHAIRMAN: Dr Byrne is profoundly deaf, but our Hansard reporter is providing translation as we speak. Therefore, I ask everyone to speak clearly and loudly. Please do not speak over other people, because that makes it difficult for our Hansard reporter to pick up the information. I thank everyone for their cooperation in this matter.

Mr C.J. TALLENTIRE: I would like to begin by looking at waste matters on page 823 of the *Budget Statements* and the line items concerning the amount of money that goes to the waste avoidance and resource recovery account. Can the minister confirm that 75 per cent of that money goes to the Department of Environment and Conservation? Can the minister also explain the staff levels associated with waste management at DEC, noting that some 64 full-time equivalent employees are working on waste matters?

Mr W.R. MARMION: Can I clarify which line item on page 823 the member is referring to?

Mr C.J. TALLENTIRE: Note 1 on page 823 refers to \$10.5 million from the forecast levy amount going to the waste avoidance and resource recovery account. I seek confirmation on what happens to the remaining amount. I also refer to the FTE line that is presented in the table immediately under the heading "Environmental Sustainability".

Mr W.R. MARMION: Yes, I can confirm that 25 per cent of the levy goes to the Waste Authority. The remaining 75 per cent is spread throughout the Department of Environment and Conservation. My understanding is that about 23 FTEs are in the waste management branch of DEC.

Mr C.J. TALLENTIRE: The budget papers note that 64 officers work in that area, or do those officers work on other tasks? The minister has given a different number.

Mr W.R. MARMION: My opening remark is that 23 FTEs are specifically on the waste area of environmental sustainability in that division. I will allow Mr McNamara to explain the numbers for the remaining FTEs.

Mr K.J. McNamara: As in all other areas of the department, no services apply, for example, to corporate matters and other matters that service the whole department. Those parts of the department are apportioned across the six services. Clearly, an allowance is made for that component. In addition, there is a policy group within that division, which I do not have the FTE count for. However, within the 65 FTEs, a group of staff works primarily on environmental policy.

Mr W.R. MARMION: I could get Mr Atkins to add something further, if that might help.

Mr R.P. Atkins: Our policy group has developed strategic policy that also supports the federal Environment Protection and Heritage Council and federal environmental policy. That policy group supports the office of the director general in providing policy support to government.

Mr C.J. TALLENTIRE: It seems that those 42 staff members who are funded through the money raised on the waste levy work in policy and administration. Is that waste-related policy or are we talking about other areas of the department?

Mr W.R. MARMION: Only 23 FTEs are funded specifically through the levy.

Mrs C.A. MARTIN: I refer to “Income from State Government: Royalties for regions fund” on page 826 of the *Budget Statements*. Can the minister outline the Department of Environment and Conservation programs that receive funding from royalties for regions? Which royalties for regions funds do they come from? How does each of the programs meet the funding criteria?

Mr W.R. MARMION: Does this question relate to line item “Income from State Government: Royalties for regions fund” with footnote (d)?

Mrs C.A. MARTIN: Yes, that is correct; it is on page 826.

[5.10 pm]

Mr W.R. MARMION: There is funding from royalties for regions for the Capes and Dampier marine parks, and that funding is \$11 million over four years to the Department of Environment and Conservation. Those funds will cover the costs associated with finalising management plans and carrying out management in the field. There is also \$10.215 million of capital funding to be used for two programs: funding of \$7.5 million for conservation parks infrastructure and roads; and \$2.715 million for the Kimberley tourist initiatives. Last year the then Minister for Environment and the Minister for Regional Development announced that \$20 million from the royalties for regions initiative would be allocated to increase regional tourism through a range of projects throughout Western Australia’s most popular parks. These projects will create local jobs in construction and tourism through the development of new and improved tourism infrastructure such as roads, visitor facilities, camp sites and eco-friendly accommodation. For example, Kalbarri is one of Western Australia’s top tourist destinations, and the government is investing \$5.8 million to improve an 11-kilometre stretch of road that brings more than 30 000 vehicles each year to the Z Bend and Nature’s Window, which I am sure the member has been to.

Mrs C.A. MARTIN: Yes.

Mr W.R. MARMION: A further \$700 000 will be spent on visitor infrastructure, primarily focusing on upgrading walk trails and installing bike tracks in the park. The sites where projects will be undertaken to improve camping and visitor facilities are Lane Poole Reserve, Cape Range National Park, Wellington National Park, Yalgorup National Park around Tims Thicket, Serpentine National Park, Torndirrup National Park down at Albany, and Kalbarri National Park.

Dr G.G. JACOBS: The last dot point on page 819 states that the waste deposited in landfill is expected to reduce as a result of the significant increase in the landfill levy. I notice on the next page that the percentage of waste in the metropolitan area diverted from landfill through recycling is projected to be 45 per cent. Can the minister tell us what impact the landfill levy is having on the quantity of waste going to landfill? When I managed this issue in this place some time ago, a lot was made of the fact that the levy may in fact drive up the number of people who illegally dump waste; that is, if they have a truckload of stuff, they have to pay a levy, so they will go into a state forest and dump it somewhere else. What evidence do we have that that is occurring, if it is occurring? What is the minister’s experience of the adoption of this landfill levy?

Mr W.R. MARMION: Yes, that is a good question, member. Reduced waste to landfill is the primary objective of the landfill levy and, therefore, a reduction in revenue is a positive result that we are looking for. The forecast levy revenue estimate continues to reduce further in the out years, as shown on page 830. Although it can be difficult to predict recycling rates given the uncertainties around the influence of economic growth and the level of investment in recycling infrastructure, the achievement of 40.6 per cent recycling in 2010–11, compared with 34 per cent in 2009–10, is a positive trend. Our target is that this trend should continue and reach 45 per cent in 2011–12. Compliance officers have not reported any noticeable increase in illegal dumping rates that could be attributable to the levy increase; however, one prosecution has recently been authorised under the new offence of illegal dumping that the government introduced under the Environmental Protection Act.

Mr J.E. McGRATH: My question relates to item 6 under “Service Summary” on page 818, which refers to the coordination of the response to climate change. It is interesting to note that the money allocated for the response to climate change in 2011–12 is \$19.215 million, but this falls to just over \$1 million in 2014–15. Can the minister explain why that expense will fall to such a low level?

Mr W.R. MARMION: I thank the member for the question. The member is right. He may notice that the allocation in 2011–12 is significantly higher than the level of funding provided in the 2010–11 budget. This is because of carryovers and the timing of milestones for budgeted grants from the low emissions energy development—LEED—fund. The reason that the forward estimates are comparatively low is that the finite climate change funding of \$1.725 million a year approved in the 2006–07 budget ends in June 2011, and further funding reductions will occur as the LEED fund is disbursed and the funding under the then Premier’s climate change statement announced in May 2007 ends in 2011–12. The government is in the process of finalising its climate change adaptation and mitigation strategy, which will inform funding needs for the out years. The working draft climate change adaptation and mitigation strategy has been prepared and is undergoing consultation with government agencies. I anticipate that a draft of the strategy will be available for public comment later this year. Funding requirements for the implementation of that strategy will be determined in the context of its recommendations and actions that are adopted by this government.

Mr J.E. McGRATH: I have one further question, just for clarification. Most of us see the fight to combat climate change as a commonwealth government thing. What role are the states expected to play, and what does the minister see as our role in this?

[5.20 pm]

Mr W.R. MARMION: We will actually be focusing on the adaptation required. It is a good question. Our strategy has probably been delayed somewhat in terms of adopting what the commonwealth is yet to advise. It is all a bit unclear at the moment. We are probably ready to roll, but we are treading water until we receive clarification from the commonwealth to inform our future strategy. That is a very good, concise question.

Dr G.G. JACOBS: I refer to \$19.215 million under “Services” and item 6 “Coordinate the Response to Climate Change”. Contrary to popular opinion, I am not actually a climate sceptic; I am interested in this —

Mr F.M. LOGAN: That is not what Bill told me!

Dr G.G. JACOBS: What are we getting for \$19 million? What does that go towards?

Mr W.R. MARMION: We have a detailed breakdown of that figure. I will let the director general, Mr McNamara, run through the \$19.215 million.

Mr K.J. McNamara: The department has a climate change unit that is driving preparation of the climate change adaptation and mitigation strategy. There are staffing and other costs associated with that of course. The department is also represented on various national processes that deal with climate change and advise government in a broad sense on some of the national measures. There are two other major consumers of available funding. We are a member, through the Department of Environment and Conservation, of the Indian Ocean Climate Initiative, in partnership with the Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation, studying climate change in Western Australia, particularly with reference to what is called down-scaling of national and international models and making them more particular to our circumstances, first in the south west and, more recently, in the north west of the state, so we can plan adaptation measures more specifically than some of the international models would let us do. The funds will predominantly be expended under the banner of the LEED fund—the low emissions energy development fund. Several projects have been approved in the past including Future Farm Industries Cooperative Research Centre’s oil mallee harvester, the wave power generation, the Carnegie Corporation project, and a biofuels project in Karratha. There has been in-principle approval for a geothermal energy project and a new energy source for the City of Kalgoorlie–Boulder pool. Each of those projects has various milestones. They are the reasons for some of the re-cashflowing of earlier LEED funds. The proponents have to attract \$3 for every \$1 in state funding. The bulk of the \$19.215 million that was referred to is against the LEED fund.

Mr W.R. MARMION: One of the projects that everyone is aware of is the wave power project, which is fairly new technology. There has been a delay in allocating funds. There is a hump that has arisen for this current year. We hope that projects such as the wave energy program, which is probably a world first, will be an exciting project for a new, efficient energy source for Western Australia.

Mr C.J. TALLENTIRE: Of the \$19.215 million, how much is going towards coordinating the response from agencies other than DEC?

Mr W.R. MARMION: I will defer that question to the director general.

Mr K.J. McNamara: The only real cost incurred in that way is officer time. There is a climate change unit with—I am not sure of the precise number today—about 12 staff. The overwhelming emphasis of their time and effort at the moment is on the climate change adaptation and mitigation strategy’s development. Salary time is significantly devoted to the interagency discussions going on at the moment.

Mr J.E. McGRATH: I could raise this question when we deal with the Swan River Trust, but I think it is a broad issue. In recent times some of the local government authorities on the Swan and Canning Rivers, including

the City of South Perth in my electorate, have raised concerns about rising sea levels and the impact it might have on the Swan and Canning Rivers with regard to flooding, river walls and all that sort of stuff. Has the department been involved in any of this science or has it had any discussions with local government authorities? I believe a report was commissioned by the Local Government Association—has the department had any input into that?

Mr W.R. MARMION: I am not sure how it is related to it, but the WA Planning Commission has adopted the sea level rises. From memory, 900 millimetres has been adopted as a standard. Any development along the foreshore and along the WA coast has to take into account 900 millimetres. I might defer that matter to Mr Atkins.

Mr J.E. McGRATH: Has the Department of Environment and Conservation had input into the science that is telling us that the river will rise?

Mr R.P. Atkins: Not directly. There has been input into the science through the Indian Ocean Climate Initiative, which is an organisation that does that sort of research. The WA Planning Commission is the main link to that project with local government. They are feeding into the draft climate change adaptation and mitigation strategy. We are working through their input. The sort of science being talked about is outside the range of science that DEC indulges in.

Mr F.M. LOGAN: Before I ask my question, can I put on the record my thanks to the minister and the Department of Environment and Conservation for taking strong action in the Cockburn Cement appeal process. The people of Cockburn are very, very pleased with the appeal decision. Hopefully the department will make sure the company does the right thing with kiln 5. My concern is they will take the cheap option. The people of Cockburn wanted me to pass on best wishes and thanks to the minister and his department for their action.

The CHAIRMAN: Thank you, member. Your question?

Mr F.M. LOGAN: The landfill levy —

The CHAIRMAN: Member for Cockburn, can you refer to the page number?

Mr F.M. LOGAN: I would like to know whereabouts it is referred to because it will be here somewhere; it is a question of where.

Dr G.G. JACOBS: You have not got a line item?

Mr F.M. LOGAN: No. It is a question of the minister taking me to that line item.

I refer to “Explanation of Significant Movements” on page 823. The reason I cannot find a line item to it, as that section says, is that there is a forecast levy of \$42 million, of which \$10.5 million has been credited to the waste recovery account 2011–12. If we go to “Details of Controlled Grants and Subsidies” on page 827 we find only \$9 million allocated to that for 2011–12. The explanatory note says we collect \$42 million and \$10.5 million is allocated to the waste recovery account. If we go to the line item dealing with the account, there is \$9 million allocated. My first question is: what happened to the other \$1.5 million? My second question is: where is the rest of the money going to and where can I find it in these budget papers; that is, the rest of the \$42 million that is being collected? We know where \$9 million of the \$10.5 million of a total of \$42 million in the line item has gone, but there is \$1.5 million missing. The second question is: of the rest of the money, which is \$31.5 million, where can I find it in these budget papers?

[5.30 pm]

Mr W.R. MARMION: There is a simple explanation, and I will ask the director general to point that out. We are talking about two different things. One is a levy, and the other is a grant. That is the difference between the \$10.5 million and the \$9 million. The answer to the question that the member for Gosnells asked is similar to that. The 75 per cent is spread out through the accounts of the agency. But I will ask the director general to elaborate on that.

Mr K.J. McNamara: As the minister has said, \$9 million out of the revenue of \$10.5 million is used for the grants program, which is overseen by the Waste Authority. The balance contributes to the cost of the staffing and the other functions in the waste management branch that were referred to in an earlier question this evening. As for where the remainder of that \$42 million is, I do not know where the line item is necessarily, but on page 817, the total appropriation provided to the department to deliver services is \$206.6 million, and the total cost of services is \$349 million. The difference of \$144 million is made up of a variety of revenues, one of which is the landfill levy. The portion of the landfill levy not credited to the waste avoidance and resource recovery account is used as one of the sources of funding to fund all of the department’s services.

Mr F.M. LOGAN: That does not quite explain it, Mr McNamara. Section 79(3)(a) of the act requires that an amount of \$10.5 million be credited to the WARR account, but the budget papers say that only \$9 million has been credited. So either the budget papers are wrong, or the minister is in breach of the act.

Mr W.R. MARMION: I think that what the member is after is the accounting treatment of that \$42 million in the books, and that is not shown there. I think that is the purpose of the question.

Mr F.M. LOGAN: Minister, I am only going on what is in the budget papers. If the minister can explain that —

Mr W.R. MARMION: I will get Mr Atkins to explain that. However, before I do, I had forgotten to thank the member for his compliment about where we are going on Cockburn.

Mr R.P. Atkins: To clarify the minister's statement, the table on page 827 is grants and subsidies that are paid from the WARR account. That \$9 million is not the proportion of the levy that goes into the account.

Mr F.M. LOGAN: Sorry, but can Mr Atkins explain that again?

Mr R.P. Atkins: The \$9 million is the amount of funding that is in the WARR account that is allocated by the Waste Authority, with the approval of the minister, for grants and subsidies; for instance, the strategic waste initiative scheme, which pays out money for projects, which I am sure the member is familiar with, is part of that \$9 million. If we now go back to page 823, the \$10.5 million, which—the member is absolutely correct—is required by law to go into the WARR account as the 25 per cent proportion of the forecast levy amount, actually sits as part of the cost of service under the \$17.441 million for environmental sustainability. That is for the cost of providing services to the Waste Authority, such as sitting fees and the cost of the waste management branch, which, as the minister pointed out, covered 23 FTEs. The total amount of money that is in the WARR account is not shown in these papers. The WARR account actually has a surplus in it that exceeds the sorts of moneys that we are talking about.

Mr F.M. LOGAN: Just to clarify that, there is the \$10.5 million that is required under the act to be provided to the WARR account. Is there then, on page 827, an additional \$9 million?

Mr R.P. Atkins: No. The \$9 million is payments from the WARR account by the Waste Authority for grants and subsidies.

Mr F.M. LOGAN: It is a payment out of the account?

Mr R.P. Atkins: Yes. It may come out of the \$10.5 million that is allocated for this year, or it may come out in part from the surplus or the account balances.

Mr F.M. LOGAN: By way of supplementary information, can I ask—because clearly the minister cannot provide the answer now —

Mr W.R. MARMION: We might have the answer.

Mr F.M. LOGAN: No; the minister will not. This goes to the point that Mr McNamara was making about how the remainder of that \$42 million is distributed across the department. Can the department provide us with a breakdown of how that \$42 million is provided to the various sections of the department?

Mr W.R. MARMION: I will let the director general be more specific. But the way I would see it working from an accounting point of view is that the money forms part of the overall money that the department gets, and it is then allocated. It is all in the pool. Therefore, we cannot differentiate where that money actually goes, because it is part of the money that is allocated to the department.

The CHAIRMAN: The minister was asked whether he would supply supplementary information. Will the minister be providing that?

Mr W.R. MARMION: Madam Chair, I will first see whether we can answer the question; and, if we cannot answer the question, we can deal with that request.

Mr F.M. LOGAN: I will narrow it down, given the minister's answer. We know where \$10.5 million of that \$42 million has gone. That is fine. But if the remainder of that money—the \$31 million—then goes into the general pool of funding for the department, that is fine; I do not need to know where all that money goes. But I would like to know where in the budget papers that money has been allocated. Is that \$31 million accounted for as a service appropriation, or is it a line item? That money needs to be accounted for somewhere, otherwise we would have to break it down into which components it goes to.

Mr W.R. MARMION: I will ask the director general to answer that question.

Mr K.J. McNamara: Just to elaborate, the minister is absolutely right. When the landfill levy was increased and the projection was made about the extra revenue that would be earned from that increase, a compensating amount was deducted from the appropriation to DEC for its budget. That deduction was not applied to any particular service or services across the six services that the department now delivers. It was, if we like, taken off the bottom line, or off the pool, which is the language that we have been using. For that reason, the amount that is credited to the WARR account simply goes into that pool, and that helps to make up the department's total funding, from which it funds its six services.

Mr F.M. LOGAN: I thank Mr McNamara for that explanation. Given the fact that that money has effectively been deducted by Treasury from the overall appropriated amount, did the department end up, as a result of the increase in the levy, with an overall increase, or was it completely cost neutral, because, at the end of the day, that money was allocated to the department?

Mr W.R. MARMION: I will ask the director general to answer the first part of the question, and Dr Byrne, who is an expert on the numbers, can give the member some clarification of the numbers.

Mr K.J. McNamara: The reduction in the budget exactly matched the increase in the revenue, and there was no increase or decrease to the department's budget.

[5.40 pm]

Dr J.C. Byrne: I can confirm that it was budget neutral. The member also asked exactly how it was done in accounting terms in the budget statement. It was referred to on page 823—the environmental sustainability service, with the total cost of that service is \$17.441 million. Members can see an income of \$42.6 million for the waste management levy. That is \$25 million or a negative amount. The net cost of the service is negative \$25 million. That \$25 million is redistributed to the other services.

Mrs C.A. MARTIN: It was there all along!

Mr C.J. TALLENTIRE: I refer to page 817, “Major Spending Changes” and the line item “Kimberley Science and Conservation Strategy – Establishment and Management of Camden Sound and Eighty Mile Beach Marine Parks”. I am keen to know firstly how the \$1.185 million budgeted for will be allocated in the coming financial year. There are two other parts to my question. How many full-time equivalent officers are allocated to the program, where will they be based and what will their roles be? And the final part of my question is: does the total of \$5.7 million include any federal funding for the Indigenous —

Mr W.R. MARMION: I am sorry; I missed the \$5.7 million. Where is it in the budget? Is that \$1.18 million?

Mr C.J. TALLENTIRE: The \$5.7 million relates to Indigenous training and employment. I will find the reference if the minister can tackle the first parts of my question.

Mr W.R. MARMION: There were three parts to the question. The member specifically wants to know where the \$1.185 million will be spent. There is a whole range of things —

Mrs C.A. MARTIN: That is the Yawuru native title agreement.

Mr W.R. MARMION: That is the other part of the question. However, in response to the first part, funds are required to establish both parks. Someone will hand me the number of FTEs required to support that. Obviously, in setting up the resources, my preference would be to set them up in Derby, but I am advised that services will probably be located in Broome because, I think, there are more resources there. It is a good question. Derby is closer but there are more Department of Environment and Conservation people working in Broome. It is a case of whether —

Mrs C.A. MARTIN: But this is about the Yawuru, who are in Broome.

The CHAIRMAN: Member for Kimberley, are you asking a further question?

Mrs C.A. MARTIN: No; I am just saying for the record that you cannot move Yawuru to Derby because that is —

The CHAIRMAN: Member for Kimberley, that is not the discussion at this stage. It is not the question. The question is with the member for Gosnells.

Mr W.R. MARMION: Thank you, Madam Chair. To clarify, Eighty Mile Beach might be, but Camden Sound is not Yawuru. In answer to the question, it is likely that resources will be located in Broome. Being a “Derbyite”, I can argue that it would not be bad to have someone based in Derby. It is a lot closer to Camden Sound—but then there is Eighty Mile Beach, and Broome is probably in the middle. Six FTEs are budgeted for that program. The other item the member has referred to is the last line item on page 817, which is the Yawuru native title agreement. Those funds are set aside because the land management agreement with the Yawuru requires funding. There will be nine Yawuru joint-management staff working as rangers in conjunction with DEC to look after the parks. There will be staff costs for trainers and assessors, planning of the terrestrial marine parks, and individual training costs for the Yawuru. We officially opened the new office last week or the week before with Jimmy Edgar, who played in a band when I was in Derby and who is quite a good guitarist. In addition, there is money for field equipment, a fire truck, marine vessels and then, of course, services such as weed control and trail maintenance, and research and monitoring. I am looking forward to the integration of the management of some of the Kimberley parks by DEC and the traditional owners.

Mr C.J. TALLENTIRE: I clarify for the minister that the \$5.7 million I referred to is the total of the Kimberley science program. If we add up the line items along the top line starting with \$1.185 million, we get \$5.7 million.

Will the minister clarify whether that money will include Indigenous training and employment opportunities? Also, we have touched on the native title agreement and the \$5.8 million listed. Is that CDEP money—in other words, community development employment program money?

Mr W.R. MARMION: It is the Office of Native Title money.

Mrs C.A. MARTIN: Is any of this CDEP funded by the federal government?

Mr W.R. MARMION: I will have this clarified by the director general, but I understand that it is all state budget money.

Mr K.J. McNamara: The funds shown on page 817 are all new state funds. For the Eighty Mile Beach and Camden Sound marine parks, clearly the funds will be oriented to the delivery of the strategies and actions detailed in the management plans for those two marine parks; as is the case for Ningaloo and everywhere else. We are very confident that through the Kimberley science and conservation strategy and partnerships embedded in that strategy we will be able to multiply some of the commitment to those parks and other areas across the Kimberley through commonwealth programs and other partners to grow the overall program.

Mrs C.A. MARTIN: My question is about the fifth dot point on page 819 which states —

Planning for new marine parks in the north Kimberley and Roebuck Bay will be a priority.

When does the government expect the planning for these parks to be finalised? What resources are currently allocated to this planning? How many national parks now have management plans? How many national parks are without a management plan? And what resources have been allocated to draw up the management plans for those other parks? I know it is a big one, but it is important and we are running out of time. It is the only question that I have been able to ask.

Mr W.R. MARMION: We will be doing the initial planning for those two marine parks from within our own resources, but for any extra detail I will defer to Jim Sharp.

Mr J.R. Sharp: In relation to the Kimberley science and conservation strategy, \$300 000 was allocated in last year's budget for the planning of those four marine parks. Two are well advanced in their planning and those resources will be available for the planning of the north Kimberley and Roebuck Bay marine parks. The planning for the Roebuck Bay marine park is well advanced but there is a commitment under the Yawuru agreement for the development of a cultural management plan.

Mrs C.A. MARTIN: Yes; the rangers.

Mr J.R. Sharp: So those two things will need to be synchronised. We are hopeful that we will have an indicative management plan for Roebuck Bay by the end of this year. The principle relating to marine parks is that an indicative management plan is required before the park can be created. Therefore, there will be management plans for marine parks —

[5.50 pm]

Mrs C.A. MARTIN: Quickly.

Mr J.R. Sharp: Yes, because it is a requirement for their creation.

Mrs C.A. MARTIN: This question is part of my previous question. How many national parks now have management plans? Are there statistics on how many do not?

Mr J.R. Sharp: I do not have the exact number, but a large proportion of them do.

Mrs C.A. MARTIN: Could we have that as supplementary information?

Mr W.R. MARMION: I am happy for that information to be collated and provided to the member.

The CHAIRMAN: Could the minister please clarify the information he will provide?

Mr W.R. MARMION: The number of national parks that have management plans can be provided to the member for Kimberley.

Mrs C.A. MARTIN: How many have not; and where are the resources?

The CHAIRMAN: The member keeps changing the information that is required.

Mrs C.A. MARTIN: No; I am trying to help the minister!

The CHAIRMAN: The minister decides.

Mr W.R. MARMION: We will supply statistics about national parks that have a management plan and national parks that do not.

[*Supplementary Information No A31.*]

Dr G.G. JACOBS: I draw the minister's attention to the first dot point on page 819 of the *Budget Statements* on significant issues impacting the agency. I quote the last three lines —

Action to address these threats will continue, with a particular focus on the conservation of threatened plants, animals and ecological communities and reducing the impacts of phytophthora dieback in the Fitzgerald River National Park.

I also thank the minister for his visit with the director general to Fitzgerald River National Park in the last couple of months and for some of the work that has been done there. My question relates to the stated action to prevent dieback in the Fitzgerald River National Park and what measures will be put into place. It is important to recognise that, in light of the Environmental Protection Authority finding of a high potential dieback spread with the proposed trail from Point Charles and Quoin Head. What is the future plan for walk trails in Fitzgerald River National Park?

Mr W.R. MARMION: I thank the member for the question. I had not been to Fitzgerald River National Park until that visit, and I was really impressed. I have been advised that it is probably one of the biodiversity hot spots in Australia and probably has more endangered flora and fauna than anywhere else in Australia. I was impressed by my visit and also by the Department of Environment and Conservation's attention to detail in its efforts to minimise dieback. When I was there, I noticed that a fair bit of work had been done by Main Roads to improve access at each end of the park. One of the problems of dieback is that when moist gravel soil sticks to tyres and is deposited from one place to another, it spreads. The sealing of the roads at either end of the park is important to allow access to the park in wet weather. In this year's budget the government has decided to inject another \$1 million into efforts to manage the dieback in Fitzgerald River National Park. The additional money will come as \$250 000 a year over four years, and will enable the Department of Environment and Conservation to employ two additional rangers and add to the significant efforts already being made to manage the disease in the park. The member will be aware that the recent release of the Environmental Protection Authority report on a proposed walk trail through the park reinforces the need to proceed with caution when undertaking any development in dieback-vulnerable areas. I can assure the member that I recognise the significance of the park and will carefully consider the report and appeals before making a decision on the proposal. DEC has already carried out extensive work to control the spread of the disease in an area of the park known as Bell Track and this latest initiative will enable the department to expand its efforts to prevent further introductions of dieback. Fitzgerald River National Park has been targeted because of its high conservation value reflected in the exceptionally high number of plant species in a single national park. By way of example, the park has around 1 750 species of native plants, of which 75—an amazing number—are found nowhere else.

Mr C.J. TALLENTIRE: I am very interested in what the minister says, but we are very short of time. We would like to have five minutes with the Botanic Gardens and Parks Authority and I note that the member for Cockburn has a follow-up question on this.

The CHAIRMAN: I just remind members that we do not have to finish this division at six o'clock. There is no time limit.

Mr W.R. MARMION: We can go on forever! We can go on until nine o'clock, Madam Chair, is that correct?

The CHAIRMAN: Yes, until nine o'clock; there is not a time limit, but I suggest to the minister that he wrap this answer up.

Mr W.R. MARMION: The state government, with assistance from the commonwealth, is spending \$40 million on improving access and facilities in the park that will help reduce the risk of the spread of dieback. Notwithstanding that, I recognise that there is still significant community and scientific concern about the threat of the disease in the park and that the EPA's finding is currently subject to the appeals process. The future plan for the walk trail in the central part of Fitzgerald River National Park, which is obviously the main concern of people writing to me, will hinge on my determination of conditions, if any, that will apply to the proposed walk trail.

Mr F.M. LOGAN: There are two parts to my question. Can the government guarantee that the construction of that track will not add to the spread of dieback, which is one of the major complaints about the building of the track; and, how can the government guarantee that?

Mr W.R. MARMION: That is a good question. I have some experience with dieback because we used to try to control it when I worked for Main Roads way back in the 1970s by washing down our machines. I do not think it can be guaranteed that dieback will not spread, no matter what is done, because all sorts of things can spread it, not just people. I have made no determination on the track at all yet; I am waiting for the Appeals Convenor's report, and when I get that report and his advice, I will have to weigh up the pros and cons. For the member's information, I get letters appealing to both sides of the argument. I have been on site and I have had experience with dieback. I attended the Syd Shea lecture when I was a young engineer in the late 1970s. I do not know

whether it is true, but he told me he discovered dieback and wrote all the papers on it, and I believed him. The member can rest assured.

Mr F.M. LOGAN: The second part of my question is: can the minister, by way of supplementary information, provide us, and probably the member for Eyre as well, with a breakdown of how the \$1 million announced as part of the Turning the Tide with Phytophthora Dieback program will be spent?

Mr W.R. MARMION: That money will basically provide two extra rangers, but we can provide by way of supplementary information a breakdown of the spending.

Mr F.M. LOGAN: They are very expensive rangers!

Mr W.R. MARMION: The rangers need special gear!

Mr F.M. LOGAN: I know; that is why I ask for the breakdown.

Mr W.R. MARMION: We will be happy to provide some breakdown of the \$250 000 allocated annually over four years.

[Supplementary Information No A32.]

Mr M.J. COWPER: I refer to service 4, “Environmental Regulation”, on page 822 of the *Budget Statements*. The efficiency indicators for the average cost per air monitoring station state allocations of \$363 000 in 2010–11 and in 2011–12 of around \$478 000. The notes referring to the explanation of significant movements state —

The ... average cost per air monitoring station is expected to increase from the 2010–11 Budget as the Yarloop ... Cookernup ... and Gosnells ... monitoring stations were closed down at the conclusion of their respective study periods. The number of staff required to maintain the remaining network remains the same.

My question relates to an application by Alcoa back in 2002 for regulation 14 approval, which is still sitting on the table, as far as I am aware, notwithstanding that Alcoa has been given a two-year hiatus in which time it has been given the task of satisfying a number of the requirements for that approval. First, why would air monitoring stations be closed down when examination of the air quality and dust in those areas is still ongoing? Second, if the staff numbers to maintain the network remain the same —

The CHAIRMAN: Member, given the time, this division will suspend for a dinner break and resume with the ringing of bells.

Meeting suspended from 6.00 to 7.00 pm

The CHAIRMAN: I believe the member for Murray–Wellington was in mid-stride when we departed for dinner. Would the member for Murray–Wellington like to recommence his question?

Mr M.J. COWPER: I refer to service 4, “Environmental Regulation”, on page 822 of the budget papers. In the line item for the efficiency indicator for the average cost per air-monitoring station, the cost increases from an estimated actual of \$456 000 to \$478 000 in 2011–12. The first note at the bottom of the page states that the average cost per air-monitoring station is expected to increase from the 2010–11 budget as the Yarloop, Cookernup and Gosnells monitoring stations were closed at the conclusion of their respective study periods. It also indicates that the number of staff required to maintain the remaining network remains the same. As I understand it, the staff will be retained at fewer monitoring stations; therefore, the average cost will go up. The issue is that the people of Yarloop and Cookernup in my constituency are very interested in the air quality around the Wagerup refinery in particular. In 2002 Alcoa made an application under regulation 14, I think. I wrote to the two previous Ministers for Environment about this issue on behalf of my constituency. It has taken some eight or nine years for a decision to be made. I believe the current minister made a decision recently to give Alcoa an extension of time in which it can fulfil the requirements to satisfy the conditions of that regulation 14 application. I am a bit concerned to see that the budget papers indicate that there will be fewer monitoring stations. I would have thought that those monitoring stations would have been used to monitor the situation at Wagerup on behalf of the local constituency in the absence of a finite decision being made.

The CHAIRMAN: Can the member for Murray–Wellington be a bit more succinct with his question?

Mr M.J. COWPER: I think I have painted a pretty good picture. The fact remains that Alcoa is not exactly blemish-free as a polluter of the environment. I am interested to know why we have stopped monitoring these stations, given that we are not getting rid of any staff. Obviously, there is a cost involved. In light of the ongoing issues and, as I understand it, the deferral of Alcoa’s expansion wishes at Wagerup until the global financial situation improves, I would have thought those stations would have been viable. I understand that there are probably other monitoring stations in the vicinity, but this is a major concern for my constituents.

Mr W.R. MARMION: I will ask Mr Atkins to respond specifically on the issue of performance indicators in a moment. In terms of the question about Alcoa, that is the responsibility of the Environmental Protection

Authority. It falls under section 46 in part IV of the Environmental Protection Act. The member might like to ask that question during the division on the EPA and he might get a more detailed response. I think Alcoa has asked for an extension of time, but I will clarify that when we move to the division on the EPA. In terms of the specific efficiency indicator for air-monitoring stations, and given that Alcoa may be expanding, the member's concern about the reduction in the number of those stations rather than an increase —

Mr M.J. COWPER: Or at least maintain the same number.

Mr W.R. MARMION: I ask Mr Atkins to answer that question.

Mr R.P. Atkins: Specifically on the monitors around Alcoa, two of what we call the winter campaigns were carried out in 2006 and, I think, 2008—it was certainly 2006—when additional monitoring stations and some special light detection and radar equipment, which traces the effluent plume from the stacks, were put in for that period. Additional stations were put in both to complement that work and to monitor the performance over that time. They were only ever expected to go in for a finite period and then be taken out. That was to produce data for air-modelling exercises, which has been completed. One report has been released and another one is due to be released in the next few weeks. That information has allowed us to better understand the dispersal characteristics of the plume from the tall stacks. It also identified a number of low-level emission sources from around the plant. We are now working towards identifying specifically what those sources are, what their contributions to the overall emissions from the refinery are and what remedial action can be taken to reduce them. The average cost per monitoring station is a performance indicator for the air-quality management branch. It includes the effort that goes into the data processing and modelling work that comes as a result of running the stations. The cost per station is about \$360 000 to \$470 000. It does not cost that sort of money to purchase the station and put it in, but all the support services that go with that station cost the extra amount. It is not just the cost of the monitoring stations; it is the cost of the air-quality work that goes with them.

In terms of the follow-up work that we are currently doing with Alcoa, the air quality people are still involved, as are the industry regulation people, mainly out of the Kwinana office of the Department of Environment and Conservation. The performance indicator does not reflect what is going on with Alcoa specifically. But, hopefully, I have given the member a sufficient explanation to understand how we are currently dealing with Alcoa.

Mr M.J. COWPER: In my correspondence with previous environment ministers over a number of years, the responses I have received indicate that the matter is with the EPA, but when I challenge the EPA, it says that it is a matter for DEC. We seem to be going around in circles a little on this issue. Alcoa made the application in 2002. It has taken nearly 10 years for a decision to be made. I am not across all the sensitivities of it, but I would have thought that either Alcoa complies or it be given clear and concise information on how it can comply. I do not think that having those sorts of issues hanging around for a long time is very helpful to anybody.

Mr W.R. MARMION: This was well before my time as minister, but I understand that Mr Atkins has some information and can elaborate on the issue.

Mr R.P. Atkins: I think the member is referring to the conditions that were set for the Wagerup 3 expansion. Those conditions required additional monitoring to be conducted by Alcoa and some air modelling to be undertaken to verify the claims made in its impact assessment documentation. That work is part of, if you like, the ministerial approval for the Wagerup 3 expansion. That can be taken only so far until Alcoa confirms its final design for Wagerup 3. As we know, Wagerup 3 has been put on the backburner for a period, and Alcoa has received a section 46 approval, as I understand it, to extend the period of its approval. That is around the Wagerup 3 expansion. The work that I was describing in my previous answer to the member is around the performance of the existing refinery; it is not linked to Wagerup 3. It is about improving the performance of the existing refinery and better understanding the impact of the tall-stack emissions on the surrounding community in the member's electorate. Although one obviously will affect the other in terms of the ultimate design of Wagerup 3, they are not contingent on each other. We are barrelling ahead with trying to get improved performance from the current planning, whether or not Wagerup 3 eventually comes to pass.

[7.10 pm]

The CHAIRMAN: I would just like to ask a couple of brief questions at this time. I note that there are another five divisions to get through in this section. Given that I have done this for a couple of years now, I do know that I do not often get to see the officers from the Zoo asked a lot of questions. I am just wondering whether members would like to think about whether there is anyone on the program whom we could perhaps allow to go home.

Mr C.J. TALLENTIRE: Madam Chair, we definitely have questions for each of the remaining divisions, including the Perth Zoo and the Swan River Trust.

The CHAIRMAN: Jolly good.

Mr C.J. TALLENTIRE: Not many, though; we can do them very briefly. We would like to be on to the Department of Water, division 73, by 8.20 pm.

The CHAIRMAN: By 8.20 pm. All right; so members do have a plan. That is fine. The next question I have is logged in for the member for South Perth.

Mr J.E. McGRATH: I refer to the outcomes and key effectiveness indicators on page 820 of the *Budget Statements*, and specifically to the outcome on emissions and discharges halfway down the page. Why has there been a significant increase in the number of exceedences of the national environment protection ambient air quality measure standards?

Mr W.R. MARMION: Certainly. I thank the member for the question. The increase in the number of exceedences from the 2010–11 budget target of 24 to the estimated actual of 35 is primarily associated with fires in the south west contributing to increased particle levels throughout the region. All exceedences of a standard this financial year were associated with particles as at 18 May 2011. Twenty-five of the 33 measured exceedences occurred at a regional monitoring site. It is apparent that emissions from fires in the region contributed to many of the exceedence events. DEC gives consideration to the potential air quality impact of its prescribed burning activities during planning in an attempt to reduce community exposure to elevated particle levels. It is not always possible to predict short and long-term weather patterns, resulting in some smoke from prescribed burning activities impacting on the public. Environmental variations, such as hotter, drier and/or windier conditions, can also affect the number of exceedences of the standards in any given year. Just to clarify, 10 exceedences were measured in Busselton and five each at Bunbury, Collie and Geraldton. That is where the specific exceedences were.

Mr J.E. McGRATH: Given the importance of prescribed burning, is this a balancing act for the department? What type of emissions and discharges can be tolerated if the department is to continue with this very important activity of prescribed burning?

Mr W.R. MARMION: Prescribed burning is a bit of a balancing act. It is a very difficult task to undertake. It requires a lot of planning. The planning also involves a lot of pre-burning. Prescribed burning is more difficult around built-up areas. To protect urban infrastructure, some pre-back-burning is required, which can be difficult, particularly in built-up areas with powerlines. That pre-burning has to be done so that there is a barrier when the prescribed burn is undertaken when the wind is in the right direction to make sure that it burns only what the department wants it to burn. DEC always tries to burn when it knows the wind is right. It is a bit of a balancing act. Sometimes the wind changes. In terms of more specific answers, I will ask the director general to make some comments—and also Peter Dans.

Mr F.M. LOGAN: Come on!

Mr J.E. McGRATH: It is very important.

Mr F.M. LOGAN: Remember, this is opposition time. That is what estimates is about. We have been lenient up to now, minister, but come on; play the game.

Mr J.E. McGRATH: I have one further question. I really do not need a lot more information. I believe that the Perth Airport was recently shut down because of smog that might have been caused by either prescribed burning or a bushfire. I think the airport was closed for some considerable period. Does the minister have any information on that matter?

Mr W.R. MARMION: I will ask the director general to answer that question.

Mr K.J. McNamara: Every single day a decision is made early in the morning on a statewide basis about which fires will and will not go ahead in terms of prescribed burning. Weather forecasting is a key consideration in that. There was a significant fog that rolled into Perth on the day in question a couple of weeks ago, and smoke from prescribed burns did get mixed up in that and contributed to the severity of the event on that day, which affected Perth Airport. The Bureau of Meteorology has acknowledged quite explicitly that the fog and the event that occurred were not foreseeable in terms of the weather forecast at that time. That can happen. It is regrettable, but it is not a precise art form to predict the weather in terms of prescribed burns.

Mr F.M. LOGAN: I refer to the fourth line item under the outcomes and key effectiveness indicators on page 820 of the *Budget Statements*, on the proportion of critically endangered and endangered taxa and ecological communities that have a recovery plan. I also refer to the \$1.53 million in offset funding the department received in 2009–10 from Chevron for the Gorgon threatened and priority species translocation and reintroduction program. Is this program ongoing? Can the minister give a complete outline of how the funding was allocated? It is fine to provide the answer to that question by way of supplementary information. Finally, how many FTEs were or are working on this program, and where are they based?

Mr W.R. MARMION: The director general will be able to answer some of those questions.

Mr K.J. McNamara: In terms of the indicator, we have some 600 threatened plants and animals on the state list under the Wildlife Conservation Act and we also have a number of threatened ecological communities. We are continually making improvements in the coverage of those species by recovery plans. The target reflects a continuing gradual improvement in that area. My recollection of the Gorgon project, to which the member referred, is that the requirement for the threatened species component of the Gorgon offset package was in the order of \$10 million. I could stand corrected on that. It is funding the translocation of a couple of mammal species and a couple of bird species to the Montebello Islands, at least one mammal species to the Cape Range area on the mainland, and also a couple of mammal species to the northern Goldfields at Lorna Glen. The work has been carried out predominantly by existing staff of our science division and regional services areas.

Mr F.M. LOGAN: Is the program ongoing now?

Mr K.J. McNamara: The program is ongoing for the duration of that funding.

Mr F.M. LOGAN: How long does the director general think that will be?

Mr K.J. McNamara: We are committed, of course, to maintaining the populations in those areas on an ongoing basis after that. I would have to come back with further information on how long the program is designed to run. I imagine that the funding probably stretches over six or eight years or thereabouts.

The CHAIRMAN: I am sorry to be pedantic, but you need to question the minister, member for Cockburn.

Mr F.M. LOGAN: On that basis, through the minister, can I ask that we be given information on the program itself, how that funding of \$10 million was allocated, and how many FTEs were or are employed in the program?

[7.20 pm]

Mr W.R. MARMION: I am happy to provide information on the Gorgon offset threatened species program. The member is specifically after the cost of FTEs and the length of time it runs for.

Mr F.M. LOGAN: How much is left, how the funding was allocated and how many FTEs were and are employed in the program.

Mr W.R. MARMION: That is supplementary information on the Gorgon offset threatened species program on the funding, where the funding goes and how long it runs for.

[*Supplementary Information No A33.*]

Mr C.J. TALLENTIRE: I refer to page 818 and desired outcomes of the agency. Being mindful that the Department of Environment and Conservation has a strategic review currently underway, I would like to know whether that has been completed and what the results were.

Mr W.R. MARMION: It is my understanding that the review is being carried out by the Department of the Premier and Cabinet and the Department of Treasury and Finance, and is not yet completed.

Mr C.J. TALLENTIRE: It is yet to be completed?

Mr W.R. MARMION: That is what I am advised.

Mrs C.A. MARTIN: I refer to page 817. It is a roundabout way of getting an answer to this question, but I refer to the line item "Item 159 Capital Appropriation" under "Appropriations, Expenses and Cash Assets".

Mr W.R. MARMION: That is \$8 805 000?

Mrs C.A. MARTIN: Yes. Was the new Western Australian Herbarium part of that appropriation? What has happened with it? I understand that it was a really big project, started by the previous government.

Mr W.R. MARMION: The building is completed; it was actually funded by previous funds. It is quite a nice building; I have been there a number of times for functions. It was started by the previous government. The director general might elaborate a little more on that, or was that sufficient?

Mrs C.A. MARTIN: I just would like to know a little more about it. I understand there were problems with climate control.

Mr K.J. McNamara: The building was completed in the latter part of last year. We had to do some extra work to rectify some air conditioning problems because the plant collection needs carefully controlled temperatures and humidity and so on to prevent insect attack. We look like being able to start moving the 750 000 plant specimen collection into the new building over the next couple of weeks. The building was completed at a cost of about \$32 million, and it is a major asset for the state.

Mrs C.A. MARTIN: A great investment!

Dr G.G. JACOBS: I refer to page 824, under the heading "New Works", and the line item "Great Western Woodlands". That is a natural woodlands that occupies most of my electorate, including Yilgarn, Coolgardie and

Dundas. The total spend on that line item is \$800 000, and the spend for 2011–12 is \$300 000. What is that spending for? On another point, when I was sitting over there presenting this division last year, I seem to remember a figure of \$800 000 as well. Is this a new spend or is it the same spend?

Mr W.R. MARMION: This is the capital component of the Great Western Woodlands project. The government has committed \$3.8 million over four years to ensure the long-term conservation of the unique natural and cultural values of the Great Western Woodlands. The biodiversity and cultural conservation strategy for the area was released by the then Minister for Environment in November last year, which the member is probably aware of. For 2011–12, \$2.2 million has been allocated for the Great Western Woodlands, including the capital component of \$300 000. Fire management is among the most important components, with a total of \$1.78 million allocated for upgrading and maintaining access, developing low fuel areas, monitoring the impacts of planned and unplanned fires, studying the interactions between weeds and fire, and a fire research project to investigate the impacts and dynamics of fire, which will be carried out by the Department of Environment and Conservation's science division. There will be some feral animal control programs, including donkeys at Cave Hill and corellas in the City of Kalgoorlie–Boulder. DEC will also install signage for key entry points throughout the woodlands, and will further develop the special Great Western Woodlands section on its website. The capital amount to which the member refers is for upgrading visitor facilities on DEC-managed lands throughout the Great Western Woodlands area, as well as upgrading some tracks for management purposes, especially fire management.

The appropriation was recommended.

Division 69: Botanic Gardens and Parks Authority, \$24 085 000 —

Ms L.L. Baker, Chairman.

Mr W.R. Marmion, Minister for Environment.

Mr M. Webb, Chief Executive Officer.

Mr I. Biddle, Business and Finance Manager.

[Witnesses introduced.]

The CHAIRMAN: The member for Gosnells.

Mr C.J. TALLENTIRE: I refer to page 834 and the subheading, “Biodiversity Conservation and Scientific Research”. I refer specifically to the note about the authority demonstrating leadership in urban bushland management. Does the authority have any Bush Forever areas that form part of its gardens and parks? If so, what are the current arrangements for the management of these sites, and is there any plan for this to be taken over by another agency? My final question relates to the Commonwealth Heads of Government Meeting and the development of —

The CHAIRMAN: Member, would you like to put the first two questions for now?

Mr C.J. TALLENTIRE: Okay.

Mr W.R. MARMION: There are significant areas of Bush Forever land in the land managed by the authority. I will ask Mr Webb to elaborate on that.

Mr M. Webb: Kings Park and Bold Park are contained within Bush Forever sites and both are managed in accordance with publicly reviewed and ministerially endorsed management plans that run for a period of five years.

Mr C.J. TALLENTIRE: I would like to know whether there are plans to expand the responsibility of the authority to take on more management of Bush Forever sites, or is that a task that will be left to the DEC?

Mr W.R. MARMION: Can the member repeat the last part?

Mr C.J. TALLENTIRE: It is about the management of other Bush Forever sites; I think there are some 300. Will the authority take on more of a management role for those sites, or is it something that is going to be left to the DEC when the Western Australian Planning Commission hands over those sites to another government agency?

[7.30 pm]

Mr W.R. MARMION: I understand that there are no plans for Kings Park to take over any more land than it currently has. Therefore, the Department of Environment and Conservation will be responsible for any lands that the Western Australian Planning Commission might ask to be managed by another authority.

Mr C.J. TALLENTIRE: I have a final question on this division. I refer to works in progress on page 835 and the line item “Cultural and Visitor Amenity Improvements CHOGM — Leaders’ Retreat”. Noting that when the Premier first announced that the Fraser’s Restaurant complex was to be expanded, he said that he expected

works would cost less than \$9 million, what was the original budget for this work, and can the minister provide a breakdown of the costs? What is the reason for the expected total cost of around \$10.1 million?

Mr W.R. MARMION: The finalisation of the CHOGM-related works to take place for the opening in September is as follows: the total \$10.151 million comprises \$9 million for the expansion of Fraser's Restaurant, and approval was given for additional separate funding of \$1.151 million for necessary landscaping works for the Botanical Cafe. It is more cost-effective for all the works to take place at the same time. That is the split of the \$10.151 million.

The appropriation was recommended.

Division 70: Office of the Environmental Protection Authority, \$14 223 000 —

Ms L.L. Baker, Chairman.

Mr W.R. Marmion, Minister for Environment.

Mr K. Taylor, General Manager.

Mr D. Foster, Director, Strategic Policy and Planning Services.

[Witnesses introduced.]

The CHAIRMAN: Any questions, members?

Mr F.M. LOGAN: I refer to the major spending changes on page 839 of the *Budget Statements*. To speed up the proceedings, the minister can provide the information I am seeking as supplementary information. Can the minister provide a breakdown of how the allocation of \$220 000 in 2010–11 for enhanced project assessment and strategic support was spent and how the proposed \$2.254 million for the project will be spent?

Mr W.R. MARMION: Obviously that requires fairly detailed information. I am happy to provide as supplementary information a detailed breakdown of the \$222 000 that was spent on enhanced project assessment and strategic support and of how the proposed \$2.254 million for the project will be spent.

[*Supplementary Information No A34.*]

Mr C.J. TALLENTIRE: I refer to the first dot point on page 840 under "Significant Issues Impacting the Agency". What agency resources are currently dedicated to preparing for the mining of uranium in Western Australia? Have any consultants been employed? Has this included any additional travel by officers of the Office of the Environmental Protection Authority; and, if so, to where and for what purpose?

Mr W.R. MARMION: I am happy for Mr Taylor to answer the question.

Mr K. Taylor: The office has three dedicated positions for the assessment of uranium projects, and other positions within the office also support that. Four projects have been referred to the EPA, three of which have had scoping documents approved by the EPA for environmental studies and the fourth of which has a scoping document open for public review. The funds provided to the OEPA include funds for travel to the sites. The EPA has already made a number of site visits to a number of the proposed mining sites.

Mr C.J. TALLENTIRE: Has the travel to the various sites been at the expense of the OEPA, or have the mining companies offered to pay?

Mr W.R. MARMION: I will provide that as supplementary information.

Mr C.J. TALLENTIRE: I would like that information for each of the four proposals.

Mr W.R. MARMION: We will provide the details of the travel specifically to review uranium projects and where the funding was sourced from.

[*Supplementary Information No A35.*]

Mrs C.A. MARTIN: What is happening with the water contamination in a couple of the communities at Fitzroy Crossing, the main one being Bayulu? I understand that the groundwater is being contaminated by uranium seepage and that fresh water is being carted in by truck.

Mr W.R. MARMION: Which page in the budget estimates is the member referring to?

Mrs C.A. MARTIN: The first dot point on page 840.

Mr W.R. MARMION: The Office of the Environmental Protection Authority has no knowledge of that. I will ask Mr Taylor to elaborate.

Mr K. Taylor: The role of the Office of the EPA is to support the EPA in the assessment of development proposals, including mining proposals. I am not aware of a mining proposal in the vicinity.

Mrs C.A. MARTIN: Exploration has caused the uranium seepage.

Mr K. Taylor: That matter has not been referred to the EPA by any organisation.

Mrs C.A. MARTIN: I will make sure that it is. The Water Corporation is aware of it, because it is carting the water.

Mr W.R. MARMION: Perhaps the member might like to ask the question again after nine o'clock when the Water Corporation is here. It might be aware of the issue.

Mr C.J. TALLENTIRE: I refer to the second dot point on page 840. When the various appeal points were removed, promises were made about the website and IT improvements to facilitate project tracking. Are all those improvements in place? How is the effectiveness of the website measured? How many projects are currently in front of the minister? Is this any different from the previous situation?

Mr W.R. MARMION: Can the minister go through them a bit more slowly? It is hard to write down four questions in 10 seconds.

The CHAIRMAN: The member can ask each question separately.

Mr C.J. TALLENTIRE: Are all the improvements for the project tracking system in place?

Mr K. Taylor: Not all the systems have been completed but the key ones relating to the amendments to the act last year that related to the appeals provision are in place. The website has been upgraded so that before the EPA makes a decision on the level of assessment for a new proposal it is registered on the website for seven days and the public can comment on those projects before the EPA makes a decision on the level of assessment.

Mr C.J. TALLENTIRE: Is the effectiveness of that website being monitored?

Mr K. Taylor: We can provide information on the number of comments that have been received for the various projects. A significant number of public comments have been made and we are doing all we can to make sure that the public is aware of and has access to that provision on the website.

[7.40 pm]

Mr C.J. TALLENTIRE: Having recently looked at the project tracking list, I was able to see quickly the number of projects currently with the Environmental Protection Authority. Can the minister confirm the number of current and ongoing projects and the number of projects the EPA has responsibility for moving to the next stage?

Mr W.R. MARMION: I will defer to Mr Taylor.

Mr K. Taylor: I can only say that about 90 projects have been referred to the EPA and are subject to assessment by the EPA. I cannot provide information on the number of those awaiting EPA action, as distinct from awaiting proponent action.

Mr C.J. TALLENTIRE: Could we have that by way of supplementary information?

The CHAIRMAN: Yes, certainly. The member would like that question answered by way of supplementary information.

Mr W.R. MARMION: Could the member tell me what he is specifically requiring?

Mr C.J. TALLENTIRE: I want a printout of the tracking database, a clear indication of the number of projects currently in the system and an indication of the number of projects that need the EPA to take the next action before they can be advanced to a further stage. It is actually quite easy to do.

Mr W.R. MARMION: I did not quite get the question. The member is talking about a tracking system providing the data.

Mr C.J. TALLENTIRE: Yes.

Mr W.R. MARMION: And then he said something about the EPA assessment project. Is the member talking about projects to go on the tracking system?

Mr C.J. TALLENTIRE: No, I want to know the number of projects in the tracking system, the number of projects where the ball is in the EPA's court and the number where the ball is in the proponent's court. We hear many claims about the system not delivering for proponents, when it could well be that proponents are the ones slowing up the system.

Mr W.R. MARMION: It is a mixed question. The member wants to know which projects are waiting for EPA action.

Mr C.J. TALLENTIRE: Yes.

Mr W.R. MARMION: We can provide that information.

The CHAIRMAN: What supplementary information has the minister agreed to provide?

Mr W.R. MARMION: We have agreed to provide the number of projects awaiting EPA action.

[*Supplementary Information No A36.*]

Mr C.J. TALLENTIRE: I refer to page 841, subheading “Outcomes and Key Effectiveness Indicators”, line item “Percentage of audited projects where all environmental conditions have been met”. How many projects were audited in each of the budget years? There is a rather striking figure of 100 per cent all the way along there.

Mr W.R. MARMION: We will have to provide as supplementary information the specific number of projects that were audited for that 100 per cent figure. Madam Chair, do you want me to repeat the supplementary information that we will provide?

The CHAIRMAN: I got it but perhaps it will be worthwhile doing it one more time for *Hansard*.

Mr W.R. MARMION: We will provide the number of projects that were audited for the first outcome, the efficiency and effectiveness indicator, which is the percentage of approved projects with actual impacts not exceeding those predicted during the assessment, and the number of projects that were audited for the 100 per cent reading there.

[*Supplementary Information No A37.*]

Mr F.M. LOGAN: I refer to page 843, financial statements, line item “Grants and subsidies” under “Income Statement (Controlled)”. I note in 2010 that line item was budgeted at \$700 000; however, the estimated actual is now \$1.09 million and will remain in the out years to 2012–13. What is the reason for that increase, and what are the various grants and subsidies that make up this amount?

Mr W.R. MARMION: Mr Taylor might be able to elaborate on this, but my understanding is that it reflects contributions to the fertiliser action program, and also \$390 000 from the royalties for regions funding for work in the Pilbara. If Mr Taylor would like to clarify that, I would be happy for him to do so.

Mr K. Taylor: This is part of the government’s Pilbara Cities project. The Office of the Environmental Protection Authority has been provided with additional funds so that we can carry out assessments of any new developments associated with Pilbara Cities that might have an environmental impact so that they can be progressed.

Mr F.M. LOGAN: Further to that, is that an extra amount?

Mr K. Taylor: Yes.

Mr F.M. LOGAN: How much of that money is going to the fertiliser initiative, which the minister referred to?

Mr W.R. MARMION: Madam Chair, I defer to Mr Taylor.

Mr K. Taylor: My understanding—I stand corrected—is that the original \$700 000 in the 2010–11 budget was for the fertiliser action plan and the additional \$390 000 was the Pilbara Cities funding from royalties for regions.

Mr F.M. LOGAN: Further to that, through the minister to Mr Taylor, has that \$700 000 been spent? What is actually happening with that fertiliser plan? Is it ongoing?

Mr W.R. MARMION: Mr Foster will be able to answer this question.

Mr D. Foster: Much of that money was held by the EPA for other agencies, and it has been disbursed. We would need to give a more detailed breakdown if the member would like that.

Mr F.M. LOGAN: Could I ask for that by way of supplementary information?

Mr W.R. MARMION: We are happy to provide by way of supplementary information the detail of the \$700 000 that I understand comes from the fertiliser action program.

[*Supplementary Information No A38.*]

Mr C.J. TALLENTIRE: I refer to page 841, subheading “Environmental Impact Assessment and Policies”. I note that the income was budgeted at \$700 000 for 2010–11.

Mr W.R. MARMION: Which line item?

Mr C.J. TALLENTIRE: This is “Environmental Impact Assessment and Policies”, total cost less income.

Mr W.R. MARMION: Yes.

Mr C.J. TALLENTIRE: It was at \$700 000 for 2010–11 but it is now estimated to come in at \$1.24 million. What is the reason for the increase, please?

Mr W.R. MARMION: Madam Chair, I defer to Mr Taylor.

Mr K. Taylor: Again, part of that would be related to the \$390 000 for Pilbara Cities, but we would have to provide supplementary information as to what the funds were beyond the Pilbara Cities funding.

The appropriation was recommended.

Division 71: Swan River Trust, \$11 249 000 —

Ms L.L. Baker, Chairman.

Mr W.R. Marmion, Minister for Environment.

Mr R. Hughes, General Manager.

Mr M. Cugley, Manager, River System Management.

Ms K. Rogers, Manager, Business Services.

[Witnesses introduced.]

The CHAIRMAN: Member for Gosnells.

Mr C.J. TALLENTIRE: My first question is on page 847, subheading “Relationship to Government Goals” and the desired outcome regarding long-term community benefit. Is further work being done on the government’s failed attempt to quantify the economic and non-economic values of the Swan Canning Riverpark?

[7.50 pm]

Mr W.R. MARMION: Can the member give me the first two words of his question again?

Mr C.J. TALLENTIRE: The page number?

Mr W.R. MARMION: No; what was the adjective? I know what member is referring to; was it about the further work we are doing?

The CHAIRMAN: Could you repeat the question, member?

Mr C.J. TALLENTIRE: It was regarding the economic and non-economic values of the Swan Canning Riverpark. There was a failed attempt to come up with some quantitative data on the economic and non-economic values.

Mr W.R. MARMION: I think the member asked what further work we are going to do on that.

Mr C.J. TALLENTIRE: Yes; I am interested to know that as well.

Mr W.R. MARMION: I was actually after the “doing” part of the member’s question.

I will let the general manager elaborate in a minute, but, as the member is obviously aware, a report was prepared by Dr Michael Hughes from the sustainable tourism centre of Curtin University. The aim was to raise awareness of the value of the Swan Canning Riverpark, and it was a worthwhile project because it documented a number of economic, social, and environmental benefits. An exploratory study was undertaken by the Swan River Trust to examine the benefits, and a report was prepared. A decision was taken to not publish the report on the trust’s website as the study was very preliminary in nature, and the figures within the report could have been subject to misinterpretation if they had not been read in the context for which they were intended. They were estimates of key indicators, rather than comprehensive measures that could be added together to give the total economic value of the riverpark. No further work will be done with that now. That report was useful because it provided us with some information, but it was decided that if the report had been released, it could have been a bit confusing for people if they did not read it in context. It is very hard to measure the value of the riverpark. If we consider Matilda Bay in my electorate, for example, we can look at the economic benefits of that area by looking at the value of some of the restaurants, and that would be a way of analysing the value in some way. It could be said that because of the infrastructure there, it is worth a lot; but why should that be worth more than, say, another part of the river that may not have a restaurant on it? From an environmental and social point of view other people might say that another area is more valuable.

Mr C.J. TALLENTIRE: But Matilda Bay does not exist if there are not those high upper reach parts as well.

Mr W.R. MARMION: Yes, but the member can see the difficulty in quantifying various aspects of the river. That was a very valuable report, and I think it has informed the Swan River Trust accordingly.

Mr J.E. McGRATH: On that subject, minister, because I have a lot of riverpark in my electorate, does the minister have a view on greater usage of the riverpark? The minister talked about the restaurants at Matilda Bay or Freshwater Bay, where residents do not want any further development. Does the Swan River Trust have a view on how we can better utilise some of these tracts of land that are under the control of the Swan River Trust; and does the minister think that we should have more cafes and restaurants and areas that could be used for tourism so that we could make better use of this great icon of Western Australia, the Swan–Canning River?

Mr W.R. MARMION: That is a very good question, member. I guess we have to look at it on a project-by-project basis and it is a bit of a balancing act. We have to consider where a facility should be sited for people's benefit. If people want to recreate or go to a cafe, we have to look at the environmental values, and proposals are normally assessed by the Swan River Trust against the environmental values of a particular site. A classic example at the moment is the proposal for an extension of a building in my electorate. I know the member for South Perth has some nice cafes in his electorate.

Mr J.E. McGRATH: I remember that the minister visited one on one occasion.

Mr W.R. MARMION: I did not know the member was there, or maybe I would have gone somewhere else! I enjoyed that; it is a very nice restaurant.

Mr J.E. McGRATH: I do not want to labour the subject, but the Swan River has so much potential. We do have problems with the condition of the river and people have concerns about the river, but I would like, through the minister, to ask the director general or the chief executive officer what the Swan River Trust believes is the potential for our river and for usage of land that abuts the river that is under the control of the Swan River Trust. Can we better utilise this great asset? I have always said that if it was in Europe or somewhere like that, it would probably be a lot better used than it is.

Mr W.R. MARMION: I guess it is a policy decision to some extent, so it is probably my role to make a general comment, but I will let Mr Hughes make a comment on the Swan River Trust's assessment of projects. I agree that we have a wonderful asset in the Swan River, and we have to make sure that we utilise it in the best way possible for all users—I like jogging around it!

Mr J.E. McGRATH: We used to swim in it!

Mr W.R. MARMION: Indeed; I believe that as a young boy I might have swum in it, but I think I was too young to remember.

But we are going to improve the foreshore in front of the Esplanade. We are going to open that up, and there will be an opportunity for greater use of and access to the river; there will be restaurants and urban development. One piece of good news is that there will be a new jetty for ferries to the Mends Street jetty in the member for South Perth's electorate, so the member will not have to walk all the way to Barrack Street jetty. The new jetty will be close to the Esplanade station; I think the member might find there will be better use of the river and the ferries and more people may be visiting South Perth and going to the zoo. That is one example of better utilising the river. I know there are environmental considerations in some other areas of the park, but if we look at the whole of the Swan River around the Perth metropolitan area, including South Perth, a lot of it is not natural environment, so there are opportunities, provided that any development does not worsen the pollution in the Swan River. It is a balancing act to ensure that the phosphorus and nitrogen levels, which are already probably double what they should be in the Swan River, do not get any worse. We have to look at the environmental and other constraints that need to be implemented to make sure that the river quality improves. Mr Hughes might be able to elaborate on that.

Mr R. Hughes: Certainly the Swan River Trust is on the record as supporting good development in appropriate places. As the minister said, there is actually an opportunity to bring people down to the river to use the river and enjoy it, and to also put, I suppose, modern environmental management practices into play. It is certainly clear that the community would like to see development at the right nodes, with other areas set aside for more passive recreation or nature conservation, which is supported by the trust.

Mr C.J. TALLENTIRE: The minister mentioned the quantities of nitrogen and phosphorus in the river system. Why do the *Budget Statements* that deal with the key performance indicators talk about percentages but do not actually give us tonnage loadings that we are aiming for when it comes to nitrogen and phosphorus levels in the river?

Mr W.R. MARMION: I do not know specifically why, but I do know that the performance indicators are audited by the Office of the Auditor General because I used to work there—I actually had some involvement in doing the performance indicators for Main Roads Western Australia. That is a question that perhaps the Auditor's General staff may have taken up with the Swan River Trust, but perhaps Mr Hughes might be able to elaborate.

[8.00 pm]

Mr C.J. TALLENTIRE: As I said, we have vague percentage figures in the table on page 848 that are not as helpful.

Mr R. Hughes: The tonnages or direct loads and concentrations were reported in our annual report as part of our key performance indicators. We are in discussion with the Auditor General about the best way to present those. We also report those contributions at the time that they are relevant through documents such as the "Swan

Canning Water Quality Improvement Plan”. All of the detailed results at subcatchment level are reported in each year’s annual report and they are aggregated to give us the results that appear in the budget papers.

Mr J.E. McGRATH: I have a further question, which is my last on this subject. Can the minister tell me what the Swan River Trust is doing about the low oxygen levels in the Swan and Canning river system?

Mr W.R. MARMION: I thank the member for South Perth for that question. Oxygenation trials have been going on in various sectors of the Swan and Canning river system. Specifically, this year has been difficult because the long dry spell in 2010 meant that the Swan River required an extended oxygenation period, and insufficient rainfall meant that the Kent Street weir boards were not removed and the Canning River did not receive its annual flushing. In addition to this, fires in the Canning River Regional Park damaged both oxygenation plants, rendering them inoperable for a period, and storm surges resulting from tropical cyclone Dianne caused extreme tides that pushed unprecedented volumes of salt water over the Kent Street weir. Two oxygenation plants operating on the Canning River since 2000 have attempted to maintain oxygen levels and, as a result, they have improved the aquatic habitat and public amenity. These plants operate by adding pure oxygen gas to river water, discharging the oxygen-rich water at several locations to effectively oxygenate 2.3 kilometres of the Canning River upstream of the Kent Street weir.

As everyone knows, the Canning River probably needs more attention than the other parts of the Swan. There is, however, a further one kilometre of the Canning River upstream of this oxygenation area that we cannot manage with our existing oxygenation plants. This area, centred on the Nicholson Road bridge, typically experiences very low oxygen levels over the summer months, which threatens to undermine our efforts at oxygenation downstream. To ameliorate this problem, last year the coalition government announced an extra \$1 million to explore a range of new technologies capable of improving oxygen in this reach of the Canning River and to install the most appropriate system. Despite twice advertising tender requests to build, own and operate an oxygenation system on the upper Canning River in the past year—first advertised nationally and secondly internationally—no suitable tender offers have been received. The trust is reviewing its procurement model and aims to have a contract signed within the next six months. In relation to the Swan River —

[Mr A.P. O’Gorman took the chair.]

Mr C.J. TALLENTIRE: We can read that information elsewhere.

Mr W.R. MARMION: I am happy for that to remain my answer, Mr Chairman.

Mr F.M. LOGAN: I refer to the significant issues impacting the agency on page 847, which states —

The resulting poor water quality has brought negative ecological and social consequences.

Can the minister provide extra details on that comment?

Mr W.R. MARMION: Mr Hughes will be able to elaborate on that point.

Mr R. Hughes: This follows on from the comments that the minister made about oxygenation in the upper reaches of the Canning River. Specifically, what has happened is that we now have salt water in what is normally a freshwater area upstream of the Kent Street weir. The weir boards were put in place to stop the intrusion of salt water into the pool upstream so that there is a freshwater system for riparian and licensed extraction. What we are seeing at the moment, which is yet to be quantified because it has just happened this past summer for the first time that we are aware of, is salt water that will now affect streamside vegetation, and we have certainly seen deaths of freshwater mussels.

Mr J.E. McGRATH: I have a further question. Is that something that has come from the ocean?

Mr R. Hughes: Correct.

Mr J.E. McGRATH: How many kilometres up the river has that salt water gone?

Mr R. Hughes: It is seven kilometres past the weir boards, so it topped over by some 45 centimetres. Last winter was the first time in known history that the weir boards were not removed because of winter flow—because there was no winter flow last year to speak of. It is a very severe situation on the Canning River.

Dr G.G. JACOBS: I refer to the first dot point on page 848, which is about more people wanting to use the river for various activities. This might be a function of the fact that I am a regional member, but visitors often ask me whether the Swan River is safe to swim in as they do not see people doing it. For instance, people do not go for a morning swim in the Swan River. Is the Swan River safe to swim in? What agents are particularly important in impacting on human health, including bacteria, that prevent it from being safe? Are we able to publicise on a public domain data that shows whether the Swan River is safe to swim in? What areas could be recommended and prescribed for swimming?

Mr W.R. MARMION: I will make some preliminary comments on this but the general manager can be more specific. The general comment is that the Swan River is safe to swim in, and obviously some parts are safer than

others. I think we all remember that when we were young we swam in the river and used the Crawley Baths, which do not exist any more. I guess there were fewer jellyfish in our day, but there are certainly lots in my electorate. The note I have in front of me is that the Department of Health maintains general advice that swimming in waterways should be avoided after heavy rainfall—that is, greater than 10 millimetres—as rain collects pollutants from our streets, gardens and farms that are flushed into our ocean and rivers via the stormwater system. Swimmers and other recreational water users should exercise their own best judgement of water quality, observing its appearance and surrounds, and follow the other very helpful general tips about safe swimming in waterways that are also found on the Department of Health's website. If the General Manager of the Swan River Trust has any safe tips for swimmers in the Swan River, he might like to elaborate.

Mr R. Hughes: The health department maintains monitoring of the popular swimming spots on the river, working with local government to keep an up-to-date report using a traffic light system on its website. People can actually google “Can I swim in the Swan River?” and it will lead them to the Swan River Trust website with links to that site. There are too many places to list now, but that site shows where people can go in the river and what the conditions are. That site also applies to other waterways around the state.

Mr F.M. LOGAN: I again refer to the significant issues impacting the agency on page 847 and specifically to the comment that the trust will continue its work to secure the most cost-effective technology. What resources has the trust allocated to this task, and what specific projects is the trust currently working on?

Mr W.R. MARMION: I presume this relates to oxygenation.

Mr F.M. LOGAN: Yes, it could; I am not too sure.

Mr W.R. MARMION: Mr Cugley is probably the best person to answer this question.

Mr M. Cugley: That comment relates to our work in trying to find extra oxygenation relief that we can provide to the Canning River in addition to the existing two plants. The two plants on the Canning River were built more than 10 years ago. They have been effective and they were best-practice technology at the time. Using funds that were given to us this financial year, we have been unsuccessful twice in getting someone to build and operate oxygenation technology. However, we do not want to limit this to only the plants that were built 10 years ago because there might be new, more mobile systems and systems that are perhaps more passive and less demanding on electricity and oxygenation costs. I guess we want a broad range of outcomes and hopefully people will use a range of technologies to achieve them.

[8.10 pm]

Mr C.J. TALLENTIRE: I refer to the river protection strategy in the second last dot point at the bottom of page 847. What time line is the trust working in order to finalise the river protection strategy and where is the trust up to with this work?

Mr W.R. MARMION: A draft strategy has been prepared and it is with me to look at and see what we do next.

Mr C.J. TALLENTIRE: Is there no indication of when the strategy will be out?

Mr W.R. MARMION: Mid to late this year is the target.

Mr C.J. TALLENTIRE: What is the problem; is it lack of resources, minister?

Mr W.R. MARMION: It is a case of working out a reasonable funding strategy. The river protection strategy refers to things and we have to work out how we might put that out in terms of funding.

Mr C.J. TALLENTIRE: Can the minister confirm for us that it is a priority? Members, including the member for South Perth, expressed how important the Swan River is. Surely getting this protection strategy right is critical to many Western Australians. Is there a degree of urgency about this?

Mr W.R. MARMION: The member is right. The protection of the Swan River is key certainly to those members who have part of the Swan River in their electorate, which includes me and the member for South Perth. And the member for Gosnells has some of the Canning River in Gosnells. It is a key priority and we want to make sure it is right before we get it out, so we are making sure every i is dotted and t crossed. It should be ready to release mid to late this year.

Mr C.J. TALLENTIRE: Will it include initiatives such as bringing controls on water-soluble fertilisers?

Mr W.R. MARMION: The draft document I have read is very comprehensive. We already have constraints on the percentage of phosphorous in fertilisers. I am sure that area will be covered as well. One of the key initiatives is to make sure we stop nitrogen and phosphorous going into the Swan River through a range of areas, particularly some of the drains and catchments that run into the Swan River. Today we announced \$3.2 million towards the Ellen Brook and Bayswater drains and towards a nutrient-stripping wetlands to be constructed to try to strip out some of the contaminants.

Mr C.J. TALLENTIRE: I did see the media release. Essentially, is the minister saying that he will not have anything beyond a voluntary program to get people away from the water-soluble fertilisers?

Mr W.R. MARMION: I cannot be specific on that until I see the strategy. Certainly we will be looking at every measure possible to stop the river being further polluted.

Mr C.J. TALLENTIRE: Including bringing in controls on water-soluble fertilisers?

Mr W.R. MARMION: I am not sure what we are doing about water-soluble fertilisers. Mr Hughes might be able to provide some information on that.

Mr R. Hughes: The river protection strategy is very broad and comprehensive and does not relate only to the work of the Swan River Trust. The Swan and Canning River Management Act, which requires the strategy to be built, is essentially charging the trust with coordinating, if we like, the effort across multiple agencies with different responsibilities. We are certainly a player in the development of the strategies for fertiliser management, so it would be picked up in that. I think it is fair to say we have regulations in place in relation to urban use of fertiliser solubility. There is some regulatory action already there. Perhaps Mr Cugley can add to that.

Mr M. Cugley: One of the important things to help the health of our river was the announcement of the new regulations limiting the phosphorous content in retail fertilisers on home gardens. That was a very significant step that came into place on 1 January this year.

Mr F.M. LOGAN: I think this might be the last question. The second dot point on page 848 refers to the Perth Waterfront, which is a major development that will have a significant impact on the river. Has the trust received any additional resources in this budget to allow it to work on that development; what resources does the trust currently have allocated towards that development; and what resources does the trust believe should be allocated to the development during construction, given the size of this project and its impact on the river?

Mr W.R. MARMION: There are no additional resources. The Swan River Trust supports the redevelopment of the Perth waterfront. It will be an opportunity to reconnect the river to the city; it will bring about much-needed improvements to the quality of the water that passes through the site in the major drains. The trust, with the Environmental Protection Authority and the Department of Planning, will be working on the approvals required to make sure they provide adequate protection and community input to the project. It will have a role as one of the agencies involved in the planning. It is business as usual—part of the service—with delivery program 1. The total cost-of-service budget of \$1.439 million is where the funding will come from. There are 11 FTEs in that section, but they are not working specifically on that project.

Mr F.M. LOGAN: The minister has seen the plans. Clearly, the Swan River Trust has seen and approved the plans for that development, which is a very big development in the city of Perth. A very big hole will be dug in what is currently a filled-in river bank in the centre of Perth to allow a large part of the Swan River to come in and fill it up. I would have thought the Swan River Trust would have a very major issue with the Department of Planning overseeing the environmental impacts of that project, yet the Swan River Trust has been allocated no money to this major construction project.

Mr W.R. MARMION: The Perth Waterfront project has not been approved, by the way. The WAPC, along with the Swan River Trust, will be involved in aspects of planning the project. As the minister, if Mr Hughes advises me that there are problems with resourcing in that regard, he just has to knock on my door and we will see what we can do.

Dr G.G. JACOBS: I refer to nutrient intervention systems on page 846. The minister touched on it a little when he spoke about nutrient stripping, but since the Ellen Brook branch is a major contributor to nutrient loads into the Swan River, what systems are planned to reduce the drainage loads into the Swan River and what effect does he believe they will have?

Mr W.R. MARMION: I thank the member for the question. As I mentioned, \$3.2 million has been allocated to build artificial wetlands in both Ellen Brook and Bayswater for the next four years, starting with the next budget. They will strip nutrients from catchment sites. In fact, Ellen Brook is probably one of the worst catchments polluting the Swan River, so it is a key catchment to work on to get the best value for our dollar. Excess nutrients, salinity, wind and water erosion, waterlogging and flooding are the major land management issues of concern in both the Ellen Brook and Bayswater catchments. Artificial wetlands also provide habitat for native fauna. This improves the amenity for the community with seating, shelters and other facilities incorporated into the landscape design around these wetlands, which encourage active and passive recreation. There are some spin-offs for the community in these artificial wetlands. They also provide an educational resource for the community.

[8.20 pm]

Mr C.J. TALLENTIRE: As a point of order, this is today's media release from the minister, so I think we can read it in the media.

Mr W.R. MARMION: I will just finish, Mr Chairman.

The CHAIRMAN: Does the minister have much more to go? I am conscious of the time.

Mr W.R. MARMION: No. I will just say that this government is committed to funding these sorts of projects. They are critical projects that will improve the quality of the Swan and Canning river system. Indeed, I fully support these artificial nutrient-stripping wetlands.

Dr G.G. JACOBS: What will the first \$500 000 that has been allocated this year do? Are we not looking at an intervention system that will achieve what we are trying to achieve? That amount of \$500 000 will just do the first bit of it. Will it have any effect? Will it take a while? How effective will this be in the immediate future?

Mr W.R. MARMION: There are three conceptual designs for Ellen Brook.

Dr G.G. JACOBS: That was my question.

Mr W.R. MARMION: The first bit of money will be for planning and agreeing on a design. Then there will be a staged construction. The money will be spread over four years. About \$2 million has been provided for Ellen Brook over four years. As the member has said, that is about \$500 000 each year for four years. The first tranche of the money will be for agreeing on a design and then planning that design. There will be a staged construction over the next three and a half years. As the water streams through the catchment, different basins can be built. The design has not been confirmed yet, but one design has four basins. One basin could be built in each year. The member is right; some results could be achieved each year and they could increase incrementally over the four years.

The appropriation was recommended.

Division 72: Zoological Parks Authority, \$11 120 000 —

Mr A.P. O'Gorman, Chairman.

Mr W.R. Marmion, Minister for Environment.

Ms C. Shannon, Acting Chief Executive Officer.

Ms M. Price, Chief Financial Officer.

[Witnesses introduced.]

The CHAIRMAN: The member for Gosnells has the first question.

Mr C.J. TALLENTIRE: I refer to the asset investment program referred to on page 858. I wonder why there is no allocation of funds for an investment into an open-range zoo, such as Taronga Western Plains Zoo, which is associated with Taronga Zoo in New South Wales, or Werribee Open Range Zoo in Victoria.

Mr W.R. MARMION: The open-range zoo project has been on the drawing board for many years, and certainly going back to my time in the early 1990s with Minister Foss. Indeed, there is ongoing planning. It is not an expensive exercise. Preliminary planning on what might constitute an open-range zoo, where it might be located and its layout are part of an ongoing in-house project.

Mr C.J. TALLENTIRE: There is no funding allocation for the investigation of suitable sites.

Mr W.R. MARMION: There is no specific funding, but sites have been investigated. It is business as usual. People who run a zoo would look at where they might go next. Part of the forward planning involves looking at those sorts of opportunities.

Mr J.E. McGRATH: Because Perth Zoo is located in my electorate, I would like a reassurance from the minister that Perth Zoo is secure in that location and that any move to have an open-range zoo would be only complementary to Perth Zoo.

Mr W.R. MARMION: Having stayed at my grandmother's place in Labouchere Road opposite the Zoo as a young lad, I can absolutely guarantee the member for South Perth that there is no way that Perth Zoo will move from South Perth under my watch.

Mr M.J. COWPER: It is close to relatives!

Mr W.R. MARMION: It is close to relatives of mine. The member is right; an open-range zoo would be complementary to Perth Zoo. I give the member the assurance that, under my watch, however long that might be—it may not be a long assurance—Perth Zoo will not move. Perth Zoo has about 600 000 visitors each year. It is a wonderful asset to Australia and to the member's electorate.

Mrs C.A. MARTIN: Just keep all that monkey business there in South Perth!

The CHAIRMAN: Did the minister just say that his watch might not be a particularly long one?

Mr W.R. MARMION: I am just saying that it might be there for 12, 14 or 15 years!

Mr J.E. McGRATH: I refer to the water infrastructure management project outlined on page 858, which project I believe the minister announced during budget week. Can he please explain what this project is about? I believe he has allocated funding over four years to implement this project.

Mr W.R. MARMION: Perth Zoo is a big user of water. It has lots of exhibits. In fact, it has been so efficient with its water use and reuse that it draws only 10 per cent of its water from scheme water; the other 90 per cent is bore water. Any ability to recirculate, reuse and filter water in the existing system saves the Zoo a lot of money in water costs. Thirty-seven per cent of the Zoo's power costs are for pumping water. That gives members an idea of how important water is to the Zoo, not only for the exhibits, but also for reticulating the lawns. It needs water 365 days a year. It is a 19-hectare property and has 1 200 animals. As I have said, it has 630 000 visitors a year. At the moment, we have committed more than \$11 million over about six years for the project to replace the aged water infrastructure, much of which is 60 years old. This money will be used for that. It will also go towards installing solar pumps to reduce the energy used on pumping water and looking at more efficient ways of catching water from some of the structures, recirculating some of the water that is caught and better storage systems so that the water can be used more efficiently. The Zoo is efficient not only with water, but also with solar energy. It has 303 solar panels on the roof. That is another area in which Perth Zoo is improving its efficiency. I am very pleased that Perth Zoo is being efficient with its use of water, because it is one of the bigger users of water in Western Australia.

Mr F.M. LOGAN: Can we get on with it now, minister?

The CHAIRMAN: There is one further question.

Mr J.E. McGRATH: This is a very important question. If 600 000 people a year visit the Zoo, how do they travel to the Zoo; and, given the minister's great support for the Zoo, will he push in cabinet for a train station at Richardson Park?

[8.30 pm]

The CHAIRMAN: Where is your reference for the budget, member for South Perth?

Mr W.R. MARMION: I have to say that in my previous life in the private sector, I was instrumental in assisting the City of South Perth in making sure there was a corridor within the freeway that would allow a station to go in for the train. In terms of my knowledge of the future train station there, I have to defer that to some other time.

The CHAIRMAN: I think we can defer it to the Minister for Transport. Members, I have no further indication of questions to be asked.

The appropriation was recommended.

Division 73: Water, \$77 743 000 —

Mr A.P. O'Gorman, Chairman.

Mr W.R. Marmion, Minister for Water.

Ms M. De Lacey, Acting Director General.

Mr R.D. Hammond, Director, Water Resource Use.

Mr J.M. Loney, Director, Strategic Policy and Water Services.

Mr G.J. Davis, Acting Director, Water Resource Management.

Mr P.J. Parolo, Manager, Finance and Administration.

[Witnesses introduced.]

The CHAIRMAN: I call the member for Cockburn.

Mr F.M. LOGAN: I draw the minister's attention to page 862 of the *Budget Statements* and to the table headed "Service Summary". Can the minister explain why there has been a \$20.533 million drop-off in service expenditure between last year's budget and this year's budget?

The CHAIRMAN: Sorry, member for Cockburn, but what page are you on?

Mr F.M. LOGAN: It is page 862.

The CHAIRMAN: We start on page 863 for division 73.

Mr F.M. LOGAN: It is page 864. I have a photocopy and it has gone right over the top of the page number. I refer to the table under "Service Summary" on page 864. There has been a \$20.533 million drop-off between the current financial year's budget and next year's budget, which is the one we are dealing with, and it continues to

decline in the out years. Can the minister explain why there is a drop-off in that amount, budget to budget, and also why there is a drop-off in the out years? Most of the cuts to this expenditure, from what I can see, appear to be in catchment and waterways health. Does this mean that we are about to see a radical decline in the efforts to protect and improve our waterways?

Mr W.R. MARMION: The member is pointing to the total cost of services.

Mr F.M. LOGAN: Yes; I am looking at the total cost of services and the decline there.

Mr W.R. MARMION: Perhaps I will refer that to Mr Parolo.

Mr F.M. LOGAN: It appears that the biggest cuts have been to catchment and waterways health.

Mr W.R. MARMION: I have detail on each of the three items, but in terms of the total I will refer the question to Mr Parolo.

Mr P.J. Parolo: Just to clarify the point, the total cost of services is \$100 million and it then declines in the future years. That relates to the fact that the agency receives a lot of external funds; for example, from the federal government. What happens with a lot of the external funds that are received is that they will decline very quickly because the contracts or the arrangements—for example, with the federal government—are usually for only one or two years. What is more relevant is on page 863. The actual funding that is provided can be seen across “Delivery of Services” and “Item 106 Net amount appropriated to deliver services”. We find that to be quite consistent in the low \$70 million range, with some slight increases going into the future.

Mr F.M. LOGAN: I can see that in terms of the total appropriation, but I am talking about the way the money is spent. I accept that all budgets go up and down with respect to the subsidies and grants that are received. The summary of each of the three columns in the table on page 864 are added together to make the total amount below. It appears that catchment and waterways health goes into a severe decline in the out years, from 2010–11. Can the minister explain that? Obviously, that relates to the total. Is that where the grants have been declining, and does that correspond with my statement; that is, are we about to see a decline in the effort put in on our waterways?

Mr W.R. MARMION: If the member is relating it specifically to service 3, catchment and waterways health, the variation of \$8.099 million relates mainly to the ceasing of commonwealth and state natural resource management funding projects for salinity and waterways. I can give a breakdown of that. There was \$4.3 million in state NRM funding relating specifically to salinity in waterways, \$1.7 million under commonwealth water for the future projects, \$1.2 million for Swan River Trust and catchment council funded projects, and general movement in apportioning agency overheads. That is the \$8.899 million.

Mr F.M. LOGAN: I thank the minister for that information; that does explain the decline. Why does the state government not pick it up?

Mr W.R. MARMION: Sorry, why does the state government?

Mr F.M. LOGAN: Well, the commonwealth NRM funding has run out. Why has the state not stepped in to allocate more funding to that particular service?

Mr W.R. MARMION: I will defer to the acting director general.

Ms M. De Lacey: When looking at those figures, the budget forward estimates in particular reflect allocations that have been made according to particular grants and things like that. The member will see a decline because we cannot predict when funding grants might come in. Year by year we might make applications for NRM funding et cetera, so members will see those changes year by year. At this stage, we know that we have that amount of funding. It is particularly around a number of grants. Next year, we might get additional funding in because we have made applications for those grants, but those grants are not reflected in the budget figures because we have not actually received them.

Mr M.J. COWPER: I refer to the “Asset Investment Program” on page 869 of the *Budget Statements*. It mentions initiatives in the Collie–Wellington basin to reduce salinity in Wellington Dam. My electorate has some 600-odd irrigators. Last year, due to the climate, the top half of those irrigators—some 300 irrigators—were reduced to 34 per cent of their water allocation. Water allocation is fundamentally important to the dairy industry in particular in Western Australia. We are hoping and praying for rain.

Dr G.G. JACOBS: The member has got some!

Mr M.J. COWPER: We have got some. One issue is that with the advent of some rain now, we are going to see a big salt slug permeate Wellington Dam. Those irrigators at the southern end of the irrigation strip who are supplied from Wellington Dam are losing productivity because of the salt content in that dam. There has been some procrastination over a number of years as to what should be done with that water and how to improve the quality of the water. Water will be an ongoing issue in Western Australia for some time. What can we do to

assist the farmers in my electorate, and how can we better access the 167 gigalitres of water stored within Wellington Dam?

[8.40 pm]

Mr W.R. MARMION: The member is referring to the Collie River salinity recovery project, which has been running for a number of years. It progressed significantly over the past year, with the preparation of tender documentation for the detailed design and construction being completed, and a body of work has provided an assurance that the project is technically feasible but commercially challenging, given the complex water quality and chemistry. A financial estimates review performed towards the end of 2010 estimated that the capital and operating costs for the delivery of all three stages of the Collie River salinity recovery project was approximately \$50 million to \$60 million more than the \$30 million of joint commonwealth and state government funding that was previously available. As recommended in the independent ministerial review undertaken by the previous Minister for Water, there will be no further major capital expenditure on the Collie River salinity recovery project until and unless it is shown to be the preferred option supported by a cost-benefit analysis. Consequently the Department of Water, together with the South West Development Commission, will now determine whether there are feasible alternatives to the previous project, which was to desalinate the water from Eastern Creek. Those agencies are looking at better projects and more feasible alternatives in terms of the investment of public funds to deliver better water quality and quantity outcomes for the Wellington Dam. Obviously, one thing to look at is the initial charge of water that comes down through Eastern Creek; it is my understanding that it is about 14 per cent of the volume of water that goes into the Wellington Dam, but accounts for about 80 per cent of the salinity. Obviously, if we could stop that water going into the Wellington Dam, we could markedly reduce the salinity. Under previous governments, water was diverted into the Chicken Creek void. Indeed, the salinity level of the Wellington Dam has decreased to about 900 parts per million, but it is an ongoing problem. One idea was to desalinate the water and put it back in. Another solution might be to divert the saline water somewhere else, but, unfortunately, there is no pipe big enough. However, there is a Verve pipe that runs down the hill into the ocean; it does not have enough capacity, but if that salt water could be permanently diverted to the ocean through a gravity fed drain —

Mr M.J. COWPER: Could we not just divert it into the Collie River?

Mr W.R. MARMION: That could be an option, but at the moment the Department of Water, in conjunction with the South West Development Commission, will see what the best viable option is.

Mr M.J. COWPER: I note from examination of other budget documents that royalties for regions funding is being spread across regions in Western Australia. The South West and the Peel region have probably been on the back end of the dishing out of moneys. I have no qualms at this stage about the money that is being spent in the Kimberley and other regions, but members should remember that this area is fundamentally important for the production of food in Western Australia and is the third-largest mining region in Western Australia. I would like to see the minister get some royalties for regions money to fix up the Wellington Dam.

The CHAIRMAN: Member, is there a question?

Mr M.J. COWPER: Is royalties for regions funding an option to be able to fund this probably?

Mr W.R. MARMION: I am probably the wrong minister to ask!

Mr M.J. COWPER: Will the minister go and see him?

Mr W.R. MARMION: That obviously remains a live option. There is a lot of industry starting up in Collie that requires desalinated water. Indeed, the Water Corporation is supplying a particular company with industrial water from Wellington Dam. That will need to be desalinated, so there could be a range of companies and industries in Collie that need to get rid of saline water through the desalination plant, so it is not out of the question for industry to partially fund that. One of the beneficiaries could be Harvey Water, because it actually has the rights to a fair bit of the water in Wellington Dam. If we got the parties together, there might be a solution and funding from industry. I am just suggesting this as a possible solution, but there might be others.

Mr M.J. COWPER: Will the minister take a leadership role on this matter?

Mr W.R. MARMION: The member may be right: it may be that I have to take a leadership role.

Mr F.M. LOGAN: I can help the minister out. I refer to page 870 and the heading, “Statement of Cashflows”. There is already royalties for regions funding for Collie desalination phase 2. This goes to the question that has been put to the minister. What is it for?

Mr W.R. MARMION: We do have some money already, but we might need more. Maybe the acting director general can clarify that.

The CHAIRMAN: Members, we need to hear just one person. If members need to ask another question, they need to indicate it and not just shout across the chamber.

Mr W.R. MARMION: I will ask the acting director general to elaborate on what the royalties for regions funding is for in respect of desalination of water and how much we need.

Ms M. De Lacey: There has been funding allocated in partnership with the South West Development Commission for stage 2. Those funds have been earmarked but they have not been allocated to us at this stage because we have not progressed with stage 2 for the reasons that the minister has already talked about in terms of needing to do further work.

Mr F.M. LOGAN: What is desalination phase 2?

Mr W.R. MARMION: It is Chicken Creek water being desalinated and put —

Mr F.M. LOGAN: Further to this question, because it goes to the point of water in the Wellington Dam, on page 866 there is a heading, “Explanation of Significant Movements”. Point 1 refers to a 54 per cent decrease in the 2011–12 budget income because of movement in funding. Can the minister explain what is meant by “movement in funding” and where the money has gone?

Mr W.R. MARMION: This obviously relates to the area we are talking about. I will ask Mr Parolo to explain where the money has moved.

Mr P.J. Parolo: Just to clarify, does this relate to note 1 on page 866?

Mr F.M. LOGAN: Correct.

Mr P.J. Parolo: In respect of the 54 per cent decrease, we actually have a variation of \$11 million. The movement decrease is \$5 million in funding associated with the Collie project, along with a reduction in funding received from the commonwealth government due to completion of projects. This refers to a number of projects that relate to the Bureau of Meteorology, the raising of the national water standards program, Water for the Future and funding for the Swan River Trust, which has been proportionately allocated across services in the department. There are a number of items in there, including the movement of \$5 million associated with the Collie River project.

Mr F.M. LOGAN: Further to that question, has any of that money been handed back to the commonwealth?

Mr P.J. Parolo: No—in short.

Mr F.M. LOGAN: So that money has basically been expended.

[8.50 pm]

Mr P.J. Parolo: I will clarify one thing. A lot of the numbers are predicated on a forecast, to the best of our knowledge, at the end of the financial year at around January or early February. Depending on how the strategies or reviews are conducted, this will impact on the way in which funds are or are not spent. We have not expended those additional funds at this stage.

Mr F.M. LOGAN: The money came from the National Water Initiative, effectively. This goes to the point that the member for Murray–Wellington made. One of the projects that the National Water Initiative recommended was to build a small desalination plant adjacent to Wellington Dam. What has happened to it and when can we expect to see any of the National Water Initiative money, which the department has had for a long time, being spent on building that plant?

Mr W.R. MARMION: I ask the acting director general to answer.

Ms M. De Lacey: Those funds are currently being held. We have spent \$6.2 million on this project of the \$30 million that has been allocated to it. We can give the member information on where the funds have gone. We are aiming to have a clear pathway forward by the end of the calendar year about how we will progress this project in partnership with industry to deliver the same sorts of outcomes as those envisaged by the National Water Initiative. The initial informal discussions we have had with the commonwealth government so far indicate that it is prepared to consider reallocating those funds for a different proposal from us but for the same purpose. That is informal information at this stage; that has not been formally confirmed.

Mr F.M. LOGAN: Even with the reallocation of the funding, will the funds go towards building the desalination plant?

Ms M. De Lacey: Until the Department of Water, our industry partners and the water users can decide on exactly what is the best solution, we do not know exactly what the best solution will be and whether it will involve the construction of a desalination plant. What we do know is that it is about water quality and decreasing salinity. There may be other options. We have had discussions with Harvey Water about its proposals but those proposals have not been fully tested.

Mr F.M. LOGAN: If the minister looks at the National Water Initiative funding allocation, he will see that it was provided for a particular purpose. One purpose was for the diversion scheme, which has been built, and the other was to build the desalination plant to supply fresh water. I would have thought that the minister of all

people would like to see more fresh water coming into the system. That fresh water was not necessarily to be used by industry; it was to be potable water. Why are we sitting here in 2011 looking at a budget that may or may not allocate that money to build a desalination plant while we are facing a drought? I cannot understand that, nor can the people of Collie.

Mr W.R. MARMION: The point is value for money. If we build a desalination plant, what are we trying to achieve? What will the fresh water be used for?

Mr F.M. LOGAN: It will be used for drinking.

Mr W.R. MARMION: Will it be piped from Wellington Dam to somewhere else?

Mr F.M. LOGAN: Yes, it can go straight into another holding dam.

Mr W.R. MARMION: So it can go to Collie?

Mr F.M. LOGAN: It can go back into the pipe or to Harvey or any of those dams that are linked.

Mr W.R. MARMION: If that is the case, it is not out of the question that that will be the best option. A better option might be to divert 80 per cent of the salt water that goes into Wellington Dam and divert the 14 per cent stream somewhere else forever. We must decide whether that is better value for money. This was before my time as Minister for Water. If the commonwealth government believes that diverting 80 per cent of the salt water does not form part of the National Water Initiative funding, we could go still ahead with building the desalination plan. I have been advised that the desalination plant will need more money than has been allocated and would have to be topped up. We would have to find more money to build the project. Will we get a better outcome by doing something else? I want to know what the options are and to make sure that we spend our money to get the best bang for our buck.

Mr C.J. TALLENTIRE: I refer to the first dot point under “Significant Issues Impacting the Agency” on page 864. The last sentence of that paragraph highlights the problem of managing increasing demand in the face of climate change and states that the department has reviewed its strategic priorities —

Mr W.R. MARMION: Sorry, member. Someone reminded me that there was no pipe linking with Wellington Dam, so that would be another cost. I thought that was the case. Can the member for Gosnells tell me which page he is referring to?

Mr C.J. TALLENTIRE: I refer to the first dot point on page 864. The department has reviewed its strategic priorities to better address the needs of the state in the future in the face of climate change. Can the minister explain what has come of this review?

Mr W.R. MARMION: I have no specific knowledge of the review. Is the member talking about the strategic plan of the organisation?

Mr C.J. TALLENTIRE: The government has used the term “drying climate”, but it would be equally correct to use the term “climate change”.

Mr W.R. MARMION: That is actually a review of the Department of Water’s own operational strategic plan of deliverables. It is an in-house strategic plan. Because of the climate change of the organisational structure, the department is making sure that it is directing its internal resources, including human capital, towards addressing the changes in the climate. In particular, the main issue is the fact that there is less rainfall in the south west of the state than there is in the north. The department is making sure that its resources are prioritised. That includes water allocation plans for the south west. That is obviously important because of the lack of water, and in the north there is too much water —

Mrs C.A. MARTIN: There is never too much water.

Mr W.R. MARMION: We are looking at flood mitigation issues in the north. The department is being strategic in the way it allocates its resources so that it can provide better value for the taxpayers.

Mr C.J. TALLENTIRE: Can the minister provide a copy of the review?

Mr W.R. MARMION: We can give the member a copy.

Mr C.J. TALLENTIRE: Does the review outline the additional costs incurred by Western Australia in adapting to this drying climate?

Mr W.R. MARMION: The review is about the department’s own operating structure.

Mr C.J. TALLENTIRE: Is this it? It is 12 pages, with pictures! Is this how we are dealing with the way the state copes with a drying climate? This is a massive issue.

Mr W.R. MARMION: We are not talking about a strategic plan for how the state can address climate change; we are talking about a strategic plan for the Department of Water and how it should be structured to best address

the changing climate of the department. We are talking about two different things. I think the member for Kimberley gets it.

Mrs C.A. MARTIN: I get it, but you are still not getting any of my water!

The CHAIRMAN: A number of members are on the list and we are running short of time. Member for Eyre.

Dr G.G. JACOBS: I refer to the major spending changes on page 863 and the progress of the implementation plan for the Gascoyne irrigation pipeline project. What is the implementation money to be used for precisely, and is there any money in the round of ongoing subsidies for the new pipeline, as there was for the old one?

[9.00 pm]

Mr W.R. MARMION: The Gascoyne irrigation pipeline project is basically a complete replacement of the existing ageing pipeline used by irrigators in the Carnarvon irrigation district. The intent in replacing the pipeline is to reduce water losses, increase water security and stimulate the region's economy. The new pipeline asset will be capable of delivering up to 22 gigalitres of water per annum, with a peak flow capacity of 800 litres a second using the existing bore field delivery head, and 1 400 litres a second with pumping. The flow rate at each service will be high enough for a grower to take the annual allocation in four months up to a maximum of 0.7 litres a second per hectare. The actual Gascoyne irrigation pipeline project is underpinned by three agreements: the financial assistance agreement that defines the relationship with the Department of Water; the Gascoyne Water Co-operative financial assistance agreement, which was signed in December last year; and a memorandum of understanding that defines the relationship between the state and the regional development commission.

The CHAIRMAN: Minister, I have to stop you there. The time is now 9.00 pm, and it is the end of the time allocated for this division.

The appropriation was recommended.

Water Corporation —

Ms A.R. Mitchell, Chairman.

Mr W.R. Marmion, Minister for Water.

Mrs S. Murphy, Chief Executive Officer.

Mr P.D. Moore, Chief Operating Officer.

Mr L.G. Werner, Manager, Pricing and Evaluation.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

[Witnesses introduced.]

The CHAIRMAN: Member for Cockburn.

Mr F.M. LOGAN: I take the minister to the asset investment program on page 876 of the *Budget Statements*. There is reference in the second paragraph to the "Southern Seawater Desalination Plant". The minister made a significant number of comments about the expansion of the southern seawater desalination plant and referred to it as Binningup 2 and the new source of water for Western Australia. Of course there is no funding in these budget papers for that infrastructure. What has happened to it? Will it be a Water Corporation project in the future or will it shift to the private sector?

Mr W.R. MARMION: Desal 2, as I call it and as it is well known, is one of the options for the future. It is not necessarily the next option, but it is certainly a viable option. We do not know when it will come on stream, but certainly one of the benefits of the southern seawater desalination plant is that it has environmental approval ready for expansion. Also, the inlet and outlet pipes are already there. It is sort of halfway there. The actual capacity, though, of the pipe from Binningup to the integrated network will be able to deliver only 50 gigalitres when it comes on stream later this year. If we were to go to desal 2, we would have to double the pipe capacity. There are, therefore, two costs. One is the plant cost and the other is the pipe cost. There are other options, of course, for what the next major supply of water might be for Perth.

Mr F.M. LOGAN: Further to that, what is the estimated cost that the minister is referring to?

Mr W.R. MARMION: I have the cost in round figures, but perhaps it would be prudent for me to get a more accurate costing rather than guess. My guess can probably be elaborated on, but it is about \$400 million for the plant and about \$600 million for the pipe. Perhaps the chief executive officer can give more precise figures.

Mrs S. Murphy: The plant itself can be upgraded for about \$400 million, as the minister said, and that was a commercially bid proposal at the time of the original tranche, the first tranche, of the plant going ahead. The cost to fully upgrade and duplicate the pipeline to Perth is in the order of \$600 million, but a component can be brought up for a lesser amount of about \$50 million, which could be used as a drought mitigation source. So, it is one of a basket of options going forward.

Mr F.M. LOGAN: Further to that question, and perhaps this is a question to Mrs Murphy: is it true that the Water Corporation has already ordered parts for Binningup stage 2?

Mrs S. Murphy: No.

The CHAIRMAN: I am sorry, Mrs Murphy, the question needs to go through the minister.

Mr F.M. LOGAN: Through the minister.

Mr W.R. MARMION: Thank you, Madam Chair. I defer to the chief executive officer.

Mrs S. Murphy: No, that is not true. We have asked the existing proponents to examine the bid that they gave us some years ago and, as part of that process, they have gone to the market to check availability and cost, but they have not ordered any equipment.

Mr F.M. LOGAN: I have a further question, through the minister, to Mrs Murphy: have no orders been put in for any part for Binningup stage 2?

Mr W.R. MARMION: I am happy for the chief executive officer to answer.

Mrs S. Murphy: No, there are no firm orders in place but, as I said, inquiries have gone out for availability, timing and cost.

Mr J.E. McGRATH: My question refers to the third paragraph on page 876 on an additional \$140 million being provided to the Water Corporation to support the development of water and waste water infrastructure to facilitate land development. Can the minister tell me why the additional expenditure is necessary and how it will benefit housing affordability; and, if these are private developments, will the Water Corporation recoup any of that money? Can the minister explain a little about this expenditure and what the minister is aiming to achieve?

Mr W.R. MARMION: The essential part of servicing new land is adequate water and waste water distribution infrastructure such as trunk mains and water and waste water pumping stations. I am pleased to advise that this \$140 million will be used through the next year to accelerate the building of such infrastructure at new subdivisions. Essentially, this is an issue that will ensure that new land developments can be connected to our water and waste water schemes simply by developers providing reticulation pipes. If this funding was not available to build distribution assets, the developers would need to pre-fund them, which, as members know, would be at considerable cost. This would add cost to the development and impact the amount of land that becomes available for development because of the lack of water and waste water services. The government believes the allocation of this \$140 million will reduce the up-front costs to developers to establish new subdivisions and will help improve housing affordability, which is really important. Basically, buyers will benefit from lower costs incurred by developers, as they will be able to offer land at lower prices. That is the position for the coming year. Additionally, the government has also taken the opportunity now to make changes to the budget process that will ensure that adequate funding is available for water and waste water distribution assets into the future. Developer contributions are set based on the average cost per lot of providing distribution infrastructure, and this has now been recognised in the budget process. From now on, all funding from developer contributions will be directly available to the Water Corporation to fund distribution assets. This change will overcome the government's necessity to make similar additional funding provisions in future budgets because the Water Corporation's annual capital planning in this area will be linked directly to the headworks revenue it receives from developers.

[9.10 pm]

Mr J.E. McGRATH: Minister, has the Water Corporation already worked out where this infrastructure will be going, or will it depend on development applications or new subdivisions opening up? Is there some master plan for where this money will be spent, or will it be spent as subdivision applications come in?

Mr W.R. MARMION: We have some knowledge of that, and I will pass it on to the chief operating officer, Mr Moore.

Mr P.D. Moore: It will be spent basically as subdivision applications come in and we need to extend the infrastructure to support those new developments. Generally, planning is geared around where the developers are going, and although we have, basically, structure plans or infrastructure plans to follow that development, it is pretty much dependent on the developers.

Mr J.E. McGRATH: But would the Water Corporation not have been doing this already? We have been developing new subdivisions for a long, long time now; would this not have been the normal procedure? What is different from what we are doing now?

Mr W.R. MARMION: I am happy for Mr Moore to continue answering.

Mr P.D. Moore: When the global financial crisis first came upon us there was a review of our capital budget at that stage based on the extent of development and the growth that was going on at the time. There was an expectation that growth in development was going to drop off fairly dramatically, so the capital program was cut back as a result of that, with the clear understanding that if the growth rates changed or did not go down as expected, that money would be brought back into the budget. That is what this \$140 million is now doing. As the minister said, there is now also an agreement that we will actually follow the growth rate reflected by head works contributions, so it will not be sort of an arbitrary guess, if members like, it will be following that.

Mr C.J. TALLENTIRE: My question relates to the second paragraph of page 876 of budget paper No 2, which claims that \$102.4 million will be spent on progressing the Mundaring water treatment plant. If this is a public-private partnership as claimed, why is the \$102.4 million required? There are two more parts to this question. The total expenditure on this project is \$330 million, as listed in the line item —

Mr W.R. MARMION: Member, is it possible to ask questions one at a time? Otherwise we start to lose it!

The CHAIRMAN: One question at a time, please, members.

Mr W.R. MARMION: Perhaps Mr Moore could answer the first part.

Mr P.D. Moore: I might actually, in doing this, start to answer some of the next part of the member's question. There is a suite of projects involved in the Mundaring water treatment plant project, part of which is being covered by the PPP and part of which we are doing as some of the support infrastructure that goes with that and around that. Work currently is going on, for example, to prepare the site. We are moving the existing Department of Environment and Conservation depot to another location to provide the site for the new treatment plant. So part of that money is for that, and some of the remainder of it is in our preparation for the PPP.

Mr C.J. TALLENTIRE: Does the \$330 million actually cover the whole cost? Is that the total cost of the plant?

Mr W.R. MARMION: I am happy for Mr Moore to answer.

Mr P.D. Moore: It covers the whole cost of the project, part of which is the plant. All of the costs associated with putting that together are included in that, yes.

Mr F.M. LOGAN: Through the minister: that comes back to the first question. Firstly, if it is a PPP, why is the Water Corporation picking up the freight for the whole project? Secondly, if it is because it has to be allocated on the books of the Water Corporation, anyway—it would have to certainly be allocated on the budget of the state, I understand that—does that not then flow into the Economic Regulation Authority's assessment of the total capital spend, and therefore the price of water?

Mr W.R. MARMION: Perhaps I might ask Mr Werner to answer this one.

Mr L.G. Werner: Yes, the member is right; it will get onto the balance sheet of the Water Corporation, and we do have to agree with the Economic Regulation Authority how that will flow into prices. However, it is part of the Goldfields and Agricultural water scheme, and that is supported with community service obligation payments. Country customers pay the regulated prices, and there is not full cost recovery, so not all of that cost will go to customers.

Mr F.M. LOGAN: This question goes to the minister rather than to the Water Corporation: how is the public benefiting from a PPP project model undertaken by the Water Corporation? Ultimately, the cost is being offset—I understand about cash flow and offsetting the cost to the private sector—but maintaining the overall value of the project on the books, as required by Treasury, and then being assessed by the ERA on total capital

expenditure, then that will flow into, as it does, the cost of water, which we all have to pay. Where is the benefit? I mean, in that case, the Water Corporation should build it itself—we will still pay the same for the water!

The CHAIRMAN: Member for Cockburn, you have asked the question; we need to give the minister a chance to respond.

Mr W.R. MARMION: It is basically a different delivery mechanism, but in terms of the accounting treatment, yes, it is the same, as the member demonstrated. The chief executive officer will be able to elaborate on the difference between the delivery mechanism through a PPP and what the Water Corporation might have done under an alliance contract, and what the benefits are.

Mrs S. Murphy: It is true that it is on the balance sheet; however, there are more reasons for doing a PPP than simply to move chunks of capital off the balance sheet. Through going through the PPP process we have ascertained that a number of risks will be transferred from the corporation to the private sector—for example construction risk and risk of construction costs blow-outs—because we have fixed costs through the PPP. In parallel with that, as there is growth in the scheme the matching of asset investment with growth in the scheme is also a risk that is managed by the private sector. The cost comparator we did between the cost of running the program the traditional way we would have done in-house, which was within competitive alliance, and a PPP came out better in long-term net present value by using a PPP delivery mechanism, so there are a number of benefits to the state. The economic treatment of a PPP is still to be fully explored with the ERA because our model has not been done before, but our understanding at the moment is that the cost for that treatment process will be less than the cost that it would have been had we done it in a traditional manner, and therefore net cost overall to our customers will be less. Our cost to our customers will not start until the plant starts operating.

[9.20 pm]

Mr F.M. LOGAN: I will be waiting with bated breath to see that!

Dr G.G. JACOBS: I refer to the fifth paragraph on page 876, which refers to the \$65 million to be spent refurbishing the old pipeline so that Perdaman Chemicals and Fertilisers can get water from Wellington Dam to its urea project in Collie. Since this asset is mainly for Perdaman, why did it not stump up the money? Now that taxpayers are paying for it, what arrangements will be made to recoup the cost to the taxpayer? Will the occupiers of the Shotts Industrial Park pay a headworks charge to amortise some of the cost of this asset?

Mr W.R. MARMION: I certainly can answer the first part of the member's question. On 21 February 2011, cabinet approved an increase of \$65 million in the Water Corporation's borrowings for the Perdaman urea project to augment the water supply scheme and enable the transfer of water from Wellington Dam. Cabinet endorsed the Perdaman urea project as a project of state significance, particularly to Collie and the south west region. The cost will be recovered by way of user charges. The water storage and transfer agreement between the Water Corporation and Perdaman Chemicals and Fertilisers provides for the recovery of the cost over time. The project is funded by the borrowings, not the taxpayer.

Dr G.G. JACOBS: I have a further question. Over what time are we looking to amortise that?

Mr W.R. MARMION: The recovery period for the \$65 million is 15 years. I cannot go into any more detail because agreements that the Water Corporation enters into with major customers are confidential and specific terms of agreement further than what I have provided are ordinarily not released. Over the 15-year period, we will recover that \$65 million plus interest. One hopes that the agreement covers that.

Mr J.E. McGRATH: That is a good outcome.

Dr G.G. JACOBS: Given that the water will be supplied to Shotts Industrial Park, are there commensurate headworks charges to those occupiers to amortise some of this cost as well?

Mr W.R. MARMION: Mr Moore might be able to elaborate a bit more on the headworks charges.

Mr P.D. Moore: This project is to supply only Perdaman. There is no water supply to Shotts Industrial Park as part of this process. Therefore, the answer to the member's question is, no, they will not because it is not servicing them.

Dr G.G. JACOBS: I have a further question. The fifth paragraph on page 876 states —

This will support the Perdaman Collie Urea Project and also provide a reliable industrial water supply to tenants of the Industrial Park.

That tells me that it is factored into this somehow.

Mr W.R. MARMION: That is a good question, member. I ask Mr Moore to answer it.

Mr P.D. Moore: The only tenant at the industrial park that we are aware of is Perdaman Chemicals and Fertilisers.

Mr F.M. LOGAN: Having been the Minister for Energy and dealt with projects that are very similar except that they are called powerlines, why is Perdaman not paying for that? What is the total cost of the pipeline?

Mr W.R. MARMION: As explained, Perdaman is paying for the pipeline through user charges, so we are borrowing the \$65 million and Perdaman will pay it back with interest over 15 years. Therefore, Perdaman is paying.

Mr F.M. LOGAN: I have a further question. Is there no up-front capital contribution from Perdaman?

Mr W.R. MARMION: I was not involved in the deal.

Mr F.M. LOGAN: Mrs Murphy might know.

Mr W.R. MARMION: Mr Moore may be able to answer that.

Mr P.D. Moore: There is no upfront capital contribution from Perdaman. It is quite common with the major agreements that we have with some of the large users that in some cases they will fund it upfront and in other cases—Perdaman is the case and the example—we borrow the money on the basis that it will be repaid over a period of years. In this case it will be repaid over 15 years. It is one of the normal processes that we use for major consumers.

Mr F.M. LOGAN: Western Power does not operate that way.

Mr M.J. COWPER: I refer to page 876 and the infill sewerage program line item under “Works in Progress”. In 2009 when the infill sewerage program was impacted by competing competencies, 21 projects that were on the books were shelved, five of which were in my electorate. Last year, money was set aside for the program. I think it was \$25 million including \$5 million per annum to be spent in regional Western Australia. When can I expect any of those five projects in my electorate that were shelved nearly three years ago to be addressed, given that three of those projects are on extremely sensitive waterways in the Murray and Leschenault districts?

Mr W.R. MARMION: We had approved \$25 million over four years for the infill sewerage program. Indeed, in this current budget another \$5 million has been added to each of those four years for country projects. I am taking a program of projects to cabinet for its endorsement. Quite a number of those projects are in rural areas. I do not have cabinet endorsement for them yet, but I imagine that I will get it in the next few weeks. The projects have been prioritised using the criteria that the member alluded to, such as the protection of water resources. Indeed, the Murray River is an important catchment area, and the member pointed out that that is one such project in his electorate.

Mr M.J. COWPER: And Leschenault and Harvey.

Mr W.R. MARMION: I know, and Australind. Other members have their priority projects as well.

Mr M.J. COWPER: I have a further question. I note that a number of members in this place have jumped up and down, gone to the press and done whatever, and have been very successful in getting the infill sewerage program. This includes members on the government side. Members who sit patiently, whom I believe would be entitled to be considered given the attendant circumstances, have just been ignored. I have just about finished with it, to be honest.

Mr W.R. MARMION: The member has already lobbied hard with me on this issue privately. I have taken that on board and hopefully there will be a reasonably good outcome. However, I will not know until cabinet ticks off on it. I think that the infill sewerage program is a really good government initiative, it is really good for the environment —

Several members interjected.

The CHAIRMAN: Excuse me, members. The minister wants to finish.

Mr W.R. MARMION: The member is right that the previous Minister for Water was instrumental in ensuring that this project —

Mr J.E. McGRATH: He was all right!

Mr F.M. LOGAN: He is probably one of the best water ministers we have ever had! I did not say so at the time, but —

Mr W.R. MARMION: It was all due to the previous Minister for Water.

Mr J.E. McGRATH: On the subject of infill sewerage, the last bit in my electorate was done I think a year or two ago at Waterford, but in the country there are places that I have visited, since I came to this place, that need it. One such place is Hyden. There is a real problem down there and the town is after the infill sewerage program. I notice that there is some contribution from the royalties for regions program to a project in Port Hedland. Is there much funding from royalties for regions going into infill sewerage programs in the country?

[9.30 pm]

Mr W.R. MARMION: My understanding was that the top up of the \$25 million by an extra \$5 million was through royalties for regions money; however, I have just been advised that it is not. It is \$35 million a year and there is no royalties for regions money. Infill sewerage projects in the country are part of the program. The member mentioned Hyden, which is one we are looking at.

Mr F.M. LOGAN: I refer to the line item “Commercial Program — Minor Commercial Projects” towards the bottom of page 876 and to the Water Corporation’s arrangement with the Fire and Emergency Services Authority to fix and maintain fire hydrants, and to charge FESA for doing this. What income did the Water Corporation receive from this source during this financial year? If there is no total for this year, the total for the previous financial year will do. Can the minister advise of the current backlog and the highest charge issued to FESA for fixing a fire hydrant? If the minister can provide it by way of supplementary information, that will be fine.

Mr W.R. MARMION: We are happy to provide that as supplementary information. To clarify: what income does the Water Corporation receive from FESA this financial year? I think the member would like the data for a whole year; what is the backlog on hydrants; and, what is the highest charge, presumably for an individual hydrant, and where was it located? It could have been in Mukinbudin or Telfer.

[*Supplementary Information No A39.*]

Mr C.J. TALLENTIRE: I refer to the line item “Wastewater Program — Groundwater Replenishment Trial” on page 876, under “Works in Progress”. The minister’s comments on the front page of *The West Australian* last week do not seem to correlate with the moneys allocated in this year’s budget in this line item. I note his support and commend him on his support for groundwater replenishment.

Mr F.M. LOGAN: He read my article and finally got on board!

Mr C.J. TALLENTIRE: Can the minister please tell us where the money is coming from for the expansion of the groundwater replenishment trial?

Mr W.R. MARMION: I am trying to find the line item.

Mr C.J. TALLENTIRE: It is the third last line of figures in the table. There is \$6.8 million, but nothing in the out years.

Mr F.M. LOGAN: That does not correlate with the minister’s statements.

Mr W.R. MARMION: The line item is for the waste water replenishment trial. I have asked the department for information, so I have not made any determination. Obviously, in the future it would be prudent for someone to go to a full-scale project of pumping treated waste water into the ground and then, when it gets the tick from the Department of Health, using it as it percolates through. I have asked the Water Corporation to tell me how long it will take from when I press the button to get the thing happening. My guess was that it would be 12 months, but the advice I got was 18 months from when the button is pressed. One scenario is to not press the button until the trial is finished. My view is that if the Department of Health says that this trial is running really well, I do not see a problem. If the health department gives us a tick, it will then become another option versus desal 2 or further bores north of Perth. I want to ensure no-one says, “Oh, it would’ve been a good option if you’d told us six months ago, but now we won’t be able to bring it on stream.”

Mr F.M. LOGAN: We did, but the minister was not listening.

Mr W.R. MARMION: The member is not the Department of Health.

Mr C.J. TALLENTIRE: Within the allocation, how much is allowed for what I think will be a very necessary education and media program to counter the sensationalist and grossly inaccurate headlines we see about that proposal?

Mr W.R. MARMION: I am sure the member has been out to the trial, which is worthwhile visiting. There is a very good visitor information centre and education program there. That information is embedded in that costing. Part of the trial is to explain to the community that treated waste water will be safe to drink. It will be up to the Department of Health to tick off on it.

Mr F.M. LOGAN: Does the minister truly stand by his comments that he sees this as a genuine option for a new supply of water to metropolitan Perth? How does the minister’s argument compare with the former Leader of the Opposition’s argument that water should come from the Kimberley and that it flows downhill? Does the minister agree with that?

The CHAIRMAN: The member is more seeking an opinion than asking about a budget item.

Mr F.M. LOGAN: It is about water supply options. I can find it in another dot point.

The CHAIRMAN: I will ask the minister to respond, but it was a question seeking an opinion.

Mr W.R. MARMION: I will direct my response to the first part of the question: do I see it as a real, live legitimate option for Perth? It is a legitimate option for Perth because one of the benefits of recharging the aquifer is that once we start pumping the water into the Gnangara mound, or whatever aquifer we choose, the Department of Water will assess the allocation. It may be that the water is pumped some distance from where it is drawn out. It may be many years before the pumped water, which is fully treated with reverse osmosis, secondary filtration, ultraviolet light—almost everything except chlorination, which we cannot do—is accessed. Before that time, the Department of Water has the ability to approve drawing from the aquifer knowing it will be replaced. It makes good sense.

Mr F.M. LOGAN: I agree. The only reason I raise the other issue is because, if the minister looks on any of the websites such as PerthNow and reads the responses to the minister's statements on this proposition, he will see that the majority call for a rejection of this proposal and say that we in this room should have our heads knocked together and should get on with bringing the water down from the Kimberley. That is what people are saying to the minister. He should read the comments; they are not very nice.

Mr J.E. McGRATH: There is the south west Yarragadee.

Mr F.M. LOGAN: Yes. The minister has to deal with this. It goes to this very point. What are the minister's views? I am not asking for an opinion; it is about treated water as a water supply.

The CHAIRMAN: The minister may choose to answer that if he wishes to do so.

[9.40 pm]

Mr W.R. MARMION: I am happy to put some information on the table about bringing water from the north. I was in Kununurra only a week or two ago. I lose track of time; I cannot remember now.

Mr F.M. LOGAN: So was I. I did not see the minister up there. Hang on a minute; was the minister not in that bar drinking rum?

Mr W.R. MARMION: I was given a tour of Lake Argyle. There is a lot of water in Lake Argyle. I learnt a number of interesting things about the water in Lake Argyle. One of the first things I learnt was that two metres of water evaporate every year. That is a lot of water to disappear. As I was flown to the dam in a helicopter, I was advised by the pilot that before all the rain, there was only about 33 millimetres of water head before they would have had to shut down the hydro-electric scheme. Although there is a large mass of water, a lot of that water has to be used to run the hydro-electric scheme. It also has to be used by the horticultural industry and to maintain the environmental standards of the Ord River and its tributaries. It loses two metres of head just through evaporation. There is a bit of a misconception that there is oodles of water up there. The frustrated Department of Water manager says that he continually has to deal with phone calls from people who want to purchase water from him and ship it from Lake Argyle to the Wyndham port. All sorts of vessels, not only ships, can bring that water down to Perth. The water would then have to be put through pipes. Both are expensive transportation means. At the moment, the costs and the supply of water do not favour bringing water from the north.

Mr J.E. McGRATH: I am not saying that I support this proposal, but I want it in *Hansard* that I am not necessarily supporting it. I recall when I was first elected having a conversation with someone who worked at the Water Corporation —

Mr F.M. LOGAN: Ernie Bridge?

Mr J.E. McGRATH: I am not naming names. I asked a question about the south west Yarragadee, and he said that there is so much water down there that it is not a great problem to take it out and bring it to the metropolitan area. Is that a fact? Other people tell me that there would be problems doing that because certain watertables around the Collie River or wherever would be affected. Is the Water Corporation doing any work on that, or is it just a no-no that we do not go anywhere near?

The CHAIRMAN: Minister, should that question have been directed to the Department of Water, not the Water Corporation?

Mr W.R. MARMION: Yes.

The CHAIRMAN: I ask the Member for South Perth to take that up with the minister at a later date.

Mr J.E. McGRATH: I am sorry, Madam Chair, but we were talking about bringing water down from the north, and that does not relate to the Water Corporation either.

The CHAIRMAN: That is right.

Dr G.G. JACOBS: I refer to the new works for the Port Hedland waste water treatment plant outlined on page 877. My question is specifically about the relocation of the Port Hedland waste water treatment plant. This is the part that was funded by royalties for regions; in fact, \$42 million has been allocated to relocate the Port Hedland

waste water treatment plant to make land available for housing development. I know it was funded by royalties for regions, but is it the minister's understanding that this government funding will be recouped by land offsets from the development of the vacated land? I suppose this is a more general question about the Water Corporation's assets. When there is encroaching development, planning guidelines might dictate that if an asset is in the wrong place, it needs to be moved. Does the minister believe that there should be offsets for the Water Corporation and the government for the relocation of those assets from moneys received from the development of the land left vacant? Does the minister understand my question?

Mr W.R. MARMION: I know the area that the member is talking about. I also know that other issues come up from time to time because a water treatment plant is in the wrong spot and a developer wants to get close to it but the buffer is not big enough. I agree with the philosophy that developers who want to build developments close to important assets such as water treatment plants should pay for the relocation of those essential assets. Many months ago I was in Port Hedland to announce the upgrade and relocation of the waste water treatment plant from Port Hedland to South Hedland. It will open up land for LandCorp. I know that the Water Corporation has put money towards it, but I also think that royalties for regions money was allocated to that. My understanding is that all the royalties for regions money will be recouped through land sales. That is my understanding of the regional deal. I am not sure what the deal is with the Water Corporation about specific funding, but it will get revenue from the services provided. Perhaps the chief executive officer or Mr Moore could add to that.

Mr P.D. Moore: The royalties for regions funding is a capital contribution towards the movement and upgrading of the treatment plant. The Water Corporation's only involvement is the money being funded to enable that to happen. The land will then pass back to the state for development and processing as normal.

Dr G.G. JACOBS: That was a question for the minister, because this is a policy-political question. Basically, if a government asset is moved, who will fund it? It is a matter of reason in that whatever the advantages of moving it are for a proponent, somehow there should be some offset for moving that asset.

Mr F.M. LOGAN: Is the minister indicating that the whole \$42 million has been allocated from royalties for regions?

Mr W.R. MARMION: Yes.

Mr F.M. LOGAN: It is not identified in the budget papers as royalties for regions money. All other moneys in the budget papers are identified as RFR funding.

Mr W.R. MARMION: There is a little footnote in microprint on page 877.

Mr F.M. LOGAN: My apologies. Can the minister explain why there is only \$5 million in the forthcoming budget and the bulk of the expenditure is in the out years?

Mr W.R. MARMION: I am not project managing it on-site; I would probably love to. Perhaps Mr Moore could explain that. Usually, construction projects are delayed a bit. A lot of expenditure goes into planning at the beginning of the project, and when something is built, the contractor gets paid. Sometimes there is a bit of a lag in the way that the cashflowing works, but perhaps Mr Moore can confirm that.

Mr P.D. Moore: Yes, the minister is exactly right. A number of approvals and sorting out pipeline routes and other things have to be achieved up-front in this. That is why there is a delay in cash flow, with the out years cash flow being higher than in the early years. There is nothing unusual about that.

[9.50 pm]

Mr F.M. LOGAN: I refer to the fourth paragraph on page 876 of the *Budget Statements* on the Pilbara Cities initiative. What has happened to the desalination plant for Karratha that the minister announced in this house?

Mr J.E. McGRATH: It has started raining!

Mr F.M. LOGAN: I know that it has started raining, but it may well stop again.

Mr W.R. MARMION: That is a good question. I think the fact that it did start raining gave us the opportunity to have a look at the value for money of what we would do to provide water to Karratha. The massive water we got last summer filled the Harding River Dam and the Millstream aquifer to capacity. That has, I guess, given us a bit of breathing space to perhaps look at other options. There was an option on the table that everyone was aware of involving Rio Tinto sourcing water from a bore field south of Millstream at Bungaroo. The timing of its development was not convenient in terms of coming on stream in 2013. Now, because we have extra water in both the Harding Dam and Millstream, there is an opening to look at the Rio option. The bore field down there has a 10-gigalitre capacity. I am not just looking at that option. I have asked the Department of Water to keep other options alive. I am advised that that particular bore field may have a 20-gigalitre capacity, so it is quite a good bore field. If we can utilise Rio Tinto's involvement in supplying water, that would certainly save the state government a considerable amount of capital funding. I might point out that the long-term allocation for Millstream was one of the problems. We could pull in 15 gigalitres but I think the long-term allocation is for

less. The desalination plant was going to provide six gegalitres at a fairly large cost, compared with what we can get with the same money down here in Perth. In fact, we only really need one gegalitre for residents for the expansion of Pilbara Cities. It has been prudent and I guess fortuitous that it rained so much that we can have a proper look at it and determine whether we need to build a desalination plant. If there is a cheaper and better value-for-money option, it would certainly be better for the taxpayers of Western Australia.

Mr F.M. LOGAN: The opposition does not disagree with the minister on that point; we made that clear. The minister talked about options. The Water Corporation put out a tender process for the supply of water, I think last October or whenever it was. Now that this has all been canned, will the minister provide a copy of those options? It was not a commercial tender process, it was only an idea; they were only suggestions. Can the minister supply a list of those options, because he has referred to those options, the nature of the responses, and what costs were involved?

Mr W.R. MARMION: That was before my time as minister, so I am not across the detail. My understanding is that the process might have been run by Treasury. I think we would probably have to ask the Treasurer whether —

Mr F.M. LOGAN: My understanding is that the Water Corporation officially put out the tender process, after expressions of interest.

Mr W.R. MARMION: I will ask the chief executive officer to confirm.

Mrs S. Murphy: The expressions of interest process was led by Treasury. We supported Treasury on that process. Some of the information could be made available, but some of it is commercial-in-confidence because individual companies did not want their intellectual property to be compromised by having it perhaps more widely known. I do not see any reason why we cannot.

Mr W.R. MARMION: Perhaps it would be prudent for me to ask the Treasurer about what he is happy to release.

Mr F.M. LOGAN: We are not asking for any breach of commercial confidentiality; we are basically asking what the options were, what they could supply and at what cost—that is all.

Mr W.R. MARMION: I undertake—I have staff up the back—to write to the Treasurer to seek what would be allowed.

Mr F.M. LOGAN: Will that be by way of supplementary information?

Mr W.R. MARMION: The supplementary information will be conditional upon what Treasury is prepared to release.

Mr F.M. LOGAN: And what information the minister can provide.

[Supplementary Information No A40.]

Mr F.M. LOGAN: The minister has gone back to look at those other options, and possibly other options that might be out there instead of a desalination plant. That is all well and good for the West Pilbara, but my question was about Pilbara Cities. What is facing Port Hedland and Onslow?

Mr W.R. MARMION: Some more bore testing has been done on the Yule River and the other river up there—I am not sure of the name of it. Plenty of water has been found in the last six or seven months to supplement the current water supplies for Port Hedland. That is a tick for Port Hedland. It looks like we can give Karratha a tick, subject to what is happening there. There are some bores close to Onslow, but I think Onslow is a work in progress.

Mr F.M. LOGAN: Further to that question, and this will be the last one —

The CHAIRMAN: Could the member for Cockburn wait for the call? I would like to give other members an opportunity to ask questions.

Mr J.E. McGRATH: I am happy, Madam Chair.

The CHAIRMAN: The member for South Perth is happy.

Mr J.E. McGRATH: He is asking some very good questions.

Mr F.M. LOGAN: I thank the member for South Perth. Further to that question, it is good that the Water Corporation has worked on Port Hedland and has identified the water at Yule River. Of course, Onslow is another problem. Is the Water Corporation going to do that out of its current budget? If not, where is the money to bring on that water for Onslow and Port Hedland? It will require piping, pumping and storage—a whole series of infrastructure—and it is not in this year's budget. They are running out of water in those areas.

Mr W.R. MARMION: I will make some opening comments. I understand that there is \$123 million in the capital budget for 2012 that will be spent in the Pilbara over the next three years aimed at supporting new infrastructure and demands. Two major projects are earmarked for this money—\$80 million to improve waste water treatment capacity in Karratha, and \$43 million to increase water source capacity in Port Hedland and South Hedland. They are two specific allocations that I am aware of.

Mr F.M. LOGAN: Is there nothing for Onslow?

Mr W.R. MARMION: I will ask Mr Moore to tell me what is available in Onslow.

Mr P.D. Moore: I do not have the exact amount of money but there is money in the budget allocation for the supplementation of the existing water supply in Onslow. We already have that planned and we are in the process of developing that at the moment.

Mr F.M. LOGAN: Is that in the \$123 million?

Mr P.D. Moore: Yes.

Mr F.M. LOGAN: Further, could the minister take us to where that is in the budget papers?

The CHAIRMAN: The member for Cockburn must seek the call—thank you!

Mr F.M. LOGAN: Sorry. Could the minister just point out where the \$123 million is?

Mr W.R. MARMION: Perhaps one of my advisers might be able to find that. They can; I cannot.

Mr F.M. LOGAN: I do not think the minister should have put that on the record. I will not use it. I should, shouldn't I?

Mr W.R. MARMION: Unfortunately, their budgets are in many documents.

Mr F.M. LOGAN: I know.

Mr W.R. MARMION: Madam Chair, Mrs Murphy can provide the answer.

Mrs S. Murphy: It is split. It is not a line item per se. Some of it is in the country waste water treatment and conveyance line item and some of it is in the country water sources and distribution line item. The amount of \$120 million is the net of those in the Pilbara over the period covered by the estimates.

The CHAIRMAN: Member for Gosnells, please be very quick.

Mr C.J. TALLENTIRE: The table on page 876 of the *Budget Statements* has a list of infrastructure projects but no allocation of funding to water conservation initiatives. Why is that the case?

Mr W.R. MARMION: I will give a very simple, quick answer, looking at the time. This table is about capital projects, and water conservation is not operational.

Mr C.J. TALLENTIRE: Can the Water Corporation not do a \$100 million water conservation initiative?

The CHAIRMAN: Members, this completes the examination of the Water Corporation authority.

Committee adjourned at 10.00 pm

Legislative Assembly

Wednesday, 1 June 2011

ESTIMATES COMMITTEE B

The meeting commenced at 9.00 am.

Division 27: Attorney General (Office of Native Title) —

Mr M.W. Sutherland, Chairman.

Mr C.C. Porter, Attorney General.

Mr P.F. Conran, Director General, Department of the Premier and Cabinet.

Ms A. McAllister, Policy Officer, Department of the Premier and Cabinet.

Mr D. Creedon, Chief of Staff, Office of the Attorney General.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. While there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: The first question is from the member for Mindarie.

Mr J.R. QUIGLEY: I would like to take the Attorney General back to this day, 12 months ago, and *Hansard* E108 to E125, Assembly Estimates Committee B, 1 June 2010. I refer to the first dot point on page 333 of budget paper No 2, which states, "The Department continues to develop policies to implement legislation ...". The Attorney was asked about the prostitution legislation on this very same point last year. He said the following three things: firstly, on the third page of that *Hansard* extract, he said that the government had met its 100-day election promise simply by repealing Labor's bill, which had only failed to be proclaimed. Secondly, further down the page, he promised to introduce a green bill by the end of 2010. Is it not true that the minister has sold the Western Australian public a three-card trick? He has failed to address prostitution in the 100 days, as promised in his election promise, other than failing to proclaim Labor's bill. The Attorney General has failed in his promise to this chamber that he would introduce a green bill on prostitution by the end of 2010. The Attorney General has also failed to make any provision in the budget papers for the funding of the Director of Liquor Licensing, who is going to have to license all of the women who work in this industry, and failed to provide any funding for the police, who the Attorney General says will be the principal enforcement agency. Three years into this term, has not the Attorney General totally failed the people on prostitution law reform?

Mr C.C. PORTER: I thank the member for his question and that very low-key start to an eight-hour day. The election promise was that the Labor legislation, which had passed through the house but had yet to be proclaimed, would be repealed. We have met that promise by ensuring that that legislation is not being proclaimed and will never become law of this state.

Mr J.R. QUIGLEY: But not repealed.

Mr C.C. PORTER: The same effect is occasioned by the actions of this government, which is to ensure that it is not proclaimed. I can assure the member for Mindarie that when the legislation, which will be the subject of a green bill, comes into the other place there will be a repeal. In the interim there is no proclamation of that legislation, and it will not become law. The view of the government is that that election promise has been well and truly kept. The member is right to say that my view was that we would have had a green bill by the end of last year. That of course was not an election promise but was my view as to the timing of the matter. That has not occurred. I can inform the member that very shortly he will be getting his green bill, and I will be very interested at the member's response with respect to that green bill.

The third part of the member's question was that there is no provision in the budget with respect to possible cost impacts on the Department of Racing, Gaming and Liquor. The member would obviously be aware that the type of system that we are advocating, and it will be the subject of the green bill, is quite similar to the system that exists in Queensland. It is a system that requires a separate department as an adjunct of the state's racing and gaming department to administer licences for brothels and for lawful and licensed prostitution. That agency of government is not quite but near to self-funding because of the licensing fees that come in. Certainly there is some small cost impact in the first year or two in that case in Queensland in the nature of government grants to that agency. But in effect over the longer in mid-term, that system becomes self-funding. There will be a cost impact and that will be dealt with when the legislation has come out in a green bill, has been the subject of public discussion and then is returned to Parliament.

Mr J.R. QUIGLEY: Is it not a fact that as a result of the government's inaction in this area, the Attorney General has left prostitution totally unregulated and without any effective laws in this community for the last three years?

Mr C.C. PORTER: I would hazard that that was for the last 14 years, including the last eight years under the previous government.

Mr J.R. QUIGLEY: We had a bill that had passed through the house.

Mr C.C. PORTER: Let me make some comment about the existing situation and the situation that would have occurred had we allowed the proclamation of the bill that the member passed through this place. The first is the present situation. There has been no policy of containment since 1990 when that was formally repealed by the then police commissioner. At the moment the case is that section 190 of the Criminal Code makes it unlawful for any person who is an owner-operator or manager of a brothel to earn their living off prostitution. The effect of that section of the Criminal Code is, for all intents and purposes, to make prostitution unlawful anywhere in Western Australia in terms of brothels.

Mr E.S. RIPPER: You just do not enforce it.

Mr C.C. PORTER: The enforcement situation, which has been the same now for in excess of 10 years is that the police —

Mr E.S. RIPPER: But on the Attorney General's watch, he has not had it enforced.

Mr C.C. PORTER: Leader of the Opposition, the situation is precisely the same now as it was during his time in government.

Mr E.S. RIPPER: Sure, but the Attorney General promised it would be different, and he does not enforce the law, so he does nothing; it is unregulated.

Mr P. PAPALIA: The Attorney General big-noted himself when he came in and said he was going to sort it out immediately—it was his highest priority.

Mr C.C. PORTER: I am happy to answer the question that was asked. I do not know whether those interjections are terribly helpful.

Currently, police generally do not investigate complaints about brothels unless they have some reasonable suspicion that there is illegal activity ancillary to the prostitution, such as illegal activity in drugs or under-age prostitution, any indication that there is sexual servitude, or that workers in a brothel have been the subject of human trafficking, in which case the police investigate brothels.

If members are putting to me by way of interjections that that is not a satisfactory situation, they have my wholehearted agreement, which is why we are bringing in a bill. But let me make this point: the same situation

existed for eight years under the previous Labor government. The legislation that it passed through Parliament and that we refused to proclaim would have made that situation significantly worse and not at all better, because in suburban Western Australia it would have been prima facie lawful—that is, section 190 would not have applied—to operate a brothel of up to two people without any licensing.

[9.10 am]

Mr J.R. QUIGLEY: That is the same as now.

Mr C.C. PORTER: No.

Mr J.R. QUIGLEY: They are operating next to residences right now. The Attorney General has done nothing for three years.

Mr C.C. PORTER: Had the member's legislation been proclaimed, prostitution in suburban Western Australia would have been prima facie lawful —

Mr J.R. QUIGLEY: It is de facto lawful now.

Mr C.C. PORTER: — rather than the current situation, which is that it is unlawful albeit, as the member points out and we accept, irregularly and unsatisfactorily investigated.

Mr E.S. RIPPER: Never investigated.

Mr C.C. PORTER: The legislation that the member would have passed through this place would have ensured that it was never investigated, because it would not have been an offence.

Mr J.R. QUIGLEY: But 847 Beaufort Street is operating and there is no-one shutting it down. There is a block of flats next door.

Mr C.C. PORTER: Indeed, as I have noted to the member, the green bill will be available —

Mr J.R. QUIGLEY: When?

Mr C.C. PORTER: Very shortly.

Mr J.R. QUIGLEY: That is what the Attorney General said last year.

Mr C.C. PORTER: No, that is not what I said last year. If the member wants to put to me what I said last year —

Mr J.R. QUIGLEY: The Attorney General said it would be in by December.

Mr C.C. PORTER: I understand that, and it has taken longer than that, but the legislation will be available very shortly and members opposite will no doubt, as a caucus, have to decide whether they will support that legislation, or whether —

Mr E.S. RIPPER: Your party room will have to decide that. That will be an interesting debate.

Mr C.C. PORTER: It will be interesting. They will have to decide whether they will support that legislation or whether they will maintain the position that the best way to regulate prostitution in Western Australia is to make it lawful, unlicensed and uninvestigatable in suburban Western Australia.

Mr J.R. QUIGLEY: Are you going to have these laws through the Parliament this term?

The CHAIRMAN: Be quiet for a minute, please!

Mr C.C. PORTER: There was a question also from the member for Mindarie.

The CHAIRMAN: If the Attorney General has not finished, he can carry on.

Mr J.R. QUIGLEY: The question was: is it a fact that the Attorney General is going to have these prostitution reform laws passed through this Parliament in this term of government?

Mr C.C. PORTER: Unlike during the two terms of the previous Labor government, I believe that the legislation will pass through Parliament, but of course much depends on the position of the Labor caucus.

Mr W.J. JOHNSTON: I want to know from the Attorney General whether the Secrets brothel that operates directly opposite Westfield Carousel shopping centre will be permitted under the proposal that the Attorney General has discussed.

Mr C.C. PORTER: I am sorry, the secret brothel?

Mr W.J. JOHNSTON: Secrets. It is the name of the brothel. I raised it with the Minister for Police in the chamber and he has done nothing about it. Given the policy position the Attorney General is suggesting and referred to in the dot point in the budget, I am wondering whether Secrets brothel on Albany Highway, opposite Carousel shopping centre, would become illegal.

Mr C.C. PORTER: I am not an expert on the zoning of land in and around Carousel shopping centre.

Mr W.J. JOHNSTON: I am asking the question. If the Attorney General is going to arrogantly dismiss the question, I will rephrase it for him so that he can properly answer questions asked of him. The question I am asking him is: in the Attorney General's proposal, are brothels permitted opposite shopping centres? It is not a complex question. I know the Attorney General is a complex man, but he should be able to give a simple answer.

Mr C.C. PORTER: I am very happy to answer the member's questions.

Mr W.J. JOHNSTON: Then start doing it.

Mr C.C. PORTER: Some might say that the arrogance is not allowing me to get a sentence out.

The CHAIRMAN: Members!

Mr W.J. JOHNSTON: Mr Chairman, I would ask you to get the Attorney General to answer questions.

The CHAIRMAN: The member for Cannington is asking a hypothetical question of the Attorney General.

Mr W.J. JOHNSTON: I am not asking a hypothetical question.

The CHAIRMAN: Do not argue with me, please!

Mr W.J. JOHNSTON: Mr Chairman, it is not a hypothetical question; it is an actual question about an actual issue that is in the budget.

Mr C.C. PORTER: I have not had the chance to answer, Mr Chairman.

The CHAIRMAN: If the Attorney General wishes to answer the question, answer the question.

Mr C.C. PORTER: I do very much wish to answer the question. I was saying that I am not an expert on the zoning of land in and around that shopping centre. However, let us presume that the land is either zoned for residential purposes or allows residential, so that it is a mixed residential area. If that is so, we might find what we found during the process of developing this legislation; that is, a range of land is zoned mixed use so that it is not primarily residential land but it allows residential premises in and about the area. If it is land that is zoned mixed use inclusive of residential, the legislative regime that we are proposing and that the member will shortly see in a green bill will make it impossible for a brothel to exist in that area.

Mr W.J. JOHNSTON: I am sorry; is the Attorney General saying that there is no grandfathering provision such as he has mentioned?

Mr C.C. PORTER: That is not what the member asked.

Mr W.J. JOHNSTON: That is exactly what I asked. I asked: would the Secrets brothel that operates directly across from Carousel shopping centre be permitted under the legislation?

Mr C.C. PORTER: And my answer is no. The member is now asking whether or not there are transitional provisions.

Mr W.J. JOHNSTON: No.

Mr C.C. PORTER: If the member asks a specific question, I can give a specific answer.

Mr W.J. JOHNSTON: I did ask a very specific question: so there is no grandfathering arrangement?

Mr C.C. PORTER: No, I am getting to that. There are transitional provisions so that brothels that are presently operating —

Mr W.J. JOHNSTON: Like Secrets.

Mr C.C. PORTER: I can answer the member's question and I am answering his question. Brothels that presently operate and are known to operate will be allowed to continue to operate for a short but set period whilst they apply for a licence under the new regime. However, in the case of a brothel that presently operates in an area that is mixed residential—with some very limited exceptions—it will not be able to stay there; it will have to make application, first of all, through general local government planning procedures. But in an area that is non-residential, inclusive of mixed use residential with only some very minor limitations to that, it will also have to go through the process of making an application to the Department of Racing, Gaming and Liquor to have its licence. The point is that, yes, there will be transitional provisions, but brothels that presently operate in areas that are residential or mixed residential will, on all but very few occasions, have to move, in effect, and then have to be properly licensed.

Mr F.A. ALBAN: I refer to the bottom of page 333 of the *Budget Statements* and to the reference to people smugglers in the last dot point. I remember the issue of people smugglers being raised in the Parliament previously. Has there been any progress in negotiating a longer term solution, as mentioned in the budget papers?

Mr C.C. PORTER: There has been. As the member will recall, the situation that we brought attention to was that some internal investigations into the number of people smugglers that we were required to domicile in Western Australia showed that it was in excess of 90 per cent of the total number around Australia. We have had a range of meetings and an exchange of letters with the former federal Minister Brendan O'Connor on this issue. In effect, I can say to the member that the situation has now significantly improved, although it is nowhere near as good as it should be. However, as at May 2011, having come down from a figure that I recall was well in excess of 90 per cent, Western Australia now has 93 people smugglers serving sentences and 83 crew on remand, which is representative of about 48 per cent of the total population; Victoria has 5.51 per cent; Queensland has 21.7 per cent; Northern Territory has 9.6 per cent; and New South Wales has 14 per cent. Indeed, part of the arrangements that we reached with Minister O'Connor was that there would be transparent quarterly reporting of the figures so that we knew what was going. The figures show that significant assistance to the national problem has been given by Queensland. There has also been some assistance from New South Wales. We are certainly hoping for a greater level of assistance from Victoria in these circumstances, which has only 5.51 per cent. However, the number for WA has come from the 90s to 48. It is continuing to decrease, and that is a significant improvement on where we were previously.

Mr E.S. RIPPER: My question goes to the Office of Native Title, which is actually dealt with in the Department of the Premier and Cabinet section of the *Budget Statements*, but we were advised to ask questions here. I refer to the third dot point on page 77 of the budget papers, which refers to native title policy and negotiations. How many consent determinations have been concluded since this government came to power; how many cabinet approvals have been given to accept connection reports and commence negotiations on consent determinations since the government came to power; and what is the government's target for concluding consent negotiations and seeing determinations recognised for this financial year?

[9.20 am]

Mr C.C. PORTER: I am not sure whether I would say that we have a firm target of X number of consent determinations a year.

Mr E.S. RIPPER: Perhaps the Attorney could give me an expectation then.

Mr C.C. PORTER: My recollection is that when I looked at this last and looked at the record of the previous government, on average about three consent determinations occurred a year. My view is that that figure probably represents, outside of a major increase in resourcing of the Office of Native Title, about the number that we might expect a year. The Leader of the Opposition asked how many consent determinations there have been in total. I am happy to give that information as supplementary information because I do not want to guess at it. My recollection is that we have had roughly three per year. It may be that Mr Conran can give an exact figure.

Mr E.S. RIPPER: Will the Attorney General give me as supplementary information a list of the consent determinations that have been concluded since the government was elected?

Mr C.C. PORTER: I am more than happy to do that.

Mr E.S. RIPPER: Will the Attorney General also give me a list of those claims for which cabinet has recognised consent and given approval for negotiations towards that consent determination?

Mr C.C. PORTER: I will agree to do that, but I would like to reserve the position if there is cabinet confidentiality in any matters. The Leader of the Opposition looks quizzical, but it may be that a cabinet decision for negotiations towards consent determination has occurred but on certain grounds that are sensitive to the negotiations. It is not impossible that the information could be subject to cabinet confidentiality. I reserve our position on the basis of cabinet confidentiality, which we do not need to in any event, but otherwise I am very happy to give that information over.

The point of the question that the Leader of the Opposition asked goes to a question that the member for Rockingham asked in question time—I think I am being fair to the tenor of the question that he asked—about whether there was a delay or withholding of consent determination in the Uunguu and Dambimangari claims as a method of forcing the hand of the native title holders of James Price Point. I found that question outrageous. It is not something that this government would ever do. The question gave me cause to look at precisely the issue the Leader of the Opposition has raised: how is this government's track record on consent determinations given a historical comparative? It is about the same. I recall tracking about three consent determinations a year. The consent determinations for Uunguu and Dambimangari came in late last year, and my parliamentary secretary, Hon Michael Mischin, was on site for the determination.

Mr E.S. RIPPER: I can remember, as the minister giving approval for those negotiations, that we accepted the connection, and the Liberal–National government finally got around to delivering the determination.

Mr C.C. PORTER: As the Leader of the Opposition points out, it was a joint effort. There were quite complicated issues with the 12-mile limit around the islands in Uunguu and Dambimangari. In any event, we

are tracking at about three consent determinations a year, which I think is roughly the historical average. However, in addition to those three consent determinations a year, we have had significant success with the final dealing with extinguishment, and Yawuru is one case in point. In my view, we have made significant steps in the Single Noongar claim. I would say we are at par with the former government in consent determinations, but a lot of other matters are being dealt with by the Office of Native Title, and, in my view, they are progressing very well.

Mr E.S. RIPPER: I will have further questions on native title, but perhaps we can come back to those.

[*Supplementary Information No B19.*]

Mr P. PAPALIA: I refer to budget paper No 2, volume 1, page 333, titled “Outcomes, Services and Key Performance Information” and the reference to “an efficient, accessible court and tribunal system”. Can the minister confirm whether he was aware that since April 2009 and his appointment of Justice Narelle Johnson as the chairperson of the Prisoner Review Board, 13 staff have been compelled to seek placements elsewhere because of claims of abusive treatment and workplace bullying and allegations of nepotism in that office at the hands of the chair, Justice Narelle Johnson, and her registrar?

Mr C.C. PORTER: My understanding was that questions on the Office of Native Title would flow first. I know that this division is ONT and the Department of the Attorney General. I am happy to answer a question such as that, but it appears to me that the Director General of the Department of the Attorney General should be present and the necessary advisers should be invited to come to the floor.

The CHAIRMAN: We will hold that question over.

Mr E.S. RIPPER: It was also my understanding that we would go to native title issues.

The CHAIRMAN: The Leader of the Opposition brought that up, so we will stick to native title.

Mr E.S. RIPPER: I can see Mr Conran there. Has the government continued with its policy of requiring an access Indigenous land use agreement to be agreed before a consent determination is finalised? The context is land councils coming to the opposition with evidence of a government policy that an access ILUA is required in specific terms before the consent determination can be concluded. I would like to know whether that is the government’s policy and whether the government has had any feedback, shall we say, from the Federal Court of Australia on application of that policy. Has the government modified its policy since that feedback?

Mr C.C. PORTER: At the commencement of the Leader of the Opposition’s question he asked whether the government is maintaining a policy. He then asserts what that policy is, and then at the end of his question he asks us whether it is our policy.

Mr E.S. RIPPER: I am covering all the bases to give the Attorney General an opportunity to provide a comprehensive answer.

Mr C.C. PORTER: Indeed he is.

Mr E.S. RIPPER: I hope that the Attorney General deals with every point that I have raised.

Mr C.C. PORTER: The decision in *Brown (on behalf of the Ngarla People) v State of Western Australia* [2007] FCA 1025, with which the Leader of the Opposition would be familiar—I do not have that decision in front of me—quite properly says that a consent determination cannot be withheld when evidence exists that it should be granted on the basis that an ILUA be signed. The Federal Court of Australia has indicated that someone cannot lawfully go to native title claimants and suggest to them that he will delay or not give a consent determination until the native claimants sign an ILUA when he has information that allows him to make a decision that consent should be given. That is clearly unlawful. Obviously, the government policy on native title is not to do anything that offends that rule established in *Brown*. However, in my view, and in government policy, a view still exists that the swift and relatively quick resolution of ILUAs and signing of ILUAs is important. Nothing in *Brown* suggests that someone cannot negotiate for the resolution of an ILUA before a consent determination is given. The answer to the Leader of the Opposition’s question is a relatively simple one. As minister, if I am presented with evidence through the Office of Native Title that the consent should be given that native title exists, as soon as I am aware of that, that goes for my consideration and then to cabinet, and the issue of ILUAs is parallel and not at all related to that. However, this government—I think quite properly—has engaged in a process of trying to ensure that Indigenous land use agreements are signed at the earliest possible stage. I do not know whether that answers the Leader of the Opposition’s question to his satisfaction.

[9.30 am]

Mr E.S. RIPPER: It answers it in part. I am also interested to know whether the government has a standard template access ILUA upon which it insists, or whether there is a genuine negotiation on the ILUA and a boutique solution for each claim.

Mr C.C. PORTER: We are in the very final stages of developing that precedent ILUA that the member has described. In my view, one of the difficulties has been the lack of a clear template. Obviously, that template is going to be changed and amended by negotiation in different circumstances, but part of the move of the Office of Native Title into the Department of the Premier and Cabinet has been to allow that greater degree of consistency on issues such as this and with respect to ILUAs. In fact, very recently a draft template ILUA was put to me; I am in the process of considering that.

Mr E.S. RIPPER: Has there been a process of negotiation or consultation with stakeholders on the nature of this template ILUA?

Mr C.C. PORTER: Not yet, but there will be. But the first stage is for ministerial and cabinet approval of that draft template.

Mr E.S. RIPPER: So it will remain a draft, even though cabinet approval has been given for negotiation, and then there will be a consultation; is that how it will work?

Mr C.C. PORTER: That is my understanding of the process we are going to engage in. If the member likes, cabinet will approve the draft, which will go to negotiation with native title parties.

Mr E.S. RIPPER: The Attorney General has made comments that lead me to ask a further question. It appears that the Attorney General will retain ministerial responsibility for native title matters, despite the administrative shift of the Office of Native Title.

Mr C.C. PORTER: As the Leader of the Opposition would be aware, the Office of Native Title is well travelled.

Mr E.S. RIPPER: It is a nomad.

Mr C.C. PORTER: Indeed. I was supportive of the move to DPC. I am a fulsome supporter of native title; I would like to see, during whatever time in government we have, as many consent determinations finalised as possible. I would like to see the south west negotiations finalised; I would like to see a range of matters with respect to extinguishment of compensation finalised. My sense of ONT was that, although it was doing a good job with the resources it had, there possibly was not the level of consistent policy understanding on the part of native title claimants of the government's position. Whether all native title claimants liked or disliked the position, it seemed to me that there was an extreme value in certainty and consistency. I was a supporter of the move to DPC, where the policy and consistency aspects have, I think, been significantly buttressed. I am still the minister in charge and responsible, and the office still has direct-line reporting to me; all cabinet submissions come up through me and to cabinet. So the location has changed, but the lines of ministerial responsibility remain the same.

Mr E.S. RIPPER: I have further questions on this.

Mr P. PAPALIA: I am wondering whether we are going to get the Department of the Attorney General advisers in so that we can ask other questions. We were not aware of this apparent arrangement that the Chairman has referred to.

Mr W.J. JOHNSTON: I am a member of the committee, and I was not advised that that was the way it would be arranged.

The CHAIRMAN: The Leader of the Opposition seems to know about it. I do not know how he knows about it.

Mr W.J. JOHNSTON: No, I am aware that we can ask questions about native title; I was not told we were not allowed to ask questions about the other matters.

The CHAIRMAN: I have looked at the program and I have just been listening to what the Leader of the Opposition said, so obviously there has been a crossed wire somewhere. How do you want to proceed? Do you want to bring in a further adviser, or what do you want to do, Attorney General?

Mr E.S. RIPPER: Since I am going to be the only member of the opposition asking questions on native title issues, perhaps we can proceed on that basis.

The CHAIRMAN: We will get that out of the way.

Mr P. PAPALIA: Keep the dorothy dixers down!

Mr E.S. RIPPER: My colleagues will certainly allow that, and then I will disappear and they can get on with savaging the Attorney General on other issues.

The CHAIRMAN: I have not heard any dorothy dixers on native title yet.

Mr P. PAPALIA: That is good.

The CHAIRMAN: Thank you, Leader of the Opposition; now we have some agreement.

Mr E.S. RIPPER: I refer to those negotiations on the south west claims that the Attorney General has just mentioned. Could the Attorney General outline the nature of the settlement that the government contemplates arising out of these negotiations? What elements will there be in the settlement? I expect that the Attorney General will not be able to nominate quantum because that might compromise negotiations, but could he outline the nature of the settlements that he expects from these south west claims?

Mr C.C. PORTER: I certainly cannot nominate quantum, because we have not done those calculations yet. Perhaps the best way to answer that, Leader of the Opposition, is that the type of settlement that we are envisaging will, in some respects, look similar to the Yawuru settlement, so there will be both a monetary component and a land component. We are in the process of finalising cabinet submissions with respect to the precise detail of what would form the basis of our starting point in negotiation with the Single Noongar claimants, which is obviously subject to cabinet confidentiality, but it will be a blended form of compensation that would be considered in the south west, not dissimilar to the Yawuru settlement. I also add that, obviously, whatever quantum is involved in this matter will be significant.

Mr E.S. RIPPER: Would it be extreme to say that in the end this will involve hundreds of millions of dollars of government commitment?

Mr C.C. PORTER: It will be significant. Perhaps I can answer that question this way: the Leader of the Opposition talked about a government commitment. The Leader of the Opposition, no doubt, had access to the all the correspondence that flowed between Premier Richard Court and Prime Minister Keating, and Premier Richard Court and Prime Minister Howard, and, in effect, that exchange of letters, in my view, fell something short of an intergovernmental agreement, obviously, but indicated a clear agreement, almost contractual in nature, that the commonwealth government would contribute 75 per cent to the cost of all extinguishment for past and future acts. This agreement was reached at about the time the Wik decision's 10-point plan came into being. My view is that we as a state agreed to give our fulsome cooperation to the native title system on the promised basis and expectation that 75 per cent of moneys for the costs of extinguishment would flow from the federal government. When we settled the Yawuru claim, I think the overall value of that package was about \$220 million; sadly, not a cent has thus far come from the commonwealth. Two years ago I attended a native title ministers meeting in Adelaide and the commonwealth Attorney-General spoke first, and of course the prime issue on the agenda was the 75 per cent payment of extinguishment fees, if I can put it that way. He noted for the meeting that, notwithstanding any letters or promises or agreements that had been reached, commonwealth policy had changed and it had changed to the extent that it now considered that it had no obligation to pay whatsoever, but would only consider the potential for assistance to the states for extinguishment on a "case-by-case basis". This news was not greeted sympathetically by any of the state native title ministers present. Since that time there has been an exchange of correspondence between the Premier and the present Prime Minister to try to clarify that situation. I would suggest that the significant roadblock to progressing the south west claim is getting some kind of indication on a case-by-case basis—if that is the new policy—that the commonwealth government is going to contribute some percentage of the reasonable cost of extinguishment. I would like to have the commonwealth involved in the process of negotiations, so that it is satisfied that the cost of extinguishment is reasonable. But if the Leader of the Opposition is right, and it is going to be significant —

Mr E.S. RIPPER: Hundreds of millions of dollars.

Mr C.C. PORTER: — that is not, in my view, a cost that Western Australia, which will be dealing with these claims for many years to come—particularly with the south west, which is going to be a very large one—can afford to bear alone. It will be significant. I would consider that the commonwealth will try to not make any commitment at all, as it did with Yawuru, until the time of resolution, after which time the imperative for input of funds to extinguishment has gone. I would say that the single biggest roadblock to our progress of this matter now is getting some form of agreement from the commonwealth that it is going to kick in and pay moneys towards whatever the reasonable cost of extinguishment is.

[9.40 am]

Mr E.S. RIPPER: Short of that, what is the government's current timetable for the conclusion of these negotiations, and at what stage will the government start to recognise the liabilities in its budget papers?

Mr C.C. PORTER: We obviously will have to recognise those liabilities at a point during the process of negotiation, but we are well in advance of that point. I accept what the Leader of the Opposition says. I am not sure when the Yawuru negotiations first appeared in the budget, but the previous government was well advanced on those negotiations. I am not sure whether those moneys appeared in the previous government's out years, but I take the point that, at some stage, those moneys appear as a liability in the budget. We are not there yet with the Single Noongar claim. If the Leader of the Opposition is asking me whether, if we go down the path of negotiation, which we are committed to, a significant cost will ultimately attach to the extinguishment after the negotiations, he is quite correct; it will. In my view, that cost must be substantially defrayed by the commonwealth, but even the residual will be significant. When will that cost appear in the budget? We are well

in advance of that position. There are complications with that, particularly with the idea of land swaps as occurred with Yawuru and how they appear usually as the diminution of a capital asset, which comes off the bottom line in the budget out years, but we are well in advance of that situation.

Mr E.S. RIPPER: Can the Attorney General answer my first question, which was: when does he expect to conclude these negotiations?

Mr C.C. PORTER: The Leader of the Opposition knows very well that, with native title negotiations, that is a question of “how long is a piece of string?”

Mr E.S. RIPPER: How long is the Attorney General’s current estimation of this piece of string?

Mr C.C. PORTER: We have been in government for in excess of two years. We have made the fundamental decision to negotiate —

Mr E.S. RIPPER: As we did.

Mr C.C. PORTER: Indeed, and that is not always an easy decision to make. We are now at the stage at which the basic starting point negotiating parameters will go to cabinet shortly. Negotiations will flow shortly after that. Whether those negotiations will be for six months or 18 months or in excess of that, I really would not want to hazard a guess at this stage. I would suggest that, based on Yawuru, those negotiations will be lengthy. Mr Conran informs me of an Office of Native Title target that, even hearing it whispered, sounds optimistic. Mr Conran talks about a target of 12 months, but I think that is optimistic.

Mr E.S. RIPPER: I would be inclined to agree with the Attorney General on that matter, but it is good to have a target.

Is joint management of national parks in the South West one of the elements that the government will consider in the settlement? Will a comprehensive heritage protocol also be part of the settlement, because these matters often interact?

Mr C.C. PORTER: Nothing is part of the basic starting parameters for a settlement negotiation until it is approved by cabinet, but my view as Attorney General is that both of those should be put to and considered by cabinet.

Mr E.S. RIPPER: The other big area of the state where court determinations or concept determinations are unlikely is the area of the former Wongatha claim. Is there any process of negotiation still in place for the area covered by the former Wongatha claim? The previous government had in place a process to jointly work on evidence for native title on a claim-by-claim basis in the Wongatha area. What is the current government’s approach to that?

Mr C.C. PORTER: I am informed that there has been activity on the Wongatha claim, but it is not one of the high priorities of the government in terms of the resources of the ONT at the moment.

Mr E.S. RIPPER: So what are the government’s priorities in native title for the forthcoming year?

Mr C.C. PORTER: The Single Noongar claim for the South West.

Mr E.S. RIPPER: That is the number one priority?

Mr C.C. PORTER: Indeed, it is.

Mr E.S. RIPPER: And beyond that?

Mr C.C. PORTER: As the Leader of the Opposition will be aware, there is a range of consent determinations that sit almost in a line for consideration at various stages of the process of gathering evidence to assess the veracity of the claim for connection with the land. That process continues. But, in terms of large and significant items, that is the most significant item and it will draw down a lot of ONT’s resources over the next 12 to 18 months. It will probably be followed by the Kimberley.

The CHAIRMAN: If there are no further questions on the Office of Native Title, I ask the Attorney General to bring in his other advisers.

Division 27: Attorney General, \$369 629 000 —

Mr M.W. Sutherland, Chairman.

Mr C.C. Porter, Attorney General.

Ms C.M. Gwilliam, Director General.

Mr A. Andersson, Director, Business and Financial Services.

Ms P.M. Bagdonavicius, Public Advocate.

Mr J. F. Skinner, Public Trustee.

Mr R. Warnes, Executive Director, Court and Tribunal Services.

Mr G. Turnbull, Director, Legal Aid Western Australia.

Ms L. Baker, Manager Finance, Legal Aid Western Australia.

Mr W. Hewitt, Executive Director, Corporate Services.

Mr D. Creedon, Chief of Staff, Office of the Attorney General.

[Witnesses introduced.]

The CHAIRMAN: The member for Mindarie.

Mr J.R. QUIGLEY: I take the Attorney General back to the 2010 estimates hearing. At page E111 of the transcript of the proceedings, in response to a dorothy dixer by the member for Swan Hills about the Coroner's Court, the Attorney General informed the committee of an additional \$822 000 in two-year emergency funding to the State Coroner to try to deal with the backlog. I have two parts to the question. Firstly, is this additional funding being provided on an ongoing basis, or will this additional funding expire at the end of the current arrangement? Secondly, in relation to the lengthy and complex inquest currently being undertaken into the Christmas Island tragedy, is there funding from the commonwealth for the Coroner's Court to meet the extraordinary expenses of that case, given that the deaths were in an Australian excised territory?

Mr C.C. PORTER: I will answer those questions in reverse order. My recollection of the people-smuggler issue was that the coroner approached us and sought the state government's guarantee that funds would be available to apply specifically to that coronial inquest. We also took the view that the member does—that is, that ultimately the commonwealth should pay. Coming to those sorts of agreements with the commonwealth is not always simple. I recall that we took the view that we should make the commitment and pay for the inquest, and we will seek reimbursement from the commonwealth for that. The inquest that the member has referred to is due to the fact that the state government, notwithstanding federal responsibility, put its hand in its pocket and paid for it and allowed for counsel assisting to be appointed at the earliest possible stage. We will endeavour to receive reimbursement from the commonwealth in due course.

Mr J.R. QUIGLEY: In relation to that, is there any estimate of what the costs of this particular inquest might run to?

[9.50 am]

Mr C.C. PORTER: I will add to my previous answer. I understand that the commonwealth has given agreement in writing that it will fund it. I have had such agreements from the commonwealth before, so we will see how that transpires. As to the actual estimate for its operation, we do not have that information yet. We have given a commitment that we will pay whatever it will cost, but we are expecting to be reimbursed, and we will obviously be keeping the cost reasonable. The temporary additional funding to the Coroner's Court has been extended to \$660 000 for 2011–12, and \$680 000 for 2012–13, so for the next two years it will receive those amounts. The \$800 000-plus figure cited by the member included within it an amount similar to the \$660 000 which was, in effect, for FTEs. There was also a \$200 000 amount for some additional costs that related to other areas of funding. The \$660 000 that was applied to FTEs has been continued for the next two years. After discussions with the coroner, that will allow some continuity of employment rather than having people working there on rolling one-year contracts. Ultimately, we have provided the funding we consider necessary to keep the office operating at a functional level, in excess of the funding previously provided. The permanency of that funding, and how much permanent funding there is, will depend very much on the Law Reform Commission's report into the office of the coroner, which has been some time in the making, but we expect it within the period of this funding. This government has provided additional funding. I understand that has been of great assistance to the coroner. I have every expectation that in some way, shape or form that funding will continue into the future.

Mr J.R. QUIGLEY: Towards the end of the Attorney General's answer given to the member for Swan Hills last year, he said that by the end of 2009–10 the backlog would be reduced to 400 files, and that by the end of 2010–11 it was anticipated that most, if not all, of the 75 inquest files would be completed, and that the backlog of administrative files would be reduced to 150. What is the current status of the inquest files, and has the number of administrative files been reduced to 150?

Mr C.C. PORTER: In that answer, I think there was a subcategorisation of files. There were backlog cases that were older than 12 months, and the total cases pending —

Mr J.R. QUIGLEY: You had hoped to reduce the backlog of 400 to 150.

Mr C.C. PORTER: I think the answer is that the backlog has not been reduced by as much as we would have hoped, and the reason for that is that, as a managerial decision, the coroner has decided to allocate the FTEs he has been given to immediate inquests, so the backlog has not decreased by as much as we would have hoped.

Mr J.R. QUIGLEY: The backlog that was cited at dot point five on page 4 of last year's committee hearings was 400 files. Is the Attorney General able to tell us what the progress is on those 400 files?

Mr C.C. PORTER: The backlog is measured in various ways, depending on how long a file has been backlogged before, so there is —

Mr W.J. JOHNSTON: Whatever term was used last year, the same definition could be used.

Mr C.C. PORTER: I do not recall what measure that was, but if the member would like me to provide that by supplementary information, I am very happy to get it.

Mr W.J. JOHNSTON: That would be great.

Mr J.R. QUIGLEY: The coroner attributed much of the backlog to insufficient staffing levels at the coronial inquest section of WA Police, whereas Mr Anticich said that any police officer could investigate a coronial file. What is the current view of the coroner? Is he still of that view? It was reported in *The West Australian* on 26 April that the coroner had said that extra resources were needed to investigate cases more thoroughly, and that the sudden death squad had long been under-resourced to perform that difficult and complex task. That was in reference to the Bradley Whitehouse inquest.

Mr C.C. PORTER: What year was that?

Mr J.R. QUIGLEY: The Bradley Whitehouse inquest was February 2008; that article appeared on 26 April 2011. The coroner was reported as saying that the coronial investigation unit responsible for examining all metropolitan sudden deaths had long been under-resourced to perform that difficult and complex task, and that extra resources were needed to investigate cases more thoroughly. What is the coroner's current view? Is that section still under-resourced?

Mr C.C. PORTER: It is difficult to tell the member what the coroner's thinking is; I have had several conversations with him about this issue. I do not think it would be unfair to the coroner's views to say that he considers the level of funding provided under this government to far exceed the level of funding that was provided by the previous government. The comment that the member talked about, about the office being long under-resourced, was in February 2008.

Mr J.R. QUIGLEY: Correct.

Mr C.C. PORTER: There was an approximate \$800 000 figure last financial year, and we have provided \$641 000 this year and \$660 000 and \$680 000 for the next two years. I think I can summarise the coroner's view in this way: although all agency heads would like more funding than that which is provided, there is a significant increase in the quantum of funding for his office in this budget. The coroner, I think, takes the view that his office should not be compelled to wait for the Law Reform Commission report, which has been promised but not delivered on a number of occasions, but which I am now reliably informed will be delivered in December this year. He should not have to wait for that report to have something similar to this quantum of funding simply appear as a readjusted baseline budget for his office going into the future. I take the slightly different view that it is better to provide this funding on a two-yearly basis in this case, awaiting that review, because the review may well point to some fundamental reforms in the structure of the office that have funding implications. As I understand it, the coroner has generally used this new funding—we have not told the coroner how he should or should not use it—for the completion of backlogged inquests and hearings. To provide an example, there were 41 inquests and 155 sitting days in 2010–11 compared with 36 inquests and 68 sitting days in 2009–10. That is a significant increase. The coroner, in effect, has applied the FTEs that this extra funding has allowed for directly to the level of inquests. He is targeting those backlogged matters that are the most serious and important. I can provide a breakdown of comparative backlogged files, based on the age of files, as supplementary information. I think that what I have just given is a relatively fair summary of the coroner's views, based on my conversations with him.

Mr J.R. QUIGLEY: Sure, but when I look at the answer the Attorney General gave last year, he said that it was anticipated that by the end of 2010–11 most, if not all, of the 75 inquest files would have been completed. One could infer from the answer that the Attorney General has just given that the level of funding offered to the coroner is insufficient to achieve that which the Attorney General said would happen—that 75 inquest files would have been completed.

Mr C.C. PORTER: As I said, there were 41 inquests and 155 sitting days compared with 36 inquests and 68 sitting days. It may well be the case—I can provide supplementary information—that the complete backlog of inquests has not been achieved, but that there is nevertheless a significant improvement in the number of inquest days the coroner has undertaken with this funding than he could have done without it.

Mr J.R. QUIGLEY: All right, but the backlog is still significant. It is not realistic for the new coroner's legislation to be passed through the Thirty-eighth Parliament, so the community might expect this unacceptable delay in the Coroner's Court to exist some several years hence.

Mr C.C. PORTER: The member is presuming that the Law Reform Commission report is about legislative reform. There may be a component of it that relates to that, but as I understand it, the report is also about the structure, objects, funding and FTE levels of the office. It has an administrative and management component to it as well, and it is that which the government seeks to assess before we make a decision about baseline funding for the coroner's office. In my view, the coroner's office is now far better funded. It may be that this report indicates that it needs a yet more fundamental restructure of its baseline budget; we are awaiting that report.

[10.00 am]

Mr J.R. QUIGLEY: But this is a management issue of the coroner's office. In so far as this is not dealing with legislation, this is something that the government itself should get on top of, is it not, to bring down this dreadful delay for all families waiting upon the outcomes of inquests.

Mr C.C. PORTER: It was the former Attorney General, Jim McGinty, who commenced the Law Reform Commission process. He obviously took the view that the office and its interface between administration and law reform is complicated enough to warrant it. That was in late 2007. He noted at the time that it was envisaged that that Law Reform Commission project would take several years to complete and that the detailed consultations would commence only in the later half of 2008. It has certainly taken longer than I would have expected, but it is due at the end of this year. However, I think the view of the previous government was that this was not simply a matter for the government, in a management-consultancy type or style, to make a determination about baseline funding and make a decision, but rather that it was more complicated than that.

[Mr P.B. Watson took the chair.]

Mr P. PAPALIA: I return to my previous question. Can the Attorney General confirm that he is aware that since April 2009, when he appointed Justice Narelle Johnson as Chair of the Prisoners Review Board of Western Australia, that 13, or 60 per cent, of the staff in the office have felt compelled to seek placement elsewhere because of alleged abusive treatment and nepotism at the hands of the chair, Justice Narelle Johnson, and her registrar?

Mr C.C. PORTER: Could the member give me the line item?

Mr P. PAPALIA: I referred before to page 333 of budget paper No 2, volume 1, under the heading "Outcomes, Services and Key Performance Information", the first table, "Desired Outcomes", "An efficient, accessible court and tribunal system".

Mr C.C. PORTER: I am prepared to accept the question, but I do not know whether it is technically a court or a tribunal. However, the member has asked me to confirm whether I am aware that 13 staff have moved —

Mr P. PAPALIA: Sixty per cent of the office.

Mr C.C. PORTER: Okay; I am trying to answer. It is a very serious question—the member will appreciate.

Mr P. PAPALIA: It is a serious question; that is why I am asking it.

The CHAIRMAN: Members, could you put your questions through the Chair, please.

Mr C.C. PORTER: The member is asking me to confirm whether I am aware that 13 staff members have left the employment of the Prisoners Review Board for the sole reason that they allege abusive conduct towards them by whom?

Mr P. PAPALIA: By the Chair of the Prisoners Review Board, Justice Narelle Johnson, and her registrar.

Mr C.C. PORTER: I have regular meetings with Justice Narelle Johnson and I have regular meetings with my director, Cheryl Gwilliam, and Mr Ray Warnes, who is in charge, administratively, of the Prisoners Review Board. I am aware that one complaint has been made in respect of employment circumstances at the Prisoners Review Board. If the member is asking me whether I am aware that 13 staff members have left the employment of the Prisoners Review Board because they allege they have been abused by the Chair of the Prisoners Review Board, I am not aware of that.

Mr P. PAPALIA: And her registrar.

Mr C.C. PORTER: Just let me answer the question. It is a very serious question.

Mr P. PAPALIA: And her registrar!

The CHAIRMAN: Members, ask your questions through the Chair, please.

Mr C.C. PORTER: I am not aware of that. No allegation of that nature has ever been made to me outside of the member now making it here; not by my director, not by Mr Warnes and not by any individual person, that I am aware of, writing to my office. I am unaware of those circumstances that the member speaks of. That is an incredibly serious allegation —

Mr P. PAPALIA: It is; that is true.

Mr C.C. PORTER: — to levy against a judge, a Supreme Court Judge, of this state.

Mr P. PAPALIA: Exactly.

Mr C.C. PORTER: I might just ask Mr Warnes to comment with respect to what I understand to be the case of one existing complaint about employment circumstances. If I can place that in context: a complaint of one type or other with respect to employment circumstances in public sector agencies is neither unheard of nor unusual but, member, I will invite Mr Warnes to freely comment about what he knows as to the circumstances of that complaint.

Mr R. Warnes: There is one investigation regarding a public servant being conducted. It is my understanding that the investigator has lodged his final report with the department—perhaps last week. The department’s human resources area is considering what it will do with that investigation report, which is fairly detailed and contains interviews with all concerned staff as either witnesses or parties to the formal complaint raised. With respect to the 13 people leaving the department—if I may, minister—that particular area of the department has a large number of records officers who are on fixed-term, short-term contracts. It is fair to say that a number of those contracts have ceased. I understand from the executive manager that a number of officers chose to continue university studies. From his point of view, probably 50 per cent were not suitable for employment at the office and their contracts were not continued. One officer in a secretarial position—when I say “secretarial”, it is an important role within the organisation; about a level 4—was a fixed-term appointment, and when the position was advertised for permanent appointment that officer chose not to apply and an appointment was made from the pool of applicants who chose to apply for the position.

Mr P. PAPALIA: If the Attorney General is not aware of it, perhaps the director general can advise him, or us, whether the department is in receipt of a letter from the Public Sector Commissioner recommending, amongst other things, the removal of the Chair of the Prisoners Review Board, Justice Narelle Johnson, and her registrar from within the office to another physical location, which I suggest implies an acknowledgement of ongoing workplace bullying or harassment. Also, in that letter, sent on 13 May 2011, is it not also recommended that a plan be put in place to manage the conflict of interest that exists with the registrar and her daughter working on the Prisoners Review Board? Does it not also recommend that the department seriously consider relocating the Prisoners Review Board to a location within the central business district or, ideally, within the department’s offices at Westralia Square? If all those recommendations have been made, why would they have been made if we are talking about only one incident and one individual? Is this not an acknowledgement beyond the department, of serious misconduct within that office or some likely serious misconduct or, at least, a likely serious situation involving someone the Attorney General’s department does not appear willing to take on or question the behaviour of?

Mr C.C. PORTER: I will invite Ms Gwilliam to speak to that in a moment. However, let us be very careful here. The member is exercising his right to parliamentary privilege. He has, as I see it, alleged abusive conduct by a judge of the Supreme Court against 13 staff, and he has done so in my view without any evidence whatsoever.

Mr P. PAPALIA: If you are —

Mr C.C. PORTER: No; I will answer the question!

The CHAIRMAN: Members!

Mr P. PAPALIA: If you are going to verbal me, get it right!

The CHAIRMAN: Member!

Mr P. PAPALIA: I am reporting alleged abuse by other people—that is, allegations by other people.

The CHAIRMAN: Members. I refer you to standing order 92 which states —

Imputations of improper motives and personal reflections on the Sovereign, the Governor, a judicial officer or members of the Assembly or the Council are disorderly other than by substantive motion.

Members, I therefore —

Mr P. PAPALIA: Are we talking about someone who is acting as a judicial officer?

Mr C.C. PORTER: She is a judicial officer.

The CHAIRMAN: All I am asking is for the member to be very cautious in what he says.

Mr P. PAPALIA: I am asking about the department.

Mr C.C. PORTER: Thank you, Mr Chairman.

The member then states or purports evidence of likely serious misconduct —

Mr P. PAPALIA: I have asked if the Attorney General is aware of it.

Mr C.C. PORTER: —and it seems that the basis of that evidence, as the member suggests, is a letter from the Public Sector Commissioner to, I take it, the Director General of the Department of the Attorney General, which suggests a physical move of the chair of the Prisoners Review Board from one location to another. I am not aware of that letter. However, I might ask Ms Gwilliam to comment on whether such a letter exists and whether, as the member quite seriously purports, it is considered by her to be evidence of the types of things the member is speaking about, including abusive conduct by a judge towards 13 staff.

[10.10 am]

Ms C.M. Gwilliam: We have been working closely with the Public Sector Commission in relation to the grievance. Because the matter had media coverage in *The West Australian* I alerted the Public Sector Commissioner to what we were doing in terms of maintaining effective training and good management at the Prisoners Review Board. We are handling one grievance and, as Mr Warnes said, it is at the final report delivery stage. I provided all of that information to the Public Sector Commission and invited its advice to me about anything I could learn to better manage a very small work group that is isolated from the department. We met many times with commission staff to talk about ways forward. A number of findings, comments, recommendations—I am not quite sure of the exact word, not having the letter in front of me—were made. The commission staff said that the layout of the office is probably not conducive to best working arrangements. They also made the comment that the location of the office, because it is in Wembley, causes a disconnection from the rest of the department, which tends to be based in the central business district. Therefore, there is an isolation factor. The commission has also commented on the need to increase communication with staff from management, both divisional and local management, and that has been accepted. The commission has acknowledged the work that we have done but it says that we could do more. I would not take the letter as a criticism at all. The commission's comments to me have very much reinforced what the agency has done. I have indicated to the Public Sector Commission that I will respond with an implementation plan on some of those actions. At no stage has the Public Sector Commissioner ever made any criticism of, nor expressed any concerns about, the judge to me. The judge is regarded as a highly experienced, valuable, competent member of the judiciary. Our role with the staff is to have the administration support the workings of the board. That requires training, teamwork and management focus, and we have that in place.

Mr P. PAPALIA: Perhaps the director general could indicate whether she received an acknowledgement in this letter that the events referred to are recent, current and ongoing and are not events from a long time ago, and that the issue is more extensive than the one incident referred to.

Mr C.C. PORTER: I will invite the director general's comment on that question in one moment. Part of the traditional role of an Attorney General is to defend the judiciary from unfair comment. The member makes outrageous and unfair comment under privilege in this place and skirts very close to the boundaries of standing order 93. The member's previous question, which I allowed the director general to answer, was effectively an allegation requiring the director general to comment on a letter that had been sent to the Public Sector Commission that provided some form of evidence for what the member described as either abusive conduct against 13 staff or likely serious misconduct by a judge. The answer from the director general was unequivocal: that letter about which the member speaks provides absolutely no evidence whatsoever of what the member alleges. The member now back-pedals and asks whether that letter is evidence of or speaks to some other misfeasance by the judge. I will allow the director general to respond in any fashion that she sees fit, but I find the member's behaviour towards a sitting member of the judiciary absolutely outrageous.

Mr P. PAPALIA: Who are public sector employees supposed to go to for assistance if they make a complaint and allege behaviour of this nature? They go to the Attorney General's department. It is ultimately acknowledged by the Public Sector Commissioner that the problem is more widespread than the one incident being investigated by the department. Who are public servants supposed to go to for assistance?

Mr C.C. PORTER: Complaints by public sector employees about matters pertaining to their employment are governed by the Public Sector Management Act. The fact is there has been one such complaint, that Mr Warnes has spoken to, under the auspices of the Public Sector Management Act. It is open to any public sector employee, at any time, to avail themselves to the processes of the Public Sector Management Act. The member asked me who people can complain to. This state has a rich vein of legislative bases through which one might complain as a public sector employee. The member now asks me to comment about why people who he suggests may have had cause to complain never did. How can I possibly comment on that?

Mr P. PAPALIA: I think that the Attorney General has commented on that through his response to me.

The CHAIRMAN: Member!

Mr C.C. PORTER: I will now hand over to Ms Gwilliam —

Mr P. PAPALIA: The Attorney General intimidates people out of asking.

Mr C.C. PORTER: I am not the one using parliamentary privilege to make unsubstantiated and serious accusations against a judicial officer. What the member is doing is quite wrong.

Mr P. PAPALIA: I am reporting an allegation.

Mr C.C. PORTER: What allegation? What evidence of any allegation has the member provided?

The CHAIRMAN: Members!

Mr P. PAPALIA: What has the Attorney General done? I have met with people in the office.

The CHAIRMAN: The member for Warnbro has had his chance.

Ms C.M. Gwilliam: Many issues have been raised. In terms of dealing with complaints or concerns from staff, the agency has put a lot of effort into ensuring awareness of the grievance process. Therefore, where there are issues about the management of the Prisoners Review Board, staff are encouraged and welcome to raise their concerns. The actions we intend to take on administration are a result of those concerns. We have spoken to the judge about the program, which will provide more training and more one-on-one mentoring. We have put a lot of work into ensuring that staff have knowledge of the grievance process, that they have access to training to do their jobs well, and that management spend more time nurturing the staff in their roles, because there are a lot of young, new staff. We are talking about positions that are quite junior; we are not talking about senior positions—they are levels 2, 3 and 4. Often they come into the PRB without a lot of experience in administration, therefore we need to increase training for that. Staff can write about concerns. I have received correspondence about concerns, but no actual grievances have been lodged apart from the one we have referred to. We have encouraged staff to lodge grievances if there is an issue.

Mr P. PAPALIA: Therefore, it is not quite so unequivocal, is it?

Ms C.M. Gwilliam: No, it is like anything —

The CHAIRMAN: Member, please do not speak across the chamber. I ask that the director general respond through the Attorney General.

Mr C.C. PORTER: The member, by way of interjection, said, “It is not quite so unequivocal.” He has made serious allegations unsupported by any form of tangible evidence whatsoever. If the member wants to make allegations and puts evidence before us that will allow either my director general or I to respond, he should do so. Otherwise, he seriously defames a member of the judiciary and he ought to stop.

Mr P. PAPALIA: No, I am not.

Mr C.C. PORTER: Of course he is.

The CHAIRMAN: Members, let us settle this down now. If the member for Warnbro wants to make this allegation, he can do so under a substantive motion in the house.

Mr P. PAPALIA: I am asking about the management of the department.

The CHAIRMAN: The member has had a fair go. Before we go to the next question, the Attorney General earlier referred to standing order 93; for the information of Hansard, it should be standing order 92.

Mr W.J. JOHNSTON: I refer to the first dot point on page 334 in the *Budget Statements*. What is the outstanding amount of fines—I assume that they are with the Fines Enforcement Registry—as of 31 March, or whatever the most recent date is?

Mr C.C. PORTER: To give some background on this matter, since the Fines Enforcement Registry has come into being, 4.3 million court fines and infringements have been registered. The total value of those registered fines is in excess of \$1 billion—\$1 096 million, as recorded at the end of February 2011. Of all the matters lodged with FER, a total of 3.5 million, or 83 per cent, have been completed, which is to say that the fines have either been paid, acquitted or written off, and the total value of those fines is \$835 million. That includes \$691 million paid in full or expiated through other means; \$144 million withdrawn by prosecuting authorities, written off or referred back to court; and a further \$19 million collected through partial payments being made with the balance still subject to active enforcement or, in some cases, due to be written off. The present status of all the amounts lodged with FER since 1995—all these figures are accumulative year on year—successfully completed through full payment is \$691 million; completed through write-off or referred back to court, \$144 million; currently subject to active enforcement, \$237 million; unlikely to be collected or due to be written off, \$7 million; and part payments received from existing time-to-pay arrangements \$19 million. This all adds up to the total of \$1 096 million. So the outstanding amount is \$237 million. For the first time ever, that represents a stabilisation and a decrease in the outstanding amounts. That is a significant credit to the office. However, that amount is clearly too high. We will not make inroads into the amount without legislative change, which is imminent. That will be seen soon, but that is the situation as it presently exists.

[10.20 am]

Mr W.J. JOHNSTON: Of the \$144 million, how much is written off?

Mr C.C. PORTER: There is \$144 million. Part of that, as the member points out, is written off. Part is referred back to court for follow-up. I do not know whether we have the breakdown of which part of that \$144 million is written off. We can find it for the member. Generally speaking —

The CHAIRMAN: Attorney General, would you like to provide that as supplementary information?

Mr C.C. PORTER: We are happy to do that.

The CHAIRMAN: Can the Attorney General just let us know what it is for?

Mr C.C. PORTER: We will provide a figure representing the portion of \$144 million that represents the amount of fines that are written off.

[*Supplementary Information No B20.*]

Mr C.C. PORTER: I can say that, as a matter of policy, writing off a fine is a last resort. The types of circumstances include those in which someone has died, when immigration matters intervene, or when, after exhaustive attempts, there is no ability to locate the offender and the subject of the fine. Of the \$244 million, \$237 million has been actively enforced, so that is still under enforcement, including time to pay.

Mrs L.M. HARVEY: Has any progress been made on increasing the recovery of funds over the past couple of years?

Mr C.C. PORTER: As the member will see, the amount of unpaid fines continues to be large. But I can say that we have had the first significant reduction in the overall outstanding debt level in the past five years. The problem is this: increasingly, fines are used as a punitive measure, and that is likely to continue with the government's use of the criminal penalty infringement notice system. Until very recently, we found that the gap between collections and uncollected fines was starting to widen and widen. The first step has been to stabilise that gap, which we have done. In the long run, with an increasing number of fines being levied, the only way in which that gap is going to be closed is through the use of techniques additional to those presently used to create incentives for people to pay their fines. They necessarily are the subject of legislation. This Parliament will be seeing that legislation shortly. Are attempts being made? To date the attempts have been administrative. They have stabilised the situation. Future attempts are going to require a legislative base.

Mr W.J. JOHNSTON: I have a further question. Is it true that the connection between the Department of Transport and the Fines Enforcement Registry is entirely manual? If somebody gets two enforcement notices and pays one of them twice and does not pay the other one, is it an entirely manual system to reconcile those payments?

Mr C.C. PORTER: I will hand over to Mr Warnes on this, but much turns on what the member means by "manual". When someone becomes the subject of a fine, that fine may emanate from a variety of different circumstances—parking, speeding or a police matter for a sometimes relatively serious infringement. The information is recorded by the agency that lodges the fine. The Fines, Penalties and Infringement Notices Enforcement Act sets out a regime under which the endeavours of the fining agency to recover the moneys have failed and under which the information becomes transferred and the fine becomes registered with the Fines Enforcement Registry. If the member is describing whether that process is manual, I think in part there is some fairness to that description. It is not as though, as I understand it—I will hand over very shortly to Mr Warnes—that information that is simply emailed is uploaded onto a different computer system. There is manual —

Mr W.J. JOHNSTON: What I am getting at, for example, is that the Department of Transport has no automatic system to link the information provided by the department with the Fines Enforcement Registry; in fact, the information has to be manually translated, if I can put it that way.

Mr C.C. PORTER: The member is correct. I will hand over to Mr Warnes. A great number of agencies—the member has mentioned the Department of Transport—issue fines. They all do it pursuant to different offences in very different ways. The information that is required by the Fines Enforcement Registry is set, but the information that is collected by each and every agency that levies a fine can be quite different. I will ask Mr Warnes to describe how that information comes from an agency to the FER.

Mr R. Warnes: The fines information system exchanges information from the Department of Transport. When we receipt payments of fines, that information is again conveyed back electronically. That system is 19 years old. It is not state of the art in terms of the handshaking exchange of information. It is something that we are going to deal with in a very short period of time. In confirmation, it is electronic.

Mr W.J. JOHNSTON: So an email is sent out —

Mr R. Warnes: Through the minister, the information is not necessarily emailed. There are emailed conversations that happen between people who are chasing up details about addresses and trying to verify the

right address to send enforcement information to. Once we receipt a fine from a party, it is not by email that it goes back to say, "I've received Ray Warnes's fine." It is done by an exchange of information that is more automated than just an email.

Mrs L.M. HARVEY: Attorney General, my question refers to the second dot point on page 344 also regarding the Aboriginal justice program. I am interested in the work that is being done in that area, with particular reference to the impact we are having on regional motor driving licence offences and suspensions and whether we are managing to gain any ground in that area.

Mr C.C. PORTER: The Aboriginal Justice Agreement was a program established by the previous government. The budget allocation was \$10.8 million over four years. We recently had a review of that program, and it is certainly the government's intention to continue it. However, that review was not entirely positive, I have to say. In effect, the Aboriginal Justice Agreement relied on what is known as an engagement model. The idea was to establish regional meetings of Indigenous leaders who would meet, with a target of four times a year, and in effect discuss the issues in their local communities and provide advice and planning and policy proposals to government on how to decrease incidences of criminal behaviour in their communities.

We commissioned a review of that system, because it is obviously a substantive amount of expenditure. It is my intention to release the results of that review in due course, after I have had been able to speak with the peak body, the Aboriginal Justice Congress, about the results of the review. To summarise, one of the deficiencies of the system as it existed, as highlighted by the review, was that it was very difficult to find people who were willing to meet and to ensure that they did in fact meet. It was envisaged that there would be 59 or so local groups meeting. In the end we were able to establish only 36. It was envisaged that they would meet four times a year; very few of them met that target. The number of people meeting dropped considerably from the start to when it had been in operation for a while.

[10.30 am]

The government has decided to use that money to build on the parts of the program that have been successful. The Aboriginal Justice Congress; the peak body, has been very useful in its provision of policy advice. There is a need to focus on four areas of key difficulty for Indigenous people in the criminal justice system. The member mentioned one of those. First and foremost is licensing. Parallel to this Aboriginal Justice Agreement system, we are in the final stages of bringing together legislative change that will allow special provisions for licensing in remote Indigenous communities. However, I have asked the Aboriginal justice program and the Aboriginal Justice Congress to focus on four areas, which include licensing, repeat offending at the lower levels of offending, and domestic violence. With respect to licensing, one of the first things we did was establish open days. They have been immensely successful in basically providing a one-stop shop for Indigenous community members to turn up to and ensure that they have documentation that we all probably take for granted. I will give this example. At the end of a series of open days in and about Warmun, 53 birth certificates were replaced and 25 people had fines converted to work and development orders. It was estimated that the total amount of fines converted was \$30 000. These are fines that may have otherwise simply been ignored and gone unpaid, which can have consequences down the track of imprisonment for long outstanding fines. There are many other examples of statistics, but I have tried to move the Aboriginal Justice Agreement focus into four very practical areas and, using strict key performance indicators, we will be measuring what we do and how many licences we achieve. This is building on the program established by the previous government, but doing so, in my view, in a more measurable way.

The CHAIRMAN: Before we go on, I will remind everyone of part of the information for members. It will assist the committee's dissemination if questions and answers are kept brief without unnecessarily omitting material information. It is the intention of the Chair to ensure that as many questions as possible can be asked and answered and that both questions and answers are short and to the point. Do not worry, Attorney General; I say that to every minister!

Mr C.C. PORTER: I do go on a bit, Mr Chairman; I am sorry.

The CHAIRMAN: I had noticed!

Mr J.R. QUIGLEY: I will get shortly to the point, Mr Chairman. On the question of fines enforcement, is the government not guilty of cant and hypocrisy? I take the Attorney General specifically to page 17 of *The West Australian* of 12 May 2007.

The CHAIRMAN: Does the member have a budget line?

Mr J.R. QUIGLEY: Certainly. I refer to the first dot point on page 334. I also refer to page 17 of *The West Australian* dated 12 May 2007, which states that the write-offs were much lower and the outstanding fines were much lower, and that the opposition—the present government—said that the most disturbing aspect to the blow-out was that thousands of people who had not paid their fines would be driving while suspended. It said that the

Carpenter government was presiding over a “do the crime, don’t pay the fine” regime and that the justice system, by reason of these matters, was crumbling. That is what the government said while it was in opposition.

The CHAIRMAN: Can the member get to the point?

Mr J.R. QUIGLEY: Yes, certainly. The Attorney General is quoted on page 1 of an article dated 13 February 2010 as saying that the state government revealed that it was in the final stages of drafting legislation that would introduce stronger sanctions. That was in February 2010. What has the Attorney General done during 2010 about this legislation that he promised was in the final stages of being drawn 15 months ago?

Mr C.C. PORTER: The member for Mindarie may well accuse us of having underestimated how difficult this problem is and how long the legislation would take, but hypocrisy is another matter entirely. The member for Mindarie has quoted from some news media. A quote from the member for Mindarie on 5 March 2011 notes that under this government there has been the first big reduction in the overall debt in the last five years.

I can tell the member for Mindarie that with the increasing number of fines that are levied and accumulated every year, that achievement in the absence of legislation is, in itself, significant. The legislation has taken longer to develop than I expected. Approval to draft has been given. Drafting is very close to completion. That will go back to cabinet. The member for Mindarie will see it shortly. However, I warn the member for Mindarie that when we come to the issue of hypocrisy and the seriousness with which any member of Parliament treats the issue of recovering fines, we have made our decisions and will finally make them through cabinet; then this Parliament will have to make its decisions on what it is willing or unwilling to do about recovering fines. Having looked across a variety of jurisdictions—including New Zealand, the United Kingdom and Queensland—for a regime on which to base our legislation, we saw some very serious measures that had to be engaged in to recover fines. Although the situation has improved under this government compared with that under the former Labor government, it will not substantially improve without the legislation. It has taken longer than expected, but it is very complicated, with the added complication that we have to make sure that the measures do not cost more than the fines we are recouping; and there has been some devil in that detail.

Mr J.R. QUIGLEY: I have a further question. Acknowledging the intransigence of some fine defaulters, it was a bit rich to say in those circumstances that the previous government was presiding over a “do the crime, don’t pay the fine” regime when the Attorney General has been battling for the past 15 months to introduce legislation.

Mr C.C. PORTER: It has taken two years to develop the legislation. I may have been assisted in that process when I came into government had I gone to my department and said, “Show me the directions from the previous government to start tackling this issue using legislative amendments.” That cupboard was bare! I started as Attorney General from scratch. I can tell the member for Mindarie that after eight years of this problem getting worse year after year, there was not even a twinkling in the legislative mother’s eye of a process to reform and engage in improvement in this area! We started from scratch.

Mr J.R. QUIGLEY: I have a further question. Given the Attorney General’s track record on prostitution law reform and given the Attorney General’s forward movement on legislation for fine recovery—both zero—is it not true that this part-time Attorney General is failing to deliver to this Parliament necessary law reform and is just harking back to history to blame the previous administration for his own inability to bring this legislation forward because of his onerous task as Treasurer of this state?

Mr C.C. PORTER: I might commence answering that question by saying that I am enormously pleased that the member for Mindarie recognises that legislative reform of the type that we suggest in broad terms for both prostitution and fines enforcement is, as he describes it, necessary, and I look forward to his fulsome support on the floor of Parliament.

Mr J.R. QUIGLEY: That depends on what the Attorney General brings in. If he is going to “hang ’em and flog ’em” for not paying their fine, I am not going to support it.

Mr C.C. PORTER: Secondly, both those areas are obviously complicated. This is our halfway point in government in a first term. The member for Mindarie will see both those pieces of legislation shortly.

Mr J.R. QUIGLEY: It is nearly three-quarter time! We have had the big break! We are down to only oranges at three-quarter time!

Mr C.C. PORTER: The member for Mindarie is right: we are entering the premiership quarter! The member will see that legislation sooner than he wants to see it, as he and the caucus will be faced with some difficult decisions about whether they support law reform in these two areas. Let me say that after starting from scratch in both those areas, the member for Mindarie will shortly see this legislation; after eight years of his government, there was nothing on prostitution and nothing on fines enforcement.

Mr J.R. QUIGLEY: We are going back! We have had three years of a Liberal government!

Mr W.J. JOHNSTON: I have a further question. Is the Attorney General saying that a 15 per cent increase on the situation he inherited is a satisfactory performance?

Mr C.C. PORTER: I am sorry; what does the member measure as a 15 per cent increase?

Mr W.J. JOHNSTON: At the time of the 2008 budget, \$208 million in fines was outstanding, and now the Attorney General says it is \$240 million. In round figures that is a 15 per cent increase, and the Attorney General says that is a satisfactory performance.

Mr C.C. PORTER: That is a 15 per cent increase in the baseline measure that the member for Cannington has indicated. Fines are, importantly, relative between the unrecovered amount and the total amount levied. The member will find that over that period there has been a significant increase in the total amount of fines levied. This is the obvious point: fines are increasingly being used as a method of civil and criminal punishment. We must take serious steps to make sure we recover as much of the increasing amounts levied as possible. The member can expect to see that shortly.

[10.40 am]

Mr A. KRSTICEVIC: I refer to budget paper No 2, volume 1, page 334, specifically the sixth dot point. The papers there convey an increasing demand on the Office of the Public Advocate as a result of changing demographics. Is the government taking any measures to remedy that situation?

Mr C.C. PORTER: I might ask our Public Advocate in a moment to speak to this. I know that the Public Advocate has made representations to both the director and me on this issue. In essence, the demographic changes that the member for Carine talks about relate to an ageing population. The Public Advocate does a great deal of very important work representing people who find themselves personally unable to deal with administrative matters. The workload is increasing steadily and has been for some time. Not unlike the State Coroner's office, the Office of the Public Advocate has been under enormous pressure, but very little media or political attention is ever placed on that office. The office has received a very important boost to its funding in this budget. I will ask the Public Advocate to comment briefly on why that funding is necessary and where it will go.

Ms P.M. Bagdonavicius: The increase in demand on the office is certainly very evident. I have been the Public Advocate for just over three years and in that time we have seen a net increase in the appointments of the Public Advocate as guardian of last resort by the State Administrative Tribunal. Those appointments have doubled and that has increased the workload in our office. Dementia is a key factor in the increase. We have also had a similar increase in workload for our role of investigating the need for a guardian or an administrator and referring those matters to the State Administrative Tribunal to consider. Dementia has dominated as an area for investigation. About 41 per cent of the investigations in the last financial year related to dementia. Dementia has been the reason for 44 per cent of new appointments of the Public Advocate as guardian of last resort.

We are very pleased with the staffing increase that has been made available through this budget, which provides 14 additional staff over four years. The budget brings on board permanent funding for eight staff this year and two staff in each of the out years. We think that funding will go a significant way to helping us address those demands. With the support of the director general, some of the eight new positions were made available to us in the last financial year because the demand was so evident. Those positions are now substantively part of our budget.

Mr J.R. QUIGLEY: Law reform is the third area on which the Attorney General has spoken, but as yet he has failed to introduce any laws. I refer to page 333, which states —

... develop legislation to implement the Government's ... policy ...

I particularly raise the issue of shield laws. The Attorney General wrote a letter to stakeholders, which he seems to have abandoned, and gave an address to the Law Summer School at the University of Western Australia in January–February 2011. Does the Attorney General intend to publish a green bill on shield laws to give all stakeholders the opportunity to examine the fine detail, bearing in mind that the devil is usually in the detail of this sort of law; and, if so, when might a green bill be expected? Secondly, can the community and the media expect shield laws to pass through the thirty-eighth Parliament?

Mr C.C. PORTER: Is the member for Mindarie suggesting that any timing promise was made on shield laws?

Mr J.R. QUIGLEY: I did not say that a timing promise was made. I am saying that the media and others, having been teased at the university summer school and earlier, are quivering in anxious expectation of these laws. Will the media and community be gazumped with a bill being brought into the house? The question has two parts. Will the Attorney General deliver a green bill on shield laws; and, if so, when? Can the community and the media expect the shield laws to pass through the thirty-eighth Parliament?

Mr C.C. PORTER: Yes, they can. A green bill —

Mr J.R. QUIGLEY: That is the second part.

Mr C.C. PORTER: I will answer all the parts.

Mr J.R. QUIGLEY: When the Attorney General said “Yes, they can”, I did not know whether that was attaching —

Mr C.C. PORTER: Yes, the community and media can expect the shield laws to pass through during this term of this government. I have not made a firm decision on whether a green bill would be a useful process here, but it is a possibility. I am about to correspond with the member for Mindarie and the heads of jurisdictions in this state as a second process of consultation, because obviously changes in this area represent substantive changes to the law of evidence. The member for Mindarie can expect that letter in the next week or two.

As the member notes, the devil is in the detail here. I understand that the journalistic profession is awaiting legislation. I had quite a long meeting in my office yesterday with John Hartigan on this issue and I made this point: this is an area where hasty legislation can have seriously poor consequences for both the journalistic profession and the Australian community. The commonwealth legislation that recently passed through, which has some useful features, was amended by the Greens in the Senate to change the definition of “journalist”. The original definition of “journalist” was someone who publishes in a news medium something given to them by a source who indicates that they wish to remain anonymous or secret, and publishing in a news medium is in the regular course of that person’s profession. That seemed to me to be a reasonable definition of “journalist”, although it is a very hard thing to define. The Greens in the Senate changed that definition so that “journalist” is defined as anyone who publishes in any form anything that they are told in secret. Given that the point of this legislation is quite properly to enhance the free flow of information, that definition ironically means that a vast body of information, which previously could be elicited in evidence in a court or accessed by journalists, will now be secret. Anything that is ever told to a blogger or a tweeter can be subject to privilege under this federal legislation to keep the identity of the information source secret. That seems to me to be an utterly perverse result of the process that was followed.

In my speech to the Law Summer School, I gave some indications of my views on the fundamental tenets of the legislation. My view in some areas has somewhat changed after the first round of consultation with news media. I think we will deliver a significantly improved version of the journalistic privilege in the commonwealth bill. The member for Mindarie will shortly receive a letter on the fundamental tenets of that. The drafting, as I am reliably informed, is well underway and approval to draft has been given. Without giving a monthly promise on timing, that drafting is well advanced. I am interested in the member’s views on the nuts and bolts of what we intend to progress and also the views of the heads of jurisdiction, because with issues such as defamation, criminally transmitted information to a journalist and potential refinements of our whistleblower legislation running in tandem with this legislation, ultimately our government will be doing more and better than what the commonwealth has delivered in this area.

[10.50 am]

Mr F.A. ALBAN: Attorney General, “Works in Progress” on page 340 of budget paper No 2 features a line item for “Court Audio/Visual Maintenance and Enhancements”. I note that there is ongoing enhancement of audiovisual equipment. What impact is the implementation of audiovisual equipment having on reducing the transportation of prisoners to court cases?

Mr C.C. PORTER: I thank the member. This is a very difficult area for government, because audiovisual equipment is very expensive and the up-front costs of maintaining a state-of-the-art system are large and the technology changes with regularity. Then we have issues of interface between the Department of Corrective Services, the police, the Department of the Attorney General, and the courts, but it has been an area that I have been particularly focused on. There is no doubt that the more often audiovisual facilities can be used for prisoners to communicate with the court, rather than having to transport them to the court, there is a decrease, overall and in the long run, in cost and risk. There has been an increase in the number of video links used from prisoner to court. Over the last year, it is up from 50 per cent to 62 per cent and we calculate that that has reduced the travel proportion of prisoners going to court from 50 per cent to 38 per cent. That is a pretty significant change because of the improved use of facilities. I think there is a lot of further work to be done, and we hope very much that as the technology becomes more readily available and less expensive, we can use more and more of it. That is just an indication to the member of some very, in my view, impressive improvements in that area on the part of this government.

The CHAIRMAN: I just ask the committee’s advice. We are still on the Department of the Attorney General, which is division 27; we have divisions 28, 29, 30, 31, 32, 33 and 34 to go. Do we have a time limit, or does anyone want to take a break?

Mr W.J. JOHNSTON: If I may make an observation: I do not think we are running out of time because I do not think the other divisions will take anywhere near the time that the department does, but I am happy to have a break.

The CHAIRMAN: Is everyone happy to have a break until 11.00 am?

Mr C.C. PORTER: I think that is a little soft, Mr Chairman.

The CHAIRMAN: Look, it is up to you.

Mr C.C. PORTER: I am happy to acquiesce to that request.

The CHAIRMAN: Yesterday it was the other way around; the ministers wanted to go!

Mr C.C. PORTER: Indeed. With respect to timing, the opposition can determine how long it wishes to question any of the departments. If it wishes to have all day on the Department of the Attorney General, it is completely a matter for it.

The CHAIRMAN: We will have a break for 10 minutes until 11.00 am.

Meeting suspended from 10.52 to 11.03 am

[Mr A.P. O’Gorman took the chair.]

The CHAIRMAN: Members, there is a quorum present. I am going to start; there is a lot to get through. We are on division 27, including the Office of Native Title. The next question is from the member for Mindarie.

Mr J.R. QUIGLEY: Attorney General, if I could just go back to that dot point, which is my lead-in point, which might be a bit flimsy but I think not. The first dot point on page 333 of budget paper No 2 refers to the government’s legislative agenda. Could I just run through the balance of the legislation as a group—not piecemeal as I have been doing so far—to see whether it is anticipated by the Attorney General that it will pass through the thirty-eighth Parliament or whether it is slipping? I will give the Attorney General the list, if I may: powers for the Corruption and Crime Commission regarding organised crime—the Attorney General knows what I am talking about there.

Mr C.C. PORTER: I do.

Mr J.R. QUIGLEY: Then anti-association laws; the flagged increased in penalties, perhaps, for manslaughter, particularly for the manslaughter of babies in utero; double jeopardy reform; public sex offender register; victims of crime reform, including an advocate for victims of crime; and, the right-to-silence restrictions. The Attorney General has flagged all of those matters as legislative initiatives that the government will introduce. Are any of these not going to make it through the thirty-eighth Parliament?

Mr C.C. PORTER: The member is quite correct; I have flagged all of those. As I understand it, I have not made any undertaking necessarily that there will be victims of crime legislation in this term of government. If the member points to a representation I have made in that respect, I would be happy to comment on it.

Mr J.R. QUIGLEY: I am not saying that the Attorney General has made these promises.

Mr C.C. PORTER: I think I have for some of the others. I am just pointing out that there is a goal to reform in the victims of crime area. That will be complicated. I consider that that is most likely to follow a longer path of consultation, so there is a possibility that that particular legislative reform project will not be finalised in this term of government. My view is that the organised crime powers for the Corruption and Crime Commission will be finalised in this term of government. My aim on anti-association laws is to finalise that in this term of government; however, we are obviously waiting at the moment for the decision in “Wainohu”, which is the second of the major High Court challenges to those laws. This one emanates from New South Wales. That has been heard, and we are awaiting the judgement. Something will depend on the timing of that; however, I expect that that will come relatively shortly. The goal is to have the anti-association laws completed in this term of government. With respect to manslaughter, yes, the goal is to have that completed in this term of government.

Mr J.R. QUIGLEY: With manslaughter, does that include —

Mr C.C. PORTER: I am cognisant of the member’s question. I was just about to say that, with respect to the death in utero concept, I have not made any undertakings that we will or will not adopt such a defence as exists in some other jurisdictions. Obviously, as a corollary of that, I have not made any undertaking that that will happen in this term of government. I am looking into that. I think there are arguments for and against that. I have not yet made a personal decision on whether that is a wise piece of legislative reform. If we determine to go down that track, it may occur in the context of changes with respect to manslaughter. With respect to manslaughter, yes, the goal is to have that completed in this term of government. With respect to double jeopardy and the right to silence, yes, the goal is for that to happen in this term of government. The member mentioned the sex register issue. That falls under the auspices of the Minister for Police, but, again, it is on track for this term of government.

Mr W.J. JOHNSTON: I refer to the “Reducing the Burden” report of the Red Tape Reduction Group, in which the government stated its intention to reduce the number of pages of legislation in Western Australia. How far through that process is the Attorney General?

Mr C.C. PORTER: I think that is probably a question that ought to be asked this afternoon under the auspices of the Treasurer. Perhaps the member might identify a line item for that.

Mr W.J. JOHNSTON: I am referring to the exact same line item. Surely the Attorney General is responsible for drafting legislation no matter which minister proposes it. What resources have been allocated to the task? What is he doing about it?

Mr C.C. PORTER: I think the member has a fundamental misunderstanding about the role of the Attorney General. Simply because the Parliamentary Counsel's Office has —

Mr W.J. JOHNSTON: So no resources have been allocated?

Mr C.C. PORTER: Just let me answer the question, member. Simply because the Parliamentary Counsel's Office is administratively responsible to me, that does not make me the minister in charge of each and every piece of legislation that goes through Parliament. The member may be right if he is suggesting that some of the recommendations in the report on reducing the regulatory burden will require legislative reform, but that question needs to be asked during the division on the Treasury.

Mr W.J. JOHNSTON: With respect, I was asking a question that was directly related to the Attorney General's responsibilities. Given that, as I understand it, the government is saying that there is too much legislation and that the volume of legislation that regulates society in Western Australia is too large, have no additional resources been allocated to the parliamentary draftsmen to take on what must be a very complex task? I note that the director general is nodding her head, so it must have been something that she has contemplated.

[11.10 am]

Mr C.C. PORTER: This is a different question.

Mr W.J. JOHNSTON: It is the exact same question. I asked the Attorney General what he was doing about it; whether I asked the question in the way he wanted me to ask it does not change the fact that I asked the question. I would appreciate an answer, for a change.

Mr C.C. PORTER: The member's first question was about whether I, as Attorney General, am doing anything about the sheer volume of legislation produced. That was a question that a member linked to the red tape issue —

Mr W.J. JOHNSTON: Yes, that is right—by allocating resources. I cannot understand why the Attorney General does not understand English.

The CHAIRMAN: Member for Cannington, the way this process works is that the committee asks the questions, and the Attorney General answers, or he passes the question to an adviser. This is not an opportunity to continue to talk across the chamber. Once you have asked the question, even if you do not like his answer, that is his answer. You can probe further; I will give you the opportunity to ask further questions, but while the Attorney General is answering, you should allow him the opportunity to answer. If you are not happy, I will allow you the opportunity to ask a further probing question.

Mr C.C. PORTER: The member asserted that there is a lot of legislation and asked what I, as Attorney General, am doing to decrease the amount of legislation. That might be a fair question to ask of me in my capacity as Treasurer. His second question was how the Parliamentary Counsel's Office was coping with drafting all that legislation. That is a fundamentally different question, and one that I am happy to answer. The Parliamentary Counsel's Office is an exceedingly busy group of public servants at the moment, because the government has a very heavy legislative agenda, and it is heavy in areas of substantive legislative reform. These are very complicated pieces of legislation to draft. Indeed, the member for Mindarie has gone through a list of legislation that is yet to be drafted; he has omitted the amendments to the Restraining Orders Act, which will be coming on during this term of government. A lot has already been done. Additional resources to the Parliamentary Counsel's Office have, in large part, been funded from the seamless national economy reward payments. That is a sum of \$400 000 per annum over the next two years. That will ensure that the office has the capacity to draft reforms proposed by the national partnership agreement within agreed time lines, and this is part of the seamless national economy initiative. That has allowed the office to take on extra work in this area, which has freed up some resources for the government's legislative agenda proper. But it is always the case that the Parliamentary Counsel's Office is engaged in a very difficult task. It is an office composed of very specialised members of the public service, who are doing a very good job under pressure. From my point of view as Attorney General, I am very satisfied with the progress it is making on a very large body of legislation.

Mr J.R. QUIGLEY: I refer to a press release the Attorney General put out on 23 February 2011, in which he announced that, as of that date, the Prohibited Behaviour Orders Act 2010 would become operative. Can the Attorney General inform us whether, since that time, any prohibited behaviour orders have been made and published on his website; and if he knows how any applications have been made for prohibited behaviour orders since that day?

Mr C.C. PORTER: Yes, I am vaguely familiar with that press release; I noted in it that the legislation had been proclaimed and was operative. The orders will not flow until the regulations are settled, agreed and accepted by the courts. Those regulations have gone to the heads of all jurisdictions; I think the deadline for that consultation is this Friday. The regulations will be agreed on as of Friday, and it is a matter of legislative possibility that orders can flow after the regulations have been agreed upon. I have to provide a caveat to that by saying that I understand there is now a disallowance motion before the Legislative Council, moved by the Greens (WA), to amend the regulations that provide for a range of offences to be presumed to be antisocial behaviour offences. That issue will also have to be dealt with. In the interim, the police have identified three geographical precincts or areas in which individuals offend with great repetition. They have identified areas where they think applications will be pending. Training is well advanced; yes, the actual legislation has been proclaimed, but orders will not start to flow until the regulations have been finalised and agreed upon.

Mr W.J. JOHNSTON: The Attorney General said that the Greens are seeking to amend the regulations in the Legislative Council. How are they going about that?

Mr C.C. PORTER: It is a disallowance motion, from recollection.

Mr W.J. JOHNSTON: They are seeking to disallow the regulations—is that what the Attorney General is saying?

Mr C.C. PORTER: That is right.

Mr W.J. JOHNSTON: That is different to amending them.

Mr J.R. QUIGLEY: They are different regulations from the regulations the Attorney General is talking about.

Mr C.C. PORTER: Indeed; these are the court regulations.

Mr J.R. QUIGLEY: Will we get to see those before they are tabled?

Mr C.C. PORTER: The member has not been part of the consultation process, but once we have consultation back from the courts, I am happy to send a copy to the member by letter.

Mr J.R. QUIGLEY: I take the Attorney General to an article that appeared on 5 February 2009. I am going back to matters that have not yet been attended to. The Attorney General was considering changes to the Sentencing Act that would allow judges to partially suspend a jail sentence, giving them more flexibility in sentencing, in the hope of reducing prison numbers. Can the Attorney General advise us what progress has been made in that regard in the two and a half years since then?

Mr C.C. PORTER: The Sentencing Act has within it a requirement for a review after a set period, which unfortunately was not observed under the previous government. We have sent out a very large and thoroughgoing discussion paper on the Sentencing Act. This is an area in which the member has highlighted a potential matter that I have raised publicly; there are others that I consider worthy of potential reform. This discussion paper is in respect of thoroughgoing root-and-branch reform of the Sentencing Act. That was out for consultation for a long period and all the various stakeholders have responded to that discussion paper. The member will be aware of the discussion paper, I am sure. The director general and her department will compile a summary report of all the stakeholder input.

Mr J.R. QUIGLEY: I do not think I have seen that report.

Mr C.C. PORTER: As shadow Attorney General, surely the member should be keeping up!

Mr J.R. QUIGLEY: Has it been published?

Mr C.C. PORTER: No.

The CHAIRMAN: Members, you can only address questions through the Attorney General.

Mr C.C. PORTER: In any event, the member will appreciate that everyone has individual views about potential areas of reform in the Sentencing Act. Some of mine have been included in this very thorough process of consultation. The report summarising the various stakeholder inputs will come to me and in due course will form the basis of a cabinet submission for changes to the Sentencing Act, but it was always contemplated that that would be a long and somewhat arduous process.

Mr J.R. QUIGLEY: Will it be thirty-eighth term of Parliament legislation?

Mr C.C. PORTER: The idea that this process will result in a root-and-branch overhaul of the Sentencing Act during this term of Parliament is optimistic. I am not aware that that has ever been promised.

Ms M.M. QUIRK: I refer to “Outcomes and Key Effectiveness Indicators” on page 335, although the Attorney General need not refer to it because it is a general reference. I refer to the coroner’s recommendations in the Mr Ward case. In particular, I understand that a couple have yet to be implemented. I would like some indication of progress on those recommendations; whether the government intends to follow them; whether it contemplates

legislation to amend the legislation covering custodial services; and whether this jurisdiction will extend to police lockups.

[11.20 am]

Mr C.C. PORTER: I thank the member for her question.

I understand that the only two outstanding matters with respect to the coronial recommendations are, firstly, the reform of the justices of the peace system, which is in progress and to which our response has been, as the member is aware, to create a two-tiered system in which we provide extensive training to the limited tiers engaged in judicial activities. As part of the 2010–11 budget process, DOTAG secured additional funding in excess of \$200 000 to enhance and target the training for JPs. The breakdown of that funding includes \$20 000 to engage a cultural consultant to provide training for JPs; \$30 000 to develop electronic and hard copy justice system training modules; \$25 000 to enhance the existing JP handbook; \$60 000 to update the JP database; \$30 000 for additional regional training seminars; and approximately \$69 000 for the recruitment of an appointments officer to replace the existing training and research coordinator. The process of training those top-tier JPs who engage in quasi-judicial and judicial functions is now well and truly underway. Given that training is an ongoing process, I do not know whether we have identified a date by which that recommendation will be completed or finished. I might just ask Ms Gwilliam to speak to that.

Ms C.M. Gwilliam: We have certainly rolled out extensive JP training. The issue of which model we might use is subject to further consideration of the costings, which we will provide to the Attorney General. However, extensive training has been provided statewide and it is ongoing training. We have dedicated extra resources to coordinate it and we are rolling out extensive training support.

Mr C.C. PORTER: The second outstanding issue is, as the member pointed out, the legislation that will allow for enhanced powers for the Office of the Inspector of Custodial Services. That falls within the corrective services portfolio, which I was responsible for but which has now been passed to Minister Redman. I can say —

Ms M.M. QUIRK: A further question; unless the Attorney General wants to finish.

Mr C.C. PORTER: It is very well advanced. I cannot speak for that minister about exactly when we will see that legislation in Parliament, but I understand it is imminent. It is somewhat larger than the publicly discussed recommendations of the coroner, but the Minister for Corrective Services retains responsibility for custodial services. The legislation was in very good nick at the time of the handover and I think it is imminent.

Ms M.M. QUIRK: That is interesting, Attorney General, because when I questioned the minister and the Commissioner of the Department of Corrective Services about this issue yesterday, they both said that the matter was now with the Attorney General and that as far as they were concerned they had complied with every coronial recommendation the agency was required to comply with. From what I understand, the Attorney General does not agree with that and says that it is the responsibility of the Minister for Corrective Services.

Mr C.C. PORTER: I provided a lot of drafting assistance because I commenced the drafting of that legislation, which has been delivered, in effect, in its final form. However, I will have to discuss that view with them. I did not listen to that response in estimates yesterday. I understand that, as a matter of ministerial line responsibility, the Minister for Corrective Services, and not the Attorney General, is responsible for bringing that legislation into Parliament. If there is any level of misunderstanding—I do not know whether there is or is not—I will sort that out. However, it is not that misunderstanding that is holding up this issue; the legislation is basically finished and ready to go.

Mrs L.M. HARVEY: On page 340 of budget paper No 2, I refer the Attorney General to the works in progress under the asset investment program. An amount of \$44.3 million is listed for the Kalgoorlie court upgrade. Will the Attorney General please advise where that project is up to?

Mr C.C. PORTER: That is going to be a fabulous court building. It is one that the community now well and truly supports. This government is spending a good deal of money on courts and regional courts, which, in my view, are the first priority. The government office building is being restored and altered. A new two-level building will be built at the rear of the Kalgoorlie government office. A bridge link will give right of way to the existing police lockup, and there will be four courtrooms, with provision for a fifth. As I understand, the heritage aspect of the present government buildings is now well advanced, if not nearing completion. The next phase is the construction proper. An issue has arisen, and representations have been made to me by the member for Kalgoorlie and, indeed, the member for Eyre, and I have also received a letter from the Mayor of Kalgoorlie–Boulder. In effect, they want to paint the dome of the existing heritage building in gold leaf. The heritage architect says that it should remain grey, as it has always been. It is my view that if the community can show overwhelming support for changing that heritage aspect, we should not be bureaucratically bound by the heritage architect's view; however, there has to be clear community support for that. I will be speaking soon to the Kalgoorlie council about whether it is prepared to provide substantially for the cost of the gold leafing. I do not

necessarily think that that should come out of the state's existing building budget. It is a very good project, with some odd quirks that have arisen in recent times.

Mrs L.M. HARVEY: I have a further question. Has the Attorney General had any valuation done of the cost differential between gold leaf and grey paint?

Mr C.C. PORTER: No; that is one of the problems that I —

Mr J.R. QUIGLEY: Royalties for regions is just swimming in it. You could have gold throughout—a gold tax!

Mr C.C. PORTER: My view is that it will not be an insubstantial amount. I imagine that it will cost something in the vicinity of \$40 000—maybe more. However, that is an absolutely rough estimate that has been given to me. There are two interesting issues. The first is that a heritage architect has said that the dome should remain grey in colour because it was always grey. It looks like the community wants to create a bit of its own unique heritage, being a gold town, and not have it grey but in gold leaf. I do not think that the community should be prevented from doing that by virtue of the view of a single heritage architect. I mean no disrespect. I am sure that he, in strict heritage terms, is precisely right. However, I am not overly keen that the taxpayers of Western Australia, through already allocated money, should pay for that particular desire of the local community. If the community wants that, I intend to speak to and correspond with the local council to say that the way it can demonstrate community support for overriding the heritage architect is to raise the money for the gold leafing. It might be a nice thing; I do not know. The community might want to create its own heritage, but apparently gold leafing is more expensive than grey paint!

Mrs L.M. HARVEY: They can have gold taxis as well.

Mr W.J. JOHNSTON: Can I ask: is that because you want to keep the gold leaf for the Premier's palace across the road?

Mrs L.M. HARVEY: Oh, you idiot!

The CHAIRMAN: Member for Mindarie.

Mr J.R. QUIGLEY: Whilst we debate the Kalgoorlie courthouse—I note that the previous government was instrumental in building the new law courts building—has there been any discussion between the Chief Justice, the department and the Attorney General; Treasurer about the next great public building this state needs—that is, a new Supreme Court, similar to the one in Queensland, in which all courtrooms can be consolidated on the one site and in which adequate accommodation and facilities can be provided for the twenty-first century in a booming economy in which all these companies are turning to the court? Where on the agenda is a new Supreme Court building?

Mr C.C. PORTER: There were two parts to the question: have there been discussions; and where is a new prospective Supreme Court courthouse on the agenda? The first answer is yes, there have been many and numerous discussions. Where is it on the agenda? Harking back to the first point the member made, the former government did a tremendous job on the District Court building, delivered as a public-private partnership—that is, built, owned, financed and maintained as a PPP.

Mr J.R. QUIGLEY: It might be harder with a Supreme Court.

Mr C.C. PORTER: No, not necessarily. The Premier has made public statements about the old Treasury building. The heritage building there will, I understand, become a five or six-star hotel complex. Behind that complex will be a multistorey office tower. The Premier has publicly supported that building being the location of the new court. It has always been my view, since I was first briefed on the old Treasury building, that that would be an excellent option for the court. If it becomes a court, it will be an absolute state-of-the-art building in what will become a legal precinct. To achieve that, given that this, like the District Court, will in effect —

[11.30 am]

Mr J.R. QUIGLEY: The six-star hotel was proposed at the old Treasury building at one stage, are we no longer talking about that now?

Mr C.C. PORTER: It is still proposed. The whole complex is being redeveloped. The heritage building will become the hotel and behind it an office tower will be built. The government is progressing the construction of that building along very similar lines to the public-private partnership that the former Labor government progressed for the District Court. We need a private sector partner willing to build the building, pursuant to contract, and willing to build a building specifically fitted out as a court. The member will appreciate that courts have some significant differences from normal multistorey office buildings, but I understand that the building process is being progressed very well. It is still short of contractual completion, but the Premier is of view that that is a good location for the new Supreme Court. I strongly support that view. The plan is being progressed. Part of that plan is that if that location were to be used for the Supreme Court, it would encompass the entire civil jurisdiction of the Supreme Court. The AXA lease would run out at a roughly commensurate time to

the construction of the building. The present Supreme Court building would still be used for criminal matters, and of course it has all the necessary accoutrements for criminal courts, with holding cells and the like. That is the plan; it has not yet had the t's crossed or the i's dotted, but it is being progressed very well.

Mr J.R. QUIGLEY: One thing that concerns me is that I am old enough to remember when Central Law Courts were commissioned—I think it was in 1983 or 1984. It was proposed then that the Supreme Court would have two localities. In other words, I think, courtroom 41 was the Supreme Court, and I appeared as counsel in trials before the Supreme Court. But it was not long before the judges said that we would all go back to the Supreme Court Gardens, and withdrew from the CLC. There was a stop-work order or some such thing. Is what is proposed and the discussion the Attorney General is having with the Chief Justice meeting with the aspirations of the Supreme Court itself? The legal profession and the judiciary look to the body politic, not just the government, to deliver a great public building within which to house the Supreme Court. Is this being advanced in accordance with the aspirations of the court itself?

Mr C.C. PORTER: In my dealings with the Chief Justice, he has shown a high level of enthusiasm for this project. The alternative to this project is an additional, separate, stand-alone building somewhere else—it was originally mooted as part of the Perth foreshore redevelopment. In some senses that would be a considerably more expensive project. In addition, we would have to carve into what is presently public open space, which may present a range of difficulties that we do not have with the old Treasury building. But, I take that member's point about the Central Law Courts and the migration of judicial officers back to the old Supreme Court building. Let me assure the member that if, as I expect, the old Treasury office building becomes a purpose-built court, it will be a place that judges will well and truly want to stay in. It will be a state-of-the-art, fit-for-purpose building, with judges' chambers, executive washrooms and the whole works—it will be a very serious building. My view is that, once the plans become realised, judges, even if they were minded to exercise a choice, would not exercise it in favour of the present location.

Mr J.R. QUIGLEY: I have taken the Attorney General back to previous press releases and indeed previous transcripts of this committee from 12 months ago. I must frame this as a question, and it is not a challenging question! Does the Attorney General understand that I will follow the progress of issues through every time we sit in these sorts of committees, as I expect the legal profession and the judiciary would want both the Attorney General and me to do? In the next 12 months we want to see some progress in the development of the plan.

Mr C.C. PORTER: Indeed. The idea of building court infrastructure can be popularly sold to the community in the regions because the need for it is visceral and at the forefront of the community's mind. Building large pieces of court infrastructure is not always seen by the public of metropolitan Perth to be as important as that of other projects. That is why it is incumbent upon an Attorney General, and indeed a shadow Attorney General, to advance the issue as far as they can.

Mr J.R. QUIGLEY: The Chief Justice has a good ally, because the Attorney General is also the Treasurer!

Mr C.C. PORTER: Of course that has no bearing on the matter. I am very confident that we will work through a point of contractual resolution by which the old Treasury building will be the final outcome. If I am right, it will happen this year. It is not impossible that the project may not progress, but I think that the very high likelihood is that it will.

Ms M.M. QUIRK: Is the Attorney General able to advise whether he contemplates introducing any privacy laws; and if so, what is the likely timetable for that? If not, why not? We have had a number of quite public instances of privacy issues in past years. A burgeoning amount of information is held about private citizens and I wonder where the Attorney General is with privacy legislation.

Mr C.C. PORTER: I support enhanced privacy laws. It is an immensely complicated area. It has not been in the top third of our legislative priorities. Two schools of thought exist on this matter. One is that we should wait for the e-health initiative and the commonwealth planning the issue of personal, or private, identifiers in health, and that our privacy legislation should dovetail off that. Privacy legislation is something we have been working on with the Information Commissioner, and it is something he advocates. It is not yet at the stage at which there is approval to draft a cabinet submission, but we are getting close to it. The fundamental tipping point in making a decision, and I must confess to not having made it yet, is whether we proceed in advance of the commonwealth or whether we wait to see what happens with the identifying numbers in the commonwealth system. If the member has views that she wishes to correspond with me about, I would warmly receive them. With the government's very large legislative agenda, I cannot say that privacy legislation is in the top third of our legislative priorities.

Ms M.M. QUIRK: Draft privacy legislation floated around for some years. Is this a process that the Attorney General wishes to start from scratch or is he aware of the existing draft legislation?

Mr C.C. PORTER: I am not aware of that draft. Is the member talking about a commonwealth draft or a draft commissioned under the previous Labor government?

Ms M.M. QUIRK: It was state legislation.

Mr C.C. PORTER: If it was a cabinet document, I would not necessarily have access to it.

Ms M.M. QUIRK: I do not think that it was. The Attorney General has not seen the draft; that is all I needed to know. It might just save the Attorney General some time if he looked at it.

Mr C.C. PORTER: I will hunt around in the legislative closet for that draft. Without putting words into the mouth of the FOI commissioner, I understood his view to be that with what is now proposed at the commonwealth level, even with a broad guess about what the legislation might look like, previous drafts of state privacy legislation have been superseded. That is what I recall from my previous meetings with the FOI commissioner on this issue, but I will look for that draft legislation.

Mr A. KRSTICEVIC: I refer to budget paper No 2, volume 1, page 334 and the fourth dot point. I seek an update on the Bell Group litigation underway in the Supreme Court and what the significant commercial factors involved are.

Mr C.C. PORTER: This was a hot topic of conversation with the shadow Attorney General last year. In the budget we approved \$3.3 million across 2010–11 and 2011–12. That was to allow for three additional judges to come into this jurisdiction to be appointed as acting judges to hear this appeal. It is shaping up to be the longest appeal in the nation's history, and, indeed, I would argue that it is the most complicated. As I understand it, as soon as those judges were identified and commissioned into this jurisdiction, they started work prior to the hearings, availing themselves of all the material and briefing themselves on the matter. Hearings will be conducted throughout the course of this year. I do not know how long it will take, but it is a very important matter in the context of this state's litigation and legal profession. It will involve an enormous amount of resources, which we have made provision for. I do not know if I can give the member much more of an update to that. If the member cares to, he can sit in on the hearings. I am sure that they will be riveting.

[11.40 am]

Mr A. KRSTICEVIC: For the first few years maybe.

Ms M.M. QUIRK: I refer to page 335, which relates to efficiency and key effectiveness indicators of the courts. The Attorney General does not have to look at anything in particular there. I want to ask how the rollout of video links in courts is going. We hear lots of anecdotal evidence that the links are fitted but courts are unwilling to deploy them or use them. Either that, or if they break down, there is a substantial delay in getting them repaired. There is not as wide a rollout as would be desirable, as recommended by various committees and bodies.

Mr C.C. PORTER: It is not an area without its difficulties. There was a question tangential to this issue earlier. Are there complaints that exist from time to time in the court system? Most certainly, there are. Many of the complaints relate less to the Department of the Attorney General and more to the Department of Corrective Services, and each of them are running on a slightly different platform. It has been an area of specific focus. The figure I gave out earlier was that use of video links between 2010 and 2011 has increased from 50 per cent to 62 per cent. That is prisoner-to-court video links. That is actually quite a rapid increase compared with what had happened over previous years. That obviated a decrease in the need for travel—down from 50 per cent in 2010 to 38 per cent. I would argue we have made pretty significant inroads. There are no doubt still problems. This is clearly the future of administering a prison population, travel and court hearings.

I might invite the director general to make any comment that she wishes on this area, because most of those complaints come directly to her.

Ms C.M. Gwilliam: We do receive complaints about the technology in the courtrooms. I would say that they are low levels of complaints. We have had some recently in relation to Geraldton. I think we had one previously in relation to Coolgardie, but they are very isolated. They are not always our technological problems, but, if they are, we do not skimp on getting them repaired. Repairs are done as a high priority. Often they are Telstra—ISD line problems. The AV rollout is a priority for us, as the minister has said. It is an important way of ensuring the safety of people in custody by not having to undertake transportation. It also enables very efficient use of the courtrooms, because video links can be scheduled.

We are working closely with WA Police and the Department of Corrective Services to ensure that they can also upgrade their technological support. We have offered to project manage that for them, if they get the money, so that we can ensure consistency between our platforms and technological solutions.

Ms M.M. QUIRK: I have a further question on that. Attorney, is there still a cultural issue in the take up of the technology by the judiciary? There seemed to be some suggestion of that.

Mr C.C. PORTER: I do not think so. I meet regularly with the heads of jurisdiction, as does Ms Gwilliam. There are frustrations. As the director general said, many of those frustrations are sometimes because of phone line problems that are somewhat out of our control. Maybe this is one of the great benefits we will look forward

to with the NBN. I am being quite serious; this might be one of the efficiencies. I do not think that there is a cultural problem, but there is a degree of frustration.

What I have observed over the last two years is that the way to improve in this area is just by looking at the data on a quarterly basis. When we find in the breakdown of this data that a particular region is not tracking in the right direction, we try to find out why, what the problem might be, whether it is at our end or the prison's or whether there are frustrations on the part of the magistrate and then try to look at the problem. Literally it is just looking at region by region, quarter by quarter, and making sure that we are tracking in the right direction. Is there frustration? Yes. Are there cultural views that there are better ways of doing it? No. Safe to say, there will sometimes be particular evidentiary occasions when the judges will require someone to be in the courtroom rather than appear via video link. That is a matter for judges to control their inherent jurisdiction. I think those occasions are occurring less and less.

Ms M.M. QUIRK: Finally on this issue, can the minister explain why there are different platforms for police, Department of Corrective Services and the Attorney General's department? Is that something that can be sorted out?

Mr C.C. PORTER: In the long run, yes. Why are there not similar platforms? It is because historically these grew up in a piecemeal way. I do not think anyone envisaged how successful they could or should be. We have some preliminary costings about how much a complete and consistent overhaul would take, and they are pretty substantial. Quite a substantial amount has been put in this budget for police ICT. In part, as I understand it, some portion of that will be used on audiovisual facilities.

Ms M.M. QUIRK: In the fullness of time, Attorney General.

Mr C.C. PORTER: Nevertheless, it is a substantial amount of money. From recollection, I think it is in excess of \$100 million. The answer is yes, but that is a mid to long-term plan.

The appropriation was recommended.

Division 28: Corruption and Crime Commission, \$32 747 000 —

Mr A.P. O'Gorman, Chairman.

Mr C.C. Porter, Attorney General.

Mr M. Herron, Acting Commissioner.

Mr M.J.W. Silverstone, Executive Director.

Ms P. Mabbs, Director, Corporate Services.

Mr D. Creedon, Chief of Staff, Office of the Attorney General.

[Witnesses introduced.]

The CHAIRMAN: The member for Mindarie has a question.

Mr J.R. QUIGLEY: Attorney General, in the first line item of division 28 the operating budget is estimated at \$31 million. I notice from the newspaper, perhaps with the ascension of former operations director, Mr Anticich, to the crime command of WA Police, that there is greater utilisation of the capacity for the CCC in extraordinary special powers investigations. It is only from what I read in the media, because a lot of hearings might be secret hearings. I take it that the CCC would not know in advance the operations for which the police want to use those extraordinary powers at the start of the year—that would happen on an ad hoc basis. Are there contingency provisions within this budget to cover hearings before the CCC—probably held in camera; I do not know? In other words, is there a provision for unforeseen hearings at which the police might come to the CCC to request the extraordinary powers to be enlivened? I cannot see a contingency provision here.

[11.50 am]

Mr C.C. PORTER: The short answer to the member's question is no. The estimated actual budget for 2011–12 is, in effect, \$31 million. The point the member makes, and I understand also, is that there will be a greater use of these powers in cooperation with the police. The point the member makes is that that might happen at short notice because of the nature of such matters. That greater use of powers has to be absorbed inside the existing budget. It is open for any department or agency to make an application for supplementary funding if some extraordinary circumstances exist. We have not had any such application from the Corruption and Crime Commission. The answer to the member's question is that that type of use of CCC resources is absorbed inside the existing budget.

Mr J.R. QUIGLEY: I am sure the Attorney General would agree that that sort of resource that the CCC has in a conjunct operation with WA Police is crucial to the fight against organised crime.

Mr C.C. PORTER: I would say it is a very helpful addition to the suite of tools that can be used to combat organised crime, of course.

Mr J.R. QUIGLEY: Given that it has to be absorbed within the existing budget of the CCC, I note from the report of the Joint Standing Committee on the Corruption and Crime Commission, which dealt with the aspect of funding estimates submitted by the CCC to the committee in December 2009, that should the CCC itself receive an organised crime power, an additional \$42 million over five years would be required to operate a mature organised crime reference. Is that still the view of the CCC, as given in evidence to the joint standing committee?

Mr C.C. PORTER: That is the evidence that the CCC gave to the joint standing committee. I am not aware of any other public submission that it has made that would supplant the view it had at that time.

Mr J.R. QUIGLEY: Bearing in mind the answer that the Attorney General gave in an earlier division to a question about the legislative agenda of the government and organised crime powers of the CCC, would the Attorney General agree that there is neither provision in this budget for \$5.6 million, as estimated by the CCC for the first year, nor any funding for the out years should the Attorney General pass that legislation, as he indicated he would, in the thirty-eighth Parliament? There is just no provision in the budget.

Mr C.C. PORTER: I make two points on that matter. The first is that it is not departments and agencies that determine their own budgets; it is the cabinet, through the Economic and Expenditure Reform Committee process. I mean no disrespect to law enforcement agencies but, even in my short time as both Attorney General and later as Treasurer, I note that if there is a group of agencies whose initial bids and request for funding are substantial, it is often law enforcement agencies. I put it bluntly to the member that if cabinet and the EERC accepted that the police needed every dollar that they asked for, there would be very little of the budget left for anyone else. Therefore, any request from law enforcement agencies for additional funding will be vigorously analysed. The member for Mindarie has noted that a view was put in 2009 by the CCC that it might need in the vicinity of \$8 million a year over five years, totalling about \$42 million. We would look at submissions of that nature once the legislation is finalised and, indeed, once the CCC has had occasion to thoroughly analyse the proposed legislation. That estimate was made without the CCC having the advantage of seeing the proposed legislation. No doubt, when the CCC has the ability to analyse the proposed legislation, which is well advanced, it will make a claim for additional funding, and that claim will be rigorously scrutinised. I cannot think of any recent claim for funding from a law enforcement agency that was accepted *prima facie* without question and the amount asked for handed over. This is, therefore, a matter for the EERC process.

Mr J.R. QUIGLEY: I have a further question. I take that on board, but in answer to a previous question the Attorney General said that investigation of ad hoc references by WAPOL to the CCC would have to be absorbed into the CCC's budget. There is, therefore, no slack or contingency in the CCC's budget for a draw-down for this type of reference.

Mr C.C. PORTER: Does the member mean a standing reference by virtue of legislative change?

Mr J.R. QUIGLEY: Correct. It is not a matter of the CCC wanting too much; it is a matter of the budget having no provision in the years to come for such a standing reference. The CCC is not asking for too much; there is not a dollar in the budget for it.

Mr C.C. PORTER: Indeed, but that is not to say that there will not be. The member is suggesting that a decision on the budget for that matter should be included in the present budget. That would be well and truly putting the cart before the horse. We have to finalise the legislation, which will be soon, and it will have to be analysed by the CCC. The CCC will then make submissions to government through the EERC process about any additional resourcing it may or may not say it needs for the additional powers. The member should bear in mind that the legislation, as we have openly suggested, will also require a change to the complexion of the CCC's existing work, which must be factored into whether there is any slack in the budget, as the member puts it. I take the member's point that it may well be that the legislation, which everyone including the CCC will see shortly, will prompt the CCC to make application to government for further recurrent expenditure, but that will be assessed on its merits and in the context of what the legislation giveth and what it taketh away!

Ms M.M. QUIRK: Still on the Corruption and Crime Commission, I refer to the last dot point on page 350, which relates to—wait for it—the Commonwealth Heads of Government Meeting. The prediction there is of some contentions surrounding the CCC's role in CHOGM. Leaving that aside, that last paragraph asserts —

The Commission anticipates an increase in allegations against police in the period of the Commonwealth Heads of Government Meeting.

What is the basis for that comment and to what level does the CCC anticipate an increase in allegations?

Mr C.C. PORTER: I am not sure whether any calculation has been done empirically of the increase expected by the CCC. I imagine the CCC has based that assessment on the fact that special powers at a particular time can potentially attract events such as public protests from people trying to make a point under the auspices of

CHOGM; that this can result in a pretty intense period of interface between both the police and the general public; and that such increased activity between the police and the general public will logically result in an increase in the number of complaints. I think that is a fair summary. There has been, therefore, no empirical analysis done of it; it is commonsense.

Ms M.M. QUIRK: That deals with police, but how does the Attorney General envisage the working role of the CCC with the other powers to be conferred under the legislation? I will give a reasonably hypothetical example. Let us say someone is running a blog that is very aggressively republican. For example, it might include some comments that could, on their face, appear to be treasonable. Would that be a matter in which the CCC would be involved and would question that person? At what level of perceived criminality will the CCC have a role in this legislation?

[12.00 noon]

Mr C.C. PORTER: That is a very broad hypothetical. I am not certain whether the answer to that lies in the Commonwealth Heads of Government Meeting (Special Powers) Bill 2011 or the Corruption and Crime Commission Act 2003 as it stands. It would depend on who wrote the blog and the extent to which it could or otherwise involve misconduct. It is a very difficult question to answer in the hypothetical, but it is not inconceivable that that sort of situation at its extremes could be the subject of investigation by the CCC with or without the CHOGM bill.

[Ms A.R. Mitchell took the chair.]

Ms M.M. QUIRK: Presumably the CCC feels that it can evaluate the whole CHOGM process. Where does the Attorney General perceive the CCC can be most helpful or productive in its oversight of CHOGM activity?

Mr C.C. PORTER: These are operational matters. I am happy for one of the gentlemen present to answer that question from their perspective.

Mr M. Herron: As I understand the bill in its current form, application may be made to the CCC for access to its staff, its facility or its general organisation, particularly with things such as telephone intercepts. The greater role may be with applications made to the CCC for private examinations. As I understand the current wording of the bill, those private examinations will operate very similarly to how we exercise private examinations under the extraordinary powers jurisdiction in our involvement with the police. That will probably be our greatest involvement.

Ms M.M. QUIRK: What is it that makes the CCC powers useful above and beyond normal robust police investigation?

Mr C.C. PORTER: The Acting Corruption and Crime Commissioner spoke about the special hearings power, which is referred to in the CHOGM bill. As I understand it, it is envisaged that the additional powers that the CCC has, which the WA Police does not, could be enlivened. The point I was trying to make in response to the member for Girrawheen's hypothetical is that, depending on who placed an extreme view on the internet and what the view was, that matter could be investigated by the CCC independent of the interface provided in the CHOGM bill. The primary additional power that the CCC brings to the table during the CHOGM period is the special hearings power.

Mr W.J. JOHNSTON: I refer to page 350 and the second dot point. How many persons who have been mentioned in transcripts of public hearings have requested their names to be suppressed? How many of those requests have been granted and how many have been refused? How many of those who requested a suppression order but were refused have been phoned by an investigator and asked whether the aggrieved person would like the investigator to seek their name to be removed from the transcript?

Mr C.C. PORTER: I have to take that as a supplementary question; I do not have that information here.

Mr W.J. JOHNSTON: I am very happy to have that as a supplementary question.

The CHAIRMAN: Would the minister please clarify what information he will provide?

Mr C.C. PORTER: I will give everything that was the subject of the question. The member may need to repeat the question.

The CHAIRMAN: Would the member for Cannington please repeat his question?

Mr W.J. JOHNSTON: Certainly. I have it in writing; I have a handwritten note. I will read it out and then hand it up. I am happy for that to happen.

Mr C.C. PORTER: I caveat that by saying that I am very happy to fulsomely provide that information, but I will no doubt be advised of any operational considerations in respect of that information, and if there is any question that the information would jeopardise an operation or there is some other cogent legal reason that I am unable to give the information, that will need to be taken into consideration.

Mr W.J. JOHNSTON: It would be interesting to hear that. These questions ask for statistics and nothing else.

Mr C.C. PORTER: I understand that. I am giving forethought to some of the issues that sometimes arise. I have every intention of giving the member a fulsome response, but it may not be simple.

Mr W.J. JOHNSTON: I will repeat the questions. How many persons who have been mentioned in transcripts of public hearings requested their names to be suppressed? How many of those requests have been granted and how many have been refused? How many of those who requested a suppression order but were refused have then been phoned by an investigator and asked whether the aggrieved person would like the investigator to seek their name to be removed from the transcript?

[Supplementary Information No B21.]

Mr J.R. QUIGLEY: I refer to “Significant Issues Impacting the Agency”. I must attach my question to a line item in the budget. My question relates to the vacancy at the top. Therefore, in attaching this issue to a line item in the budget, it might be best to attach it to “Amount Authorised by Other Statutes”; namely, the Corruption and Crime Commissioner’s salary. Given the commissioner’s salary, I am almost tempted—I will probably give Mr Silverstone an apoplexy if I say —

The CHAIRMAN: May I ask the member for Mindarie to quote the page number?

Mr J.R. QUIGLEY: Certainly. I refer to page 349 and the second line item in the budget. I do not want to give Mr Silverstone an apoplexy by suggesting that the member for Mindarie might be tempted by this amount and put up his hand!

Ms M.M. QUIRK: Never a dull moment!

Mr J.R. QUIGLEY: I ask the Attorney General: how is the search going? Do we have it down to a short list? I ask the acting commissioner: who has to fund the search? Does the funding come out of the budget of the CCC? Might not the vacant chair at the top be having some impact upon the agency?

Mr C.C. PORTER: There are three parts to that question. How is the search funded? I must confess I am not entirely certain whether there has been any —

Mr J.R. QUIGLEY: Does the government or the CCC pay for the search?

Mr C.C. PORTER: I will receive some advice. From what I have been advised, there has been some relatively minor expenditure on advertising. This is not an executive consultant search process, which is sometimes more expensive because an external consultant is paid. That advertising budget has been borne by the CCC.

Is the vacancy having an impact and how is it going? It is not going as well as I would prefer. The structural situation in this process is that the government does not act at first instance. The Chief Justice is the head of a committee that must recommend names to the Premier. The Premier must choose a Corruption and Crime Commissioner from that list. After the first round of searching, the Chief Justice was not satisfied that he had a name or names worthy of presentation. Therefore, the first round of searching via the Chief Justice’s committee was unsuccessful. The Chief Justice is now in the process of engaging in a second round of searching. I am hoping that the second round is more successful than the first. An issue sits inside that second round of searching. I will address that issue before coming to how the vacant commissioner position is impacting the agency. Complexities surround the remuneration of the commissioner. Those complexities relate not necessarily to the quantum of the remuneration, but to the interaction of the commissioner’s position and the position of judicial officer. People who are sitting judicial officers may be reticent to take the position of commissioner because they foresee that the legislative and remunerative structure does not guarantee them their place back on the court. Constitutional issues could also arise from that problem. There are other issues about remuneration and the calculation of the pension system for a commissioner. If the commissioner went on to do judicial service, the question arises of whether the term as commissioner counts for that judicial service. These are problems that exist, which, on one argument, might make the position less attractive than it ought to sitting or potential members of the judiciary.

As the member knows, we are going through a process of reforming the Corruption and Crime Commission Act. We had not contemplated, in the process of that reform, tinkering with the remunerative structure of the commissioner himself; I have now formed the view, after discussions with the Chief Justice about the lack of success of his first round of search, that we should do that. Of course, I cannot promise anything to the Chief Justice, or indeed any candidate who may be considering the commissioner’s position, because that depends on cabinet, my party room and the Parliament, but I intend to indicate to the Chief Justice that we have every intention of fixing what some people perceive to be problems in that remunerative structure, which may remove the disincentive to people who would otherwise apply. That is a communication I will be having with the Chief Justice in more detail shortly. I hope that that will help in the second round of search. The second round of search by the Chief Justice is also casting a wider net than round 1, but nevertheless that process is not run by government.

[12.10 pm]

Mr J.R. QUIGLEY: Is the second round underway?

Mr C.C. PORTER: Yes. I have had discussions with the Chief Justice about the second round of his committee's search. This issue that I have alluded to arose in the context of those discussions, and there may be ways in which we can give some comfort to potential applicants that it can be resolved. I do not know whether that is fundamental to the difficulties we are having, but it may have some impact on the situation.

Member, how is it impacting the agency? I am sure the acting commissioner and the other acting commissioner would very much like a commissioner, and the government wants a commissioner appointed. I do not think the agency could realistically be considered to be operating at absolute peak form in the absence of a permanently appointed commissioner, but, again, the legislative process in place is that we require a name to come from the Chief Justice's committee. The Chief Justice has to be satisfied that that name is worth placing before the Premier so that a choice can be made.

Mr J.R. QUIGLEY: Do I understand from the answer given thus far that as to the prospective legislative amendments, there might be some problems in terms of the remuneration?

Mr C.C. PORTER: The legislative amendments that we contemplated went squarely to the issue about the organised crime powers of the commission. This other issue about the potential movement of a judicial officer to the role of commissioner—or someone from the independent bar, for instance, who might otherwise take on the commissioner's position but would then be concerned about the prospects of judicial appointment after that—has been identified, amongst other things, as being a potential impediment to the search process. I have now said to the Chief Justice, who heads up the committee for the search process, that we will now—we have done it very swiftly—look at whether we can fix those potential perceived problems in this reform process. It is highly likely that that will not be completed before we finish the search process, but we may be able to give some comfort to people who are considering putting their names forward that the problems that they perceive to exist might be cured by legislation.

Mr J.R. QUIGLEY: So the impediments might remain as real in any prospective commissioner's mind until legislation in respect to both remunerative and constitutional impediments is enacted, and in respect of what is to be the final shape and primary task of the CCC. Both of those issues must impact upon the mind of a prospective applicant, would the Attorney General not think?

Mr C.C. PORTER: In my discussions with the Chief Justice it has been raised that the latter issue of remuneration has loomed in the minds of some prospective applicants, rather than the former issue as to the legislative structure. I have not had a complete run-down of every single conversation that this committee has had with every single potential candidate, but since the legislation was enacted it has had certain legislative bases for the remuneration of the position of commissioner. It has now been brought to my attention that some people who might otherwise consider themselves candidates perceived some difficulties with that aspect of the existing legislation. I take a view that that could be changed, but as the member pointed out, the search process is now live; the legislative change is prospective. The best that we can do—I will be speaking to the Chief Justice about these issues—is give some undertaking that that will be part of the reform.

Mr J.R. QUIGLEY: The Labor opposition wants to see this matter resolved as soon as possible to give this organisation its best operating structure. Is it reasonable to expect that the legislative changes will pass through the Parliament, or be presented to the Parliament, this year?

Mr C.C. PORTER: That is certainly the aim of my office; absolutely.

Mr J.R. QUIGLEY: Will that be in respect of all aspects—that is, in respect of the shape of the CCC as well as the remuneration and constitutional issues—or just the latter?

Mr C.C. PORTER: These are matters that have to ultimately be approved by cabinet, particularly the latter issue about remuneration, which has arisen prior to the approval-to-draft stage. I will be making a strong submission to cabinet that it be part of the reform process, and indeed I have commissioned drafting that goes to this issue, so it is my expectation that that will be part of the reform process.

The CHAIRMAN: I am going to move on to another member for questioning. The member for Girrawheen has the call.

Ms M.M. QUIRK: I refer to page 350 of budget paper No 2, in particular the Corruption and Crime Commission's role in investigating the conduct of police officers; I will ask a number of questions that the Attorney General will probably have to defer to his colleagues. What are the criteria for the CCC to take on an investigation of police matters? Is it solely at the CCC's discretion, or is there a specific arrangement with police? Also, what percentage of the CCC's work relates to investigations of corrupt police; is it increasing or decreasing; and, if it is increasing, by what amount? Finally, when can we expect the Spratt inquiry to be finalised?

Mr C.C. PORTER: There are several questions there. In a moment I will invite the acting commissioner to comment on them, but to start with I will give the member my understanding of it.

The CCC, of course, investigates police. The member has asked, in effect, whether those investigations are at its discretion; the best answer is, in general terms, yes. What needs to be considered is the form and origin of the complaints. People who have had some interface or interaction with the police have lodged written complaints to my office. Having complained to a number of bodies, they have not received satisfaction, and they then complain to the CCC. In fact, that is a citizen's complaint going direct to the CCC. I would imagine it is also the case that the CCC receives complaints direct from police. There will be a variety of origins. I think it is particularly true of complaints originating from citizens that whether or not the CCC ultimately investigates is a matter for the CCC's discretion. It, no doubt, has rules or bases upon which it exercises that discretion. I am unsure whether or not there are any formal rules or bases for exercising that discretion, particularly in respect of complaints that come from the police. I am not sure, so I will invite comment as whether or not it uses something like the Office of the Director of Public Prosecutions' guidelines document.

The member asked whether the volume of work related to the investigation of corrupt police is increasing; it is my understanding that the volume is increasing, but I will let our CCC representatives comment on that. As to when the Spratt matter will be finalised; I am not across the operational detail. I think the questions, acting commissioner, are: where do the complaints about police come from; who makes the decision whether or not they are dealt with; is that discretionary; and, if so, according to what rules; and, is the volume of complaints increasing or decreasing? There was also question about the Spratt issue.

[12.20 pm]

Mr M. Herron: Complaints about the police come from a variety of sources. Under our act, the Commissioner of Police is required to notify us of certain matters, and we look into those matters, obviously. Complaints about the police can come from the public, and they often do. There is a variety of sources that they come to us from, but a lot of complaints come to us from the police themselves under the requirement to notify us of matters that might give rise to misconduct, and we investigate those. The way in which we often deal with those sorts of complaints is that, depending on the seriousness and the nature of the allegation, we will require police to investigate the matter themselves, and then we will oversight their investigation. We can at any time make a decision whether we should get involved and take it out of the hands of the police. Our role is very much to oversee their internal investigations of the matters. Indeed, if we get a complaint from the public, we will often refer it to the police to deal with internally, and then we oversee that. We have a discretion in how we handle or investigate complaints about the police.

On the second issue of whether complaints are increasing, I think that is correct. The executive director has the figures, so he can provide them precisely if the member would like them.

Mr C.C. PORTER: We will provide them as supplementary information, if the member wishes.

Ms M.M. QUIRK: Yes, thank you.

Mr C.C. PORTER: We will provide figures on complaints against serving Western Australian police officers received by the Corruption and Crime Commission.

Ms M.M. QUIRK: Presumably, that will be for the past two years so that we can get some idea of the trend.

Mr C.C. PORTER: We will give the member the time line that we have available.

[*Supplementary Information No B22.*]

Mr M. Herron: I think that leaves the last question about the Spratt matter. The member is aware of course that the public hearings have been completed. There have been two lots of public hearings. I was the acting commissioner for the last lot of public hearings. We are going through some ongoing investigations. Various stages of report writing are in progress in the different parts of the Corruption and Crime Commission. We go through various stages. We will also involve counsel assisting to address various matters. We have certain time lines in place for that. It will, to some extent, depend upon my own commitments outside the commission, but I hope that we are in a position to have a report finalised by mid to late this year, perhaps in September or October.

Mr J.R. QUIGLEY: The fifth dot point on page 350 refers to misconduct prevention education programs. Many of these programs are oversubscribed. Can the Attorney General tell us whether the oversubscription of these programs is a funding issue? I do not know what is involved there. Which programs are oversubscribed? I do not know.

Mr C.C. PORTER: It is an oversubscription issue, I would imagine. I am very happy for the acting commissioner to speak to that. As I understand it, the CCC travels far and wide and speaks to public servants, particularly on topical issues. One of the recent ones that I had some feedback on was on procurement and what does and does not constitute appropriate and proper conduct on procurement. I suspect that, as these education

programs have become more widely known and used, the demand for them has increased. I am very happy for the acting commissioner to comment on that.

Mr M. Herron: In a nutshell, that is the correct answer. There is more enthusiasm to attend our presentations and workshops. I think it is a sign of how effective our prevention education programs are. More people are becoming aware of them and more people are encouraged to attend them, and that is why they are oversubscribed. The word is getting out, and more and more public sector organisations are taking up our invitations to attend our presentations.

Mr A. KRSTICEVIC: The first line item in the table on page 350 of volume 1 of budget paper No 2 refers to corruption prevention and education programs, reviews and consultancy services. I note that there has been an increase in expenditure on those programs over a number of years and into the out years. Are they the only programs that are being run? Is the budget increase related to the demand for those programs or are there other factors?

Mr C.C. PORTER: I will ask Acting Commissioner Herron to speak to that. I think the line item that the member is talking about is an internal provision in the CCC's budget for what it spends on the education component from the total budget of roughly \$31 million. The government does not tie the funding to the CCC. The CCC makes determinations on internal priorities, which will wax and wane depending on the business that it encounters in a given year. I refer the question about the other educative programs to the acting commissioner.

Mr M. Herron: I might let the executive director answer that question specifically. To some extent, the funding that the member has asked about is governed by the number of full-time equivalent staff we have to present those programs, and we are constrained to some extent by the availability of staff presenting those programs. That is, in a sense, a funding issue. Perhaps the executive director can address the question about the number of programs.

Mr M.J.W. Silverstone: The number of programs we present ties into the overall corruption prevention program we have. The presentation of seminars and forums fits into a range of other work done by the corruption prevention staff. There are about 28 full-time equivalent corruption prevention staff, so their work program fills that. The commission's overall work program is governed by the size of its full-time equivalent staff, which is 154. We made a decision about how many staff sit within the corruption prevention program, and the number of staff available dictates the volume of work they are able to perform.

Mr C.C. PORTER: I put to the member that one of the issues is that, from time to time, the CCC or other agencies will uncover one or another form of misconduct, and the educative focus will then shift to what they perceive to exist as a problem inside the public sector. As mentioned, procurement was and remains an issue. No doubt some thought was given at the CCC about the issue of gifts inside the public sector. But the educative campaign will ebb and flow to meet the needs and concerns that arise in a year or beyond.

Ms M.M. QUIRK: The note at the bottom of the table on page 351 basically indicates that the commission's function is focusing more on reviewing more serious and complex allegations than on reviewing all allegations. I presume that that is a workload issue, and that can be confirmed. The question I really want to ask is about the process that the CCC undertakes when it charges someone for a criminal offence. At the time the charges are laid, does the CCC go to the Director of Public Prosecutions to seek an initial opinion?

In terms of disclosure requirements, does the Corruption and Crime Commission have any time frame for preparing all the information necessary to enable compliance with its disclosure obligations? At what stage does the Director of Public Prosecutions become involved? Once the DPP is involved, does the CCC have any ongoing involvement in the prosecution?

[12.30 pm]

Mr C.C. PORTER: I will deal with the second part of the question first. Obviously, the CCC can be the prosecuting body in some matters; others are prosecuted by the DPP. Logically, DPP advice, however defined, will always exist in one form or another in a matter prosecuted by the DPP. The experience I had as a prosecutor was that even in those matters that the CCC chose to prosecute, it would often choose to seek advice from the DPP in respect of those matters, although not always. Sometimes, in matters that were subsequently given to the DPP, the CCC sought advice before requesting the DPP to prosecute, to see whether there was a prima facie case, or any other matter. The Acting Corruption and Crime Commissioner might want to comment in a moment on the decision as to who prosecutes. Whether it is a prosecution by the CCC, or by the DPP originating from a CCC investigation, it is my understanding that the disclosure obligations of the Criminal Investigation Act are standard and apply to all those circumstances without exception. In respect of the first part of the member's question, which was about an explanation for the significant movements the end note refers to, I took it to mean that there is a massive volume of complaints going to the CCC. I find many complaints coming to my office in respect of this or that matter, and we acknowledge that this may or may not be a potential complaint or allegation of misconduct. That needs to go to the CCC. I can say, even from that small sliver of complaints that make their

way into my office first, that they are of a wide variation of levels of seriousness and substance. I imagine that there is an ongoing need for the CCC to sort the wheat from the chaff in respect of the volume of complaints. I will ask the acting commissioner to comment on the sorting of complaints and where they go, and also the decision about whether the DPP or the CCC will proceed to physically prosecute a given matter.

Mr M. Herron: In relation to the question of who prosecutes, as the Attorney General has said, often we will seek advice from the DPP and be guided by its advice about the prospects of any charges. Generally speaking, though, our policy is that we will lay the charges and conduct the prosecution if it is done summarily. If it is in the Magistrates Court, we will conduct the prosecution; if it is sent up to the District Court, we will then hand it to the DPP. For example, there were a number of charges brought by the CCC arising out of the public examinations that were held in relation to the Curtin University Language Centre. I think I am right in saying that everyone who was charged has now entered guilty pleas in the Magistrates Court, and they have all been remitted to the District Court and the DPP will appear on behalf of the commission in relation to those matters. I think that addresses the question asked in relation to who prosecutes and what our relationship is with the DPP.

In relation to the number of complaints we receive and how we deal with them, I might ask the executive director if he wants to expand upon the answer. I have been with the CCC for only a relatively short time, but my advice is that we have started to deal with complaints in a different way. Initially, we might deal with them on more of an individual basis, but over time we have sought to educate the various public sector organisations as to how they deal with them, and teach them to deal with them internally. We do not necessarily require the agencies to report back to us for each individual matter, but to report back to us to assist with how they are dealing with it. They might report back to us in a month with all the matters at hand, rather than reporting back to us on each particular matter. Again, we get involved in more of an oversighting role, rather than us actually dealing individually with every complaint.

The CHAIRMAN: Before we move on, I bring to the attention of members that we are still on division 28. We are due to finish at one o'clock and there may be other members of the committee who wish to ask questions on the other divisions. I seek an indication from members.

Mr J.R. QUIGLEY: I have one more question on this division.

The CHAIRMAN: Does the executive director wish to respond to the member for Girrawheen or move on? Does the member for Girrawheen need further information from the executive director?

Ms M.M. QUIRK: No, that is fine.

Mr J.R. QUIGLEY: I hope I do not seem to be too crass with this particular question! I refer to page 353 of the *Budget Statements* and the section "Asset Investment Program". Under the heading "Works in Progress", there is a line item "Fit-Out and Refurbishment of 186 St. George's Terrace". There is an \$8 million spend on refurbishment, so soon after the CCC was inaugurated. I note that there is nearly \$8 million to be spent in 2013–14. What are the proposals for such an extensive refit? I would not be so crass as to suggest that it is perhaps to keep up with the proposed washrooms at the new Supreme Court as they come on!

Mr C.C. PORTER: I understand that the \$7.9 million the member refers to that appears for 2013–14 —

Mr J.R. QUIGLEY: I have —

Mr C.C. PORTER: If the member goes to page 353, he will see the line item for the fit-out and refurbishment. He is quite correct; it is an estimated total cost of \$8.2 million.

Mr J.R. QUIGLEY: Most of the spend is in 2013–14.

Mr C.C. PORTER: Indeed. The \$7.9 million is a contingency figure; that is the year in which the lease on the present building expires, so an amount has been placed within the CCC budget in contemplation of the possibility that it may have to leave and refit new premises. I very much hope that that is not required, because there is a great deal of equipment and fit-out at the present premises. In any event, that is a contingency fund.

Mr J.R. QUIGLEY: In case it has to relocate?

Mr C.C. PORTER: Correct.

The appropriation was recommended.

Division 29: Commissioner for Equal Opportunity, \$3 793 000 —

The appropriation was recommended.

Division 30: Law Reform Commission of Western Australia, \$1 007 000 —

Ms A.R. Mitchell, Chairman.

Mr C.C. Porter, Attorney General.

The CHAIRMAN: The member for Mindarie has a question.

Mr J.R. QUIGLEY: In last year's committee we had an answer from the Attorney General about ongoing funding of the Coroner's Court on a more permanent basis. That decision was waiting upon a Law Reform Commission paper on the Coroner's Court, which was a process that was instituted by the previous Attorney General. I would be keen to find out where that matter is up to and when we might expect a paper.

[12.40 pm]

Mr C.C. PORTER: I can say to the member that I do not think that it could have been put to the Law Reform Commission in any more unequivocal terms that it is an absolute priority. I was informed that the Law Reform Commission contracts drafters for these papers. A drafter was contracted for the Law Reform Commission report. The first draft of that report came back and the overwhelming view of the commissioners was that it was substandard and not fit for purpose. They did not necessarily have to start from scratch, but they were very concerned that they had not been delivered a report of the standard that they would expect pursuant to the contract for writing that they had engaged in. I am informed that that report will be available towards the end of this year, in time to make a decision about the normal budgetary cycle. I cannot give the member any more information.

Mr J.R. QUIGLEY: For this time next year?

Mr C.C. PORTER: Correct.

Mr J.R. QUIGLEY: I have a follow-up question. Does the Attorney General expect or anticipate that the report delivered then will give him sufficient time to legislate in the thirty-eighth Parliament any legislative aspects of that report?

Mr C.C. PORTER: I think, member, that this has gone on for long enough. If that report is not as good as I would hope it to be, it is still my aim to give permanent change to the Coroner's Court baseline funding in next year's budget. I hope very much, after the long wait for both governments, that that report provides me some guidance on what that baseline funding should be and how the office should be structured. But, one way or the other, I am tired of waiting.

Mr W.J. JOHNSTON: I refer to the issues raised by the Red Tape Reduction Group.

The CHAIRMAN: Member for Cannington, I refer you to the *Budget Statements*.

Mr W.J. JOHNSTON: Yes, indeed; I am terribly sorry. I will find the page. I refer to page 365 and the total appropriations provided to deliver services. I am wondering whether the government has asked the Law Reform Commission to examine this issue raised by the Red Tape Reduction Group. I will quote from the group's report, which states —

... the Chamber of Commerce and Industry (Western Australia) and the Institute of Public Affairs have revealed that Western Australia is still highly regulated and has poor regulation-making processes.

I am wondering whether the government has referred the issue of "poor regulation-making processes" to the Law Reform Commission.

Mr C.C. PORTER: No, and an understanding of what the Law Reform Commission does and the types of reports that it has previously been required by government to engage in and has subsequently given over to government explains why. Those reports are about specific areas of legislative reform. I am not doubting that what the member is talking about is a fair complaint and a real issue, but it traverses hundreds of pieces of legislation, and, in my view, the administration and bureaucratic procedures of government are totally ill-suited to a Law Reform Commission report. I have every expectation that if I were to put that on the table for potential Law Reform Commission papers, the Law Reform Commission would respond to me that that was unsuitable. It is just not the right body for it.

The appropriation was recommended.

Division 31: Office of the Director of Public Prosecutions, \$30 879 000 —

Ms A.R. Mitchell, Chairman.

Mr C.C. Porter, Attorney General.

Mr J. McGrath, Director of Public Prosecutions.

Mr J. Plunkett, Director, Corporate Services.

Mrs H. Albiston, Manager, Finance and Administration.

Mr D. Creedon, Chief of Staff, Office of the Attorney General.

[Witnesses introduced.]

The CHAIRMAN: Member for Girrawheen.

Ms M.M. QUIRK: I refer to the heading “Relationship to Government Goals” on page 370 of the budget papers. During the division on the Corruption and Crime Commission, I asked about disclosure and would like to ask now whether the Attorney General or the Director of Public Prosecutions has any views about the need to tighten disclosure rules or whether reverse disclosure on defendants is needed. This obviously impacts practically on the conduct of prosecutions. I am really curious about disclosure. My questions during the CCC division were about a couple of instances in which I know that disclosure was very late in the piece and incomplete. I am not sure whether the DPP or the courts have some sort of supervisory jurisdiction. How can that disclosure be better controlled in the future?

Mr C.C. PORTER: I will invite the Director of Public Prosecutions to comment in a moment. The first part of the question was: is there a view on the director’s part that the rules about disclosure by the prosecution need to be tightened? I will invite the DPP’s response. I might guess at his response by saying that my response to that is that the rules about disclosure on the prosecution are onerous, and properly so, and comparatively so when compared with generations of prosecutors past. That is completely appropriate. The difficulty is not with the extent of the rules—I think they are about right—but with the tightening of the conduct and observance of the rules. I know that the director has placed that as a very high priority. He may care to comment about the matters that he has engaged in to ensure ongoing observance of those already tight rules. With respect to reverse disclosure or defence disclosure, I have said publicly that my view is that some form of modification of the right to silence is probably appropriate in this jurisdiction at this time. My initial view was that that might be best achieved by something similar to the United Kingdom’s system of police warnings and the ability of adverse comment on the part of a judge or a prosecutor. I still maintain that that is a good system, but of course the provision of counsel to every single accused in a jurisdiction of this geographical size would be difficult. My prevailing view is that the form of legislation that we are likely to see in this place in due course is more with respect to reverse disclosure and defence disclosure. I think there is significant support —

Mr J.R. QUIGLEY: I am sorry—more with respect to what?

Mr C.C. PORTER: With respect to defence disclosure—therefore, an extension of the types of disclosure that the defence requires pursuant to the alibi rules in the Criminal Investigation Act at present to other matters. This is a part of a wider debate, but, in my view, there are serious and significant statements from a range of senior judicial officers on both sides of the prosecution and defence bar who also agree, and have publicly stated, that some limited form of defence disclosure is probably well overdue for the administration of justice. That is a policy issue. I am very happy for the director to give any views that he might have about that. The final question was with respect to —

Ms M.M. QUIRK: I might ask a further question.

Mr C.C. PORTER: I have asked the director about the question of the observance of prosecution disclosure requirements and improvements and policies thereto and whether he wishes to comment about reverse disclosure obligations.

Mr J. McGrath: I agree with the Attorney General that the current disclosure laws are very onerous on the prosecution. I would not proffer an argument that those rules should be subject to any amendment; however, the prosecution agencies—that is, the DPP and the police—should be required to ensure timeliness in disclosure. That is the real difficulty in Western Australia. There is now a movement towards the recognition that not only the material said to be potentially relevant to the case, but also a list of unused material should be disclosed, so that there is a comprehensive disclosure of all material. The great benefit in a list of unused material is that it does not require the police or the prosecution lawyer to endeavour to anticipate what the defence will be, because what is potentially relevant requires a form of interpretation of the likely defence, and that in itself is an issue that impacts on whether there should be legislative reform on reverse disclosure.

The second aspect, which I accept, is that it is necessary for prosecutors of the Office of the Director of Public Prosecutions to engage in the early proofing of witnesses, because, as it is known, the evidence in court will comprise not what is said in the police statement, but what is said during proofing. The member referred to Corruption and Crime Commission prosecutions in which there is late disclosure. My understanding is that the late disclosure arose because of the further utterances of the witnesses during the proofing with the Office of the Director of Public Prosecutions lawyer. Therefore, it is a question of the quality of the statements. The unused material from the early disclosure and the early proofing is necessary.

I turn to the question of the role of the Corruption and Crime Commission. I heard what the acting commissioner said. It is certainly the case that the Corruption and Crime Commission conducts only summary matters—indictable matters will be conducted only by the Office of the Director of Public Prosecutions. The Director of Public Prosecutions does not act upon instructions from the Corruption and Crime Commission; the office does not represent the Corruption and Crime Commission. I represent the state of Western Australia. We will discontinue when it is necessary. In respect of summary matters, though, they are entirely a matter for the Corruption and Crime Commission unless it seeks my advice or, alternatively, under my act, I choose to take the

matter over. With respect to indictable matters, the Corruption and Crime Commission has faithfully followed the legislative requirements by disclosing to us all the material, as far as I am concerned, in prosecutions that have occurred during my term.

[12.50 pm]

The CHAIRMAN: Keeping an eye on the time, I ask that questions and answers be kept short.

Mr C.C. PORTER: To add to that, a very interesting difference between the Crown Prosecution Service in the United Kingdom and the like prosecution service in Australia is that, as a matter of the cultural history of its conduct, the UK Crown Prosecution Service never proofs witnesses. As I understand it, the rule is that the witnesses are taken as found and taken to court. A way to ensure that disclosure obligations do not arise during the proofing of witnesses would be to adopt a similar system to that of the UK, in which prosecutors do not proof witnesses. I have raised this matter with the director, and I would say that he is less than enthusiastic about that prospect. Nevertheless, that is how prosecutions are conducted in the United Kingdom; witnesses come to court cold. I think that, on balance, it is not a better system, but one of its benefits is that there is no possibility of a prosecutor infecting the mind of a witness, even inadvertently, when no proofing is done. Of course, it also means that trials are more live and variable, if I can put it that way. One does not run into these disclosure problems. I think that, on balance, ours is probably the better system.

Mr J.R. QUIGLEY: As has been my wont, Mr Attorney, this morning and this afternoon in going back to old newspaper articles, I return to the newspaper article published in *The Sunday Times* —

The CHAIRMAN: Does the member for Mindarie refer to a budget paper line item or dot point?

Mr J.R. QUIGLEY: Certainly.

Mr C.C. PORTER: The member should just pick one; I will be generous!

Mr J.R. QUIGLEY: All right. I refer to the total appropriation on page 370 of the *Budget Statements*.

Mr C.C. PORTER: That is a very wise choice!

Mr J.R. QUIGLEY: On 4 April 2010, in an illuminating interview with *The Sunday Times*, the Director of Public Prosecutions, upon assuming office, is reported to have said —

LAWYERS will replace police prosecutors handling serious cases ...

He goes on to say —

The move ... would require a significant boost in staff numbers and government funding for the DPP ...

I want to know how the Office of the Director of Public Prosecutions' plan is going to take over the prosecution of some matters. In his interview, the director also cites the benefit of junior lawyers cutting their teeth in summary matters before they have to jump over the edge on indictable matters in front of a jury. How is that program going? Is it progressing? What additional funding will go to the director for that?

Mr C.C. PORTER: I will let the director respond fully on that in just a moment. My understanding of the director's views is that a very expansive involvement of the DPP in summary prosecutions is the best outcome for justice in Western Australia. That is not yet government policy, although I appreciate that the director holds that view. My view is probably somewhat back from that level of expansion of and infiltration into police prosecuting. My personal view—this is not government policy—is that some level of police officers prosecuting will be desirable into the future, although I think a better system would entail a staged growth of the DPP's involvement in summary prosecutions. The director will make whatever comment he wishes about what ultimate system he thinks is preferable—whether it be one completely dominated by the DPP, some blend with the weight on the DPP or some blend with the weight on police. However, the view of the previous DPP is that Office of the Director of Public Prosecutions involvement is very desirable, even in a modest way, in the training it has given to junior prosecutors. The present director has started to infiltrate police prosecutions in a serious way, and he will describe how. Staff are now domiciled with police prosecutors. Mr Brent Meertens heads up, as practice manager, a practice team that in effect oversights police prosecutions. The infiltration is underway. The director will make further comment on that as he sees fit.

Mr J. McGrath: There is a great disparity between what was reported and what I said.

Mr J.R. QUIGLEY: Welcome to the club!

Mr J. McGrath: It was very illuminating for me, but probably not so for members. As I have said today, I have achieved what I set out to achieve in April 2010. The agreement and understanding with the Commissioner of Police was that we would send to the police prosecutions at the Perth Magistrates Court four junior prosecutors from the Office of the Director of Public Prosecutions as a pilot project.

Mr J.R. QUIGLEY: Is that that the DPP office would?

Mr J. McGrath: Yes; we would. This would further their professional training and would be coupled with the goal of assisting the police prosecutors. That has occurred; it has proved highly effective to date. The aim was for those four junior prosecutors to undertake the more serious summary hearings; they have also engaged in reviewing files to ensure that there is a timely review and matters can be discontinued. As to whether it is possible to expand that program, beyond, for example, the Perth Magistrates Court, I accept that it would be an enormous impost on the resources of the state; I have come to understand that in the last 12 months, but it is a view I have always held. In fact, attempts in the last 30 or 40 years in other jurisdictions to do exactly that have not succeeded. The best model may simply be a hybrid. In targeting the more serious offences—for example, a case involving dangerous driving causing death—there would be a lawyer from the Office of the Director of Public Prosecutions prosecuting.

The CHAIRMAN: Before the member for Mindarie asks his question, I inform him that he has a very short time to do this.

Mr J.R. QUIGLEY: I realise that. I refer to the same newspaper article and the same point in the budget I referred to earlier. In his interview the director states one of his aspirations as —

Completing a memorandum of understanding between his lawyers and police within six months to ensure pre-trial disclosure is carried out quickly.

Has the director been able to achieve a memorandum of understanding with the police, and is it available?

Mr C.C. PORTER: We have established that the director was egregiously misquoted by the errant press in that article, but he may want to comment on that quote.

Mr J. McGrath: There is a memorandum of understanding with the police; it has been signed. The principal part of that memorandum is the agreement that there will be a schedule of unused material that should be implemented as soon as possible.

Mr J.R. QUIGLEY: Is it a published document? Can we see it?

Mr J. McGrath: I can make that available to the member.

The CHAIRMAN: As we have four divisions to get through—I apologise to the member for Cannington—I now put the questions.

The appropriation was recommended.

Division 32: Commissioner for Children and Young People, \$2 958 000 —

The appropriation was recommended.

Division 33: Office of the Information Commissioner, \$1 968 000 —

The appropriation was recommended.

Division 34: Parliamentary Inspector of the Corruption and Crime Commission, \$502 000 —

The appropriation was recommended.

Meeting suspended from 1.00 to 2.00 pm

Division 24: Treasury (except items 45 and 127 — Royalties for Regions), \$4 321 241 000 —

Mr J.M. Francis, Chairman.

Mr C.C. Porter, Treasurer.

Mr T. Marney, Under Treasurer.

Mr M.A. Barnes, Deputy Under Treasurer.

Mr J. Tondut, Executive Director, Building Management and Works.

Mr D. Creedon, Chief of Staff, Office of the Treasurer.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow. Ministers, members and advisers are to make their corrections on the daily proof *Hansard*. Hansard will forward the transcript to the minister's office for distribution to advisers. The cut-off date for corrections will be indicated on the transcript.

If a minister asks that a matter be put on notice, it is up to members to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011. When referring to the program statements volumes or the consolidated account estimates, members should give the page number, item, program and amount in preface to their question. Members should not raise questions about global matters of general concern that do not have an item of expenditure in the consolidated

account. The consideration of the consolidated account estimates of expenditure will be restricted to discussion of those items for which a vote of money is proposed. We are dealing with estimates of expenditure and that should be the prime focus of this committee. While there is scope for members to examine many matters, they need to be clearly related to matters of expenditure. For example, members are free to pursue performance indicators, which are included in the *Budget Statements*, while there remains a clear link between the questions and the estimates. It will assist the committee's examination if questions and answers are kept brief, without unnecessarily omitting material information.

It is the intention of the Chair to ensure that as many questions as possible can be asked and answered, and that both questions and answers are short and to the point.

The Treasurer may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. If so, the Treasurer must clearly indicate the supplementary information he agrees to provide. I will allocate a reference number if the minister agrees to provide that information.

I also ask for the Treasurer's cooperation in ensuring that supplementary information is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. An example of the required *Hansard* style for the documents has been provided to the minister's advisers. Any information provided at a later date by ministers in response to members' questions may be published in a separate *Hansard* document.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: The member for Midland has a question.

Mrs M.H. ROBERTS: I refer to page 301 and the items listed under the heading "Major Spending Changes". They are quite large headings. I want to know whether the following election promises have been met and are included in the budget: all the savings identified by the Economic Audit Committee to be quarantined and returned to Western Australian taxpayers through tax reform and a tax reduction strategy; \$250 million to tax cuts in the first term over and above the then current forward estimates; any windfall from state budget surplus revenues to be directed to tax cuts; and the \$250 million commitment that was intended to be in addition to the pledge to return to taxpayers savings identified by the Economic Audit Committee. If those measures are not included, when will they be met by this government?

Mr C.C. PORTER: There are obviously several questions there. Is the member referring to page 301 and to the line item "Total Administered Capital Contribution" or the line item "Grand Total"? I presume it is the grand total in the out years that the member is looking at.

Mrs M.H. ROBERTS: I am referring to the table under the heading "Major Spending Changes", which sets out a list of things the government is going to do.

Mr C.C. PORTER: Yes, at the bottom of the page. Is the first question on whether all expenditure contemplated by government in the out years is contained in there?

Mrs M.H. ROBERTS: Yes, that is part of it.

Mr C.C. PORTER: The short answer is that it represents the expenditure that is in the budget. Potential expenditures that have not yet reached the final decision-making stage may or may not be included in further out years, and we will deal with them on a yearly budgetary cycle.

Mrs M.H. ROBERTS: Is any one of the measures I have listed included—any at all?

Mr C.C. PORTER: I will refer to each individual matter. The member nominated the savings initiatives. I take it by that she was talking about both the government trading enterprises savings initiatives and the \$300 million targeted savings initiatives.

Mrs M.H. ROBERTS: That is right.

Mr C.C. PORTER: They appear in the budget, but these are expenditures that appear under that heading of "Major Spending Changes"; therefore, this portion of the budget that the member has identified is not relevant to those savings. No doubt there will be other questions with respect to those. In referring to tax cuts, if the member was referring to the temporary payroll tax relief of \$100 million after the global financial crisis, that is factored into the forward estimates. Again, the table that the member identified is not relevant to those tax cuts, which have already been given. I take it that the second part of the question about an election promise for further tax cuts was whether they appear in this budget. No, they do not at this stage, neither in these major spending changes nor in the out years. The next part of the question was whether this table on major spending changes

takes into account any windfall revenue gain. It depends on what the member means by windfall. If by windfall she means revenue gains that we have not yet anticipated, they naturally enough do not appear in the budget at all because we have not anticipated them.

Mrs M.H. ROBERTS: Through you, Mr Chair: what did the Liberal Party election commitment contemplate when it said “windfall”?

Mr C.C. PORTER: I am sorry?

Mrs M.H. ROBERTS: The word “windfall” was in the Liberal Party’s election document. Presumably the party contemplated what a “windfall” would constitute.

Mr C.C. PORTER: Extraordinary and unforeseen, I imagine, are two good descriptions of that. As an example, we might argue that if we budgeted for \$600 million worth of revenue from stamp duty and unexpectedly received \$2 billion worth of revenue from stamp duty, that might be potentially a windfall. In any event, our budget estimates are our best estimates of revenue going forward.

Mrs M.H. ROBERTS: Further to that, when the Treasurer anticipates a surplus at budget time and then gets to the midyear review and the surplus is much bigger than anticipated, and he gets to the end of the financial year and it is bigger again, would he consider that difference a windfall and, therefore, would he use that money to meet what I would consider to be the Liberal Party’s election promise?

Mr C.C. PORTER: I do not think we would consider any increment in a predicted surplus that became likely at midyear review a windfall. Our predicted budget surplus is around the \$400 million mark. If at the midyear review we revise that up by \$10 million, the mere fact of its revision would not, in my view, constitute a windfall.

Mrs M.H. ROBERTS: Further to that, if the Treasurer had \$5 million more at the end of the financial year than he anticipated, would he consider that a windfall?

[2.10 pm]

Mr C.C. PORTER: The concept of a windfall probably has two components. The first component is an increase above that which we expect that is extraordinary and unforeseen.

The second component is an increase above that which we expect that is very, very large. I would say, as a rule of thumb, that we might expect that if we predicted a budget surplus at about the \$500 million mark, and then at the midyear review it became obvious that we were going to receive a budget surplus in excess of \$2 billion, that is reaching the territory of the definition of a windfall. I think most people in the street would consider that to be the case.

Mrs M.H. ROBERTS: The government’s document actually stated that windfall state budget surplus revenues would be directed to tax cuts, so I take it that the Treasurer cannot foresee any circumstances in which anything would meet the Treasurer’s definition of a windfall, so there will be no potential for any budget surplus revenues to be directed at tax cuts either this year or any year into the future?

Mr C.C. PORTER: This is a semantic argument, and the member might have a different view of what people commonly believe to be a windfall. I would say, looking over the past eight years in this jurisdiction, that the one thing all sides of Parliament would agree was a windfall was the extraordinary increase in predicted budget surpluses occasioned by virtue of the doubling of property prices in a very short time and the great exchange in the property market that caused a massive increase in transfer duties coming into government. If the member is asking me whether I envisage or expect windfall gains above that which we are predicting as surpluses in the out years—by “windfall” I mean a very large increase above what we are now predicting and a very large surplus in total—no, I do not. Certain aspects of the state economy are far from buoyant at the moment, and I notice that national figures came out today that showed negative growth in the most recent quarter that has not been seen since the time of the 1991 recession. At this stage I do not foresee unexpected increases in our estimated surpluses, although I very much hope that they arrive. But they would need to be much larger than what we expect and large in total quantity.

Mrs M.H. ROBERTS: So, following the semantics, if they were expected, they would not be a windfall anyway. There is not much point in continuing a semantic discussion.

Mr C.C. PORTER: I understand what the member is asking, but it seems to me that, having predicted a budget surplus of \$443 million for 2011-12, if at midyear review time something quite extraordinary happened and we had to recalculate that estimate to be in excess of \$2 billion, some portion of the difference between \$443 million and \$2 billion would be a windfall revenue gain. But if the member is asking me whether I am expecting that in the next year, that is not in my wildest dreams, but sometimes dreams come true.

Mrs M.H. ROBERTS: There were other parts to the question that the Treasurer has not answered yet, such as the part about the \$250 million commitment that was going to be returned to taxpayers from what was identified

in the economic audit. The Treasurer said it was a \$250 million commitment, in addition to the pledge to return to taxpayers all savings identified by the economic audit. Will that be delivered on this year or in future years?

Mr C.C. PORTER: There was the \$100 million worth of temporary relief that I discussed earlier for payers of payroll tax, and obviously that appeared in the budget. Then there were the additional moneys that came in that represented the gain from the renegotiation of the fines rate; that was directly paid into the children's hospital account. If the member's question is whether the budget papers presently show another \$250 million worth of tax cuts, payroll tax or otherwise, the answer is, obviously, that they do not show that at this stage.

Ms R. SAFFIOTI: My question relates to page 302 of budget paper No 2 and the line item "Economic and Revenue Forecasts and Policy Development". Can I just about ask about the removal of the concession, or the increase in the royalty rate? Was advice given to the federal Treasury back in November last year, through the Commonwealth Grants Commission, that there was expected to be no change to royalty rates? Also, when was the decision made to actually take the concession away or increase the royalty rate?

Mr C.C. PORTER: I have watched the debate rage about who knew what and when. I, obviously, was not Treasurer at that time, and I was not either in charge of or oversighting the correspondence, or privy to any of the conversations that have been mentioned publicly. My understanding is that there was a submission to the grants commission that said something to the effect that there was not, at that stage, a move to increase the royalty rate. My understanding of the Premier's view about what that meant is that that was referring to an increase proper in royalty rates above and beyond 7.5 per cent and that there is a clear distinction to be drawn between that and the removal of the concessional rate that had historically existed on fines iron ore. Without the historical knowledge, I do not know whether I can comment any further on that to the member.

Ms R. SAFFIOTI: Can I seek some clarification of that from the Under Treasurer? As I understand, a document tabled at Senate estimates today stated that Western Australia stated that further changes were not on the horizon. It did not mention the removal of the concession or increased rates.

Mr C.C. PORTER: Can the member quote that directly to me, rather than paraphrasing?

The CHAIRMAN: Member for West Swan, you cannot actually ask a question directly of the adviser; you can ask the Treasurer and the Treasurer can ask the adviser.

Mr C.C. PORTER: If the member can give me the benefit of the document—if I might see it or the member might read directly from it—then I can ask the Under Treasurer.

Ms R. SAFFIOTI: I do not have the document; I am just reporting what I have heard from Senate estimates today. That is all I am asking about. I am asking whether a document was sent from WA to the Commonwealth Grants Commission that said that no further changes were on the horizon, or words to that effect.

Mr C.C. PORTER: I am happy to have the Under Treasurer answer that directly; he has historical knowledge of these matters. When the member talks about Senate estimates, she is obviously talking about federal matters.

Ms R. SAFFIOTI: Yes.

Mr T. Marney: There was a submission from the WA Treasury to the Commonwealth Grants Commission in about November last year that stated that at the time, in terms of official policy decisions, there was nothing about changes in royalties on the horizon, as the member has accurately quoted. Having said that, discussions with commonwealth Treasury were ongoing about how the Commonwealth Grants Commission would treat a removal of the concessional rate on fines, as was flagged to it in March 2010, again in May 2010 and, through formal correspondence, again in November 2010, at the same time as the grants commission submission. The discussions and correspondence with the commonwealth were part of the formulation of a policy position; the correspondence to the grants commission was a submission that reflected the existing policy status and decision. Just to be precise, one set of correspondence was about the formulation of policy and informing what the responses would be; one was arguing for the state's fair share on the basis of what existing policy was.

Ms R. SAFFIOTI: I can understand the Commonwealth Grants Commission submission stating there were to be no changes and that there had been no policy decision, but why, if there was nothing on the horizon, were other documents being sent asking what the impact would be if there were changes?

Mr C.C. PORTER: The member is asking me whether we have any comment on the idea that something was put before the grants commission that contained the words "on the horizon". If the member can confirm to me that what was put before the Senate estimates committee contained those words and the member can show me where it is, I can comment on it.

Ms R. SAFFIOTI: Treasurer, it is the government's submission. It is not my submission; it is the government's submission, so why does the Treasurer not go and find it?

The CHAIRMAN: Member for West Swan, let the Treasurer answer the question.

Mr C.C. PORTER: The member is putting to me that something has been tabled before a Senate estimates committee; she is paraphrasing what she has heard, presumably by word of mouth, is in it and asking me to comment on it. I am very happy to comment on specific text that the member says was before the Senate committee, but how can I sensibly comment on what the member thinks was before a committee?

Ms R. SAFFIOTI: Can the Treasurer provide a copy of that submission to the Parliament by way of supplementary information?

Mr C.C. PORTER: I understand the document is available on the grants commission website.

[2.20 pm]

Mr W.J. JOHNSTON: Can the Treasurer confirm that the position that the state of Western Australia put to the Commonwealth Grants Commission was that it was not contemplating further increases?

Mr C.C. PORTER: My broad understanding is that what was put to the Commonwealth Grants Commission by way of submission was that at the time that submission was tabled with the grants commission, the state government did not have a firm plan to increase iron ore royalty rates.

Mr W.J. JOHNSTON: Therefore, there is no way that the federal government could have been aware of a plan for Western Australia to increase royalty rates because there was no plan.

Mr C.C. PORTER: Aside from the several conversations that individuals have said occurred and aside from the correspondence clearly stating that it was on the horizon —

Mr W.J. JOHNSTON: But I do not understand that.

Mr C.C. PORTER: The point that the member makes is that there is a body of correspondence and conversations which appear to have taken place and which are strongly indicative of the idea that the federal government—both the federal Treasurer and federal Treasury—had a clear advance indication that at some point in the not-too-distant future Western Australia would move to remove the final concessional rate on iron ore fines. There is that body of information. There is also a document that went before the grants commission and that appears, at least in some respects, to conflict with that other body of information. The explanation that has been given is that the grants commission document referred holistically to an increase in the royalty rate rather than the removal of the concession. It is also a document that was confined to the point in time at which it was submitted. As it transpires, after that point in time, consistent with that other body of conversations and of letters that were given, the final concession has been removed.

Mr W.J. JOHNSTON: I am a little confused because if there is this other body of evidence, as the Treasurer described it, that states Western Australia was contemplating an increase in the royalty rate, why was the public position of the government of Western Australia the opposite of its private position?

Mr C.C. PORTER: The submission tabled with the grants commission is a valid submission for a set time, which, as I understand it, is for a year after it is submitted. That is the first thing; it is relevant to that period.

Ms R. SAFFIOTI: A year after November 2010?

Mr C.C. PORTER: Yes, that is correct.

Mr W.J. JOHNSTON: That is today.

Ms R. SAFFIOTI: That is right now, and when the government made the decision to change the royalty rates.

Mr C.C. PORTER: I agree, and there is a year-long moratorium on the change to royalty rates. Therefore, if the point the member is making is that some kind of undertaking was given to the grants commission that there would not be a change —

Mr W.J. JOHNSTON: I am not making —

Mr C.C. PORTER: Let me finish—and that that has been breached now and that cannot be right, I indicate that the first tranche of removal of the fines concessional rate does not occur until 2012–13 in any event and it is in stages. Two distinctions need to be made. The first is between the removal of a concession and the increase in a rate of royalty. The Premier's position has been that that submission was squarely to the latter issue, which was an increase in the rate of royalty—that is, an increase —

Ms R. SAFFIOTI: Can the Treasurer paraphrase what that submission stated? If the Treasurer is saying that the Premier said that that submission was only about increasing the rate of royalty and not removing the concession, can the Treasurer tell us what the exact words were? He has asked me to, so can he?

Mr C.C. PORTER: I am not putting —

Ms R. SAFFIOTI: The Treasurer is —

The CHAIRMAN: Members!

Mr C.C. PORTER: I am not putting a document to the member; she is putting the wording of the document to me.

Ms R. SAFFIOTI: Yes, the Treasurer is —

The CHAIRMAN: Member for West Swan!

Ms R. SAFFIOTI: The Treasurer is putting the content —

The CHAIRMAN: Member for West Swan!

Mr C.C. PORTER: Therefore, there is a distinction between the removal of a concession and an increase above and beyond 7.5 per cent, which means that whatever was stated to the grants commission was in no way inconsistent with that other, what I would describe as, body of evidence of advance notice of the final and fulsome removal of the concessional rate. The second point is that the submission is valid for a period, which is a year or so after it is submitted. We made a decision as a government to remove the concessional rate in 2012–13, in stages, going to the full removal—to 7.5 per cent—in 2013–14. If anyone wants to point out any inconsistency, please do so, but I do not see it.

Mrs L.M. HARVEY: I have a further question. The removal of this concession is such an important issue. According to budget paper No 3, we are talking about a potential \$1.9 billion worth of revenue over the forward estimates. Is it likely, or is the Treasury getting any indication, that we might get some kind of sensible direction from the federal Treasurer about how the Commonwealth Grants Commission will treat this?

Mr C.C. PORTER: The early indications, member, have not been positive. I have every expectation that eventually the federal Treasurer will give precisely the same direction that he gave to the grants commission for the first removal of the concession from three per cent up to five per cent; that is, he will give precisely the same direction to the grants commission when the second stage of concession removal from five per cent up to 7.5 per cent is achieved. I think he will do that because that direction was precisely the right thing to do; it was the correct direction to give. Had that direction not been given, the strong likelihood was that the existing formula would have treated the fines iron ore royalties raised in the high category of mineral, which would have meant that significantly more than 100 per cent of the royalties generated by Western Australia would have been in effect lost through diminished GST grants. That is a bizarre and perverse outcome. Even with the direction, on average what the state loses by an increase in royalty revenue is about 60 to 65 per cent of that royalty revenue through the horizontal fiscal equalisation process in the grants commission. That 60 to 65 per cent is distributed to other states—Victoria, South Australia, Tasmania—and some of the territories. Therefore, I do not earnestly consider that the federal Treasurer would take what is clearly the wrong position, which is to over-penalise Western Australia for the extra royalties raised and fail to give that direction. I simply cannot see that occurring.

Mr A. KRSTICEVIC: I refer to the “Expenses from Government to Public Corporations” table on page 296 of the *Economic and Fiscal Outlook*, the total of which is \$1.83 billion for 2011–12. Was the shadow Treasurer correct when she explained that Treasury will gouge \$1.1 billion net from electricity providers over the next three financial years; and, if not, can the Treasurer please inform the committee of the situation around payments to and from electricity utilities?

Mr C.C. PORTER: I do not think that statement of the shadow Attorney General was correct. It may be something that she will ask questions of, but in my reading and assessment, I do not know how that \$1.1 billion —

Mrs M.H. ROBERTS: If the Treasurer is talking about me, I am not the shadow Attorney General.

Mr C.C. PORTER: Sorry, shadow Treasurer; it has been a long morning. I do not know how the shadow Treasurer came to that \$1.1 billion figure. On my reading of the budget papers, when we consider in a full way all the moneys going out from the general government to the electricity utilities and all the moneys coming in, for the next two years at the very least, the government is losing significant amounts of money.

Mrs M.H. ROBERTS: That is for the next two years; I was looking four years ahead.

Mr C.C. PORTER: If the member wants to provide the calculations, I am willing to look at them. However, the point is that we lose money over the out years.

Mrs M.H. ROBERTS: I refer to page 313 of budget paper No 2, which states that the total dividends administered by the Department of Treasury and Finance are estimated to increase by \$491 million between 2010–11 and 2014–15. The estimated actual total dividend for this year is \$696.326 million and in 2014–15 it will be \$1 187 524 000. How much does the increase in fees and charges contribute to this dividend increase? How much of this dividend increase is dependent on the future increases to the electricity tariffs of five per cent, five per cent, 12 per cent and 12 per cent?

Mr C.C. PORTER: I hazard a guess that the member has asked a very complicated question. The member pointed quite rightly to the fact that there is an increase in expected dividends coming in from 2011–12 to 2013–14.

Mrs M.H. ROBERTS: That was out to 2014–15.

[2.30 pm]

Mr C.C. PORTER: Therefore, the dividends will rise from \$698.6 million in 2011–12 to \$1.187 billion. The member then asked what percentage of that was due to tariff and fee increases. There are two answers to that question in broad terms. First of all, those dividends are being looked at in isolation. In addition to those dividends that are going out—the dividends are obviously from everything that is listed there, including port authorities, the Gold Corporation and so forth—many of these agencies and organisations that pay dividends also receive in one form or another a subsidy from government. The first point I make is that those figures are appearing in isolation rather than being set aside with respect to the moneys that go from government to these agencies. The other question was about a breakdown. I am not even sure whether that would be possible. The dividend of the Albany Port Authority is predicted to increase. The member is asking me what percentage of that is due to price increases, rather than other factors such as volumetric changes and whatever else might contribute to increasing dividends, including directions from government to agencies that the raw percentage of their dividends be increased. There might be multiple reasons why a dividend increases. If the member is asking me to break that down to isolate price increases—not all these prices are controlled necessarily by government—for every one of those agencies —

Mrs M.H. ROBERTS: I am not asking for all the agencies.

Mr C.C. PORTER: I do not know whether that would be possible.

Mr W.J. JOHNSTON: She has asked the question she asked.

The CHAIRMAN: Thank you, member for Cannington.

Mr C.C. PORTER: I am happy to let the Under Treasurer give a view on whether that kind of breakdown is even possible. I am happy to make provision for it if there is some econometric way of doing it, but I doubt that there is. I will let the Under Treasurer answer directly.

Mrs M.H. ROBERTS: I have asked specifically whether I can get some assistance about the electricity tariff. Can the Treasurer provide that information?

Mr C.C. PORTER: If we use that as a case in point, some portion of the profit achieved by an electricity utility is paid in a dividend to government. That profit will be a factor of the price it charges for electricity, the volume of electricity it supplies, and the ability of that organisation to properly decrease its costs to increase its profit. We would have to ask an agency such as Synergy, Horizon Power or Verve Energy whether they have, to their own satisfaction, a breakdown of the percentage of their profit they can trace directly back to a price increase. I will hand over to the Under Treasurer, but I do not know whether that would be possible.

Mr T. Marney: I think the simplest way to answer the question is to go back to the pricing assumptions, particularly for the power entities that are reflected in the budget estimates and the forward estimates, bearing in mind that they are Treasury's pricing assumptions for the forward estimates years; they are not government decisions. Government decisions will be taken in relevant budget years. We can provide estimates of the revenue raised by those pricing assumptions—that is, the revenue raised through increases of five per cent, five per cent, 12 per cent and 12 per cent. That will go most of the way to answering the question.

Mr C.C. PORTER: We will provide that information by way of supplementary information.

The CHAIRMAN: The Treasurer agrees to provide the supplementary information as outlined. I ask the Treasurer to clarify that information again.

Mr C.C. PORTER: I will ask the Under Treasurer to clarify it.

Mr T. Marney: The supplementary information will relate to the quantum of funds raised through the pricing assumptions across the forward estimates of increases of five per cent, five per cent, 12 per cent and 12 per cent in retail electricity tariffs.

Mrs M.H. ROBERTS: Further to that, can the Treasurer include in that supplementary information the 14 per cent increase in the household water charge?

Mr C.C. PORTER: Yes.

[*Supplementary Information No B23.*]

Dr M.D. NAHAN: I refer to the third paragraph under the heading “Efficiency of Service Provision” on page 303 of volume 1 of budget paper No 2. Can the Treasurer please inform the committee of the details of the efficiency dividend for government trading enterprises and the amount it is projected to save?

Mr C.C. PORTER: The projected saving over the out years is \$500 million, and that is calculated as a five per cent figure of what Treasury has assessed as discretionary spending for all the GTEs. Those types of things

include administration, travel and wages in particular, which is probably the big-ticket item in all of that. The government has taken the view that significant savings can be occasioned through the GTEs. There was some debate at the second reading stage of the budget bills on wages growth in the public sector and current expenditure growth, and my acknowledgement is that that is an area for government to improve on. Nevertheless, some of the figures that have been provided to me by Treasury indicate that expenses growth in GTEs has gone from \$6.117 billion to \$15.857 billion in 10 years. That is a 159 per cent increase in expenses growth. Over the 10-year period from 2000–01 to 2009–10, salaries growth has gone from \$429 million to \$920 million, an increase of 114 per cent. They are very significant increases. Indeed, in relation to the question that the member for Midland asked, a profit, some percentage of which is paid to the government in a dividend, will be affected by not only increases in the sale of the products, but also cost efficiencies that can be garnered from the organisation itself. The government's expectation is that we can harvest savings from the discretionary spending of GTEs. That will total \$500 million over the out years. That will result in less waste and leaner and more efficient organisations. Given that that figure of \$500 million is quarantined as a percentage of discretionary spending, and we have outlawed many things as a basis for harvesting the savings, that will represent significant savings in waste for the taxpayers of Western Australia.

Mrs L.M. HARVEY: Will the efficiency dividend extend to CEO salaries, as well as to general wages growth?

Mr C.C. PORTER: There are difficulties there. Certainly, wages is one of the substantive areas in which we expect savings will be harvested. Many of the senior executive service positions at the heads of GTEs are inside the Salaries and Allowances Tribunal process, which means that government cannot do an enormous amount to influence the outcome. Some of the positions have in fact been previously removed from the SAT process by ministerial direction, and they became exclusively the province of the board that manages a GTE. Indeed, the Government Employees Superannuation Board is one recent example of such a situation, because the previous government told the board by ministerial direction, presumably in contemplation of potential mutualisation, to remove the CEO of that organisation from the SAT process. The government had absolutely no control there. What we need in this area is overarching umbrella legislation that governs the rules and executive remuneration for all GTEs in a similar and consistent fashion. There are difficulties at the CEO level. I would expect—I have had this conversation with John Langoulant, who is the chair of GESB—that when the next contract is negotiated, the amount negotiated is significantly less than the previous one. Indeed, my view is that the previous ministerial direction to remove remuneration from the SAT process and leave it entirely under the auspices of the board should be rescinded and reversed by this government.

Mr W.J. JOHNSTON: I have two questions. The Treasurer said that these decisions are beyond the power of government. Can he tell us which boards of GTEs are not subject to ministerial direction? Secondly, I think he said that the five per cent efficiency dividend would reap about \$500 million in what he described as savings for the people of Western Australia. Why are those savings not being returned to the people of Western Australia in the form of lower charges by these GTEs?

Mr C.C. PORTER: I will answer the second part of the question first. All savings are returned to the people of Western Australia in a variety of ways. Those types of savings allow for expenditure on infrastructure and on other recurrent services that the government provides the people of Western Australia

Mr W.J. JOHNSTON: A tax increase would do the same thing.

Mr C.C. PORTER: I am sorry; I do not follow.

Mr W.J. JOHNSTON: If the government gets more revenue from the people of Western Australia, the Treasurer is saying that that is a saving because the government can spend more on infrastructure. Is that the argument?

[2.40 pm]

Mr C.C. PORTER: The member's question was: how are these savings returned to the people of Western Australia? I obviously do not think a tax is a saving.

Mr W.J. JOHNSTON: No, that is not the question I asked. The question I asked was very specific, and I apologise again if the Treasurer did not understand it.

Mr C.C. PORTER: I am obviously not as smart as the member.

Mr W.J. JOHNSTON: I have no idea whether the Treasurer is as smart as me; most people are. I asked: why is the \$500 million that has been saved by the five per cent efficiency dividend not being returned to the people of Western Australia through lower charges by the government trading enterprises?

Mr C.C. PORTER: First of all, the member is asking why the amount is not being returned in the form of lower charges. It is being returned, but not necessarily in the form of lower charges. It is those types of savings that allow the freeing up of budgetary moneys to build things like stadiums, so those types of savings are to the benefit of the taxpayers of Western Australia.

Mr W.J. JOHNSTON: Okay, but that is the tax argument. We could increase taxes and do the same thing. That does not make any sense; just answer the question.

Mr C.C. PORTER: The second question was: why are we not using that \$500 million in savings to further subsidise utilities and artificially decrease the price?

Mr W.J. JOHNSTON: I did not say that at all. Those are not the words I used, and I did not say that.

The CHAIRMAN: Members!

Mr W.J. JOHNSTON: Well, he needs to —

The CHAIRMAN: I am speaking, member for Cannington!

Mr W.J. JOHNSTON: He needs to —

The CHAIRMAN: Member for Cannington, I am speaking. Do not make me stand up and start calling people. I will give everyone ample opportunity to ask all the further questions they want. Just take a chill pill and let the Treasurer finish answering the initial question.

Mr C.C. PORTER: Every dollar that is saved, whether through efficiency dividends or otherwise, is not allocated to a specific purpose. If I can put it this way, this government is on track to save \$1.46 billion through the three per cent efficiency dividend process. That money is freed up to spend on other things. At the same time, this government is placing \$1.1 billion worth of direct operational subsidies into the electricity utilities. Although dollars that are saved do not go into a little box that is marked in liquid paper, “This dollar is to go to a new stadium or direct operational subsidies”, conceptually the member must accept that if we save \$1.46 billion and at the same time allocate \$1.1 billion to the GTEs —

Mr W.J. JOHNSTON: Point of order, Mr Chairman. I have just read through the instructions that were read out by the Chairman at the start of this session, and I cannot see anywhere where it says that the Treasurer is allowed to rabbit on about matters unrelated to the question I asked. I did not ask about three per cent efficiency dividends; I did not ask about stadiums. I asked a specific question: why is it that the \$500 million that has been saved by the GTEs is not being returned to the people of this state? I would appreciate the Treasurer answering that question.

The CHAIRMAN: Thank you, member for Cannington. Sometimes members of this place are their own worst enemies for dragging things out. The Treasurer will come to a conclusion. As I also read out at the start, I expect both questions and answers to be short.

Mr W.J. JOHNSTON: It was a short question!

The CHAIRMAN: I will ask the Treasurer to conclude. I am more than happy to give members as many further questions as are required.

Mr C.C. PORTER: One could mount a justifiable argument to suggest that the \$500 million in savings written into the budget over the out years is, in one sense, being directed straight back into the artificial depressing of prices in electricity, because the \$500 million might form part of our \$1.1 billion in direct operational subsidies. The member is asking why it is not being used in that fashion; a conceptual argument could be mounted to say that it is.

Mr W.J. JOHNSTON: So, it is only a \$600 million subsidy; is that what the Treasurer is saying?

Mr C.C. PORTER: I am sorry?

Mr W.J. JOHNSTON: If \$500 million of the \$1.1 billion is being paid for by the GTEs, the budget subsidy to the GTEs is not the \$1.1 billion that the Treasurer referred to, but only \$600 million. If he let the GTEs keep the \$500 million, he would not need to provide as big a subsidy. It is as obvious as the nose on his face.

Mr C.C. PORTER: The total subsidy exists; it appears in the budget papers. I am saying that, conceptually, it might be argued that our ability to find savings inside many of the utilities will enhance our ability to give the subsidies that depress electricity prices. As I said, it is not the case that money that goes into consolidated revenue—whether from a budgetary saving or a mining royalty—is put into a box marked, “This is set down for X, Y or Z expenditure”; it goes into consolidated revenue and it comes out. However, conceptually, the fact that the government is willing to pay for savings allows us to directly subsidise electricity utilities without further increasing debt.

Dr M.D. NAHAN: Why do we have to put five per cent efficiency dividends on GTEs? Is there not some other process? I thought we went through electricity reform a decade ago. One of the objectives of that was to drive competition into the electricity industry with the intention of driving prices down and operating efficiencies higher. Was there some fault in the deregulation process a decade ago which has resulted in these over-the-top measures?

Mr C.C. PORTER: These organisations have a complicated and somewhat bastardised history. It appears to me that what occurred historically was that GTEs were created from organisations that had previously been purely public sector organisations. They were established under legislation that, in large part, was borrowed from the New South Wales template. The New South Wales legislation contemplated the eventual total move of these organisations into the private sector. In a way, the legislation was designed for an interim stage. There are no plans to move these GTEs into the private sector. The legislation that governs them, governs them in a way that means they are somewhat “half pregnant”. Yes, they allow for ministerial direction, but at the same time they do not have all the same internal cost-cutting incentives that purely private organisations might have. That goes to one of the questions raised by the member for Cannington, which was: can we describe the directions that we are able to give to each and every GTE? They are all slightly different but, if I can summarise it broadly, we can give broad directions on policy, and we can give directions that they provide information to us so that there are guaranteed information flows in the legislation, but our control over the organisations is not the same as it would be if they were purely public organisations, and we have more control over them than we would if they were purely private. When we looked at the Economic Regulation Authority’s inquiry into the efficiency of Synergy’s costs and electricity tariffs and the terms of reference, part of that was to look into the efficiencies of Synergy’s operating and capital expenditure and its procurement of wholesale electricity and renewable energy certificates. The member’s question is: might we not expect Synergy to do that for itself? The answer is that it has not done that to the satisfaction of the government, which is why we are stepping in, but unfortunately the legislative regime does not allow us perfect control as if we were managers of the organisations.

Dr M.D. NAHAN: If there are inefficiencies in the operation of Synergy, it is just like an increase in electricity prices; it is effectively the same thing. Costs go up, and costs have to be recovered. It is like an increase in electricity prices. Costs have to be recovered by Synergy somehow. If it is not driving efficiencies and lowering its costs, that is tantamount to increases in prices.

Mr C.C. PORTER: I think that is true; I do not want to be overly critical when we use the example of Synergy, because it is a name that pops into our heads. With regard to electricity generation and distribution, the best expert advice that is available to me is that there are a range of cost pressures. Those cost pressures revolve around the cost of fuels, labour, construction of new generation facilities, and the labour and construction of transmission networks; we are obviously a geographically dispersed area. Renewable energy certificates have been identified to me as probably the primary immediate driver of increases in the cost of generating electricity. Allied to the things I have just mentioned is the fact that an organisation that is not as efficient as it could conceivably be is adding to its own cost structure. Making the organisations more efficient is part of it, but there are simply some overarching external factors bearing upon electricity generation and transmission that are making it increasingly expensive.

[2.50 pm]

Mrs M.H. ROBERTS: I directly refer to the tables on page 286 of budget paper No 3 headed “Assumed non-contestable tariff glide path” and “Assumed contestable tariff glide path”. Can the Treasurer provide the average electricity bill for each of those tariffs for 2010–11 and 2011–12? I am happy to receive that answer by way of supplementary information but if the figures are handy, that would be good.

Mr C.C. PORTER: I understand that there is a representative household model. We have indicated a five per cent increase in household domestic electricity prices for the next two financial years.

Mrs M.H. ROBERTS: I specifically wanted to ask about the charities, for example, and the C1 and D1 tariffs. They will have increases of 38.3 per cent over the next four years. I am not sure whether any further assistance is available for them, what their average bill will be and what this means for those charities.

Mr C.C. PORTER: As I said, there is a representative household model increase, which is transparent in the budget papers. It has been worked on for a long time. In comparative terms, it is easy to work out. The problem that the member is identifying is that there are a great number of tariff structures above the A1 residential tariff. Inside each tariff structure is a great number of businesses that differ in size and electricity usage. I am not aware that Treasury keep any estimate of those. I am not aware whether the energy minister and the Office of Energy do either but that question would need to be directed to them. The reason I say that is that in considering those tariff increases, which do move medium to large enterprise closer to cost reflectivity faster than householders—the medium and large enterprises represent a vast array of businesses from hospitals to very large indoor sports stadiums—trying to work out some average dollar increment to the bills by virtue of the budgeted increases would be near on impossible. We do not have that information.

Mrs M.H. ROBERTS: I seek some further clarification. The Treasurer said that there are a very large number of tariff structures. It would appear to me, looking at page 286, that there are quite a small number. They include C1/C2, D1/D2, K1/K2 and small business tariffs L1/L2 and R1 and an even smaller number under the contestable tariff glide path. It does not seem to me that there is an inordinate number of tariffs. I would be very interested to know the average bill for a small business and the average bill for a charity.

Mr C.C. PORTER: The member says that there is not a large number. She is referring to the different types of tariff and she is quite right; there is not a large number. The member is asking for something that looks like a representative household model but inside, for instance, the large business M1/M2 category. The reason we have been able to develop a household model is that, generally speaking, there are certain stable features to households. Inside the large business tariff there is a vast array of business types and sizes with different types of electricity use. As far as I understand it, that has made the process of replicating the household model inside a contestable tariff for large business low voltage or large business high voltage very, very difficult, and I am just unaware whether that has been undertaken.

Mrs M.H. ROBERTS: Is it possible for the Treasurer to give me an average for community and charitable organisations, C1/C2, and charitable organisations providing residential accommodation, D1/D2?

Mr C.C. PORTER: No. I am not withholding information from the member. If I had that information or if I thought it was available, I would give it to her but I understand it does not exist. I understand that the member for West Swan may at some stage have had the unenviable task of working on the household model.

Ms R. SAFFIOTI: I developed it.

Mr C.C. PORTER: There we go. It was no doubt a difficult and arduous process. But the point is that that process has not been undertaken with each of these categories. I do not have that information. I understand that it is information worthy of requesting and it would be useful to have but, given the limited resources of government, what would be a very complicated exercise has not been undertaken. The member talks about a charitable organisation. Charitable organisations providing residential accommodation are on the same five per cent, five per cent regime as households. There may be other charitable organisations that fit inside the large business category because of the size of the business. Business in that sense does not exclude a charity sitting inside that category. I am saying that there is no average large business. Modelling the average increase in the bill is dependent on so many variables that the task of putting together some representative large business simply has not been undertaken, to the best of my knowledge.

Mrs M.H. ROBERTS: Is the Treasurer saying that a very large charitable organisation under that heading would not qualify for D1 or D2; it would have to be maybe on M1 or M2?

Mr C.C. PORTER: I do not know for sure. A very large charity qualifies as a charity for a range of legislative purposes in its tax treatment and so forth. In terms of what types of large businesses appear inside the large business low voltage S1 assumed contestable tariff, it seems logical to me that a very large charity might be in that tariff.

Mrs M.H. ROBERTS: It seems logical to me that it is either a charity or a large business, not both. It has to be one or the other. If it qualifies as a charity, it is a charity. That seems simple to me.

Mr C.C. PORTER: The assumed non-contestable tariff has special categories for community and charitable organisations and then charitable organisations providing residential accommodation. If “charitable and community organisations” is inclusive of every single charity in the state, including very large ones that operate like businesses, all charities are five per cent and five per cent. It is not inconceivable that very large charities fall into the large business category. I can confirm that for the member. I do not know whether the Office of Energy has an exhaustive list of each and every business that falls within the large business category. I will confirm that for the member.

Mrs M.H. ROBERTS: The charity must have a billing system; it must know who it is billing.

Mr C.C. PORTER: This is a question that needs to be directed to the Minister for Energy. If the member is asking for a list of every bill that was sent out to every large business —

Mrs M.H. ROBERTS: I am not.

Ms R. SAFFIOTI: Do not do the representative household; just do the average by calculating total revenue under that tariff and dividing it by the number of businesses.

Mr C.C. PORTER: Maybe the member should have stayed with her Treasury brief. There may be ways of doing that but, to the best of my knowledge, I do not believe that this task has been undertaken by the Office of Energy.

Mrs M.H. ROBERTS: At the outset I think I asked what the average bill was in each of those headings. An average is generally found by adding up the total amounts, as the member for West Swan said, and then dividing it by the number of bills sent out in a category. Even if Treasury has not done that work, given that it does work on these kinds of things and it has a lot of information at its disposal to look at household bills and so forth, could that be done by Treasury and be provided by way of supplementary information?

[3.00 pm]

Mr C.C. PORTER: Treasury has not yet done that and, given its resources, I will not direct Treasury to undertake that work. If that work is to be undertaken, it will have to be at the direction of the Minister for Energy through, I presume, the Western Australian Office of Energy. I understand the point that the member for West Swan makes. I do not know whether that is how the household model was developed.

Ms R. SAFFIOTI: No.

Mr C.C. PORTER: To determine the average energy bill for all medium-sized businesses would, ipso facto, require us to get the quantum of every single medium-sized business in the state, add them together and divide them by the number of medium-sized businesses, of which there must be a lot.

Mrs M.H. ROBERTS: A medium-sized business qualifies for a particular category of tariff rate. I would have thought that it could be done quickly on a computer.

Mr C.C. PORTER: We would have to know their volume of energy use.

Mrs M.H. ROBERTS: All the K1 tariffs could be divided by the total number of businesses that qualify for K1 to get an average.

Mr C.C. PORTER: First of all, I am not sure how instructive that information would be, and I will get to that in a moment —

Mrs M.H. ROBERTS: That is a matter of opinion.

Mr C.C. PORTER: That would not be easy information to get. It is not simply a matter of looking at a model medium-sized business; we would have to work out how much energy that business uses. Although there are parameters around the category of medium-sized businesses, which I understand are L3 and L4 businesses, that encapsulates a wide variety of volumetric energy usage. Even if we could get that information, it would not tell us much about the economics of the business such as whether it turns over a very large profit, whether it is growing or shrinking or has been affected by energy prices. All I am saying is that I understand that that might be interesting information to have, but a model to obtain that type of information has not been developed, and I am not about to instruct Treasury to develop it. That is an issue for the Minister for Energy's portfolio.

The CHAIRMAN: I did say that I would allow as many further questions as required, but this has been going on for too long. We will move to a new topic.

Mrs L.M. HARVEY: I refer to the second last paragraph on page 303 of budget paper No 2 regarding voluntary separation offers. Can the minister inform us of the proposed savings that are expected as a result of the latest efficiency round of voluntary separations?

[Mr P.B. Watson took the chair.]

Mr C.C. PORTER: I thank the member for the question. I do not have the exact quantum.

Ms R. SAFFIOTI: I think it is in the budget papers.

Mr C.C. PORTER: We can go to it. Half the savings will be returned to consolidated revenue and the other half will be returned to the department from which the separations have occurred. I think it is about \$15 million a year over the out years. The 400 separations result in a saving of \$15 million a year. In effect, the overall savings are \$30 million a year. As I said, \$15 million goes straight into consolidated revenue and the other moneys go back into the department from which the people were voluntarily severed.

Mr W.J. JOHNSTON: In past years, Treasurers have provided a table as supplementary information showing the number of voluntary separations by classification levels. We have been given that information previously. I wonder whether we can get an update on the number of separations by classification level.

Mr C.C. PORTER: We can provide that information, but that information comes to us after being collated by the Public Sector Commissioner and will not be available in its final form until about September, I am informed.

The CHAIRMAN: Would the member like that as supplementary information?

Mr C.C. PORTER: It will be a rather long supplementary.

Mr W.J. JOHNSTON: I am happy for it to not be provided as supplementary information if the Treasurer undertakes to provide the information at the appropriate date.

Mr C.C. PORTER: I undertake to do that.

Mrs M.H. ROBERTS: I have further questions on the full-time equivalent levels. What ceiling exists within the Western Australian public sector for FTEs? What is the methodology for calculating it? What was the ceiling on public sector staff numbers at the time of the 2010–11 budget, and has that changed since the 2010–11 budget was handed down? Further, is there a ceiling on the number of public sector staff in 2011–12?

Mr C.C. PORTER: There were several parts to that question. The first was about the ceiling, and I need to talk about the context of and the background to that. Previously, there were two measures of FTE numbers. One originated from Treasury and the other originated from the Public Sector Commissioner's office. For the first time, those two measures have now been condensed into one agreed-upon figure. The same methodology is being used for the figures that appear in this budget. It is a major step forward to have in the budget one single agreed-upon measure of FTE numbers. The approved ceiling for full-time equivalents in 2011–12 is 108 651 and the total estimate is 108 363, which is about 288 FTEs under the ceiling.

Mrs M.H. ROBERTS: I asked for the 2010–11 and 2011–12 figures.

Mr C.C. PORTER: In 2010–11, the budget estimates were 107 200. I will work backwards to avoid confusion. Starting with 2011–12, as I have stated, the budget estimate was 108 651, less the voluntary separations, which means the total estimate for 2011–12 is 108 633. The budget estimate for 2010–11 was 107 200, and the total estimate was 106 604. The total increase between 2010–11 and 2011–12 is 1 759, which is a 1.7 per cent increase. There are two aspects to the ceilings. The first is that we now have a unified measure. We have an estimate in the forthcoming budget year of what the number of public servants will be, and we can measure that against the number in the previous year. A variance from the estimate of 108 651, either up or down, is the measure away from the ceiling.

Mrs M.H. ROBERTS: Has the total number of public servants gone up?

Mr C.C. PORTER: That is correct. The ceiling should not be construed to mean that we have fixed the number of public servants over the out years. We are saying that we are unifying the measure and predicting a modest growth in the number of FTEs. That is a planned growth in the number of FTEs of about 1 700, which is about 1.7 per cent. The measure of the success or otherwise of the FTE ceiling is how far above the 2011–12 estimate of 108 363 FTEs we end up with in the year's actuals.

Dr M.D. NAHAN: The art to a voluntary separation scheme is making sure that the people whom we want to leave do leave and that the people whom we do not want to leave stay. How do we implement that and ensure that we do not create an incentive for people who intended leaving anyway? Does this scheme apply to all categories of workers?

[3.10 pm]

Mr C.C. PORTER: On this issue, I mentioned the savings figure of \$14 million for those 400 separations. The total saving figure per annum, once we factor in that, is about \$56 million per annum from the three tranches of voluntary separation; therefore, it is very significant. The member's question is a very fair one. As a matter of Public Sector Management Act legality, it is the position that is made redundant rather than the person. That obviously has the effect of making an individual redundant. In effect, to ensure that the correct positions are being made redundant, we place great faith in the liaison between Treasury and departmental heads. This is a process that is particularly driven by departmental heads. It is obviously up to them to ensure that the positions that are being made redundant are the correct positions. We have not allocated strict targets for position redundancies agency by agency and department by department. However, we have indicated that there are some agencies and departments, rather than others, that might make better use of the funds available to make positions redundant. Through Treasury we have taken the view that some agencies and departments, rather than others, have more room for these redundancies. We have had those one-on-one conversations with the relevant ministers; however, the decision is made by the departmental head in liaison with the minister and Treasury. They must make the right decisions and the Public Sector Commissioner overarches and oversees the entire process.

Mrs M.H. ROBERTS: My further question about full-time equivalents is about the Department of Treasury and Finance and whether there is any cap on the number of FTEs in DTF. I have had a look through the FTEs listed on pages 306 to 308 of the budget papers and there appears to be an increase of 51, or 13 per cent. What is the situation in DTF itself? Is the Treasurer capping the numbers in DTF at any particular number, and why was an increase of 51 needed?

Mr C.C. PORTER: Heaven forbid we should cap the number of officers at DTF! As I said, the FTE ceiling is not a strict system of cap.

Mrs M.H. ROBERTS: Obviously!

Mr C.C. PORTER: It is an important distinction. Globally, across the public sector, we now have a roundly agreed measure of the number of FTEs. We are setting ourselves a target for growth each year in the public sector. As the economy grows, the public sector is very likely to grow alongside it. But next year the target for growth in the number of full-time public sector employees is about 1.7 per cent in about 1 700. Inside that very modest growth that we are predicting over the next year—obviously time will tell us how well we achieve that target—some agencies will experience growth and others will remain stagnant or will experience a decline in the overall number of FTEs. The member is quite right in pointing out that there has been an increase in the number

of FTEs inside Treasury, and that feeds into the overall global target. However, there is no cap on Treasury or any other department, although FTEs need to be approved through the EERC process, and in some instances expenditure increases are given without approving FTE positions, which provides an incentive for the department to engage with the non-government sector. There has been an increase in Treasury officials, and I invite Mr Marney, if he wishes, to talk about what those increased FTEs will be doing. I recall that a number of them are in finance and revenue raising, and they will pay for themselves handsomely, but there are some others.

The CHAIRMAN: Through the minister.

Mr T. Marney: Thank you, Chair. The 2011–12 FTE ceiling for finance is 1 420 and for Treasury it is 453. That compares with an approved ceiling in 2010–11 of 1 341 for finance and 441 for Treasury. There are, therefore, an additional 12 FTEs in the ceiling for Treasury. Those additional 12 cover a number of areas that are listed in the new initiative section of Treasury's *Budget Statements*. Referring to page 301, two of the biggest areas in that regard, out of various elements of the Economic Audit Committee, are recommendations around improving the cost and demand modelling across various public sector agencies. We are better able to estimate future costs on the basis of their cost parameters and their expected demand profiles. More importantly, we are better able to understand the sensitivity between the two and the capacity to drive efficiency through understanding some of the intricacies of their cost curves. Therefore, some of the additional 12 FTEs will go to that function. Some of the additional 12 will also go to improving the contracting and value-for-money initiatives with the non-government sector in rolling out the government's injection of funds to the non-government organisations with which public sector agencies have contracts and service agreements. There will therefore be a significant requirement for additional FTEs to assist with that process. In addition, the government has had in place for a couple of years now a rolling program of value-for-money reviews of individual agencies where there is an intensive inquiry into what agencies are allocating their resources to, the outcomes being achieved and the efficiency equation between the two. That, to date, has been handled by internal resources. Given the returns and the significant progress that is being made through those value-for-money audits, government has decided to allocate additional FTEs to those audit functions for Treasury to support the agencies in that value-for-money audit process. Those are probably the three key areas.

Mrs M.H. ROBERTS: Further to Mr Marney's response, is it possible to get a list of FTE numbers across the public sector agencies? Perhaps that can be provided by way of supplementary information.

Mr C.C. PORTER: The numbers I read previously are the total amounts actually estimated.

Mrs M.H. ROBERTS: The number of FTEs in each agency.

Mr C.C. PORTER: I think I have seen such a list. That information does appear spread across each division. We can provide the member with a consolidated version of that.

Mrs M.H. ROBERTS: That is what I am asking.

Mr C.C. PORTER: If I can give an undertaking to provide that to the member, we can mail it off fairly quickly.

The CHAIRMAN: Is the member happy with that?

Mrs M.H. ROBERTS: Yes.

[Supplementary Information No B24.]

Mr W.J. JOHNSTON: Can I just clarify one of the answers in that discussion? I understand the public sector cap is about 108 000. Is that what the Treasurer said?

Mr T. Marney: It is 108 651.

Mr W.J. JOHNSTON: Is that for all of government or just the public service?

Mr C.C. PORTER: That does not include GTEs; it is just the general public sector. The member described it as a cap. I would describe it as a target. It may be bettered in terms of "less than", but what we are setting ourselves is a target of 1.7 per cent growth. The important issue is that everyone now agrees on what the figure is and what the target is.

Mr W.J. JOHNSTON: Can I ask for further clarification?

The CHAIRMAN: The last one, member for Cannington.

Mr W.J. JOHNSTON: Yes, absolutely. I want to clarify whether any department is having difficulty recruiting staff. We are talking about an efficient level of operation. I will not use the word "cap" but will use the word "target". Are there agencies that are having trouble finding staff to operate at that efficient level?

[3.20 pm]

Mr C.C. PORTER: That is a very broad question. I will say that we have noted through the EERC process that recruitment in some areas is difficult at times. Not that long ago it was very difficult recruiting teachers and

prison officers. Some of that difficulty seems to have eased. Attracting junior doctors, which is a major initiative in this budget, still remains a big issue. In some instances we have had, in my view, an over-recruitment, as recently happened with prison officers based on a projection of the prison population that has not come to fruition. Perhaps if I could summarise it this way: we are not now seeing some of the difficulties that attached to the previous large expansion and growth in the mining sector that occurred during the time of the former Labor government. I suspect that that is because other areas of the economy are significantly stagnant. Three or four years ago there was a growing mining sector and growth across the board in other areas; that is not now the situation. I do not think recruitment is an immediate problem for some of the large agencies outside of those pockets of traditionally difficult areas.

Ms R. SAFFIOTI: My question relates to page 302 of budget paper No 2, under the line item “Leads the Planning and Delivery of New Government Buildings”, and it is about the move of the Premier’s office and cabinet room to Hale House. When was the Treasurer first aware that the total cost of the move to Hale House would be \$25.5 million?

Mr C.C. PORTER: As I understand it, as a matter of ministerial line of responsibility, Hale House comes under the Minister for Finance rather than the Treasurer. In any event, as to when I first became aware of the total cost, I could not give the member an exact date or context without looking into, perhaps, my diary. That was a process that was run through the finance minister and the Premier’s office, so I was not deeply engaged in the process. I would have been informed as to costings fairly late in the piece, but I cannot recall the exact date.

Ms R. SAFFIOTI: The Treasurer would have been a key person in relation to providing advice on the cabinet submission, and also involved in the Economic and Expenditure Reform Committee deliberations. Can the Treasurer not recall, or tell us, when he was first aware that the cost would be \$25.5 million?

Mr C.C. PORTER: I cannot recall the date of the cabinet meeting when it was discussed. With recourse to my diary and the like, I am sure I could, but off the top of my head I cannot tell the member the exact date of that cabinet meeting. I pointed out the distinction between the Minister for Finance and me because the size of that project means that it falls under the Minister for Finance, and it is my recollection that the cabinet submission is a Finance cabinet submission rather than a Treasurer’s cabinet submission. It is my recollection that I did not develop the cabinet submission.

Ms R. SAFFIOTI: In relation to the \$25.5 million, as I understand it the Department of Treasury and Finance is playing a key role in providing advice and assisting with the delivery of, particularly, the movement of government agencies. So as Treasurer and the person with responsibility for the Department of Treasury, when did the Treasurer find out; and can the Treasurer confirm that the total cost will be \$25.5 million?

Mr C.C. PORTER: There were two parts to the question. I did not develop the cabinet submission, but I had input into it. I cannot recall whether that was a cabinet submission signed exclusively by the Minister for Finance or whether it was a joint signed cabinet submission; I just cannot, off the top of my head, recall that, and I cannot, off the top of my head, recall the date on which that cabinet submission went to cabinet. With respect to the costings of it, my understanding was always that it was in two tranches; there was a \$17 million cost for the construction and fit-out, and there was an additional figure of \$8 million-odd for what was described as contingencies.

Ms R. SAFFIOTI: And further fit-out. So was the Treasurer aware that the total cost would be \$25.5 million?

Mr C.C. PORTER: I was aware there were two tranches to the development of Hale House, and that the contingencies figure had to do with a lot of the heritage issues that may have been unforeseen and that might arise in the construction and development of Hale House.

Mr W.J. JOHNSTON: Is the Treasurer aware of when the project scope changed, in that the original position of the Department of Treasury and Finance was that the reception centre should be in the Constitutional Centre, but in the final project the reception facility is in Hale House? Is the Treasurer aware of when that concept changed?

Mr C.C. PORTER: Member, I am not. I was not, as I say, intimately involved in the development of the submission. I would presume that that would have occurred at a point in time prior to my involvement in the cabinet submission, so I am just not aware.

Ms R. SAFFIOTI: Can I just follow on from that question? The Premier tabled last week, I think, a briefing note from the Under Treasurer dated 30 August 2010 that suggested four options in relation to the relocation of the Premier’s office and the cabinet room. One of the those options was the relocation to Hale House, but that option did not include the extension of Hale House; it just related to the relocation of the Premier’s office and cabinet room to the existing Hale House. Can I get some confirmation that the document tabled and the option the Premier said was recommended by DTF is actually the option that is going forward, and that that option has not changed since that August 2010 briefing note?

Mr C.C. PORTER: I am trying to genuinely answer the member's question. The member says the document that was tabled provided options and she has identified one that it appears the government has followed.

Ms R. SAFFIOTI: Yes, and the fourth option was to relocate to Hale House within the parliamentary precinct. There were two key components to that option, one of which was that the building should be large enough to accommodate the office plus the cabinet room. That option did not refer to the actual physical extension that is now, as I understand it, happening. It also outlined, as the member for Cannington stated, that the Constitutional Centre would be used for significant events, which would save money in the sense that such a grand office would not be needed. I understand from some freedom of information documents that cabinet approved the redevelopment on 24 January. Has there been any change to the scope of the Hale House works between that time and the time that the fourth option was suggested in August 2010?

Mr C.C. PORTER: Is that a document that went from the Under Treasurer to the Premier?

Ms R. SAFFIOTI: To the Treasurer.

Mr C.C. PORTER: Might I just have a look at that document before I answer?

Ms R. SAFFIOTI: This was a document the Premier tabled; this was not obtained under FOI or anything.

Mr C.C. PORTER: As at 30 August 2010 I was not the Treasurer. The document may have gone to the Treasurer, but the Premier was Treasurer at the time. The document predates my time as Treasurer. In general response to the member's question, my understanding is that, in broad terms, the option that has been followed is the fourth option, which is to relocate to Hale House within the parliamentary precinct. What it goes to show, I think, is that these matters were well and truly under development and underway before I was Treasurer; I was not privy to this correspondence at the time.

Ms R. SAFFIOTI: It also shows that the Treasurer had a key role in it, too, and that it was not driven only by the Department of Finance. By way of supplementary information, can the Treasurer provide the date that he was first made aware that the total cost of the Hale House redevelopment would be \$25.5 million?

Mr C.C. PORTER: I have acknowledged to the member today that my understanding has always been that there were two tranches: \$17 million, and an \$8 million amount for contingencies. If the member describes that as the total cost, it is open to her to do that.

Ms R. SAFFIOTI: No; Treasury describes it as total cost.

Mr C.C. PORTER: Would the member like me to confirm for her when I was first aware of it being divided into two and there being two costs?

Ms R. SAFFIOTI: No, that the total cost was \$25.5 million. I am asking when the Treasurer was first aware of that. That is not a difficult question, Treasurer.

Mr C.C. PORTER: I was not involved in the process of putting this together, as the member can see. I also make the point that the member says it was not merely a Finance-led process; at this time, which was 30 August 2010, there was no separation of Treasury and Finance, obviously, and the Premier was both Treasurer and Premier.

Ms R. SAFFIOTI: But it is a note written by the Under Treasurer.

Mr C.C. PORTER: Look, I can find dates and times as to when I became aware of costings on this matter through access to my diary.

[Supplementary Information No B25.]

Mr A. KRSTICEVIC: Treasurer, I refer to the sixth paragraph on page 63 of budget paper No 3, which states that WA's goods and services tax share is at risk because of the Commonwealth Grants Commission's processes. Could the Treasurer please inform the committee of these processes, and why it is that they contain disincentives to economic growth in some states?

[3.30 pm]

Mr C.C. PORTER: The processes were the subject of lengthy discussion at a recent meeting of state Treasurers at which the federal Treasurer presided as chair of the meeting. The bottom line is that the horizontal fiscal equalisation process has been around for a long time. It is the method by which decreases or increases in a population-relative share of GST are allocated to the states and it takes into account a wide range of factors. There is now a high degree of inflexibility in that formula when it is applied to the present circumstances of several states earning large amounts of own-source revenue through mining royalties. Therefore, in effect, we will receive a greatly diminished share of GST under our best predictions in the final out year of 33 per cent. How does that create a disincentive? If a mineral is treated in the higher category rate, the state stands to lose significantly more than 100 per cent of the royalty it raises from mining and exporting that mineral. That does

not provide a great incentive to mine and export that mineral. In fact, it is arguable that if Western Australia decreased its royalty rate to 4.9 per cent, which is usually classified in the lower category rate, we would lose a very large amount of mining royalty revenue but have a net increase in money coming into the state because of the increase in GST. Although that is true, it might be that the Commonwealth Grants Commission would argue that it would penalise us in any event for not raising the revenue that we could otherwise raise. The system now produces such radical inequities that we have an expectation that the review will present a different system in the outcome.

Ms R. SAFFIOTI: I have a further question about GST calculations. Given the forecast of the Australian dollar and the difference, outlined by a number of people a number of times, between the Western Australian forecast and the commonwealth forecast, what impact would the federal government's valuation have on the GST relativity in the forward estimates?

Mr C.C. PORTER: If we supplanted the commonwealth government's exchange rate valuations across the out years, how would that change the royalty issue?

Ms R. SAFFIOTI: The GST calculation. Currently, the GST calculation is 0.33. If the higher Australian dollar reduced our royalty forecast, what impact that would have on the GST relativity?

Mr C.C. PORTER: I do not know whether we have worked out a precise figure for that. The member's point is very sound. We could either adopt the commonwealth methodology for assessing exchange rates four years out or indeed use the old methodology whereby we assume across the forward estimates that it will be as it has been for the six weeks prior to the budget. We are being paid in US dollars and buying Australian dollars. If it does not go down as we predict, we will be able to buy fewer Australian dollars using our paid US dollars. The point the member raised is sound: if we assumed the commonwealth methodology, we would have had less penalty in the GST share because we would be earning less royalty income. However, the flipside can be argued that we should assess the commonwealth methodology for iron ore pricing, which would have the reverse effect. I do not know whether we have done that precise calculation. I understand that we have done this calculation: if we use commonwealth methodology for both the exchange rate and the iron ore price per tonne, we would be \$1.8 billion better off over the forward estimates than what the forward estimates show.

Ms R. SAFFIOTI: Is that why there is such a difference between the commonwealth relativity of 0.64 in 2014–15 and the state relativity of 0.33? Also, the Treasurer spoke about a relativity of 0.37, I think in March or April, but then it dropped to 0.33 when the budget was presented. Was that a result of the changes in the royalty concession rates?

Mr C.C. PORTER: No, it is a result, as I understand it, of our ongoing assessment of the volume of ore that will be mined and exported and therefore subject to royalties. We have basically predicted that more revenue will be coming in for which we will be penalised and that will drop us from the original prediction of 37 per cent to 33 per cent. The reason, as I understand it, that the commonwealth figures stay relatively constant at about 64 per cent and ours go down is that, as the member would appreciate, there is a three-year lag. Therefore, the revenue that is being earned from this date and the preceding three years will be taken into account and be the basis of the penalty that applies from this date for the next three years. We structure that going forward, so each year we move out and we calculate what we predict will be the amount of royalties earned that will then be the subject of penalty at the pivot point of three years. As I understand it, the commonwealth predicts the amount of royalties that are the subject of penalty now and flatlines that across the out years. Therefore, in effect, the commonwealth makes a stable assumption about the amount of mining royalty revenue earned, whereas we predict outwards and then feed that into the lag time effect.

Dr M.D. NAHAN: Just out of curiosity, if our forecast share of GST revenue is going towards 33 per cent, what are the other states, particularly Queensland and Tasmania, going towards?

Mr C.C. PORTER: When we predicted 68 per cent, which eventuated at 72 per cent, that prediction was the lowest ever percentage receipt compared with population share. If we got to 33 per cent, that would be not merely without precedent but a radical and extraordinary result. In summary terms, Victoria presently is complaining bitterly because its prediction for GST receipts as a measure of population share next year is about 98 per cent. That is the subject of bitter complaint from Victoria. New South Wales' prediction is about 90 per cent. Queensland is lower again, but I cannot recall the exact figure, but we have this data. Each of those states will make predictions across the four out years as well. Of course, only the states that are predicting larger increases in own-source revenue, particularly through mining, will have this predicted decrease in figures. Queensland, of course, will suffer as well.

Mr A. KRSTICEVIC: Not Tasmania.

Mr C.C. PORTER: Not Tasmania.

Mrs M.H. ROBERTS: I will ask some questions based on the economic forecasts on page 14 of budget paper No 3. A couple of these questions will be of no surprise to the Treasurer. The Treasurer estimated an exchange

rate of just 76.94c to the US dollar for 2014–15. Plenty of commentary suggests that the Australian dollar has been operating above parity for significant periods since Federation and that the last 20 years are really a direct result of the currency responding to being exposed to an open market economy. Plenty of economic commentary suggests that the Australian currency is expected to remain significantly above parity, given its long-run average. Why does the Treasurer not think that this is the more likely scenario? Does the Treasurer seriously stand by this budget forecast of only 76.94c for 2014–15?

Mr C.C. PORTER: Do I stand by that forecast? My earnest belief is that the methodology that has been used to come up with that out year figure of about 76c is the best methodology available and the best methodology being used presently in any Treasury in Australia. I note with respect —

Mrs M.H. ROBERTS: The federal government earnestly believes that its methodology is the best as well.

[3.40 pm]

Mr C.C. PORTER: I earnestly believe that it is wrong, and I will explain why in a moment. I think it is a serious point. We wrote to the previous shadow Treasurer on 22 October 2009 explaining the paper and inviting submissions. It is certainly not the case that the opposition did not have any ability to suggest to us that the methodology we were about to adopt was substandard or wrong. We never received any such submission.

Mrs M.H. ROBERTS: Because it was not the current Treasurer; it was the former Treasurer.

Mr C.C. PORTER: So that there is no confusion, I will outline the methodology. We take the six-week average of the exchange rate at budget cut-off. The first figure that appears in the budget estimates is about 98.5c. That is not the six-week average at budget cut-off. The six-week average at budget cut-off was about 102c, which was the exchange rate over that six-week period. If we call that April 2011, we work that down to the long-run average of 74c between April 2011 and June 2015 in a perfectly even trend line. The figure in the budget of 98.5c is where that trend line ends up at about the midyear point of each year. Roughly speaking, we are moving down, in four 25 percentiles, from the six-week average to 76c. Do I stand by the idea that the dollar will be at 76c in four years? I will not be betting my house on it, but any Treasurer who did bet their house on that would have some problems. In fact, I have a graph, which I am happy to table. The methodology that the previous government used, which is in effect the methodology that the federal Treasury uses, was to take the six-week average before the budget, calculate it and then hold it steady. This line represents it holding steady throughout the forward estimates in every budget period under the previous government. Interestingly, in the previous government's first budget, which used a six-week average, it calculated the exchange rate at just above 50c—perhaps about 52c—and at the end of the budget period it was around 80c. In each year, this methodology produced a fairly serious level of variance between what it predicted and what it ended up with.

Mrs M.H. ROBERTS: It was based on what Treasury recommended to our government, in the same way that Treasury is recommending this to the current government now.

Mr C.C. PORTER: I absolutely accept that.

Mrs M.H. ROBERTS: Although it has changed its methodology, it does not mean that it will necessarily be any more accurate.

Mr C.C. PORTER: The reason it changed its methodology is that it took the view that that methodology, during times of volatility, produced greater variance between existing and predicted than will the methodology it is using now. The point I make is that it moved away from that methodology for a reason. I am happy to table this graph.

The CHAIRMAN: No, the Treasurer cannot table anything during estimates.

Mr C.C. PORTER: I will give the member a copy. The variances are very large. After extensive inquiry, Treasury recommended using the long-run average since the float as the landing point for estimates, which we have adopted. It was not a process that we suggested to Treasury; it was a process that it suggested to our government. Having now seen all the different methodologies in use, I am convinced that this is the best of a bad lot. I am quite happy to let the Under Treasurer say something. I can see him itching to make a contribution on this.

Mr T. Marney: I understand that if we were judged for a forecast of 76.9c, people would see that as somewhat odd. It is not a forecast; it is an assumption. It is an assumption of a parameter that has a significant impact on the revenue projections of our budget, as do iron ore prices. There is a natural hedge between the two. If we adopt the same methodology for both parameters, it does not distort our overall budget projections. In fact, if we were to adopt the commonwealth's approach, the revenue generated from the use of that methodology on iron ore prices would far outweigh the loss associated with using its preferred methodology on the exchange rate. That shows that basically this is a non-issue, because we are treating the risk in the same way for two different offsetting components of the budget. Going back to whether our methodology is superior or otherwise in a forecasting sense, based on historical data from 1986–87, the long-run average model that we are using now

would have outperformed our existing spot rate model—that is, the commonwealth’s suggested model—in 12 of the —

Mrs M.H. ROBERTS: I wanted to ask whether “spot rate” is a common term that is used.

Mr T. Marney: It is the rate of the day.

Mrs M.H. ROBERTS: The Treasurer has a problem with that.

Mr C.C. PORTER: I prefer “exchange rate”.

Mr T. Marney: I shall leave that view to take up with the Treasurer and power on. It would have outperformed that previous model, shall we call it, in 12 of the past 20 budgets. It is by far the more accurate approach, and it is empirically demonstrated. In 55 of the past 86 overlapping forecasting years, on average the long-run average model produced forecasting errors that were 14 per cent lower than the previous daily average model. Having said that, again, is 76.9c a reasonable figure? If we were going to go to the market to try to hedge a transaction today out to 2014-15, the base rate we could get would be 84c, which is a lot closer to 76.9c than the commonwealth’s preferred assumption of somewhere around 108c. If there is someone who is way off the mark here, they are not in this room.

Mrs M.H. ROBERTS: I refer to the budget assumptions on page 14 of the *Economic and Fiscal Outlook*. The list includes a 25 per cent increase in business investment, an 18.8 per cent increase in the established house price index and a decline in the rate of population growth. The Minister for Finance, Hon Simon O’Brien, said on Monday that that 18.8 per cent increase in the house price index was being fuelled by population growth over the forward estimates, yet in the budget papers the Treasurer has the rate of population growth declining in that same period. Reputable authorities such as the Chamber of Minerals and Energy of Western Australia and the Chamber of Commerce and Industry of Western Australia are saying that they need hundreds of thousands more workers, yet the budget papers indicate that the rate of population growth will decline over the next couple of years. I wonder how those assumptions fit together.

Mr C.C. PORTER: The population forecasts that appear on page 61 of the *Economic and Fiscal Outlook* are based on what is known in the trade as a component cohort methodology. The methodology that we use and that Treasury advises is precisely the same approach that is used by the key statistical agencies, including the Australian Bureau of Statistics, and demographers here and overseas. How that works is that the population of each age and sex cohort is projected by taking the latest actual ABS estimate as its base and then making assumptions about mortality and net migration. Obviously, net migration changes as a matter of policy. Both interstate and overseas migration is factored in. This is a very standardised methodology. In fact, our predictions for population, which are 2.4, 2.3, 2.2, 2.2, 2.1 and 2.1 per cent, align very closely with the commonwealth Treasury’s estimates, which are 2.5 and 2.1 per cent flatlining across the forward estimates. I take the point that the member raises. In my view, it is not logical to put the 18 per cent increase in the house price index down to population growth, which we estimate in the same way as the commonwealth does and which is modest.

[3.50 pm]

I will let Mr Marney speak about the methodology employed in the house price index, but I understand that that is basically an extrapolation of long-run trends in the housing market. It is a very difficult process to engage in because we had explosive house price growth around 2006, but we have had a completely stagnant market for the past 18 months to two years. Various property analysts differ over what is around the corner, but the 18 per cent growth is based on extrapolation of previous trends; I think that is a fair assessment. It is not related to population growth. I did not hear what Minister O’Brien said, but that does not necessarily sound logical to me.

Mrs M.H. ROBERTS: It does not surprise me either!

Mr C.C. PORTER: I will ask the Under Treasurer to expand on the methodology.

Mr T. Marney: Population growth is just one of the factors that influence what happens in house price growth. It is worth noting that our house price forecasts are at around the 5.8 per cent to 6.1 per cent range, which is significantly below the long-run average of around 8.6 per cent. One of the factors that is driving housing activity and price growth is more income and household balance sheets than population growth as such. Population growth is fairly stable, albeit just a tad above the long-run average. It is also worth noting that population and incomes tend to grow in a fairly steady pattern over time. The response of the housing market, however, is probably one of the most volatile variables that we deal with in terms of cyclical ups and downs. Certainly, the first home owners boost, we think, brought forward quite a bit of demand, which then led to the somewhat subdued market circumstances that we are experiencing at the moment. We expect that, as households restore their balance sheets post the global financial crisis, confidence will return to the market and there will be a catch-up in some of that demand, which will then be reflected back in price. Population is but one of the factors. The overall cycle and some of the massive swings in the housing cycle we have seen over the past three years is probably the dominant feature.

Mrs M.H. ROBERTS: Further to the same issue of housing prices, it was reported in the news today that housing prices had gone back by about three per cent in Western Australia in the last quarter. I am wondering how we came up with this figure for house price growth when we have just experienced a quarter in which we have actually gone backwards three per cent. It does not seem sensible or logical to me. The Treasurer says that there are some great methodologies, but what is the basis for this belief that house price growth is going to be nearly 19 per cent, when we have gone backwards in the last quarter by three per cent?

Mr C.C. PORTER: I will hand over to the Under Treasurer, but I will first make this observation: if we based four-yearly predictions on the most recent set of data—for instance, if we did that in 2006 —

Mrs M.H. ROBERTS: I know it is not valid, statistically, to take three months and then extrapolate it.

Mr C.C. PORTER: In 2006, we might have had four years of 50 per cent house price growth. My assessment is that what is occurring in the market at the moment is highly unusual. I accept that there is stagnation and I also heard the report referred to by the member. I am sure that the lack of confidence that that kind of statistic reveals is taken into account, but the point that the Under Treasurer makes—he can speak freely on this—is that it is anticipated that the lack of confidence will diminish and evaporate.

Mr T. Marney: I am not familiar with the data set that was released today; I do not think that it was an Australian Bureau of Statistics data set, therefore it would be absolutely riddled with compositional change within its methodology. If more cheap houses have been sold in the period, then the average price goes down; that is a trap with some of those measures. Having said that, our forecast for established house prices in 2010–11 is for a decline of 2.4 per cent, which is perfectly consistent with the notion that the member is putting forward. In 2011–12 it is 2.3 per cent, so over the two years we are actually expecting zero growth in house prices, which again is perfectly consistent with what the member is suggesting.

Mrs M.H. ROBERTS: It is just not consistent with what the Minister for Finance has said.

Mr T. Marney: I was there; I do not believe there was anything inconsistent with the arguments that were put forward at the time.

Mr C.C. PORTER: I was not there and I did not hear what the Minister for Finance said. I would be staggered if there were any inconsistencies between government ministers! But I take the member's observation at face value.

Mrs M.H. ROBERTS: Really? Was that tongue-in-cheek?

Mr C.C. PORTER: Yes.

Mr T. Marney: He did have the same adviser present as the Treasurer has at the moment, so unless that person has become schizophrenic, the advice is coming from the same source! I also add that our forecasts for house prices are significantly more modest than those of leading market forecasters such as BIS Shrapnel; our forecasts are quite conservative, relative to those of what some see as the market experts in this space.

Dr M.D. NAHAN: Further to the issue of the exchange rate and iron ore prices, the Under Treasurer mentioned that if we applied the same methodology as we have chosen to apply for exchange rates, iron ore prices would be a natural hedge. Is that true? Did the Treasurer apply the same methodology to crude oil prices; and, if not, why not?

Mr C.C. PORTER: I do not know the answer to the second question; I will hand over to the Under Treasurer in a moment. I think the Under Treasurer's point is that if we adopt a methodology of predicting the rate of iron ore price or the exchange rate as it has been for the past six weeks and then flatline it out for four years, we must consistently do it for both, particularly because, as Mr Marney says, increases in one are hedged by decreases in the other. We have to adopt those two consistently. I hazard a guess that we also consistently adopt, in respect of crude oil pricing, the same methodology for iron ore prices; I might stand corrected. That would sit outside the natural hedge relationship between the dollar and iron ore prices, but I will let Mr Marney confirm or deny the rumour.

Mr T. Marney: Unfortunately, I have to correct the Treasurer on this occasion. Oil price assumptions are based on futures market prices. In the revenue forecasting review that we undertook in 2009, as referred to earlier, we found that the futures market was as reliable a predictor of future oil prices as we could get. Given the depth of the oil futures market and the volumes traded, that is not surprising, as opposed to the futures market for the Australian dollar, which is a much shallower market. We take the futures market prices.

Mrs L.M. HARVEY: I refer to page 304 and the heading, “Sustainable Funding and Contracting with the Not-for-Profit Sector”. I am interested in hearing a little more about some of the positive impacts on the sector under this strategy. I would also like to know whether the Treasurer has any information on some of the associated reforms that might form part of this strategy.

Mr C.C. PORTER: In my observation, the sector was not necessarily in crisis; it is a word that is somewhat overused in public policy circles. However, the sector was clearly having difficulties in meeting growing demand. When we look at the human service delivery portions of government in the budget papers, it is interesting to note that the greatest growth in demand for services is with Department for Communities, which is running at about 12.6 per cent, from recollection. That is very significant growth. What fundamentally underpins this policy is that if these organisations had not been able to attract and retain staff and meet the levels of growth we are experiencing with the Department for Communities, which provides 65 per cent of its services through the not-for-profit sector, we would have reached a point of complete unsustainability and would not have had a not-for-profit sector growing alongside demand for the provision of government services. One of the points that has arisen in the debate is to what extent these moneys will allow for that attraction and retention. The expectation of government is that it will largely obviate the problems that have occurred recently. I fundamentally see this as a quiet revolution in the way services will be delivered in the future. It is funding that guarantees sustainable and healthy growth of the sector.

[4.00 pm]

Mrs M.H. ROBERTS: I have a further question on the not-for-profit sector. I do not disagree with the points that the Treasurer has made but can I just clarify that the not-for-profit sector agencies that he is talking about are in the areas of seniors, disabilities, mental health and drug and alcohol and that none of these moneys will be going to homeless groups, women's refuges, emergency relief services or children or family services?

[Ms L.L. Baker took the chair.]

Mr C.C. PORTER: I have a list somewhere of all the agencies that recently contracted with government.

Mrs M.H. ROBERTS: Will all agencies that contract with government be beneficiaries?

Mr C.C. PORTER: Yes. The first tranche of the funds will allow for an immediate—that is, as of 1 July 2011— increase in the contract price for all existing contracts between government and the not-for-profit sector. In effect, the moneys that will start flowing to those organisations on a monthly basis will be 15 per cent larger than they were. Money is set aside for indexation. As contracts are renewed, the increased funding will represent a 25 per cent increase off baseline funding now. An organisation that already contracts with government will automatically receive 15 per cent. When it recontracts with government, there will be a further 10 per cent, taking it up to 25 per cent. No doubt there will be groups that fall out of a contracting relationship with government as time goes on, as there will be groups that come into a contracting relationship. We have permanently increased the going rate for these contracts. A new contractor who comes in at the time of the 25 per cent increase would also receive 25 per cent of what they would otherwise have received.

Mrs M.H. ROBERTS: Will any homeless groups, women's refuges or emergency relief services that have a contract with government be equal beneficiaries to those in the areas of seniors or disabilities? Will they all benefit? That is what I am asking.

Mr C.C. PORTER: There is a list available of each and every contracting organisation with government. The Western Australian Council of Social Service estimates that there are around 600 not-for-profit organisations, 350 of which receive state government funding. Some proportion of that 350 is the contracting groups. The examples of the servicing areas are accommodation, including accommodation support for people with a range of disabilities, supported accommodation for homeless adults and youth, community transitional accommodation and support, accommodation for families in crisis, financial counselling for families and youth, a range of youth services, including mental health services, youth diversion services, including those through the Department of Corrective Services, youth counselling, youth health services and Indigenous youth services. There is also a very strong representation in the area of family support services, including prison family support centres, family crisis centres, domestic violence counselling and case management family counselling. When the member asked me whether I can confirm or otherwise whether homeless people are being positively impacted upon by this funding, the fact is that when we unpack these organisations, there will be great overlap between the characterisation of the disability of the people with whom they have contact. Organisations that have youth diversion services and who are contracted through the Department of Corrective Services often deal with issues of mental health and homelessness. I understand that there is an exhaustive list of everyone who contracts with government and who will be the beneficiaries of this. We can look to provide that. That is the process that we are going through now to identify those organisations that will receive the first tranche of the 15 per cent increase in contract price.

Mrs M.H. ROBERTS: Will all the ones that the Treasurer read from the list at the start of his last response be beneficiaries?

Mr C.C. PORTER: These are examples of the services that are provided by the organisations who will be beneficiaries. The list that I have indicates that, for instance, accommodation services includes the Activ Foundation, Rocky Bay, the Nulsen Haven Association, the Albany Halfway House Association, the Centre for Cerebral Palsy, the Autism Association of Western Australia, the Richmond Fellowship of WA and the

Geraldton Resource Centre. In the category of examples of financial counselling for families and youth, there is Anglicare WA, the Pilbara Community Legal Service, the Salvation Army and the Carnarvon Family Support Centre. The list goes on. It is not exclusive. It covers a vast array of service delivery to a variety of people. We think there are about 1 000 contracts.

Mrs L.M. HARVEY: One of the aspects of this focus on the not-for-profit sector is also looking at regulatory and administrative reform of the grants process. Is that work very advanced at the moment, reducing red tape to these organisations?

Mr C.C. PORTER: A total of \$18 million of the \$604 million has been set aside specifically for that purpose. It is set aside under the label of administration. It is obviously not money that is intended to be spent to occasion more administrative burden on these organisations. When there are over 1 000 different contracts over a variety of not-for-profit sector organisations, we have a vast variety, usually departmentally led, of reporting requirements and other administrative duties, targets and requirements that each of the bodies must engage in. The first point that I would make is that that money is being spent to try to present baseline consistent administrative requirements on organisations that contract with government so that one organisation with multiple contracts does not have to do 10 or 15 different types of reporting. There will always be minor variances. It is a significant part of the \$604 million. It is being targeted directly to trying to decrease the red tape imposed on these organisations that contract and provide services with government.

Mrs L.M. HARVEY: It will in turn free up more money for the people in that sector.

Mr C.C. PORTER: Madam Chair, I am informed by some of the less robust members amongst us that a comfort break might be appropriate soon.

The CHAIRMAN: Absolutely.

Meeting suspended from 4.07 to 4.18 pm

Mr C.C. PORTER: Mr Lyndon Rowe from the Economic Regulation Authority is waiting. He is obviously happy to wait, but I do not know whether members have any questions for him. I would not like to keep him waiting if there are no questions for him.

The CHAIRMAN: It is up to the committee to decide what it wants to do.

Mrs M.H. ROBERTS: I am happy for Mr Rowe and the Economic Regulation Authority to not attend.

The CHAIRMAN: I am more than happy to excuse Mr Rowe, on the agreement of the committee.

Mr W.J. JOHNSTON: My question relates to the \$350 million payment from Rio Tinto and BHP Billiton that is reported in a number of pages in the budget. It is reported on page 36 of the *Economic and Fiscal Outlook* under the summary of general government revenue and expense variations and in the third paragraph on page 70, which states —

Revenue in 2010–11 has also been boosted by a one-off payment of \$350 million by BHP Billiton and Rio Tinto in recognition of less restrictive requirements under state agreement acts. This payment has been allocated to the New Children’s Hospital.

I draw the Treasurer’s attention to table 1.1 on page 219. The budget shows that the money has been allocated to the new children’s hospital. Is it correct that the \$350 million has reduced government debt by \$350 million because there is not an account for the money? Given that it is not taxation revenue, where is it included in the operating statement in table 1.1 on page 219? Is the new approach to variations to state agreement acts to ask companies to make payments in return for beneficial changes to state agreements that will make their businesses more profitable?

Mr C.C. PORTER: I will work backwards. During the negotiation of, I believe, 12 state agreement acts at the time, certain concessions were made by the government and obligations were removed. That was seen to have a value attached to it, and that value was negotiated at \$350 million. It is not the case, as far as I am aware, that any indication was given to those companies that ended up contributing to that amount that the money would be used for a specific purpose. That was a decision by the government and the cabinet and it occurred outside of the negotiation. The one-off payment of \$350 million is formally hypothecated. It will go into a separate account that will be drawn down upon as payments are required, pursuant to the construction of the hospital. The money has been moved into that account and it is listed in the budget papers at item 130. While the money sits in the account it can be drawn down in increments as construction payments become due. It is an asset rather than an accumulation of debt when it sits in the account. As the money moves out of the account, it is no longer an asset.

Mr W.J. JOHNSTON: I want the Treasurer to clarify the answer he just gave. The Treasurer said that \$350 million is sitting in an account and that another \$350 million has been borrowed and therefore that money is not being used to offset state debt.

Mr C.C. PORTER: The \$350 million sits in a separate account that is hypothecated for and allocated to the construction of the children's hospital. Until it is spent it remains as an asset of the state. It is drawn down to pay for the contract costs of the hospital. The expenditure that appears in the out years on the hospital is shown in the net debt figure. This amount figures as an asset until it is spent. It is the same methodology that is used for Fiona Stanley Hospital, as I understand it.

Mr W.J. JOHNSTON: There was a third part to my question. I want to explore the Treasurer's answer, but my third question was about where it is shown in the operating statement on table 1.1 on page 219.

Mr C.C. PORTER: I am informed that it is not an operating item and therefore does not appear separately on table 1.1.

Mr W.J. JOHNSTON: Where is it recorded in the budget papers?

Mr C.C. PORTER: It is part of tax revenue.

Mr W.J. JOHNSTON: Right.

Mr C.C. PORTER: I am happy for the Under Treasurer to answer the member's questions because they are matters relating to the treatment of the accounting.

Mr T. Marney: On the basis of advice from the Government Finance Statistics section of the Australian Bureau of Statistics, the \$350 million payment is classified as taxation revenue. The Government Finance Statistics rules are set by the Australian Bureau of Statistics to ensure comparability of state finances across jurisdictions. We therefore consulted the bureau on how that \$350 million should be treated. The allocation of the \$350 million is disclosed on page 300 of budget paper No 2, item 130, as part of funds deposited into a new children's hospital account. As the Treasurer has highlighted, exactly the same process was used for the Fiona Stanley Hospital account, which was set up about four to five years ago, whereby moneys are hypothecated—held in trust, for want of a better term—until expenditure is incurred and then the money is drawn from that account for that specific purpose.

[4.25 pm]

Mr W.J. JOHNSTON: If that \$350 million is shown as taxation revenue for 2010–11, and the net operating balance for 2010–11 is \$784 million, is \$350 million of that \$784 million taxation revenue?

Mr C.C. PORTER: I think conceptually that is right, but the member might need to consider that in the context that the cost of the children's hospital appears as an expenditure and line item that is added to the net debt figure.

Mr W.J. JOHNSTON: Yes, but in the out years, not in the current year.

Mr C.C. PORTER: In the out years, yes.

Mr W.J. JOHNSTON: The net lending–borrowing position in appendix 1, which is for the 2010–11 year, is \$1 215 million

Mr C.C. PORTER: That is the cash position.

Mr W.J. JOHNSTON: That is right. Therefore, that \$1 215 million is netted for the \$350 million that is taxation revenue in 2010–11, which is allocated to expenditure in an out year.

Mr C.C. PORTER: I will let the Under Treasurer answer that directly rather than pass it through me.

The CHAIRMAN: Mr Marney.

Mr T. Marney: Thank you, Chair. Yes, the member is correct, the figure appears as an additional figure—an abnormal item, if you like—in the taxation revenue line. It therefore supplements the operating balance in that year by that amount of \$350 million. If we subtract that from the operating balance, we see an operating balance very similar in magnitude to the 2011–12 budget estimate. That then flows through to the net borrowing requirement as well, so it reduces the net borrowing requirement in that year. Having said that, the moneys will be drawn in subsequent years when the hospital is built, obviously, and therefore offset the debt requirements during the life of the project.

Mr W.J. JOHNSTON: The effect of that is to increase the surplus in the 2010–11 financial year by \$350 million and to reduce the surplus by \$350 million in the out year when the money is spent.

Mr C.C. PORTER: I do not understand conceptually how that would be the case.

Mr W.J. JOHNSTON: If the children's hospital was currently under construction, the \$350 million would be spent now and Treasury would not have had the advantage of borrowing the \$1 215 million. It would be \$1 565 million, because there would be \$350 million of extra expenditure. It has been shifted to another year.

Mr C.C. PORTER: I think the member is confusing an operating revenue with a capital expenditure. The two do not relate in that way.

Mr W.J. JOHNSTON: Yes, the Treasurer is right. Therefore, the borrowing position, rather than the surplus for the current financial year would be \$350 million higher than is shown here. If the revenue had been spent on the hospital in the year Treasury received it, it would be borrowing \$350 million more now.

[4.30 pm]

Mr C.C. PORTER: If we had not received the \$350 million at all and nothing else had changed in terms of the expenditure patterns of the government in this financial year and the out years, then we would have had to borrow \$350 million extra. But I do not know whether that scenario is impacted upon by the particular treatment and hypothecation of this revenue in a similar way for Fiona Stanley Hospital; the same argument would apply to the Fiona Stanley Hospital fund.

Mr W.J. JOHNSTON: I am not aware of what happened with that. The Treasurer is asking a question that I cannot answer; I did not realise the Treasurer was allowed to ask questions. I was not here when an act of Parliament was created for the Fiona Stanley Hospital account.

Mr C.C. PORTER: I was just drawing a comparison.

Ms R. SAFFIOTI: I refer to the line item “Leads the Planning and Delivery of New Government Buildings” on page 302 of budget paper No 2. What is the current estimate for the Perth City Link project; and how does it compare with the original budget that I think the Premier outlined as being \$263 million for the rail line and \$205 million for the bus station?

Mr C.C. PORTER: Does the member wish to know what the budgeted amount is in this present budget for that?

Ms R. SAFFIOTI: Yes; and how it compares with the original budget.

Mr C.C. PORTER: The present budgeted amount is split across a variety of agencies and is \$336.42 million.

Ms R. SAFFIOTI: Is that the state government’s contribution to the total estimated cost of the project?

Mr C.C. PORTER: That is our state government expenditure.

Ms R. SAFFIOTI: What is the estimated total cost of the project?

Mr C.C. PORTER: The total cost, including other expenditures, is \$737.606 million.

Ms R. SAFFIOTI: It is my understanding that the Premier outlined in Parliament on 13 May that the original cost of this project was \$468 million. Can the Treasurer confirm that?

Mr C.C. PORTER: On 13 May of what year?

Ms R. SAFFIOTI: It was 13 May 2009, sorry.

Mr C.C. PORTER: What did the member say the Premier said?

Ms R. SAFFIOTI: He said that there were two components. This is in relation to what the state was proposing to the commonwealth when the state went to the commonwealth for infrastructure funding. It originally proposed just sinking the rail line at a cost of \$263 million, but because Prime Minister Kevin Rudd was so generous at the time, he offered a bit more money, and so the state government included the building of the bus station. The Premier said it would cost \$263 million to sink the rail line and \$205 million to build the bus station. Can Treasury confirm that that was the original cost of that project?

Mr C.C. PORTER: As I understand it, \$263 million was what the commonwealth provided to the Public Transport Authority for the sinking of the rail line, which is consistent with what the member says the Premier said. I can confirm the other figures for the member in supplementary information.

Ms R. SAFFIOTI: Assuming the Premier got it right in 2009 and the original budget was \$468 million and, as the Treasurer has today confirmed, the budget is now \$737 million, can the Treasurer explain the increase in the cost of the project?

Mr C.C. PORTER: I do not know precisely what it was that the Premier was attempting to describe in the passage that the member is referring to. It may be that the divergence is explained by the fact that the Premier was not including in that cost the East Perth Redevelopment Authority component of this project, which is a substantial \$128 million, so I do not know whether we are comparing apples with apples, but by way of supplementary information I can get the member the total cost breakdown.

Ms R. SAFFIOTI: By way of supplementary information can the Treasurer provide exactly what was provided to the commonwealth as the estimated cost of that project at that time? I think the letter was sent in October 2008. What was the total expected cost of the project at that time?

Mr C.C. PORTER: At what time?

Ms R. SAFFIOTI: When the state approached the commonwealth to receive funding. Initially the state approached the commonwealth on just the sinking of the rail line.

Mr C.C. PORTER: I can give the member that information. I am told that we did not approach the commonwealth with respect to the East Perth Redevelopment Authority component, but the other components were part of the approach to the commonwealth.

The CHAIRMAN: I just want to check what we are providing and its correct title, and I will give it a number.

Mr C.C. PORTER: We will provide the estimates that we placed before the commonwealth at the relevant period when we were seeking funding.

Ms R. SAFFIOTI: I think it was between October 2008 and May 2009.

Mr C.C. PORTER: In or about October 2008, when we were seeking commonwealth funding assistance.

[Supplementary Information No B26.]

Ms R. SAFFIOTI: As I understand it, at that time the project was simply defined in two parts—that is, the sinking of the rail line and the building of the bus station—with EPRA contributing to the sinking of the rail line. As I understand, the structure of the project has changed, with the PTA taking everything below the ground, and EPRA taking everything above the ground. I think comparison of the estimate of \$468 million with the budget of \$737 million should be made. Could the Treasurer provide, by way of supplementary information, the reasons for such a significant increase in cost?

Mr C.C. PORTER: I will provide supplementary information about the costing of the project and describe to the member the current scope of the project with respect to present costings; is that sufficient?

Ms R. SAFFIOTI: Yes.

[Supplementary Information No B27.]

Dr M.D. NAHAN: Treasurer, I refer to the second bullet point under the heading “Commonwealth/State Relations” on page 304 of budget paper No 2. Could the Treasurer please advise what implications the federal government’s proposed carbon tax might have on the Western Australian economy?

Mr C.C. PORTER: I think the short answer to that question is that we are not quite sure yet, but it will not be helpful. One of the reasons we gave a firm undertaking on two five per cent increases in electricity prices in the next two years in this budget is because we anticipate that after those two years, and before the final two out years of the budget, there is every likelihood that a carbon price will come in. Depending on how that is levied and what kind of compensatory measures are engaged in, that will have a significant effect. We did some very basic modelling with respect to that, and it represents a relatively significant increase in electricity pricing. We took a view that a \$25 a tonne carbon tax would result in an annual increase in average bills—using that household model that we spoke about previously—of about \$125, which, in context, is significant.

I make two observations with respect to that issue and the way in which the state will have to cope with whatever change comes its way. The first is that we have this very unusual circumstance, whereby, as I understand it, part of the rationale for a federal carbon tax is to change people’s use of electricity by making it a more expensive commodity, as well as, obviously, changing the cost impost on people who produce electricity with large carbon emissions, which is the overwhelming bulk of electricity that is produced. At one level, the federal government will be levying a tax to artificially increase the price of electricity, while another level of government—in this state at least, and in several other states—is using large amounts of taxpayer money to artificially decrease the price of electricity, which seems to me to be a very unusual set of policies to be running in parallel.

The second thing is, very little has been said about compensation measures to householders for the impost on their bills. Obviously, the price of electricity going up—as it does when any government increases the price of electricity—factors through not only to household bills, but also to every good and service that requires electricity. How that compensation scheme will work, either through income tax or direct grants and subsidies or with assistance to the states, and whether or not state organisations will also bear an impost for increased electricity prices will be compensated is, at best at the moment, vague. I suggest that everything we have learnt about the electricity market up to this point is going to radically change in two years’ time.

[4.40 pm]

Dr M.D. NAHAN: I have a further question. Let us say that the carbon tax is put on and we still do not have cost-reflective pricing for electricity. Would the fact not be that the state would, through subsidising household electricity prices, be paying households’ carbon tax bill, in part?

Mr C.C. PORTER: We could argue that conceptually but, again, like hypothecating revenue, it is difficult to determine in that big mix of incomings and outgoings what to apply to each. In the fourth out year of the budget, we still will not be at cost reflectivity and it is apparent that a carbon tax is likely during that period, which will

increase the price; therefore, the subsidy goes directly to the price of electricity. I do not think that what the member has posited is an unfair conceptual analysis of the situation.

Mrs L.M. HARVEY: I have a further question on this. If the modelling is based on a carbon tax of \$25 a tonne, has any modelling been done on other potential prices? I heard \$80 a tonne mentioned in the media last week.

Mr C.C. PORTER: We have not done modelling based on \$80—I hope it does not come to that! The average household increase in the bill with a carbon tax of \$25 a tonne is \$125; for \$30 a tonne, the increase will be \$150; and for \$40 a tonne there is a \$200 increase in the average household model bill. Therefore, I imagine that \$80 a tonne would near on double the \$200 increase to about the \$400 mark.

Mrs M.H. ROBERTS: I am mindful of the time and that we have other divisions to head onto. I have a few specific little questions, mainly involving pages 299 and 300 in budget paper No 2. Item 43 on page 299 shows \$10 million allocations for the refund of past years' revenue collections for the budget year and each year of the forward estimates. What is that?

Mr C.C. PORTER: My recollection is that the revenue collections are the tax-equivalent payments that government trading enterprises are required by agreement with the federal government to pay and which come to the state. Sometimes there is an under or overpayment by public corporations for those tax-equivalent payments. That \$4.2 million amount represents an overpayment by them and a refund.

Mrs M.H. ROBERTS: Why is it factored in at \$10 million for all the out years?

Mr C.C. PORTER: In every year it appears, historically, there has been some level of overpayment and refund. I think that is the baseline estimate we use to accommodate the fact that there is an overpayment and a refund.

Mrs M.H. ROBERTS: I have a further question. I refer to the second last line item on page 299. Where is the interest on public moneys held in trust collected, and where is it held?

Mr C.C. PORTER: The interest earned on moneys held in eligible trust accounts are paid to agencies through the public bank account interest-earned trust account. However, interest earned on public moneys must be credited to the consolidated account. This item provides for the payment of interest from the consolidated account to those agencies holding public moneys in eligible trust accounts. It is a budgetary flow.

Mrs M.H. ROBERTS: I refer to page 300. Where does the interest under the Western Australian Treasury Corporation Act go, and how is that collection recorded?

Mr C.C. PORTER: I am informed that the consolidated account recommenced borrowing in 2008–09 and that the interest charges commenced in 2009–10. These were the first consolidated account borrowings since September 2006 when the then final \$49.3 million of consolidated account borrowings were repaid utilising part of the 2005–06 consolidated account cash surplus. The Loan Act 2009 authorised \$8.3 billion in consolidated account borrowings based on projections in the 2009–10 budget. By 30 June 2015, the consolidated account borrowings are expected to account for about \$10 billion of the general government sector's \$12.2 billion gross debt. The annual interest cost for this debt is predicted to be about \$590 million a year by 2014–15. Therefore, the consolidated account borrowing projections in this budget exceeded the existing \$8.3 billion limit authorised under the Loan Act 2009.

Mrs M.H. ROBERTS: Where is that recorded? I specifically want to know.

Mr C.C. PORTER: I am not quite sure that we are not at cross-purposes. The interest payments on debt are, obviously, required to be made on a yearly basis. The payments are made from consolidated revenue to the Treasury Corporation which then apports those moneys for the payment of those organisations from which the state has borrowed.

Mrs M.H. ROBERTS: Is that recorded anywhere?

Mr C.C. PORTER: It is on page 219 in budget paper No 3.

Mrs M.H. ROBERTS: I can look that reference up. I have a further question, which refers to pages 299 and 300 of budget paper No 2. "Item 45—Royalties for Regions" is listed on page 299 and on page 300 "Item 127—Royalties for Regions" is listed. Both items deal with royalties for regions —

The CHAIRMAN: Sorry, member, those items are excluded from this debate.

Mrs M.H. ROBERTS: I am not really dealing with royalties for regions; I am just asking about these two items that are part of the Treasurer's responsibility.

The CHAIRMAN: I am sorry, member, we cannot ask questions about these two items because they are not included in this division.

Mrs M.H. ROBERTS: I do not want to ask anything about royalties for regions; I ask only about the money. The amount of money varies between the two items. If those two items are added together, the total goes beyond the \$1 billion expended on the royalties for regions program each year.

The CHAIRMAN: I do not think that we can take these questions in this division.

Mr C.C. PORTER: Madam Chair, I understand that questions about royalties for regions are to be directed to the minister. However, in fairness to the member, I understand that she is basically asking for the Treasurer's view on the accounting treatment of those moneys. I think that the question is fairly put.

The CHAIRMAN: If the Treasurer is happy to answer the question, that is absolutely fine.

Mr C.C. PORTER: I do not know whether I can yet, but I will check.

Mrs M.H. ROBERTS: If those two items are added together, there is more than the \$1 billion expended on the royalties for regions program each year. I am asking about the accounting treatment. How does this add up?

Mr C.C. PORTER: The cap under the legislation applies to the balance that can sit in the account at any given point in time. To be coarse about it, if the account starts to accumulate money to the tune of \$999 million, any moneys above \$1 billion will not flow into the royalties for regions program. However, that is the absolute upper limit of the account so that does not mean that it is inconceivable that more than the capped amount could be spent in a year. Those two items are recurrent and capital, so if they are added together that, in effect, is what is being spent in a year. I am not sure whether that exceeds the \$1 billion figure.

[4.50 pm]

Mrs M.H. ROBERTS: That answers my question. That is what I could not comprehend. Thank you.

Mr A. KRSTICEVIC: I refer to the first dot point under the heading "Strategic Projects" on page 304 of volume 1 of budget paper No 2. Can the Treasurer advise the committee of the outcomes of the works reform program?

Mr C.C. PORTER: The best way I can summarise that for the member is by saying that it is early days yet for this government, but we have had significant achievements in ensuring that there are not cost overruns on major projects and on projects worth more than \$100 million. The cost overruns that we are tracking are very low; they are in the range of about two to three per cent. That is a very good outcome. The works reform program was designed in effect to consolidate inside the Department of Treasury and Finance the business case planning of individual agencies that might otherwise have had control over that process and make the Department of Treasury and Finance responsible for the business plan development and the ongoing monitoring of the progress of large projects. That is proving very effective. It adds time to the planning stage for projects. As I have toured around the state for this budget, a number of people have put to me that in excess of \$10 million for planning money for stadiums, or whatever it might be, seems to be an enormous amount of money to spend on planning. Every cent of it is absolutely and entirely necessary to ensure that we get an appropriate and proper business plan. From my observation of the reform—the reform predates my time as Treasurer—the centralisation of one group of public servants who manage business case development and who monitor the progress of all the major capital works projects has been a very useful and effective reform.

Mr A. KRSTICEVIC: Does the two to three per cent overrun on projects worth more than \$100 million include Perth Arena, which I assume has an overrun of a lot more than two to three per cent?

Mr C.C. PORTER: The two to three per cent overrun is for projects that are commenced by this government, so it does not include the arena.

Ms R. SAFFIOTI: Does the two to three per cent analysis include the Perth City Link project? I do not think it does.

Mr C.C. PORTER: I think it does.

Ms R. SAFFIOTI: The two to three per cent average increase includes it?

Mr C.C. PORTER: I understand that it includes it. We will confirm that for the member, but I understand that it does.

Ms R. SAFFIOTI: I do not think it would.

Mr C.C. PORTER: I stand to be corrected.

Ms R. SAFFIOTI: That two to three per cent increase will blow out quite a lot.

Mr C.C. PORTER: I will respond to that comment. That depends on what the member says was the scope of the project and the original costing.

Ms R. SAFFIOTI: I see; it is okay for the government to change the scope of the project, but when previous governments change the scope of projects —

Mr C.C. PORTER: I do not think that is a very fair assessment of the City Link project. This has been a substantive improvement. The previous government faced some additional challenges, including a very heated construction market, but this is a significant improvement.

Mr W.J. JOHNSTON: This is a very technical question. I refer to the general government summary financial statements on page 33 of budget paper No 3. At the bottom of the table, there is a statement of cash flows. The net increase in cash and equivalents and the cash position do not seem to relate to each other. Is there an explanation for that?

Mr C.C. PORTER: I might stand corrected by the Under Treasurer, but the net operating balance refers to the surplus. Every cent of that surplus has been spent. The cash position refers to the additional borrowings in a financial year that are being expended on top of the net operating balance. I think the net increase in cash and equivalents is an accrual measure of the cash position. That is the change in cash position relative to the previous year. It is an accrual measure. It is the change in the stock of cash relative to the previous year.

Mr W.J. JOHNSTON: It is the change in the bank balance.

Mr C.C. PORTER: In effect, yes.

Mr W.J. JOHNSTON: But the cash position does not seem to relate to the change in the cash position. The net increase in cash and equivalents cannot be added to or subtracted from the cash position in the previous year to get the cash position outlined in the budget paper.

Mr C.C. PORTER: I have not tried, but I am informed that it is a slightly different concept. They are not reconcilable or relatable; they are different measures.

Mrs M.H. ROBERTS: Can I just raise a procedural point? We have three other divisions to deal with. We still have to deal with the divisions on the Economic Regulation Authority, even though we have sent the advisers home, the Office of the Auditor General and Finance. I want to get some guidance from other members of the committee whether they are ready to move on, because I have some questions to ask, particularly in the division on Finance.

Ms R. SAFFIOTI: I have one more question.

The CHAIRMAN: We will take the question from the member for West Swan and then put the appropriation.

Ms R. SAFFIOTI: I refer to page 313 and to cash flows to government trading enterprises. My question is about both dividends and tax equivalents for Geraldton Port Authority and the estimates in the 2011–12 budget year and the forward estimates. The 2010–11 budget estimate was that \$17 million would be paid in dividends and \$9 million would be paid in tax equivalents. Is the Treasurer confident of achieving that revenue? The 2010–11 statement of corporate intent shows that the port authority estimated a tax payment of \$3.3 million and a total profit of only \$7.8 million. How confident is the Treasurer of achieving that revenue in the 2010–11 budget?

Mr C.C. PORTER: I note that the question has been asked previously. The member is quite right. Geraldton Port Authority's estimated dividend for 2010–11 appears in the budget papers to be about \$17.6 million, and that is not consistent with the 2009–10 actual operating profit after tax published in its annual report. The first thing I would say is that they are slightly different datasets, because one is a future estimate and one is a previous financial year actual. But it is still a significant divergence. The question the member is asking is: who is right—GPA or Treasury? Obviously, I have significant faith in Treasury's views about the revenue that it will bring in. But there is an inconsistency. The advice I am receiving is that there will have to be some serious liaison between Geraldton Port Authority and Treasury to try to work out who is correct in their estimates, because different datasets are being used. I cannot say with absolute confidence that, in light of the inconsistency in GPA's annual report, that figure of \$17.6 million will be achieved. But I do not know how wrong that figure is and I do not know how wrong GPA's figure may be.

Ms R. SAFFIOTI: The actual dividend in 2009–10 was \$1.4 million, and the 2010–11 budget figure was \$17.6 million. In relation to tax equivalents, the actual received in 2009–10 was \$3.9 million and it jumped to \$9 million. Something extraordinary would have to happen for Treasury estimates to be anywhere close to correct.

Mr C.C. PORTER: I appreciate that point; it is fairly made. I am informed that some significant variances, if not quite to the level of extraordinary, are expected in the operation of the port between the data year used in the port authority's report and what we estimate. I take the point that it is a significant gulf.

Ms R. SAFFIOTI: If GPA does not meet its targets in 2010–11—I note that the numbers are pretty much consistent throughout the forward estimates—there will be a significant impact on the state budget to the tune of about \$100 million over the forward estimates.

[5.00 pm]

Mr C.C. PORTER: If the figure of \$17.6 million is not reached, there will be an impact on the forward estimates. If the figure is not reached to the extent that one accepts that what is in Geraldton Port Authority's annual report is likely to be the figure for the forward estimates, it is a significant amount of money. Treasury has informed me that there is a divergence between the two; it has some degree of confidence that it is going to be closer to its figure. It is going to work through it, but it may be that it is not as high as the Treasury figure and not as low as the GPA figure. But we are clearly going to have to do some more work on that, because there is a divergence.

Ms R. SAFFIOTI: Why were these matters not resolved during preparation of the budget, given the significant divergence between the two agencies?

Mr C.C. PORTER: Why?

Ms R. SAFFIOTI: Why was the divergence not dealt with prior to budget preparation? The same thing happened last year or the year before when GPA representatives said that they had not seen the budget figures in relation to dividends and tax equivalents.

Mr C.C. PORTER: Treasury has some confidence in its estimate of the dividend at \$17.6 million; it is less confident about basing future estimates on GPA's previous actuals. It was aware of the divergence but informed me that it did not have enough time after becoming aware of the divergence to drill down deep enough into GPA's estimates methodology to work out whether that figure should be preferred, but it maintains a degree of confidence that it will be distant from GPA's estimate.

Ms R. SAFFIOTI: Why was this not included as a statement of risk, given that there is significant risk to the consolidated fund?

Mr C.C. PORTER: I think that is just a question of materiality. I accept what the member is saying—that if the Treasury estimate is not reached, there is an effect on the budget bottom line. That effect will become larger if we accept in totality Geraldton Port Authority's estimate. What that represents in terms of total government revenue in an absolute worst-case scenario is a 0.19 per cent variance which, as I understand it, falls outside the materiality for the budget.

Ms R. SAFFIOTI: The Treasurer has done the calculation, so he must be ready to not receive that revenue.

Mr C.C. PORTER: Obviously when I heard the questions asked during the Minister for Finance's estimates hearings, we discussed this matter. There is a variance, and Treasury is relatively confident in its estimates, but it is going to have to sit down with Geraldton Port Authority, work out what it based its previous actual on, and come up with a reconciliation of the two figures.

The appropriation was recommended.

Division 25: Economic Regulation Authority, \$14 678 000 —

The appropriation was recommended.

Division 39: Finance, \$592 140 000 —

Mr M.W. Sutherland, Chairman.

Mr C.C. Porter, Treasurer.

Mr T. Marney, Under Treasurer.

Mr M.A. Barnes, Deputy Under Treasurer.

Mr J. Tondut, Executive Director, Building Management and Works.

Mr D. Creedon, Chief of Staff, Office of the Treasurer.

[Witnesses introduced.]

The CHAIRMAN: The member for Midland has the call.

Mrs M.H. ROBERTS: I refer to page 439 and the heading, "Major Spending Changes". Why has more than \$4 million been allocated from 2010–11 through the forward estimates for corporate positions? What are the positions that have been funded? Do the positions currently sit within the State Administrative Tribunal or the Public Service Commission? Why did the previously amalgamated Department of Treasury and Finance budget not have this capacity to pay for positions?

Mr C.C. PORTER: Is that the first line item, "Major Spending Changes"? As the member will be aware, there has been a split between Treasury and Finance. Moneys have been allocated for corporate positions. I think I can describe those as the costs immediately associated with establishing an executive office for the Department of

Finance—the chief executive officer’s salary, the immediate employees under the CEO, corporate support and the like.

Mrs M.H. ROBERTS: So, that is essentially the additional cost of having a separate agency.

Mr C.C. PORTER: That is a cost of the split of Treasury and Finance.

Mrs M.H. ROBERTS: Why have capital appropriations increased by \$50 million against budget between 2010–11 and 2011–12?

Mr C.C. PORTER: The 2009–10 actual was \$53.6 million and the 2010–11 budget was \$94.3 million for capital appropriations. I am sure there is an answer for that.

Mrs M.H. ROBERTS: I am not sure the Treasurer quoted the same figures.

Mr C.C. PORTER: I am moving up from \$53.6 million to \$94.3 million.

Mrs M.H. ROBERTS: To \$144 million for the budget estimate for this year.

Mr C.C. PORTER: This relates to an appropriation for the old Treasury building precincts, which we discussed earlier today in the Attorney General’s division. The breakdown of the figures is: old Treasury buildings and St Georges Terrace cathedral heritage precinct redevelopment, \$6.7 million; additional capital funding provided to meet the costs associated with the office of the Premier accommodation, \$14.3 million; and there are moneys for Dumas House, Albert Facey House, the Department of Indigenous Affairs, the Western Australia Police relocation from the Law Chambers and the Public Trust building, as well as the old Treasury building fit-out, which is \$43.4 million. Within the increase pointed out by the member is quite a large range of projects.

Mrs M.H. ROBERTS: I refer to page 441 and the heading, “Service Summary”. Why has expenditure for services decreased in 2011–12 and the FTEs across the same services increased for the same year?

Mr C.C. PORTER: The cost of services has decreased from an estimated actual of \$1.9 million to a budget estimate in 2011–12 of \$1.5 million. I am informed that that is likely to be the wash-through from the end of the Building the Education Revolution funding.

Mrs M.H. ROBERTS: I refer to page 440 and the agency outcome of revenue collection. What is the impact or penalty on GST returns for 2014–15, 2015–16 and 2016–17 as a result of the state government increasing royalty rates?

Mr C.C. PORTER: The member is talking about the removal of the concession on fines?

Mrs M.H. ROBERTS: Yes.

Mr C.C. PORTER: In the budget papers there are three years of incoming revenue. Working backwards from the final out year, it is \$800 million of predicted incoming revenue; \$800 million for the year preceding that; and \$370 million for the first year, keeping in mind that in the first year—2012–13—there is only a partial removal of the concession up to 6.5 per cent. In the final year, which shows revenue of \$800 million coming in, we have indicated the amount that we will be penalised through the GST grants, which from recollection is about \$96 million. That appears in the final budget out year. This goes to the question asked by the member for West Swan. The first two years of increased royalty revenue from the removal of concessions will not factor into the GST Grants Commission penalty process until outside the out years. We have included the first penalty amount, which is \$96 million, in the final out year. That is predicated on what we expect to be a direction similar to the one that we received previously, which requires that the penalty be to the tune of about 60 to 65 per cent of the revenue being penalised by diminished GST returns.

[5.10 pm]

Ms R. SAFFIOTI: I refer to the heading “Leads the Planning and Delivery of New Government Buildings” on page 448. My question relates to the Office of Strategic Projects, which I understand now rests in the Finance part. Is that correct or has it moved back to the Treasury part? When the Premier said that it was going to be in the Finance part, that was incorrect.

Mr C.C. PORTER: I do not know whether the Premier intentionally misled the member. The strategic projects are projects over \$100 million. They still have line item responsibility of reporting to the Treasurer. There is some argument around the edges but it may be that a \$90 million project is considered strategic if there are other issues at play. Generally speaking, as a rule of thumb, strategic projects are over \$100 million and line item reported to the Treasurer.

Ms R. SAFFIOTI: I was going to ask for the list of projects that that office is overseeing. The Department of Finance is still one agency; it breaks up on 1 July.

Mr C.C. PORTER: The point the member makes is that the physical change to the office has not yet occurred. We are trying as best we can to operate along a Chinese wall-type division that we would do if the physical separation had happened. The line responsibilities have changed.

Ms R. SAFFIOTI: Is it possible to get a list of the major projects that the Office of Strategic Projects is overseeing and the estimated cost of each of those projects?

Mr C.C. PORTER: Yes.

The CHAIRMAN: I ask the member to tell the committee exactly what information she requires.

Ms R. SAFFIOTI: I require a list of projects overseen by the Office of Strategic Projects and the current estimated cost of each of those projects.

[Supplementary Information No B28.]

Mrs M.H. ROBERTS: I refer to service 6, “Project Management, Coordination and Implementation of the Whole-of-Government Shared Corporate Services Reform”, on page 447. Why is the estimated cost against budget to deliver this service decreasing by almost half between 2010–11 and 2011–12?

Mr C.C. PORTER: The estimated actual for 2010–11 is the \$7.4 million figure and the budget target in 2011–12 is the \$4.8 million figure.

Mrs M.H. ROBERTS: That is right.

Mr C.C. PORTER: I think the answer to that question is that it is targeted that the expenditure in the forthcoming financial year will be lower than it was in the preceding year.

Mrs M.H. ROBERTS: How is that happening?

Mr C.C. PORTER: This applies to what is known internally as the project division, which builds the IT systems. That process has peaked and is now declining and will draw to a close in due course.

Mrs M.H. ROBERTS: When does it draw to a close? What does that actually mean?

Mr C.C. PORTER: I am presuming—I may be corrected—that outside of that year, 2012–13, there is no expenditure allocated. Presumably, that process is anticipated to be finished at the end of the next financial year.

Mrs M.H. ROBERTS: Will there be no further costs associated with it?

Mr C.C. PORTER: I will ask the Under Treasurer to provide further detail, but there will be no further costs with respect to that part of the project, which is to do with a particular part of the IT delivery.

Mrs M.H. ROBERTS: Just before the Under Treasurer responds, I note that the FTEs remain consistent. Perhaps as part of any explanation, that might be explained as well.

Mr C.C. PORTER: Yes, I imagine there are expenses other than just wage expenses. The Under Treasurer may care to comment.

Mr T. Marney: The project management coordination implementation essentially refers to the building of the systems and the rolling in of agencies into shared corporate services. The systems are, in essence, built in accordance with the scope that has been set. That build process was completed in December–January. That means our expenditure on an ongoing basis on technical system environments essentially comes to an end. It is a bit technical to explain but we have three basic environments in which we build systems. We have a development environment, a test environment and a production environment. We have to replicate the networks for those three environments. As we build a system, we progress it through those environments. As we move all system elements to production, we do not need the volume of test environment that we have had today. They all cost money. They are all contracted to external providers. Those expenditures fall away to virtually nothing. Most of those expenditures are external contracts; they are not FTEs within the shared service centre that are captured in the FTE account. They are external contracts to the likes of Oracle, ASG and so on. That is why the FTE number is unchanged, despite the fact that that expenditure falls away.

Mrs M.H. ROBERTS: On page 444 there is a State Fleet KPI. Why is the profitability of the State Fleet projected to decrease by almost half in 2011–12? Has the income provided to manage the State Fleet increased?

Mr C.C. PORTER: I am having trouble locating that line item. Yes, it is “Profitability of the State’s light vehicle fleet”. I am informed that the earlier year was an abnormal year and that the estimates are simply assuming that the long-run trend will be as it has been in the past. In the abnormal year there were better than expected resale values when vehicles were sold. That is not expected to continue in the way that it did last year. I am not quite certain why last year was a good year for the resale of vehicles. It may have had something to do with the hail damage.

Mrs M.H. ROBERTS: Maybe more vehicles were sold because of hail damage. We would think that hail damage would reduce the value of cars, not increase them, unless a greater volume of cars were sold. Perhaps that could explain it.

Mr C.C. PORTER: A range of people were looking to replace vehicles that were hail damaged so they retired those and got the insurance payment. That produced something of a spike in demand for the second-hand vehicle market. Ironically, insurance payments were used to purchase vehicles at slightly elevated prices. Many government vehicles are sold on that market and we got better than expected returns for them. That is the hypothesis that the Under Treasurer has kindly relayed to me. I am happy to try to get further detailed information to explain why the previous year was better than the long-run average and why we are returning to the long-run average.

[5.20 pm]

Mrs M.H. ROBERTS: I would like to receive that as supplementary information.

[*Supplementary Information No B29.*]

Ms R. SAFFIOTI: I refer to the estimated asset sales of \$85.4 million in the table on page 450 of the *Budget Statements* under the heading “Funded by”. Can the Treasurer provide as supplementary information a list of those assets that will be sold?

Mr C.C. PORTER: I am sure that we can provide the member with that information. We may have it to hand if the member does not mind waiting a moment. Apparently, that is largely the proceeds of the sale of second-hand vehicles that we have just described.

Ms R. SAFFIOTI: Are they all government-owned second-hand vehicles?

Mr C.C. PORTER: The government leases the vehicles to agencies and then the vehicles are retired and sold on the second-hand car market.

Ms R. SAFFIOTI: I refer to page 449 of the *Budget Statements* and the table headed “Leads the Planning and Delivery of Government Office Accommodation”. I understand that the two items that have been funded for the parliamentary precinct are the redevelopment of Hale House and Dumas House. There is also the mini Dumas House—the new Dumas House—that the Premier has outlined. That is a new building adjacent to Dumas House that will become another building for the purpose of government accommodation. What planning or work has the Department of Treasury and Finance done on that project?

Mr C.C. PORTER: My understanding is that the development of that project is some distance in the future and that it is an idea that has been put; it is aspirational. I do not know whether a significant amount of work has been done on it. Most of the planning at this stage might be described as being limited to an assessment of needs. We have tried to forward project when leases on existing buildings will run out and what the need for accommodation will be, having noted that accommodating public servants in publicly owned premises is desirable in the long term. At this stage, we are looking at what the needs will be at around the time the construction may or may not happen. No further planning has been done other than that.

Ms R. SAFFIOTI: I understand that Dumas House will house most ministers, although not all, the Department of the Premier and Cabinet, and also the Public Sector Commission. Is that correct?

Mr C.C. PORTER: Yes.

Ms R. SAFFIOTI: I understand that initially the Public Sector Commission was to move into offices at 140 William Street. Was the commission reluctant to move there?

Mr C.C. PORTER: I do not know. I have not spoken to the Public Sector Commissioner specifically about this issue. Sometimes heads of agencies have views about where they should or should not be domiciled. Indeed, some ministers have a view about the wisdom of moving particular ministers’ offices away from St Georges Terrace to Dumas House. I am not aware of the Public Sector Commissioner’s personal views on that.

Ms R. SAFFIOTI: I have a copy of a letter that one of my colleagues obtained under freedom of information from the Under Treasurer, Tim Marney, on 7 January 2010. It appears that the Public Sector Commissioner had reservations about moving to 140 William Street. The Under Treasurer wrote that he was disappointed to read of the Public Sector Commissioner’s reservations about the interim move to 140 William Street. I would like the Treasurer to confirm whether it was because of those reservations that the Public Sector Commission is moving to Dumas House.

Mr C.C. PORTER: There will always be a level of free and frank discussion between directors and heads of agencies about where the best accommodation is or is not. Having worked in the public sector myself and been subject to changes in offices, I remember the debates being quite fierce at the time. This may be one of those occasions when robust views were put. In the end, a strategic plan has been engaged in and people will go where the executive government, after due and proper consultation, determines they should go.

Ms R. SAFFIOTI: Has there been any reluctance from the other heads of agencies about some of the moves that are either proposed or underway under the government’s accommodation master plan?

Mr C.C. PORTER: There have not been any representations to my office that I am aware of about substantive objections to the Dumas House proposal.

Ms R. SAFFIOTI: I am referring more generally to some of the agencies moving to Optima Centre and other places in the metropolitan area.

Mr C.C. PORTER: Again, I cannot recall having had any direct representations made to me. That is not to say that there is not a variety of views as to the wisdom or otherwise of particular moves; there always is. Apparently, the people moving to Optima Centre are very happy.

Mrs M.H. ROBERTS: I refer to page 36 of budget paper No 3 and the goods and services tax being offset by royalties. Do the projected increases in royalty income since the 2010–11 *Mid-year Review of Public Sector Finances* offset the losses in GST revenue; and, if so, by how much?

Mr C.C. PORTER: We may have moved past this division. Can the member confirm what particular increases in royalty revenue she is referring to? Is it the entire predicted increase?

Mrs M.H. ROBERTS: Yes.

Mr C.C. PORTER: The penalty that is exacted upon the revenue-raising state through the Commonwealth Grants Commission is different for different types of ore. As a rule of thumb, about 65 per cent of iron ore royalties are lost to Western Australia by a commensurate decrease in the GST grant. For every \$100 million in iron ore royalty raised, there will be a \$65 million decrease in the GST grant. The important point to be made, which I have been attempting to impress upon my interstate colleagues, is that there is sometimes an unfortunate tendency to view the Commonwealth Grants Commission process as a zero-sum gain whereby one state wins and another state loses. If we remove the incentive for a state to grow its royalty revenue, we remove the incentive to grow revenue, a percentage of which is shared among the other states. We would say that 65 per cent is far too high a penalty to pay through the GST system and that the penalty should be less. If the Commonwealth Grants Commission penalises particular royalty increases to the tune of 200 or 300 per cent, there is every possibility that the state will not engage in those royalty-raising exercises and that the extra revenue that would otherwise be shared among the states to the tune of either 65 per cent, or a more desirable 30 per cent or whatever it might be, would not be available. As I have mentioned, the overarching policy incentive exists under the present system to actually cut the level of royalty income earned to get a net increase overall by receiving an increase in the GST grants. The only reason it might be argued that states do not do that is the threat of extra penalty, again by the Commonwealth Grants Commission, which assesses what the states could otherwise be earning. But the system is well and truly broken.

[5.30 pm]

Ms R. SAFFIOTI: I refer to the line item on employees in service 2, “Revenue Assessment and Collection”, on page 445. I think we touched on this in the Department of Treasury and Finance discussions about the increase in full-time equivalent staff. It was said that there was an increase in staff in the revenue assessment and collection area, but I cannot remember whether we touched on the particular areas of revenue assessment and collection—payroll tax or stamp duty—in which the 16 extra staff will be working.

Mr C.C. PORTER: Yes, they are in revenue collection. I recall a specific area of revenue collection was mentioned during the Economic and Expenditure Reform Committee process. An estimate was made of the revenue that each of those FTEs might bring in by virtue of their work in revenue. Generally speaking, they are in payroll tax, basically to ensure compliance in an increasing base of payroll taxpayers in a growing economy. The estimates are that, with increased compliance, therefore, those FTEs will pay for themselves—significantly so.

Ms R. SAFFIOTI: So, they are predominantly in payroll tax.

Mr C.C. PORTER: Yes.

Mrs M.H. ROBERTS: I have some questions relating to page 449. There are two headings there. One is “Leads the Planning and Delivery of Government Building Maintenance”, and I note that the net cost of service will increase in 2011–12. I am seeking an explanation for why there appears to be a significant increase. The other heading is “Leads the Planning and Delivery of Government Office Accommodation”, and the net cost of service obviously went up considerably, it would seem, between the budget figure in 2010–11 and the estimated actual. I am therefore seeking an explanation for that as well.

Mr C.C. PORTER: With respect to the first of those, which is delivery of government building maintenance, the 2010–11 estimate was \$201 961 and the actual was \$195 000. Then the 2011–12 estimate goes up again to \$203 446.

Mrs M.H. ROBERTS: No, the income is reduced. In each case I was looking at the net cost of the service, rather than the total cost of the service.

Mr C.C. PORTER: I do not know whether I would describe those as significant variations. I will hand over to the Under Treasurer to explain those variations, such as they are.

The CHAIRMAN: Under Treasurer.

Mr T. Marney: Thank you, Chair.

The CHAIRMAN: As long as the Treasurer says you can talk, you can talk.

Mr T. Marney: I am merely paying respect to the Chair, which I believe is appropriate.

The CHAIRMAN: Thank you; I appreciate it.

Mr C.C. PORTER: There is a first time for everything!

Mr T. Marney: The change in net cost of service reflects a shift in the fee-charging arrangement with agencies. I will be corrected by the Executive Director of Building Management and Works if I am wrong, but I believe that we previously received fees from the agencies for maintenance work that we did for them. That has been taken away and reflowed directly to Building Management and Works as an appropriation, as opposed to an exchange of money between Building Management and Works and the agencies themselves.

Mrs M.H. ROBERTS: I will just clarify that through you, Mr Chair, and also through the Treasurer. Are the agencies still paying the same amount of money for those works but the money is going elsewhere; or are the agencies no longer paying?

Mr T. Marney: Building Management and Works is paying on behalf of the agencies now and is appropriated directly for those payments, as opposed to collecting fees from the agencies. We therefore arrange the maintenance work and pay for it directly, rather than charge fees to the agencies, reflecting that the appropriation has shifted from the agencies directly through to Building Management and Works.

Mrs M.H. ROBERTS: I have a further point on that. Previously money was made available by the federal government for various school projects and whatever, and Building Management and Works charged a fee to undertake those works, which came out of the federal government money. Can I just find out what is happening here? Is the state now meeting that money, or is that allocation from the federal government made directly to BMW?

Mr C.C. PORTER: I defer to the Under Treasurer.

Mr T. Marney: It gets pretty complicated whenever commonwealth projects are undertaken by BMW in the state agency on behalf of the commonwealth. Obviously, we have to cover our costs of managing those programs. For example, in the Building the Education Revolution program, we retained an amount of funds sufficient to cover our administration of the program. We did not charge fees to the agencies. Basically we took whatever the commonwealth gave us for that program and did as much as we could with it, but in the process covered our costs associated with it. I think in the national audit process that was undertaken at the end of the BER program, which audit was released earlier this year, it was demonstrated that we had achieved the lowest fees of all jurisdictions through that arrangement as well as through the procurement processes that we employed.

Mrs M.H. ROBERTS: I have a further question. Is the fee for a project a set percentage or is there a scale of percentages per value of project; and, if so, what are the fees?

Mr C.C. PORTER: The fees anticipated for maintenance?

Mrs M.H. ROBERTS: No, just in a general sense. I do not want the global amount for this year or whatever; I want to know what percentage of project value is charged by BMW or, as we find in the changed circumstances, retained by BMW to manage a project; and, does that percentage vary depending on the monetary value of the project?

Mr C.C. PORTER: I will defer again to the Under Treasurer.

Mr T. Marney: It depends on the nature of the project. We charge a standard rate for our involvement in procuring maintenance work for agencies. The variation in fees really comes from the facilities management companies that we deal with that actually undertake the maintenance work. The fees for a large project, the funds for which may come from the commonwealth, would again depend on the monetary value of the project and also the complexity of the project. Our fees are largely determined by the services we have to contract in, such as specialist construction advice, architectural services and so on. It therefore varies project by project, it varies with the dollar amounts and it varies with the complexity of the project.

Mrs M.H. ROBERTS: Further on that, I will specifically ask about school maintenance. If, for example, \$100 000 worth of maintenance needs to be done at a school, the Under Treasurer and the Treasurer have said that BMW charges a rate per hour, rather than a set percentage, based on how many hours are expended by BMW to oversee the project. What is that rate per hour?

Mr C.C. PORTER: Again I will defer to the Under Treasurer's expertise.

Mr T. Marney: I will further handball this one to John Tondut, the Executive Director of Building Management and Works, who can run through exactly how maintenance is procured.

[5.40 pm]

Mr J. Tondut: If we are talking about school maintenance, there are different arrangements for organising the work, depending on the type of work. If it is a very small breakdown and repair job, it is arranged through a call centre and a direct order to a pre-qualified trade. In that case, a standard schedule of rates is charged and we add a standard amount on top as an arranging fee, which covers the cost of the call centre. If we go to the other extreme of, say, a roof replacement program, we would be working with the existing facilities management framework. That type of job goes through a design and tendering process, and there is a cost associated with that. Once again, the school pays the actual cost, and that arranging cost is part of the appropriation that we were talking about before.

Mrs M.H. ROBERTS: By way of supplementary information, could I get a copy of the schedule of rates charged by Building Management and Works for those small maintenance works?

Mr C.C. PORTER: Yes, we will provide a copy of the schedule of rates charged by Building Management and Works for maintenance on school facilities.

Mrs M.H. ROBERTS: Just generally for maintenance. I do not think it varies whether or not it is for a school, does it?

Mr C.C. PORTER: For general maintenance?

Mrs M.H. ROBERTS: Yes; I expect it is the same for all agencies.

[*Supplementary Information No B30.*]

Ms R. SAFFIOTI: My question is related to "Revenue Assessment and Collection" on page 445 of budget paper No 2. I wish to ask about the state government's role in collecting the Perth parking licence fee. Can I just confirm that in this budget, similar to the treatment of the road trauma trust fund, the Perth parking licence fee is being collected and shown as revenue, but there is no expenditure shown in the budget against that item?

Mr C.C. PORTER: I will stand corrected if I am wrong, but the revenue that comes through the collection of the fee sits in an account and counts as an asset until such time as its expenditure is approved and it is spent, and it moves through the account in that fashion. Is that what the member is asking?

Ms R. SAFFIOTI: Yes, sure. Following on from that, though, as I understand it, this budget shows no expenditure against that item over the next four years.

Mr C.C. PORTER: If the member can just take me to that line item. An additional amount of \$8 million is being spent on the CAT buses over the out years, so I presume that turns up in our budget papers as expenditure.

Ms R. SAFFIOTI: Okay. So is the total revenue being offset by expenditure?

Mr C.C. PORTER: The total revenue is being placed into an account, and there will be expenditure of \$8 million from that account over the out years for the CAT bus service. Whether or not that expenditure equals the anticipated revenue that is coming in—is that what the member is asking?

Ms R. SAFFIOTI: Yes.

Mr C.C. PORTER: The expenditure is less than the amount that is coming in, but that does not prevent additional expenditures from the account being approved, either mid-budget cycle or in the next budget cycle.

Ms R. SAFFIOTI: What is the difference over the forward estimates between the expenditure and the revenue?

Mr C.C. PORTER: I will have to take that as a supplementary and provide the information to the member.

[*Supplementary Information No B31.*]

The CHAIRMAN: Supplementary B31 is the excess of income over expenditure on the CAT buses.

Ms R. SAFFIOTI: The revenue generated from the Perth parking levy over the next four years—the budget year and the forward estimates—compared with the expenditure included in the budget.

Mrs M.H. ROBERTS: I just realised that the other half of the question I asked earlier did not actually get answered. It was about the items under "Leads the Planning and Delivery of Government Office Accommodation" on page 449 of budget paper No 2. The three figures shown are for the total cost of service, less income and the net cost of service. The net cost of service went up this year and will go up again next year. It would seem that in 2010-11, between the budget and the estimated actual, the income level has increased. What is the explanation for that increase and why is the net cost of service going in an upwards direction?

Mr C.C. PORTER: The member is quite correct in identifying that the net cost of service goes from an estimated actual of \$33.6 million to a budget target, in 2011-12, of \$37 million, noting that that comes down off a high of \$92.1 million in 2009-10. I am not aware, offhand, of what the explanation for those variances might be. I will defer to Mr Tondut.

Mr J. Tondut: In regard to the difference between the 2010-11 actual and the 2010-11 budget—is that the question?

Mrs M.H. ROBERTS: That is one of the questions; there are a lot of figures there that are interesting. The Treasurer pointed out that the actual net cost of service in 2009-10 was \$92.171 million, and in last year's budget it decreased dramatically to \$19.337 million, but in reality the estimated actual goes up to \$33.631 million. I am seeking an explanation of all of that, and also why the income appears to have gone up from \$204 million to \$249 million.

Mr J. Tondut: There are a number of factors there. The first one, if we go back to 2009-10, is due to an effect of a net decrement of \$95 million as a result of a downward devaluation of the land and buildings. That is a one-off effect. The other movement between the 2010-11 actual and the budget is due to the additional leases on 140 William Street and Optima Centre that were not known at the time the budget was set. There has also been quite an increase across the board in the actual lease payments for government office accommodation. The income is going up because we pay the landlord and then recoup the actual cost of the lease from the agency that is occupying the building, so it is an increase in the revenue.

Mrs M.H. ROBERTS: When Mr Tondut says “we”, is he saying that Building Management and Works pays the landlord on behalf of another government agency?

Mr J. Tondut: Yes; that is right.

Mrs M.H. ROBERTS: Is the amount that Building Management and Works pays the landlord and the amount that is charged to the government agency the same or different; and, if it is different, how different is it and why?

Mr C.C. PORTER: I will defer to Mr Tondut again.

Mr J. Tondut: In simple terms it is the same amount, so what we pay the landlord we pass on to the agency, in proportion to the percentage of the building that it occupies.

The CHAIRMAN: I just want to remind members before we go any further that we still have division 26, Office of the Auditor General, to get through. Does anybody want to ask questions about the Office of the Auditor General, because we have only 10 minutes left? Do members want to continue with this division?

Mrs M.H. ROBERTS: I am quite happy to go on to the Office of the Auditor General.

The appropriation was recommended.

Division 26: Office of the Auditor General, \$5 864 000 —

Mr M.W. Sutherland, Chairman.

Mr C.C. Porter, Treasurer.

Mr C. Murphy, Auditor General.

Mrs S. Godfrey, Assistant Auditor General.

Mr D. Creedon, Chief of Staff, Office of the Treasurer.

[Witnesses introduced.]

The CHAIRMAN: The member for Midland has the call.

Mrs M.H. ROBERTS: I refer to page 326 of budget paper No 2. Why has the number of reports tabled in Parliament decreased in three of the four areas listed—namely, service delivery, economic development, and social and environment? I am also curious about which reports the Treasurer believes received the most attention from the public.

[5.50 pm]

Mr C.C. PORTER: With respect to the first question, in the short time that I have been in government, the process is that members of government are free to make recommendations to the Auditor General about suitable issues on which he might care to report. I have made a number of those recommendations to the Auditor General over the past few years. They are not always picked up and there may be reasons for that. As to some areas being subject to more reports than others or that there are more reports than there have been in the past, I would not race to find a pattern in that. The Auditor General might comment on that.

The second part of the member's question was: what areas of reporting do I consider are of most interest or use to the public? I do not know whether I have ever given that a good deal of thought. As a minister outside my role

as Treasurer, in making recommendations to the Auditor General for areas into which he may consider a report, I have looked at areas in which I have come across practices or administration that seem to me to warrant improvement. Therefore, the process is not necessarily led by a view of what the public might find most interesting but by a view emanating in the first instance from ministers, but with the very strong input of the Auditor General about which areas of government are most in need of attention. It may indeed be the fact that the areas of government most in need of attention will be quite boring to the general public; nevertheless, the Auditor General contributes a great deal by reporting on that. The Auditor General may care to comment on that.

Mr C. Murphy: The indicator that the member refers to is relatively new. It was designed by my office with a view to trying to ensure that we have coverage across the sector. We have the categories of service delivery, economic development, social and environment, and governance reporting, I guess, to try to see that we get a spread across those areas, but it is only one view. We also try to get a spread across different agencies of different sizes with different sorts of issues. We prioritise based on a range of different issues. We use this measure over a number of years to ensure that we will not cover the same area time after time. Therefore, we do not look to achieve a specific number of reports in a category in any one year; the indicator is really to look at what we achieve over time. The number of reports we do is a difficult issue because we do not know what we will find in an audit until we get into it. It could be that we think a matter is relatively straightforward and it turns out not to be the case and vice versa. Therefore, really, the number of reports is a function of what is found inside the different audits that we conduct. We put pressure on the teams to try to deliver as many reports as we possibly can. We certainly look forward to increasing the number of performance audits, if we can, in the short term, but that again will depend on what we encounter.

As to the second part of the question, which of the reports receive the most attention, if we like, or are of greater interest, varies enormously depending on the audience. I do not think that the media is a reliable indicator. Certainly, the media is useful in promoting the work that we do, but I hope that some of the more workman-like assurance-type reports that we put out provide a level of assurance about what is going on within the public sector, even though they are not necessarily issues that the media will be interested in. Again, I try to achieve a spread of issues that are of interest to the Parliament and the community, as well as issues to do with public sector management and governance. One of the indicators that we use within the office these days, given the increasing use of the internet, is the number of downloads, which we can measure. The number of hits that we get on different reports is included in our annual report each year. We are quite staggered that our “Information Systems Audit Report”, which did some fairly innovative things, received some 12 000 internet hits. Similarly, our audit results report on our assurance audit reports for 30 June got about 4 500 hits, but those details are listed in our annual report for people to look at.

Mr C.C. PORTER: I guess that *Dancing with the Stars* has a bigger audience than *Lateline* but it is not a measure of the merit of either of those programs! Although those key performance indicators —

Ms R. SAFFIOTI: I do not know!

Mr C.C. PORTER: There is no accounting for taste.

Mrs M.H. ROBERTS: It could be first *STM*, next *Dancing with the Stars*!

Mr C.C. PORTER: Fortunately, I cannot dance!

Those KPIs are instructive, but I would not want to see them guiding the process of choice.

Mrs M.H. ROBERTS: I think the Chairman’s wife could be interested, too!

The CHAIRMAN: This session is becoming very artistic!

Mr P. PAPALIA: I refer to the first dot point under “Significant Issues Impacting the Agency” on page 326. Hopefully, the minister will countenance this question. That dot point refers to the fact that the Office of the Auditor General will be able to undertake more auditing functions because of increased funding. In 2006, there was a Public Accounts Committee recommendation that the Auditor General be given the task of auditing a percentage of local governments in the state in the same way that it does government departments. I wonder whether it is possible for the Auditor General to give an indication of the sort of cost involved in something of that nature if the Office of the Auditor General was to take on a whole new field of endeavour, not necessarily 100 per cent of local governments—the suggestion was 18 per cent. There are 139 councils. I wonder whether it is possible to give a broad indication of the sorts of costs involved each time the office takes on a new field of endeavour.

Mr C.C. PORTER: I will hand over to the Auditor General, but before I do, who was it that made the recommendation?

Mr P. PAPALIA: It was a Legislative Assembly committee; the Public Accounts Committee.

Mr C.C. PORTER: For my part, I am sure that the Auditor General would find interesting and useful things inside the local government sector. I imagine that would have some pretty significant resourcing implications. In

term of the office's acumen and ability it might be well directed; I agree with the Public Accounts Committee. The Auditor General might give some indication of how that might be achieved.

Mr C. Murphy: That report was done some time ago and my office was consulted fairly extensively during the process. One issue that was identified, which I believe is a major stumbling block, is that some local governments' current external audit process is relatively superficial compared with what is acceptable in industry and the state public sector. As a result, my office would not conduct an audit unless it was to the Australian Auditing Standards and the quality standards that my office has in place. Therefore, we indicated that it would result in a number of local government areas having significant increased costs. I believe that some of those costs were addressed in that particular report. As far as resourcing if it were to happen, a significant number of our audits are currently outsourced, so my office would have the capacity to do some of those audits initially, potentially using private sector resources, but increasingly balancing that mix depending on what was appropriate. I refer to the second dot point on page 326 and quickly point out that the Auditor General Act 2006 was proclaimed in 2007 so it is still relatively recent. That act provided a new power for the Auditor General to do follow the dollar-type arrangements. We did an audit of a particular local government using that power. It is a completely new area of legislation that allowed me in the case of royalties for regions to follow state government dollars into local governments and look at how they were spent and at the government's arrangements around that expenditure. I certainly intend to continue using those powers. Regardless of the Parliament's decision for me to be involved in the external audit in a financial sense of local government, I certainly now have the capacity to look at local government issues wherever significant state funding is involved.

The CHAIRMAN: Member for Riverton, we have one minute.

Dr M.D. NAHAN: The second dot point on page 326 refers to the follow-the-dollar power. Would the Auditor General consider using this power, for instance, for non-profit organisations, which the budget has expanded money significantly to, or for contracted services to Fiona Stanley Hospital?

Mr C.C. PORTER: I hand over very briefly to the Auditor General. My view is that he makes those decisions ultimately, but they would seem like rich veins to tap.

Mr C. Murphy: Given the time, I think "yes" is the short answer to that. We have already conducted one audit on grants to non-government organisations, so we would continue in that vein. I think that the intent of the legislation is very much around government delivering services using other than traditional departmental or public sector resources. Wherever alternate resources are used —

The CHAIRMAN: Thank you.

The appropriation was recommended.

Meeting suspended from 6.00 to 7.00 pm

Division 61: Local Government, \$20 991 000 —

Mr J.M. Francis, Chairman.

Mr G.M. Castrilli, Minister for Local Government.

Ms J. Mathews, Director General.

Mr G. Brennan, Chief of Staff, Office of the Minister for Local Government.

Mr L. Nagy, Manager, Financial Services.

Ms M. Osman, Executive Director, Office of Multicultural Interests.

Ms S. Siekierka, Principal Policy Adviser, Office of the Minister for Local Government.

Mr B.P. Jolly, Executive Director, Governance and Legislation.

Mr A.G. Shaw, Executive Director, Strategic Business Management.

Dr C. Berry, Acting Executive Director, Strategic Policy and Local Government Reform.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

Mr P. PAPALIA: I refer to the dot point on page 745 of the *Budget Statements* that concerns the state investing \$1.5 million over each of the next two years. It regards significant issues impacting the agency and money allocated over the next two years to assist with structural reform within the Perth metropolitan area. Would the minister be able to indicate which councils will receive that money and what amounts each of those councils will receive?

Mr G.M. CASTRILLI: No, I cannot at this stage, because the amount of \$1.5 million per year over the next two years will broadly assist with some structural reform in the metropolitan area and generally assist with research, community consultation, community engagement and related activities that will assist with meaningful structural reform of the metropolitan area. That is broad as it is now. Obviously the details and how it goes is a subject for cabinet to decide and endorse.

Mr P. PAPALIA: The minister is already engaged in processes with some metropolitan councils. Under this dot point can the minister indicate which local governments they are, how they are going and how that is progressing?

Mr G.M. CASTRILLI: At the moment we are engaged with the Cities of Subiaco and Nedlands, which have formed a regional transition group. That is a separate process to what I have just indicated in answer to the question the member has asked of me now. Subiaco and Nedlands have already engaged in an RTG. Those councils were already part of the reform process that I have entered into. That is totally separate from the \$1.5 million per year for the next two years.

Mr A.J. SIMPSON: My question refers to page 743 and the line items under "Major Spending Changes" and it relates to local government reform. How much has been invested into local government reform programs to support voluntary amalgamations sourced from royalties for regions in the past 12 months? What have those funds assisted with?

Mr G.M. CASTRILLI: Over the past 12 months royalties for regions projects have contributed \$2.4 million out of a total \$4 million. That is allocated to the voluntary amalgamation of eight local governments to form three new entities. Those local governments include the City of Geraldton–Greenough and the Shire of Mullewa to form the City of Greater Geraldton, which will be formed from 1 July this year. The Shires of Westonia and Yilgarn will also form a new entity. There was a proposed merger of the Shires of Morawa, Perenjori, Three Springs and Mingenew, but, as the member might be aware, that was terminated because of the poll results in Perenjori. That happened on 16 April 2011.

To date, \$245 000 out of the \$2.4 million has been released. The remaining portion is due to be released prior to the end of this financial year. The funding provided to the local governments pursuing those amalgamations has been structured in a manner that accounts for the possible amalgamations. In the event of a poll coming through, it will proceed. However, it also ensures that the money has been allocated responsibly and has been appropriately spent in those areas for the ongoing benefit of local councils. In case it should not proceed, obviously the money that has been spent will be to the benefit of those councils anyway. It is something that they can enjoy for their communities and get more efficient and better processes going. That is how it is structured. In case it does not proceed, that money is not lost.

Mr P. PAPALIA: In the group of councils in which Perenjori voted not to participate, exactly what was the money spent on? When the minister says it is of benefit to the councils involved, what is the benefit?

Mr G.M. CASTRILLI: It was on amalgamation pre-planning, including community consultation, employee consultation, staffing and elected member training, regional business planning, reviews of rating, financial

management and human resources. The shires certainly would have looked at their current operations and how to better structure their current operations. That money would have been to the benefit of those communities.

Mr P. PAPALIA: How much of the money expended was spent on that particular process, which has now been made defunct?

[7.10 pm]

Mr G.M. CASTRILLI: I am advised that it was \$550 000 for the Three Springs group.

Mr P. PAPALIA: What is happening with that group now? What is the next step?

Mr G.M. CASTRILLI: Perenjori has pulled out, but the shires of Three Springs, Morawa and Mingenew are determined to proceed. I understand they are meeting together shortly. They are coming back to me. They want to proceed, but whether the three of them proceed together or in what configuration it will be and whether it will be inclusive or expanded is something they are working out right now. They are adamant that they want to proceed because they see enormous benefits to the community. One of the things that pre-business planning identified was the enormous benefit to the community, which is probably why they are proceeding. The member might know that the communities of Three Springs, Mingenew and Morawa did not ask for a poll—only Perenjori asked for a poll. Those three communities are reassessing where they are going, and they certainly want to proceed with local government reform.

Ms J.M. FREEMAN: I refer the minister to page 743 of the *Budget Statements* and the items for appropriations, expenses and cash assets.

Mr G.M. CASTRILLI: What line is the member talking about?

Ms J.M. FREEMAN: I refer to “Delivery of services” and total appropriations. Can the minister outline what percentage of local government contracts of service have been awarded to Western Australian companies?

Mr G.M. CASTRILLI: I do not have that exact figure with me, but some consultants have been engaged on the reform agenda in template development for asset management, financial management and integrated strategic planning. Also, CAMM Solutions has been involved in preparing templates for the 22 councils engaged with Indigenous communities in the north involved with the Council of Australian Governments’ Closing the Gap agreement. The state and federal governments have an agreement by which local government service delivery will be the responsibility of the state government on 1 July 2012 at this stage. The templates for scoping works need to be done for that. I cannot give the member the exact date, but I can provide that as supplementary information.

I will provide the member for Nollamara with supplementary information on how much money or percentage of moneys we have paid to consultants and local Western Australian companies.

The CHAIRMAN: The minister has agreed to provide that information and I am happy with the explanation of exactly what the minister will provide.

[*Supplementary Information No B32.*]

Ms J.M. FREEMAN: I have a further question on the same item. From liaising and consulting with local government agencies throughout the reforms and the general consultation process, is the department aware of how many contracts are awarded in local government to Western Australian companies? Is that something the department has discussed?

Mr G.M. CASTRILLI: We are not aware of that because every local government is an autonomous body. I suspect that a better place to find that information is the Western Australian Local Government Association, which is the peak body for local governments. WALGA acts on behalf of local governments and has preferred suppliers that local governments tap into with private companies. I would not be able to give the member that information.

Mr P.T. MILES: My question relates to “Outcomes, services and key performance information” on page 744 of budget paper No 2 and refers to building the strategic capabilities of local government. Can the minister explain the activities that have taken place to achieve that please?

Mr G.M. CASTRILLI: It is quite extensive because the objectives of local government reform are to secure fewer, stronger and more regionally focussed local governments that are sustainable in the long term. To be able to do that, one of the key planks is to lift the capacity of local governments. Of course, they need to strategically plan for the future. Successive reports have indicated that local governments can do much better in that regard. In 2010, our local government steering committee reported that the majority of local governments in the state do not have strategic community plans, effective asset management plans or long-term financial plans. The local government department has been working closely with the sector to develop those resources and to adopt that integrated approach to strategic planning. We have produced integrated frameworks, such as those that I have

with me here, to assist local governments in doing that. There is a corporate business plan that needs to be supported by specific resourcing plans, including asset management plans, long-term financial management plans and human resources. Those frameworks will assist local governments. For asset management planning, we have asked them to look at the whole-of-life costing of a project. The easiest thing to do is to build something, but as the member for Wanneroo might remember from his days in local government, it is the ongoing maintenance that gets you in the end. The Department of Local Government is working very closely with Local Government Managers Australia to conduct master classes on integrated planning. They are doing that, and they will be taking them to the local government sector. The other thing that I am doing concerns amendments to the Local Government Act, which are being planned and which will ensure that local governments have to prepare strategic community plans and corporate business planning. They will also be encouraged to reduce the number of councils from a minimum of six to a maximum of nine, because I want them to focus on macro issues rather than the day-to-day operations of local government. The member for Warnbro was at the launch of the City of Rockingham's integrated plan on 12 May. I think they did a very good job. It is very good plan which will take their community into the future. It is essential, regardless of the size of local government—whether they are big or small—to have these plans in place for the sake of their communities into the future.

Mr P. PAPALIA: How many of the state's councils have integrated framework plans like Rockingham? Beyond that, how many have asset management and strategic plans that may not necessarily comply with their integrated framework?

Mr G.M. CASTRILLI: I do not have the exact figure with me, but from memory about 82 per cent of local governments in Western Australia do not have, or have very little, integrated planning.

Mr P. PAPALIA: That was in 2010.

Mr G.M. CASTRILLI: I am talking about now.

Mr P. PAPALIA: Does the minister know whether that has changed at all?

Mr G.M. CASTRILLI: I am talking about this current year. From 2009, when we got checklists in for local governments, to now, when we developed those templates, if you like, to assist local government, on average around 81 or 82 per cent of local governments in Western Australia had very little or no integrated strategic planning linked to their asset management or financial planning on a 10-year horizon.

[7.20 pm]

Mr P. PAPALIA: Is it possible for the minister to provide accurate numbers? I am assuming that some change might have occurred after the self-assessment checklists were completed. I know that money was spent on consultancy for a number of councils. I am assuming that there is at least some work down the road in getting asset management plans and strategic plans as that was a requirement.

Mr G.M. CASTRILLI: The department is embarking on a very comprehensive program. I will get the director general to expand on that if she can.

Ms J. Mathews: Certainly we are rolling out a major initiative. The information we have to hand at the moment about what is available and what local governments are doing comes from those self-assessment checklists that local governments completed as part of the reform process. That gave us a percentage of how many local governments have strategic plans, asset management plans or long-term financial plans. The self-assessment data shows a significant number—over half—in each of those areas do not have plans. Therefore, we will send out a survey to local governments to revalidate some of that data. The survey will revalidate in an objective and more rigorous way exactly what is out there, rather than relying on what came out of local government self-assessments. The survey will establish a threshold against which the department can measure improvement. That threshold will certainly be reported as part of our key effectiveness indicators and reflected in this year's 2010–11 annual report. We hope to have those results by then. That baseline will be reflected and reported in our 2010–11 annual report.

Mr P. PAPALIA: Does the director general think that she might have the breakdown of which councils have the plans and which do not in time to provide as supplementary information?

The CHAIRMAN: The member for Warnbro must make it clear that he is directing his question to the minister, and the director general must answer through the minister.

Mr P. PAPALIA: My question is to the minister, because he will have to say —

[Interruption from the gallery.]

The CHAIRMAN: I do not think people can be called by telephone from the President's gallery!

Mr G.M. CASTRILLI: I think I got distracted.

Mr P. PAPALIA: Does the minister think that he will have that information available in time to provide as supplementary information or does he think that it will not be available until the annual report?

Mr G.M. CASTRILLI: No, I think we will be able to get that information from those self-assessment checklists that were submitted to us. We will try to get that supplementary information to the member by 10 June.

The CHAIRMAN: The requirement is to provide that information by 10 June. If the minister cannot do so, he must put in writing when he expects to provide it.

Mr G.M. CASTRILLI: I will provide supplementary information, from the results of the checklists, on which local governments have or have not got the asset management, strategic planning and financial management plans.

Mr P. PAPALIA: Those are the primary ones.

[Supplementary Information No B33.]

Mr P.T. MILES: Once we get some broad baseline figures—we are helping some of these local governments move forward to get some of these statistics—are the local governments being made to do this compulsorily or is it voluntary? How will we manage it after we get some figures?

Mr G.M. CASTRILLI: As I said, I am intending to amend the act so that local governments need to do long-term strategic planning and asset management and financial management plans as a reporting requirement. The department will then be able to assess all the local governments through the reporting requirements. Obviously, size and structure will vary, because we have big local governments down to small local governments. The documentation will be varied depending on the size and complexity of the operations of the council.

Ms J.M. FREEMAN: It is interesting that the minister talks about plans and strategic plans. However, one of the things that local governments do most is local government laws. Is the minister extending that across to ensure consistency and planning in local government laws, so that we do not have one particular law applying on one side of a border and another law applying on the other side?

Mr G.M. CASTRILLI: I am really pleased about that question because the member for Nollamara is basically endorsing my approach to government reform and why reform is necessary. I welcome the question. However, planning laws at the moment are the province —

Mr P. PAPALIA: There is a big assumption there.

Mr G.M. CASTRILLI: It is a very good assumption. I think the member for Nollamara has made statements before about local governments and how they operate

Ms J.M. FREEMAN: I am happy for us to not have local government laws and we make the laws, but considering that that is not what the minister is talking about when he refers to local government reforms —

Mr G.M. CASTRILLI: I will not comment on that. However, planning comes —

Mr P. PAPALIA: It is time to stop, member!

Mr G.M. CASTRILLI: The member for Nollamara will be coming over to this side soon!

Ms J.M. FREEMAN: I am happy to get rid of local government.

Mr G.M. CASTRILLI: Planning is the province of the Minister for Planning. I do not have regard to local governments over planning legislation, but I certainly hear and appreciate what the member for Nollamara says.

Ms J.M. FREEMAN: The minister was talking about ensuring that each council has planning and is operating in a consistent manner with the expectations of the community and large organisations, which is just strategic planning and other plans for government. Given that most people are affected by laws that local governments make—we will leave aside planning laws—such as parking and various other things, how is the Department of Local Government ensuring local government laws are consistent across local governments?

Mr G.M. CASTRILLI: Local governments are still autonomous bodies and can still make their own local laws. Local governments refer to model local government laws. Some of those laws have been knocked back by the Joint Standing Committee on Delegated Legislation because they do not conform. We are encouraging local governments to contact the department before they enact or draw up their local laws so that the department can give them guidance on local laws. We encourage local governments to run local laws past the department so that at least the department can give input to try to turn the laws in a way that might be acceptable to the Joint Standing Committee on Delegated Legislation.

One of my aims with strategic planning is to try to encourage consistency with local government in planning and reporting across the board. As I said in another forum, imagine Bankwest throughout Western Australia having different management structures, different information technology systems and different lending criteria; it just would not work. Although local governments are autonomous bodies, we are trying to encourage local

governments to have an air of consistency about them in what they do. That also gives us the opportunity to compare apples with apples, if members like, across the local government sector.

Ms J. Mathews: The minister has covered all the key points, but just to reinforce, yes, the department plays an important role in monitoring and vetting local laws. Local governments refer these to us for advice and checking, particularly with quality control and consistency.

Ms J.M. FREEMAN: I am of the understanding that the department only vets or discusses local laws or makes recommendations to local governments if local governments approach the department. Does the department go through and analyse the *Government Gazette* to see whether local laws are consistent or whether local governments are making local laws in policy areas that are beyond their capacity, or does the department simply wait for local governments to come to it?

[7.30 pm]

Mr G.M. CASTRILLI: There are two parts to that. The first is that local governments are autonomous bodies, so they have the right to make their own local laws. Once they have made those local laws, we do not vet them as to whether they are acceptable to the Joint Standing Committee on Delegated Legislation. However, as I said before, we strongly encourage local governments to talk to the department, and the department is proactive in sending out information to local governments.

Mr P. PAPALIA: On page 744, I refer to the second table titled “Service Summary” and to the first item listed, which is “Build the Strategic Capability of the Local Government Sector”. An issue that has been quite topical in the past week is the significant rate increases in a number of councils, particularly across the metropolitan area. I am wondering whether the minister’s department has, as part of its process to build the strategic capability of the local government sector, taken into account the impact on local governments of the very significant rises in electricity and water costs imposed on local government by the state; and, if the department has done that, whether the minister is able to indicate what the calculations are regarding the impact on each local government. Does the department do that sort of calculation? Does it estimate?

Mr G.M. CASTRILLI: No, it does not. However, every local government is an autonomous body, and it runs a business, if you like, based on all the inputs and outputs of that business. One of the inputs is the cost of power and water, as is the cost of wages and all that sort of thing. They are inputs. Local governments go through the annual process, just as we do, of forming their budgets. In forming their budgets, they take account of all those inputs, plus all the capital spend and recurring expenditure such as increases in those inputs, as well as increases in wages. I have not done a calculation on each local government. I do not think the department has done that, and I do not think it is its province to do so.

Mr P. PAPALIA: I have a further question on that. The problem for all these local governments, which are independent bodies, as the minister referred to, is that, beyond grants from the state government and the federal government, they have only a single revenue stream in the form of their rates base. Therefore, in the event that their costs are altered significantly as a result of an action by the minister’s government, which has happened over the past three years, unless the government provides them with a greater amount of revenue through grants, they have only one alternative, and that is to increase rates, which has a significant impact on households, many of which are confronted with a set income base. Therefore, an increase in rates of 12 percent, for example, in the City of Rockingham will hurt a lot of people. Beyond the strategic plan and the whole-of-life management and maintenance of assets, and procuring new assets and good management in that regard, a lot of those increases have been imposed on councils by the state government putting up the cost of electricity, water and other things like street lighting. I believe that is a role that the Department of Local Government should take on to assess the impact. Would the minister not consider it to be one of his roles to argue in cabinet that there is an impact?

Mr G.M. CASTRILLI: No, I do not consider it —

Mr P. PAPALIA: I am sorry; I put a question at the end.

The CHAIRMAN: I was going to ask the member to please get to his question.

Mr G.M. CASTRILLI: No, I do not consider it is a role. In my experience with local governments—I knew local governments before this term of government—some local governments were putting up their rates by eight, 10 or 12 per cent back then. Rates and grants are not their only income stream. There are fees and charges such as building and planning application fees, and recreation centre fees and charges; local governments have a range of fees and charges. As the member said, they get commonwealth grants through financial assistance grants—FAGs. The point is that local governments are autonomous bodies. I try to tell councillors that they are similar to a board of directors. Their job is to look at their budget. They can amend and adjust their budgets year after year. That is their job.

There is another thing that local governments must be aware of. I have talked before about whole-of-life costing. One of the things that local government has not been good at is looking at recurring costs, maintenance costs and

the replacement value of assets that they have built up over the years. That is where a lot of them get into trouble. It is a combination of things. That is why local governments need to look at and readjust their budgets every year. That is their primary role.

Mr P. PAPALIA: I have a further question. Accepting what the minister has said, the minister has already used the City of Rockingham as a good example. It is using its integrated framework. It has its strategic planning in place. It has analysed the costs that it is confronted with, and it has planned for the future maintenance and replacement of assets. However, the minister's government has just put up its street lighting charges by 29.8 per cent. How could that council have planned for that, and how is that to be accommodated in the strategic plan? All those other sources of revenue to which the minister referred do not really amount to much in the scheme of things in comparison with state and federal grants and rates. Therefore, we know that the only real tool they have to cope with a significant increase of that nature is to make the strategic decision to not turn on the lights or to put up rates. The council will be compelled to put its rates up again next year by another significant amount.

The CHAIRMAN: I ask the member to come to the question.

Mr P. PAPALIA: In light of that, how can the minister say that it is not his role to analyse the cost associated with the state government imposing massive increases in utility charges?

Mr G.M. CASTRILLI: It has not been my role, and I do not think it has ever been the Department of Local Government's role, to do that; it never has been.

Mr P. PAPALIA: But in the history of the state, has there ever been such a rapid increase in utility costs? I do not think so.

Mr G.M. CASTRILLI: I cannot go back through time immemorial. All I can tell the member is that the whole process that has been adhered to this year in respect of local governments setting their budgets is the same process that has been used year after year. For all the years that I had been involved in local government, that had been the process. As I said, they are all inputs, and councils need to adjust their budgets. The job of councils is to look at their budgets and adjust them accordingly.

Mr P. PAPALIA: I will put it a different way. Does the minister agree that the good strategic planning that has been done by some councils, one of which the minister has referred to tonight, is being undone by very short notice, large-scale increases in the cost of utilities and other services imposed by the state on those local governments, which did not know about those increases until now?

Mr G.M. CASTRILLI: No, I do not, not to the degree that the member is talking about, because local governments have the capacity to adjust their budgets.

Mr P. PAPALIA: They can turn the lights off.

Mr G.M. CASTRILLI: Local governments can please themselves what they do, to a certain degree.

Mr P. PAPALIA: That is going to read well in *Hansard*!

Mr G.M. CASTRILLI: If they operate outside the act, I have jurisdiction, but if they operate within the act, they are autonomous bodies and they set their budgets according to all the inputs, all the outputs and everything else that I have talked about before. Strategic planning is going to make the majority of local governments that are doing all this much more aware of the true cost of running their organisations. That is what it will do to them. When local governments adopt these integrated strategic planning guidelines they will become very much aware that what they have been doing in the past has been inadequate for long-term financial sustainability and delivery of services to their communities. Through the integrated strategic planning framework we are providing a very good and comprehensive guideline as to how local governments should be looking at and running their business.

[7.40 pm]

Mr A.J. WADDELL: Is the minister tracking what impact these increased fees and charges are having on local governments and what impact it is having on rates and charges?

Mr G.M. CASTRILLI: No.

The CHAIRMAN: Before I allow the member for Warnbro a further question, I make this comment: I allowed a fairly long bow on the member for Warnbro's last further question, which was really seeking an opinion from the minister rather than addressing a particular line item. If the member tells me he will stick to the rules in his further question, go for it.

Mr P. PAPALIA: Will the minister increase grants to local governments in the metropolitan area—which are not eligible for royalties for regions grants—to assist them in coping with massive rises in utility costs which will then be passed on to householders if he does not?

Mr P.T. MILES: Mr Chair, where is that coming from in the budget—what line item on what page?

The CHAIRMAN: It is a further question from an original question that I think you asked.

Mr P. PAPALIA: Pay attention! Stay with us!

The CHAIRMAN: It was actually an original question asked by you. I will allow the question.

Mr P. PAPALIA: You have forgotten your own question!

The CHAIRMAN: Thank you, members; all of you! When I am talking I want to be heard in silence, members for Wanneroo and Warnbro. I will allow the question.

Mr G.M. CASTRILLI: The short answer to the question is no. There is no money in this year's budget for those specific grants to metropolitan local governments. It is up to metropolitan local governments, as is the rule, and other non-metropolitan local governments, to look at their budgets and readjust their budgets accordingly.

The CHAIRMAN: Member for Morley, you had a new question.

Mr I.M. BRITZA: Yes. I refer the minister to "Major Spending Changes" on page 743 of the *Budget Statements*. Can the minister explain what the national partnership to support local government reform actually is and what the grant is being used for?

Mr G.M. CASTRILLI: In August 2010 the Western Australian and federal governments signed the national partnership agreement to support local government and regional development. The objective of the agreement was to improve the capacity, resilience and infrastructure of communities; especially to build up the capacity and resilience of local governments. Under that agreement, Western Australia was successful in attracting \$2.351 million to support the integrated planning reform in local governments. That grant was matched by \$2.4 million from the WA government from consolidated funds and royalties for regions. That joint funding has enabled frameworks and guidelines for integrated planning and asset management, like I showed members before. That was developed in consultation with the Western Australian Local Government Association and Local Government Managers Australia. Individual grants were provided to more than 50 local governments to enable those guidelines to be implemented, so they can engage specialist business consultants to help with integrated strategic planning. Those consultants are people who have had experience in local government processes and management systems. As a result of that, Western Australia will be able to demonstrate alignment with national frameworks. Local government asset and financial management to be adopted by local governments will be similar to those adopted by other jurisdictions across Australia. Although that funding was provided as important seed funding, there is a lot more work to be done in capacity building work for local governments.

Mr P. PAPALIA: Was the national partnership to support local government reform only implemented in non-metropolitan areas?

Mr G.M. CASTRILLI: That was for metropolitan areas and regional areas, yes

Mr P. PAPALIA: Yet it had royalties for regions funding involved?

Mr G.M. CASTRILLI: That component is for non-metropolitan areas.

Mr P. PAPALIA: How did the minister manage that? How did he ensure that no part of the royalties for regions money was allocated to metropolitan areas?

Mr G.M. CASTRILLI: Out of the \$2.4 million, a component from royalties for regions was allocated to non-metropolitan councils.

Ms J. Mathews: Basically, we used the royalties for regions funding to fund regional, non-metropolitan local governments in capacity building. We drew from the commonwealth funding to provide support in that area to metro local governments. We did that through our grants administration and made sure we directed that funding accordingly. That was an agreement with the commonwealth.

Mr A.J. WADDELL: There was a pool of money—some from the state government; some from the federal government. When the commonwealth government money came through, the minister said, "Here; go to the local councils in the metropolitan area." When the state money came through, the minister said, "It is the regions; we're going to brand that royalties for regions." Did the minister not just really shaft the regional governments out of their amount of commonwealth money and then brand it royalties for regions? They did not get anything extra; they got exactly the same as everyone else.

Mr G.M. CASTRILLI: No. I do not see it that way. The amount of \$2.4 million came from state money. Some of it was royalties for regions money. The amount of \$2.351 million came from the commonwealth. We lumped that together and made sure that the royalties for regions money was isolated. As the member knows, it is only for regional Western Australia. We had to isolate that portion to make sure that portion only went to regional councils. We used the other portion to be even-handed across all local governments in the metropolitan area.

The CHAIRMAN: I will give the next question to the member for Wanneroo, if members are going to fight about it.

Mr A.J. WADDELL: I am again probably failing basic maths here, but if everyone got an equal share, how did the regions benefit from the royalties for regions program?

Mr G.M. CASTRILLI: It is not an equal share. They did not get exactly the same money each. It only went to reforming local governments. It was based on the size and complexity of councils, and the groupings of councils. That is how it was determined.

Mr A.J. WADDELL: There is some complexity to it, I grant the minister that. The question I think anybody in regional Western Australia would ask is: how were they better off under the royalties for regions umbrella in this particular program than somebody in a metropolitan area? Essentially, the minister has treated everyone in accordance with their complexity, not in accordance with their region. The minister is really re-branding money as royalties for regions when it is an ordinary program.

Mr G.M. CASTRILLI: The vast portion of that commonwealth money went to regional councils.

Mr A.J. WADDELL: That is the majority of councils, though, is it not?

Mr G.M. CASTRILLI: I am talking about the reforming councils. The councils that put up their hand to engage in reform, that is what we did. Out of the Perth metropolitan councils, Subiaco and Nedlands got some money for strategic planning and asset management planning. Claremont got some money for asset management planning. That is about it.

[7.50 pm]

Mr P. PAPALIA: That is the whole —

The CHAIRMAN: Member for Warnbro, let the minister finish.

Mr G.M. CASTRILLI: The whole point of this exercise is that reforming local governments that have put up their hands are the ones that are being assisted in this strategic planning. If three or four councils want to get together, they need to harmonise their systems so that when they agree to amalgamate, it will be much easier for them to do so. In the end, it is all part of the reforming process. Therefore, that money went to those reforming councils. I ask the director general to elaborate further.

Ms J. Mathews: I need to clarify an earlier comment that I made. The royalties for regions money went, of course, only to regional councils, because only regional councils are eligible to receive royalties for regions funding. The commonwealth money was spread across both metropolitan and regional councils. Therefore, the total pool was in fact spent largely on regional local governments, because that is where most of the local governments are, but the funding has also been quite deliberately directed to those councils that are engaged in reform. That was also a requirement of the commonwealth government. The commonwealth government was keen to ensure that that funding was directed to those councils that are engaged in reform.

Mr P. PAPALIA: Was it the state government and the minister's department that determined which local governments would receive that money and where it would be spent or did the federal government have a direct role in selecting which local governments would receive that money?

Mr G.M. CASTRILLI: No. The federal government did not have a direct role in selecting the individual local governments. It was left up to us. But the federal government did put parameters around capacity building. The commonwealth government has been extremely supportive of the reform agenda and of the capacity building of local governments, because that is what that partnership agreement is all about. It is about building the resilience of local governments Australia-wide. As the member knows, Western Australia is one of the last states to do anything in this area. The federal government was very keen to ensure that we did this, and that is why we were given this money.

Mr P. PAPALIA: Could the minister provide as supplementary information the breakdown of which local governments were given what amount of money out of that national partnership reform program?

Mr G.M. CASTRILLI: I can read that out to the member, if he would like.

Mr P. PAPALIA: Sure; that would be great.

Mr G.M. CASTRILLI: I need to say that when the commonwealth government provided that money, it was only for reforming local governments.

Mr P. PAPALIA: I understand that.

Mr G.M. CASTRILLI: The commonwealth government set the principles.

Geraldton–Greenough–Mullewa was given \$70 000 for strategic planning, \$130 000 for asset management and \$50 000 for long-term financial planning. Yilgarn–Westonia was given \$70 000 for strategic planning, \$147 500

for asset management and \$50 000 for long-term financial planning. Mingenew–Morawa–Perenjori–Three Springs was given \$90 000 for strategic planning and \$130 000 for asset management. Brookton–Pingelly was given \$80 000 for strategic planning, \$100 000 for asset management and \$50 000 for long-term financial planning. Cunderdin, Beverley, Quairading, Tammin and York were given \$110 000 for strategic planning, \$130 000 for asset management and \$125 000 for long-term financial planning. Mt Marshall, Koorda and Trayning were given \$60 000 for strategic planning, \$145 500 for asset management and \$75 000 for long-term financial planning. Narrogin shire, Narrogin town, Cuballing and Wickiepin were given \$90 000 for strategic planning, \$164 000 for asset management and \$100 000 for long-term financial planning. Nedlands and Subiaco were given \$140 000 for strategic planning and \$160 000 for asset management funding. Carnarvon–Exmouth–Shark Bay was given \$70 000 for strategic planning, \$140 000 for asset management and \$85 000 for long-term financial planning. Broome, Derby–West Kimberley, Halls Creek and Wyndham–East Kimberley were given \$64 000 for asset management and \$120 000 for long-term financial planning. Ashburton, Karratha, East Pilbara and Port Hedland were given \$90 000 for strategic planning, \$164 000 for asset management and \$120 000 for long-term financial planning. Murchison and Upper Gascoyne were given \$60 000 for strategic planning, \$147 500 for asset management and \$60 000 for long-term financial planning. Coolgardie, Dundas, Esperance, Kalgoorlie–Boulder, Laverton, Leonora, Menzies, Ngaanyatjarraku, Ravensthorpe and Wiluna were given \$20 000 for strategic planning, \$350 000 for asset management and \$270 000 for long-term financial planning. Claremont was given \$60 000 for asset management. Boddington was given \$25 000 for long-term financial planning. Bridgetown–Greenbushes was given \$25 000 for long-term financial planning. Broomehill–Tambellup was given \$60 000 for asset management and \$25 000 for long-term financial planning. Bunbury was given \$25 000 for long-term financial planning. Coorow was given \$80 000 for asset management and \$25 000 for long-term financial planning. Dandaragan was given \$70 000 for asset management and \$25 000 for long-term financial planning. Irwin was given \$70 000 for asset management and \$25 000 for long-term financial planning. Katanning was given \$25 000 for long-term financial planning. Mandurah was given \$25 000 for long-term financial planning. Plantagenet was given \$70 000 for asset management and \$25 000 for long-term financial planning. Kellerberrin, Manjimup, Merredin, Moora, Murray, Northam, Wagin, Wongan–Ballidu and Donnybrook–Balingup were each given \$25 000 for long-term financial planning. Boyup Brook was given \$80 000 for asset management and \$25 000 for long-term financial planning.

It has been pointed out to me that I need to add that this is the funding that has been paid to date. Some more money will be paid out by the end of this financial year, and in 2011–12.

Mr P. PAPALIA: Is the minister suggesting that each one of these councils is, in his terms, reforming?

Mr G.M. CASTRILLI: Let me put it this way: a total of 72 local governments in Western Australia, or 52 per cent of local councils in Western Australia, have put up their hand that they want to engage in the reform process. Twenty-two of those councils want to engage in that process, but they cannot, because their surrounding neighbours will not talk to them, or in effect will block them. The remainder are either engaged in amalgamations, are in regional transitional groups that are doing their regional business plans to see whether they can transition to one single council, or are in regional collaborative groups, the majority of which are in the northern part of the state, and the Goldfields–Esperance area.

Mr P. PAPALIA: It is not a big impost to ask them to engage in a regional collaborative group, though.

Mr G.M. CASTRILLI: If we combine all those councils, that is 72 local governments.

Mr P. PAPALIA: Even if those councils are surrounded by other councils that are not willing to engage in that collaborative process, the minister's department has given them money that is supposedly to assist them to amalgamate.

[8.00 pm]

Mr G.M. CASTRILLI: Yes, because they have shown a willingness to engage in the reform process and through no fault of their own they cannot proceed. They want to engage in the reform process and they should not be penalised for the local governments around them in effect blocking them from doing that. They see the long-term benefit to their community. They understand the benefits and they want to engage but are being blocked by the surrounding councils. I do not think it right that they should be penalised for wanting to do something on behalf of their community but that the surrounding local governments do not want to do. The 22 local governments engaged in the reform process will receive money only for capacity-building initiatives.

[Mr P.B. Watson took the chair.]

Ms J.M. FREEMAN: A further question to seek clarification. I understand that \$2.4 million was from royalties for regions and \$2.35 million from the commonwealth. Can the minister clarify whether a requirement of that \$2.35 million in federal funding was matching state funding? Was there any requirement, in terms of getting that funding, for matching?

Mr G.M. CASTRILLI: Yes, there was.

Ms J.M. FREEMAN: There was a requirement for matching funding?

Mr G.M. CASTRILLI: Yes. The commonwealth gave us \$2.351 million and we put in \$2.4 million of state money. It was a requirement of the agreement.

Mr A.J. SIMPSON: I refer to page 743 and the number of local governments that have voluntarily agreed to reduce the number of elected members—ranging from six to nine. My local shire council in Serpentine–Jarrahdale is currently going through that process. Details went out for public submission and next October the council will reduce from 10 to nine councillors. I wonder how many other councils have taken up that option.

Mr G.M. CASTRILLI: I am sorry member, but what is the line item?

Mr A.J. SIMPSON: I refer to page 743, “Local Government Reform” and the number of elected members of council.

Mr G.M. CASTRILLI: Yes. As part of the reform process all local governments were asked to consider voluntarily reducing their numbers to between six and nine councillors. Basically, I want to shift councils to a strategic focus rather than a focus on the day-to-day stuff. I also want to increase the contestability of elected members.

Mr A.J. SIMPSON: The quality of local members is important.

Mr G.M. CASTRILLI: As the member might know, some councils are having difficulty attracting people.

The reform program also resulted in the local governments reviewing their wards and representation structure and in the reform submissions lodged with me in September 2009, 36 local governments indicated an intention to reduce their elected member numbers. Since then, I have received proposals from 19 local governments to reduce the number of elected members to between six and nine. The Local Government Reform Steering Committee encouraged the department to assist those local governments to go through those processes. The department advised those local governments that if they wanted to reduce the number of elected members they must make submissions to the Local Government Advisory Board by December 2010 to ensure the changes would be made in time for the 2011 elections. Of course, that deadline has been extended to February 2011 to give them enough time to submit and to still get ready for the 2011 elections. Thus 19 local governments have made submissions and I can provide the member with the names if he wants.

Mr A.J. SIMPSON: Yes, please.

The CHAIRMAN: Minister, we are trying to make the questions and answers very quick.

Mr A.J. SIMPSON: It is very important information.

Mr G.M. CASTRILLI: I understand that, Mr Chair, and that is why I am rushing my answer. I will very quickly provide the list: Bassendean, Belmont, Bridgetown–Greenbushes, Broomehill–Tambellup, Bruce Rock, Busselton, Corrigin, Cottesloe, Dalwallinu, Dundas, Esperance, Exmouth, Halls Creek, Laverton, Murchison, Northampton, Quairading, Serpentine–Jarrahdale—which is the one the member is interested in—and Wongan–Ballidu. As a result of the 2011 local government elections, 102 local governments will have between six and nine members. Looking beyond the 2011 elections, I have proposed amendments to the Local Government Act that will require each council to comprise between six and nine councillors. I put that out to the Western Australian Local Government Association for consultation in December and elements of WALGA’s submission are now being considered by me. I hope that in the second half of this year, I will be in a position in which I can maybe introduce an amendment bill into Parliament.

Mr A.J. SIMPSON: Thank you, minister.

The CHAIRMAN: Minister, I advise that the Chair’s opening statement indicates that —

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

I have nothing against the minister; I have said this to every minister so far. However, we are here to get through as many questions as we can and I know that the minister wants that too.

Mr G.M. CASTRILLI: I am very conscious of that and I am trying. I have cut out a lot of what I wanted to say, but in balancing that I need to make sure that appropriate information is given out—if that is quite okay.

The CHAIRMAN: That is fair enough, minister.

Mr A.J. WADDELL: I refer to page 746, “2. Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation”. If we were looking for a specific line item I would refer to the “Net Cost of Service”. My reference is to the proposed cat laws that the government has been touting. I would like to know the impact of these proposed laws on the net cost of service to the department.

Mr G.M. CASTRILLI: Hopefully there will be no net impact, for the simple reason that we are in consultation with local government and it is my intention to provide financial assistance to local governments in terms of microchipping for breeders, pounds and training for rangers. At the moment, only vets can microchip animals, but I am trying to change that so that other authorised persons can implant microchips. That will involve a training element. It is my intention to engage with local government to get a better feel for the total costs of that service and then assist them with some of the financial cost of that service.

Mr A.J. WADDELL: I have a further question. In respect to that “feeling out” process the minister is going through, I anticipate several cost elements, including the cost of enforcing these new laws, the cost of providing sterilisation to any animals that might fall into that category and, obviously, advertising and education costs. Does the minister have any sense of what the quantum of those will be and what impact that will have on local governments?

Mr G.M. CASTRILLI: That is a scoping exercise that we are doing with local governments, bearing in mind that I intend to have a fairly lengthy lead-in time for this legislation. Although the bill might be passed in 2012, it is my intention that it not come into effect until 2013. In the meantime, we are doing a lot of scoping work with local governments on this issue. Also, it is my intention to financially assist low-income earners with the cost of sterilising their cats.

[8.10 pm]

Mr A.J. WADDELL: With long lead-in times, will the minister be entering into discussions about whether the grants will be modified in the longer term when local governments receive an ongoing cost for administering the system?

Mr G.M. CASTRILLI: The intention is that there will be income for local governments from the registration. That income will assist local governments in the administration of the act. As the member said before, advertising and letting people know are the elements that will come into that process.

The CHAIRMAN: I am allowed one question as the Chair and I will get it in now while I am still awake.

Mr G.M. CASTRILLI: Is the Chair really allowed one question?

The CHAIRMAN: I am allowed more than one, but I generally only ask one, because my colleagues get upset!

I refer to the stakeholder satisfaction rating with the services provided by the department to build capability in local government on page 745 of the *Budget Statements*. I am not sure whether that is the right line item.

Mr G.M. CASTRILLI: Which line is the Chair referring to?

The CHAIRMAN: The line will probably not make any difference; I am just trying to get a question in! It is on page 745 under the outcomes and key effectiveness indicators, “Stakeholder satisfaction rating with the services provided by the Department to build capability in local government”. I ask about the Local Government Standards Panel. A constituent of mine in Albany put in a complaint to the panel in October last year and has not heard anything back at all. He has rung and has been fobbed off. I think I asked a question last year about the Local Government Standards Panel and there was going to be a review on it. Can the minister please explain why so much time has passed without feedback to my constituent?

Mr G.M. CASTRILLI: I will have to find out about the answer to the Chair’s constituent. However, the panel is an autonomous body; it receives complaints and deals with them. It is currently under review, because I have not been entirely happy with the length of time that it takes to deal with complaints. I am told that it is expected that that review will be finalised and provided to me in June this year.

The CHAIRMAN: Is the panel still working at the moment? Could the minister investigate why a complaint made last year still has not been looked at? We are looking at the standards of local government but nothing has been done about them.

Mr G.M. CASTRILLI: I ask Brad Jolly, the chair of the panel, to enlighten us further on the Chair’s question.

Mr B.P. Jolly: First, it has been well documented that the standards panel is currently dealing with a backlog of complaints. Some of those complaints stretch back to 2010. There has been a conscious effort by the panel to expedite those and it has recently met to review each of the outstanding complaints. Complaints have been historically dealt with on a first-in-first-out basis. As a result of a recent meeting, the panel has adopted a slightly different approach in an attempt to expedite the completion of the handling of a number of outstanding complaints. The department has also provided additional administrative resources to the panel in an effort to be able to expedite those complaints. A streamlined process has also been put in place to improve the efficiency of the panel. They are three things that are happening. I also add that the frequency of the panel meetings has increased to deal with that workload. With regard to the Chair’s constituent in Albany, I think I have spoken with that person; he raised his complaints with me and I provided him with the same information I provide to the committee now.

The CHAIRMAN: I say to the minister that this is a standards panel looking at the correctness of local councils. Elections are coming up very soon, and some of the people complained about will be gone by the time this panel has dealt with the complaint. Does the minister think it is satisfactory that 12 months could have passed by the time the complaint is dealt with?

Mr G.M. CASTRILLI: What approximate date was the complaint lodged?

The CHAIRMAN: It was October or November last year.

Mr G.M. CASTRILLI: As I have said before, neither I nor a lot of other people have been entirely happy with the panel.

The CHAIRMAN: I mean that some of these people will escape punishment, if there is punishment, because they will not be on the council anymore. What is the good of having a system in which people go to a panel that should enforce accountability and nothing gets done?

Mr G.M. CASTRILLI: I agree with the Chair, and I understand those sensitivities. That is why I have asked for the review and that is part of the review process. People need some answers quickly because they need certainty about the way forward. Like the Chair, I do not want this issue to be hanging around for a long time, because it is not right.

Mr P.T. MILES: Further to the Chair's question, how many complaints have gone through to the Local Government Standards Panel? Does the minister have that information?

The CHAIRMAN: Can the member please go through the Chair to ask a question instead of simply saying he wants to ask question and asking it?

Mr P.T. MILES: It is hard to hear the Chair from down here.

The CHAIRMAN: The member should look at who is speaking. Does the minister have the requested information?

Mr G.M. CASTRILLI: I have just asked the executive director.

Mr P. PAPALIA: I inform members that we have a semiformal arrangement by which the minister's other two portfolios will take up the second half of the time. Therefore, we only have another 13 minutes left on this local government division.

Mr G.M. CASTRILLI: The standards panel received 34 minor complaints this financial year; it has dealt with 21 of those. It also has 33 other complaints yet to be dealt with, some of those having been carried forward from 2008–09. It is estimated that our governance branch will field approximately 220 complaints this financial year. Therefore, in addition to those complaints, others are coming through.

Ms J.M. FREEMAN: I take the minister to the service summary on page 744 of the *Budget Statements*, in particular strengthening good governance. I refer to the ability to raise rates as part of good governance. Does the department collect details on the number of people who have requested extensions to pay their rates, in particular for the Cities of Joondalup, Stirling, Swan and Cockburn; does the department collect extension requests rate payments or know the number of extensions that have been requested; does the department collect information on defaulted rates payments; and, does the department collect information on the necessity of the local governments in Joondalup, Stirling, Swan and Cockburn to provide hardship funding to ratepayers?

Mr G.M. CASTRILLI: The department does not collect information about local councils' individual rate notices to ratepayers who are in arrears. People who experience difficulty in paying their rates can access special payment arrangements through their local governments. Local governments can negotiate with those individuals and it is up to each local government to make whatever determination it needs to make. Generally speaking, if people are suffering hardships, they can negotiate time payments, payment on a quarterly basis, or whatever the local government determines is an appropriate payment regime for those ratepayers.

[8.20 pm]

Ms J.M. FREEMAN: Given that it is an aspect of strengthening good governance and ensuring that local governments are able to govern, does the department collect any details on the impact of people not being able to pay rates at this time and how departments are meeting those requirements? Even if it is not collecting details for those individuals, is the department at least collecting that anecdotally or in a broader reference? Are they having those conversations with departments to ensure that they have the financial stability to ensure their ongoing operation? As part of that, how many people are paying rates and defaulting on rates?

Mr G.M. CASTRILLI: The department collects a rate recovery ratio from local governments. Local governments should, like any other normal businesses, have a provision for doubtful and bad debts. They should be doing that. I will ask the director general if she wants to add anything further to that.

Ms J. Mathews: I would just confirm that, as part of our monitoring of local governments in their compliance with the act and in particular their financial reporting requirements, we collect a range of financial data from individual local governments as part of their reporting requirements. We pool that together and analyse that. That forms part of what we call a “financial health check” for each local government. We collect information in a more generic sense under the title of a rate recovery ratio. That indicates how successful they are in actually recovering rates. Then we can look at that in the context of what impact that has on the overall financial health and sustainability of the local government.

Ms J.M. FREEMAN: Further to that, is the minister able to provide details, if not tonight then on notice, on the rate recovery ratios of Joondalup, Stirling, Swan and Cockburn?

Mr G.M. CASTRILLI: Yes, we can provide that. So it is Joondalup —

Ms J.M. FREEMAN: Yes, it is Joondalup, Stirling, Swan and Cockburn. Can we put Wanneroo in there as well? Can we do that in relation to some historical data on the rate recovery ratio for this financial year, last financial year and the previous financial year?

Mr G.M. CASTRILLI: So the last three years?

Ms J.M. FREEMAN: Yes.

Mr G.M. CASTRILLI: We should be able to do that. Mr Chairman, I am going to supply supplementary information on the rate recovery ratio for the last three years on Stirling, Joondalup, Wanneroo, Swan and Cockburn. I think that is all.

[*Supplementary Information No B34.*]

Mr P. PAPALIA: I return to the heading “Major Spending Changes” on page 743 of the *Budget Statements*, and the line item “National Partnership to Support Local Government Reform”. We discussed it earlier on, and the minister read out the long list of who got the money. Can the minister tell us, firstly, why Subiaco and Nedlands got \$300 000? What did the federal government get for that money on the minister’s recommendation that that money go to them? How far along the reform agenda are Subiaco and Nedlands as a result of getting \$300 000?

Mr G.M. CASTRILLI: Subiaco and Nedlands formed a regional transition group. Last week—the member probably saw the report—KPMG did their business planning, which suggested enormous benefits would incur from that potential amalgamation.

Mr P. PAPALIA: We got a business plan for \$300 000.

Mr G.M. CASTRILLI: Basically KPMG did a mergers and acquisitions paper. It is a fairly comprehensive mergers and acquisition paper.

Mr P. PAPALIA: It is a very expensive one.

The CHAIRMAN: Member, let the minister answer the question.

Mr G.M. CASTRILLI: It is a very comprehensive one, member. It found that Subiaco and Nedlands, through the potential merger, would have operational savings per annum of between \$3.1 million and \$4.4 million a year. I think in Nedlands that equated to a reduction in rates of \$390 per household. In Subiaco it translated into a reduction in rates of \$137 per household. Subiaco and Nedlands can then look at that and put in bigger and better service delivery to their community. The plan identified improved service delivery to their community through economies of scale and also through rationalisation of plant and equipment. There were other further savings opportunities in the rationalisation of plant and equipment. The report also found that they could leverage much more off state and federal governments as a new entity than they could possibly dream of as two separate entities. That demonstrates in a very succinct way the benefits of local government reform in this state. I cannot put it any clearer than that.

Mr P. PAPALIA: In effect, for \$300 000 of taxpayers’ money from the federal government we got one report on two councils. They have not done anything but they have a report.

Mr G.M. CASTRILLI: Money is also being spent on strategic planning by both those councils—on asset management planning and funding for both those councils. Funding also went into strategic planning and asset management planning templates, which I referred to before.

Mr P. PAPALIA: But they have done nothing, and there is no compulsion upon them to do anything further. They got the \$300 000. All the other councils in the metropolitan area that got nothing would be looking at the minister and saying, “Maybe we should have said we were going to form a regional transition group and one day in the long-term future think about amalgamating. Then we might have got \$300 000 to spend on KPMG.” KPMG could have made millions out of the state, producing a whole bunch of reports but not actually compelling anyone to do anything.

Mr G.M. CASTRILLI: As the member for Warnbro well understands, this is a voluntary process. For over two and half years now I have been encouraging local governments to form RTGs for the very simple reason that they have three chances of getting out. Firstly, they do not even have to agree to form one; and, secondly, they can form one and we will help them financially to do, if you like, their mergers and acquisitions paper, so that each individual council can determine whether it is worth their while proceeding to amalgamation. Even if they decide to amalgamate, if 50 per cent or more of them decide to pull out, they can still pull out. However, the money allocated to them if they put up their hand to participate in reform would not have been wasted, because the information they would have gleaned from just doing that process—to enhance their operations through asset management, financial planning, long-term strategic planning—would be more than compensated for by the better performance of those local councils.

[8.30 pm]

Mr P. PAPALIA: How much of that \$4.751 million that was spread around the state on that particular process went straight to consultants such as KPMG?

Mr G.M. CASTRILLI: I cannot say off the top of my head but I can certainly supply that information for the member by way of supplementary information.

The member said that Subiaco and Nedlands have done absolutely nothing. Those councils are meeting on 7 July to look at a council resolution on whether to proceed with an amalgamation. This whole process has been geared to that final outcome. They have to go through that process to get to that final outcome; on 7 July they have to decide whether to agree to transition to one council.

Mr P. PAPALIA: Can we confirm what the supplementary was?

Mr G.M. CASTRILLI: I will provide to the member the amount of money from the national partnerships that we have paid to KPMG or any other consultants in this reform process.

[*Supplementary Information No B35.*]

Mr A.J. WADDELL: I wish to follow up from my earlier question from page 746 on strengthening good governance and the cat laws. I understand that there has been a delay in amendments to the Dog Act 1976 because the government is waiting for the proposed cat bill to get out of the way first. A number of constituents have come to me with concerns that our laws are a little archaic with respect to the muzzling of greyhounds in particular. They are very keen to see those amendments. Given the time line that the minister outlined earlier of this legislation not coming in until 2012 and it being implemented in 2013, how long will we have to wait for a review of the Dog Act?

Mr G.M. CASTRILLI: The cat bill is proposed for 2012–13. The government's priorities are to get the cat bill through and then look at the Dog Act. The revision of the Dog Act started in 2002. The consultation was carried out in 2002 and 2003. In both those years 1 500 submissions were received by the former Labor government. In 2004 the former Labor government drafted amendments to the act but never proceeded with them. When we were drafting the cat bill, we got feedback about microchipping of not just cats, but also dogs. People thought it was a good idea to put that in. That is something that we have been looking at. We also want to ensure that greyhounds that have been retired are retrained by authorised persons. They are some of the things that we are looking at.

Mr A.J. WADDELL: Is there a capacity problem with the department that means it can deal with only one of these acts at a time? Is there some other impediment that says it can only deal with one form of small furry creature at a time?

Mr G.M. CASTRILLI: It might be a flippant question to the member —

Mr A.J. WADDELL: It is not; it is very serious. Why can we not do cats and dogs at the same time?

Mr G.M. CASTRILLI: Members are laughing. This government sets the agenda and the priorities. The department has gone through a complete restructure of the priorities of local government reform that we have set, which was a major initiative of this government. We have prioritised what we need to do. The department is working on the priority of the government.

Ms J.M. FREEMAN: I refer to the heading “Promotion and Support of Multiculturalism in Western Australia” at the top of page 747. I draw the minister's attention to the number of full-time equivalents. The 2009–10 actual is 23, even though the budget was for 33. The estimated actual for the next budget period is 30. Can the minister explain why the Office of Multicultural Interests is shedding about 10 per cent of its staff given that it is considerably under its staff allocation?

Mr G.M. CASTRILLI: It is not shedding any staff. When it came under the umbrella of the Department of Local Government, it had 23 staff. In 2009–10, there was an allocation of 33 across the corporate services divisions of local government. In 2010–11 there were four service divisions in the Department of Local

Government. They have now been revamped into three divisions. The reallocation of the corporate services is the reason the FTEs are shown as they are. The short answer to the member's question is that they have not lost any staff.

Mr J.N. HYDE: I refer to the final dot point on page 745 on advocating participation, and page 156 of budget paper No 3, which indicates that \$400 000 per annum is being allocated for peak bodies. Which peak bodies are to be funded? There is no mention in the budget papers of the new \$100 000 for the Ethnic Communities Council of Western Australia. Will this come out of the Premier's budget or the minister's budget?

Mr G.M. CASTRILLI: There is \$100 000 in the budget. It has not been specifically allocated to ECCWA. ECCWA is reviewing the way it does business. That report is going to its board for consideration. Once I have received that report and looked at the new governance arrangements, I will have the flexibility to allocate some money to it. I have not allocated any money to it or anybody else at this stage. There is \$100 000 there because other worthwhile bodies might be eligible for that money.

[8.40 pm]

Mr J.N. HYDE: So no groups have been told that they are definitely getting their funding after 1 July? Previously the minister indicated that four peak bodies were funded out of the \$400 000.

Mr G.M. CASTRILLI: I have allocated \$200 000 a year from the ethnic organisation fund to that group, and three groups got the money on a triennial basis

Mr J.N. HYDE: Which groups?

Mr G.M. CASTRILLI: The Metropolitan Migrant Resource Centre, the Edmund Rice Centre in Mirrabooka, and the Coalition for Asylum Seekers, Refugees and Detainees all got some money.

Ms J.M. FREEMAN: All good organisations, minister.

Mr G.M. CASTRILLI: They are, otherwise I would not have given them the money. Further to the member for Nollamara's point, collectively they receive \$200 000 a year to provide a range of services. They have shown considerable progress in their second year of funding, achieving all the key performance indicators that were established at the commencement of their funding cycle. The Metropolitan Migrant Resource Centre has modified five modules of governance training for new and emerging communities, and three quarterly training sessions have been delivered by them, and 35 individual support and mentoring sessions were conducted, including 21 community groups.

Mr J.N. HYDE: What is the third group, minister? The question was specifically regarding the names of the groups. We know about the excellent work they do.

Mr G.M. CASTRILLI: I have told the member for Perth what the three groups are. The member asked me about the third group, and I said that it was the Coalition for Asylum Seekers, Refugees and Detainees.

Mr J.N. HYDE: Within that \$400 000 the minister still has \$100 000 potentially for the Ethnic Communities Council of WA.

Mr G.M. CASTRILLI: No, that \$100 000 is in a different fund.

Mr J.N. HYDE: Budget paper No 3 indicates a figure of \$400 000 for the peak bodies. The minister just indicated that those three were getting \$200 000. Is the minister saying that is not where the ECCWA funding will come from, if it cuts the mustard?

Mr G.M. CASTRILLI: That is \$400 000 spent over four years, which is \$100 000 a year. That is funding I have not allocated to anybody. The member mentioned ECCWA, which may well be a recipient of some of that money, or there could be other worthwhile groups that receive some of that money. ECCWA had consultants in to do a complete report on its operations, as the member knows perfectly well. The ECCWA board is going to review that report. Once it has reviewed that report and made a decision on it, I am assuming it will come to me and talk to me about what that report says. Obviously I want to see the new governance structure of that board, and, once I am satisfied, I will see whether I allocate any funding to it or to any other worthwhile group that comes along.

Mr J.N. HYDE: Is it feasible then that that \$100 000 a year may not go to one group, but may go to a number of groups?

Mr G.M. CASTRILLI: It may be. I have not decided that yet, but I have the flexibility to look at that.

Mr J.N. HYDE: When does the minister think he may make a decision?

Mr G.M. CASTRILLI: First of all, it is up to ECCWA to come to me.

Mr J.N. HYDE: They have been to the Premier already.

Mr G.M. CASTRILLI: I am the Minister for Citizenship and Multicultural Interests. I work closely with the Premier. That money has been put there so that I have the flexibility, if I think they are doing it right, to give them some money. Whether it is all, some or whatever, I have not decided yet, but I have the flexibility to do it.

Ms J.M. FREEMAN: I refer the minister to “Service Summary” on page 744 of the *Budget Statements*; item 3 is the promotion and support of multiculturalism in Western Australia. The minister would be aware that previously the Office of Multicultural Interests funded the integrated service centre program and that in the past two years it was funded through the Department of the Premier and Cabinet. The minister would also be aware of the negotiations over continuing funding for that. Can the minister tell me whether the integrated service centres for Koondoola and Parkwood will continue to be funded after 30 June this year?

Mr G.M. CASTRILLI: The short answer to the member’s question is yes. As the member knows, I have been intimately involved with that, and the management and funding was transferred to the Department of Health in January this year. A memorandum of understanding was signed by OMI and the Child and Adolescent Health Service for transfer of the management, and the responsibility for chairing the steering committee was formally handed over to the executive director of the Child and Adolescent Health Service. The Department of Health will be coordinating a cabinet submission for the ongoing funding for the ISCs, and OMI and other agencies have been involved in input to that submission. I totally support this, as do the Ministers for Health, Education and Mental Health. The member knows my views, and I think this is extremely important, and that submission will be finalised for 2012–13. In the meantime, the Department of Health and the Mental Health Commission have committed to extend the funding for ISCs for a further 12 months to enable the centres to operate until cabinet has made a decision on that submission in time for the next budget.

Mr J.N. HYDE: I refer the minister to page 745, the “Outcomes and Key Effectiveness Indicators” block, in particular the last line, “Extend to which policies and practices of public sector agencies reflect the principles of multiculturalism”, which I am sure should have read “extent” with a “t”. In relation to the OMI partnership with the Public Sector Commission to develop cultural competency within the public sector, which I was told in this committee last year would take 12 months, when can we expect to see the report on the outcomes of that major reform agenda?

Mr G.M. CASTRILLI: It is being finalised now and we anticipate it will be completed by August.

Mr J.N. HYDE: It will be tabled and published then?

Mr G.M. CASTRILLI: Yes, we anticipate by roughly around August.

Mr A.J. SIMPSON: My question refers to “Major spending changes” on page 743 and the allocation of \$100 000 to enhance multiculturalism outcomes. Can the minister explain what the fund will be used for?

[8.50 pm]

Mr G.M. CASTRILLI: I think that is where the confusion was before with the \$400 000. An amount of \$100 000, to which the member referred on page 743, will be allocated in 2011–12, 2012–13, 2013–14 and 2014–15, which totals \$400 000. As I explained, that additional amount has been provided to not-for-profit organisations. That funding will be used for two main purposes—one-off assistance to the organisation’s operating costs to ensure its viability, or for specific projects that it considers particularly beneficial or innovative to assist culturally and linguistically diverse communities. As I mentioned to the member for Perth, the ethnic organisations fund provided \$200 000 a year to be split between those three organisations. I will not go through that again. As I said, the Ethnic Communities Council completed an independent functional review of the organisation, and that report is under consideration by its board. I am not sure when the council will get the report to me. Obviously, the council must have its board meeting first. Once I receive that report, I will make a decision regarding the release of those funds.

From time to time, not-for-profit organisations submit requests for financial assistance to my office, and that funding means that I am able to consider those requests and support the viability of the sector, and promote new, exciting and innovative projects that will assist CALD communities in the long run. That is what it is all about.

Ms J.M. FREEMAN: Is that \$400 000 part of the \$600 million announced in the budget that will go to the community sector?

Mr G.M. CASTRILLI: No, that is a separate allocation under my portfolio.

Mr A.J. WADDELL: I refer to page 747 of the *Budget Statements* and in particular to the line item “New Works: Computer and Office Equipment Replacement”. I note the peculiar phenomenon of the cost always being \$103 000. Historically, it has always been \$103 000, and then by another huge coincidence \$103 000 seems to be the exact amount spent regardless of the exact number of staff working there or what they are doing. My specific question relates to the \$103 000 to be spent on the replacement program in 2011–12. Will any of this money be used for the digitisation of the Office of Multicultural Interests documents and historic records?

Mr G.M. CASTRILLI: I might get Mr Shaw to answer that question for the member. Basically, that \$103 000 has traditionally been there, like the member said, to keep the replacement of computer and office equipment in accordance with the department's asset replacement program. That program covers computers, notebooks, servers, printers, fax machines, photocopiers, projectors and software licences. That is what I understand. If there is anything more than that, I ask Mr Shaw to expand.

Mr A.G. Shaw: That estimated expenditure is also to purchase high-speed scanners that enable us to digitise the records of not only OMI, but also local government. That project is ongoing.

Mr A.J. WADDELL: We were told 12 months ago that the digitisation program would take 12 months to finish. Has this been achieved; and, if not, how far do we have to go on that program?

Mr G.M. CASTRILLI: Is the member referring to our department specifically?

Mr A.J. WADDELL: I am referring to the OMI records and the historical records of OMI.

Mr A.G. Shaw: I cannot give the member the exact percentages. Quite a large number of the OMI records have been digitalised over the past 12 months.

Mr A.J. WADDELL: Could we get that as supplementary information?

Mr G.M. CASTRILLI: I will undertake to provide the member for Forrestfield with the information regarding the percentage of digitalisation of OMI records to date.

[Supplementary Information No B36.]

Mr J.N. HYDE: I refer to page 747 and total cost of service in the table under the heading "Promotion and Support of Multiculturalism in WA". How much money has OMI spent on external consultants in the 2011–12 budget year, and how much does the department expect to spend on consultants in the coming budget year?

Mr G.M. CASTRILLI: I will ask Ms Osman to comment on that if she knows the answer. Otherwise, I am happy to provide that as supplementary information.

Ms M. Osman: I will take that on notice.

Mr G.M. CASTRILLI: I do not have that information with me. The member for Perth wants as supplementary information how much money OMI paid consultants in 2010–11.

Mr J.N. HYDE: I also want to know the number of consultants, and I seek the same information for the current year, 2011–12.

Mr G.M. CASTRILLI: Under "3: Promotion and Support of Multiculturalism in Western Australia", I will provide the member of Perth with the number of consultants paid through OMI for 2010–11 and 2011–12. It might be a bit hard to give that information for 2011–12 because we have not spent the money yet. It might be difficult to pluck some figures out of the air or project who we may or may not engage as consultants. We may not engage anybody; there may not be a need. However, then again, there may be a need. Therefore, I cannot really give the member that information. I can only give the member the historic figures for 2010–11.

Mr J.N. HYDE: The minister can come up with \$103 000 for digitalisation every year in the budget; therefore, the minister must have some idea.

Mr G.M. CASTRILLI: I do not think that it has gone to that extent in predicting what sort of money will be spent and how many consultants we may or may not employ in 2011–12. I can give the member the historic figures. I will check to see whether we have notionally allocated any money.

Mr J.N. HYDE: Have any tenders been put out for coming —

Mr G.M. CASTRILLI: No.

Mr J.N. HYDE: No? Nothing is happening.

The CHAIRMAN: We will just leave it with the original supplementary information, and the minister will supply what he can.

[Supplementary Information No B37.]

The appropriation was recommended.

[9.00 pm]

Division 62: Heritage Council of Western Australia, \$6 721 000 —

Mr M.W. Sutherland, Chairman.

Mr G.M. Castrilli, Minister for Heritage.

Mr G.A. Gammie, Executive Director, Office of Heritage.

Ms S. Siekierka, Policy Adviser.

The CHAIRMAN: Member for Perth.

Mr J.N. HYDE: I refer to the second-last dot point on page 754. The last line mentions a review of the Heritage of Western Australia Act 1990. How much of this review will be done in-house, how much will be done by consultants, what is the total cost of the review, and when does the minister expect the review to be completed?

Mr G.M. CASTRILLI: The total review will be done in-house. It will be a comprehensive review. All stakeholders will be comprehensively canvassed. No external consultants will be paid; it will be done totally in-house. I want to seek consultation. A consultation paper was launched on 19 April and has been widely distributed to stakeholders. The results will be published around August this year. It will set out a possible policy framework. Feedback from that process will assist in the development of draft legislation. I intend to publish a green bill for public comment because I want public consultation to be as wide as possible. Feedback from the green bill will then determine changes that need to be made to the policy before its consideration by cabinet and Parliament.

Mr J.N. HYDE: Why was there no consultation period in the formulation of the recently announced heritage policy that encompasses this review? Was this a decision made for financial or political reasons?

Mr G.M. CASTRILLI: No, it was not. We have been working on the heritage policy for quite some time. Can I say, member for Perth, for the first time in the history of Western Australia—I repeat, for the first time in the history of Western Australia—we have a state heritage policy.

Mr J.N. HYDE: It is one page, minister.

Mr G.M. CASTRILLI: It does not matter if it is one page, half a page, or 20 pages; it is the first time it has been done. Can I say for the first time, also, that it was done in joint consultation with the Office of Heritage, the Heritage Council and the National Trust of Western Australia. It is the first time those organisations have worked together on a policy statement. I thought that was a very good achievement, being the first time it was ever done.

Mr J.N. HYDE: Why is there no additional funding listed in the budget papers to implement any outcomes of the review into the act, if the minister expects it to be ready in August?

Mr G.M. CASTRILLI: There will be a green bill produced. It will go out for widespread public consultation after that. I do not anticipate any additional expenditure in this coming financial year other than internal work done by the department.

Mr J.N. HYDE: The Parliament is littered with green bills that never went any further. Can the minister guarantee that the green bill will become a real bill, and when will it be debated and passed? I got the last one through in 20 minutes for the minister; I can work with him!

Mr G.M. CASTRILLI: That is very kind of the member. If my memory serves me correct, the review of the heritage act should have been done three years ago. I think previous Labor governments attempted that —

Mr J.N. HYDE: And Liberal. That was before the minister and I were on the scene.

Mr G.M. CASTRILLI: You know what, member for Perth, they failed miserably!

Mr J.N. HYDE: They did; abysmally.

Ms J.M. FREEMAN: The minister has not succeeded yet!

Mr G.M. CASTRILLI: At least I am getting there. At least I have, for the first time, a heritage policy. With the assistance of the member for Perth—I thank him very much for that—we increased the penalties in record time.

Mr J.N. HYDE: We did.

Mr G.M. CASTRILLI: That has never been achieved before.

Mr J.N. HYDE: No; it was ground-breaking.

Mr G.M. CASTRILLI: One of the initiatives of the heritage policy was the review of the heritage act. That is a major initiative. We have already started work on the policy.

Mr J.N. HYDE: We slipped that through in the final week of November last year. I will make the same offer to the minister: if the green bill is out in August, we could get a real bill introduced in the final week of November and get it through this year.

Mr G.M. CASTRILLI: Member for Perth, I want widespread consultation. I really appreciate the member's offer of assistance. Members of Parliament are also being consulted. I regard amendment of the heritage act as an important piece of work. I want widespread public consultation. I want to get it right. I look forward to the member's support to get it through.

Mr J.N. HYDE: Could we get a list of the people consulted, by way of supplementary information?

Mr G.M. CASTRILLI: To date, yes, but do not forget there will be a lot more consultation. If the member likes, I will outline the steps in that process.

Mr J.N. HYDE: Okay.

Mr G.M. CASTRILLI: I have agreed to provide the member for Perth with a list of people already consulted and also to provide him with the steps I anticipate to engage in, in the review of the heritage act.

[*Supplementary Information No B38.*]

Ms J.M. FREEMAN: My question relates to the same dot point and page relating to the green paper and review. It is the dot point on page 754 relating to the review of the Heritage of Western Australia Act. Has consideration been given in that review, and as part of the consultation, to look at heritage-listing names?

Mr G.M. CASTRILLI: Heritage-listing names?

Ms J.M. FREEMAN: For example, Subiaco Oval and Patersons Stadium—heritage-listing names.

Mr G.M. CASTRILLI: I want a broad-ranging discussion in consultation with the broader public on a range of things. I think all members would agree, as a lot of people agree, that the heritage act has deficiencies. It was 1980s thinking brought into vogue in 1991 or 1992. We were 10 years behind the times then. I want it to be open, accountable, transparent, easy to understand and contemporary.

Ms J.M. FREEMAN: Will it include consideration of heritage-listing names? What is the minister's view?

Mr G.M. CASTRILLI: I have not ruled anything in or out. I want broad public consultation. Not only do I want the consultation papers in, but I also want a green bill on top of that.

[9.10 pm]

Mr P.T. MILES: I refer to page 753. Under "Item 154 Capital Appropriation" there is an amount of \$1.6 million over two years. Can the minister explain what that investment will be used for?

Mr G.M. CASTRILLI: It is \$1.59 million over two years. The Office of Heritage maintains more than 1 300 places on the Register of Heritage Places in Western Australia. In addition to that, more than 21 000 places of local heritage interest have been identified by local governments. This capital appropriation will deliver a replacement heritage online business system that will address the risks highlighted in the 2009 strategic information plan. That includes the limited availability and costliness of technical support to maintain the current system. That system is now more than 15 years old. It does not meet the contemporary requirements that a system for the Office of Heritage should meet. It also does not meet the need to provide access to information by customers and stakeholders. Therefore, the modernisation of that core information system is paramount to better reflect current business needs and make the system easier to maintain. It will also help underpin the implementation of essential business processes. A reform process is taking place within the Office of Heritage to streamline the system and make it more efficient. It will also facilitate the relocation of the Office of Heritage to 140 William Street later this year. That is because the current system does not fit in with the system at 140 William Street. The old system is very limited and antiquated. This investment will obviously promote better risk management of heritage information than is the case now. We need to mitigate those risks.

Mr A.J. WADDELL: I think my colleague from Wanneroo may be as perplexed as I am with the minister's answer. The minister talked about a new system. Is that \$1.6 million for a new computer system or for a new filing cabinet? I am not being flippant. Is it a physical system in which documents are actually filed or is it an electronic system?

Mr G.M. CASTRILLI: It is a new computer system.

Mr A.J. WADDELL: Why does that system need to be moved from the current location?

Mr G.M. CASTRILLI: The current system is based on a father-and-son software system.

Mr A.J. WADDELL: The minister said that the office has to move to another location.

Mr G.M. CASTRILLI: The Office of Heritage is moving to 140 William Street.

Mr A.J. WADDELL: Because of the computer system?

Mr G.M. CASTRILLI: No.

Mr A.J. WADDELL: That is what caused my confusion.

Mr G.M. CASTRILLI: The office is moving to 140 William Street, and the computer interface there does not fit with the current system. The current system is antiquated. It is hopeless, basically. We need the new system because, apart from the need to mitigate risks, the new system will also fit in better with the new configuration at 140 William Street. I am not a computer whiz as the member for Forrestfield professes to be, so my terminology may not be up to the latest use of language. But I am sure the member understands what I am getting at.

Mr A.J. WADDELL: I do now. I was confused as to whether it was a physical system or an electronic system. That is why I asked the question.

Mr J.N. HYDE: I refer to page 573, and the 2011–12 total appropriation figure.

Mr G.M. CASTRILLI: Is the member talking about total capital appropriations?

Mr J.N. HYDE: Everything—all the money that the Heritage Council is receiving. Has the Heritage Council received extra money from the government to oversee what the media is referring to as the Premier's palace; namely, the plan by the Premier to refurbish Hale House to heritage standards, as the Premier announced in a media statement on 24 February 2011? I note that on the cover of the one-page heritage policy there is a picture of parts of Hale House.

Mr G.M. CASTRILLI: Member for Perth, I refer to it as Hale House. The Labor Party can refer to it any way it would like. The short answer to the member's question is that the total appropriation is made up of the existing appropriations that the Heritage Council would normally get, plus the capital funding for the new computer system. There is no money in the Heritage Council's budget for the refurbishment of Hale House. If Hale House is to be refurbished, I dare say that will be done through a separate allocation, perhaps through another mechanism.

Mr J.N. HYDE: What role has the Heritage Council played, as the peak heritage body in this state, in giving advice to the minister or the Premier on this very important heritage building?

Mr G.M. CASTRILLI: The Heritage Council is totally engaged with any developer or any person on what may or may not happen to a heritage building. Therefore, the Heritage Council would be in consultation on all buildings that are listed on the Register of Heritage Places of Western Australia.

Mr J.N. HYDE: What I specifically asked, minister, is: what was the nature of the advice? What advice has the council given on Hale House and its suitability to be turned into an office for the Premier?

Mr G.M. CASTRILLI: To what line item is the member for Perth now referring?

Mr J.N. HYDE: I am referring to the whole budget.

Mr G.M. CASTRILLI: I have just told the member that in the budget there is no allocation for the Hale House refurbishment.

Mr J.N. HYDE: But the minister is also saying that the Heritage Council is involved.

Mr G.M. CASTRILLI: It is. The Heritage Council is involved in all matters to do with heritage buildings. It is part of the act that people, whether they are private developers or anyone else, have to engage the Heritage Council. Under the line item that the member has referred to, there is no money for the refurbishment of Hale House.

Mr J.N. HYDE: So, no staff of the Heritage Council are spending any of their time on giving advice about Hale House? Any advice on Hale House is being given after hours, is it?

Mr G.M. CASTRILLI: The member is talking about an allocation to Hale House. The Heritage Council staff will, in the normal course of their duties, give advice on any property that is on the heritage register.

Mr J.N. HYDE: Will the minister table that advice? What advice has the Heritage Council given on Hale House?

Mr G.M. CASTRILLI: I will ask Mr Gammie if he wants to elaborate on the advice that was given. But of course I do not intend to table that advice, because that may be in breach of cabinet confidentiality. Does Mr Gammie want to add to that?

Mr G.A. Gammie: All I can say is that the project is being managed by Building Management and Works. At this stage, Building Management and Works is still developing the plans and is yet to refer them to the Heritage Council for advice.

Mr J.N. HYDE: I would assume that any changes that are made to the fabric of a heritage-listed building would need to be in consultation with, and with the approval of, the Heritage Council?

Mr G.M. CASTRILLI: Mr Gammie will respond.

Mr G.A. Gammie: That is correct.

Mr J.N. HYDE: What time frame does the minister anticipate will be required for the very important work that will need to take place to fit out Hale House to the standard that the Premier and visiting dignitaries would expect?

Mr G.M. CASTRILLI: As Mr Gammie has said, Building Management and Works is handling that project. It is still drawing up the scope for that project. I cannot give any information other than what I have just told the member.

[9.20 pm]

Mr J.N. HYDE: The minister has obviously read the Premier's press release or has talked to the Premier about his plans for the palace. Surely the minister must know this will be a major heritage undertaking and that if a lift is going in or a safe room is to be installed for escape from the hoi polloi or knife-wielding, electricity bill-paying people, these considerations will require detailed expert advice, which the Heritage Council is able to and is sourced to do.

Mr G.M. CASTRILLI: Building Management and Works is finalising its scope of works. Once that is final, of course it will come to the Heritage Council for consultation or assessment or whatever. That will come in due course. I cannot give the member any information other than that. Until the department comes up with its final scope of works and presents it formally, I cannot give the member any other information.

Mr J.N. HYDE: I have a final question on this matter. The Premier has touted that one of the reasons he is taking over Hale House for his palace is to be able to restore it to full heritage standards. Would the minister expect that Building Management and Works will source advice from the Heritage Council on a cost-recovery basis or will the council do that as a normal undertaking out of its budget?

Mr G.M. CASTRILLI: In this budget for the next financial year there is no money for any alterations to or physical works at Hale House.

Mr J.N. HYDE: I know.

Mr G.M. CASTRILLI: I am just pointing that out again because the member has asked me that question again.

Mr J.N. HYDE: Expert heritage advice is expensive. A person does not just go down to Bunnings to get it.

Mr G.M. CASTRILLI: It is not capital works.

The CHAIRMAN: We have been through this.

Mr G.M. CASTRILLI: The member is talking about capital works. Other than that —

Mr J.N. HYDE: It is not a case of just going to Bunnings to buy a sink; the exact right fittings and the heritage equipment —

The CHAIRMAN: That is enough, member for Perth.

Mr A.J. SIMPSON: I refer to page 753, "Major Spending Changes", and the progress of the distribution of the funds made available to the Goldfields since the earthquake. The member for Kalgoorlie could not be here, but he would be very interested to hear about the progress that has been made on the heritage buildings in the town of Kalgoorlie and the money that has been spent to restore them.

Mr G.M. CASTRILLI: Thank you for the question, member.

The member for Kalgoorlie and the member for Eyre are both extremely interested in this. A lot of work has been done. As the member knows, the government gave \$5 million to that fund, and four funding streams were established. The first, for emergency relief grants, received 10 applications and grants totalling \$61 529 were approved. One preferred works grant of \$25 000 was awarded to assist an owner with the cost of keeping in place scaffolding pending the commencement of external conservation works. There were 22 applicants covering 29 properties who received earthquake restoration grants totalling \$443 143. Of those, 15 applications were for reimbursement of insurance excesses to reward those who had comprehensive insurance. Some of the owners have completed assessments of the damage and advise that they will not need financial assistance. The Office of Heritage is also continuing to work with the owners of 36 properties to determine whether financial assistance is required. Applications for conservation improvement grants opened in January 2011. Those grants provide up to \$250 000, with the owner having to contribute 20 per cent of the cost of completing the works. Applications closed in March 2011, and applications totalling \$1.24 million were received and approved for 18 properties. The works include re-roofing, treatment of rising damp, drainage and other urgent conservation works. That has related to a range of properties. Also, other assistance to the amount of \$200 000 has been provided. As members know, straight after the earthquake the department sent specialist heritage architects and structural engineers to Kalgoorlie to advise property owners, and \$151 665 of professional advice has been provided to date.

The CHAIRMAN: Members, we finish at 10.00 pm, and we still have another division—the National Trust. I heard the member for Perth say that he would like to finish this division about 9.20 pm. I do not know whether he has any more questions or whether he wants to move on.

Mr J.N. HYDE: I have a couple more; I was not anticipating such robust interest from the esteemed members to my left.

Mr A.J. SIMPSON: We are always interested in heritage.

Mr J.N. HYDE: I know the interest is there.

The CHAIRMAN: I think the member for Perth had a really good bash at one stage.

Mr J.N. HYDE: And as always, you indulge me, Mr Chairman.

The CHAIRMAN: Would the member for Nollamara like to ask a further question?

Ms J.M. FREEMAN: I defer to the member for Perth.

Mr J.N. HYDE: I refer to page 754 of the *Budget Statements* and “Outcomes, Services and Key Performance Information” and the “Desired Outcome” for the Heritage Council of “Conservation of cultural heritage places in Western Australia, for the benefit of present and future generations”. I refer to the minister’s statement of 19 April 2011 that Government House will be permanently entered on the state Register of Heritage Places. Has the Heritage Council been consulted on the state government’s decision to spend \$445 000 on the installation of a lift at Government House? Did the Heritage Council provide any advice about using a cheaper, less intrusive option—such as a nanna-lift on the stairs?

Mr G.M. CASTRILLI: Yes, member for Perth, we were consulted, and, obviously, having been consulted, we provided advice. I cannot give the member the exact scope of that advice, but we were obviously consulted.

Mr J.N. HYDE: Could I ask that the minister provide that by way of supplementary information?

Mr G.M. CASTRILLI: If I can, I certainly will.

The CHAIRMAN: Let us be very clear what the minister is providing. What did the member for Perth request?

Mr G.M. CASTRILLI: The member for Perth requested supplementary information on the advice given on the installation of a lift at Government House.

[*Supplementary Information No B39.*]

The CHAIRMAN: Is the member for Perth’s next question to do with the same matter, or is it about something else?

Mr J.N. HYDE: It is the same field, albeit slightly down the Esplanade.

The CHAIRMAN: You are being inventive, member for Perth. Continue.

Mr J.N. HYDE: Thank you, Mr Chair. Minister, it is the same preamble, and page 754.

I assume that the Heritage Council was asked for its advice on the Esplanade and the heritage-listed Florence Hummerston house—the old kiosk. What is the minister’s view, and the Heritage Council’s view, on a proposal to move that heritage-listed building and to chuck it in the Supreme Court Gardens or even to demolish it.

Mr G.M. CASTRILLI: To get this straight, is the member referring to the place where the Chinese restaurant is located?

Mr J.N. HYDE: In latter-days.

Mr G.M. CASTRILLI: The Heritage Council will be involved and has been involved in all the consultations and discussions about that precinct. The council will provide advice to the Minister for Planning, who has, I think, carriage of the project. As the project progresses and moves forward, elements of that project, if they are heritage listed, will be referred to the Office of Heritage and the Heritage Council.

[9.30 pm]

Mr J.N. HYDE: The whole Esplanade is heritage listed.

Mr G.M. CASTRILLI: Yes, for their consultation, consideration and advice.

Mr J.N. HYDE: In relation to Florence Hummerston Lodge, could we get that advice by way of supplementary information?

Mr G.M. CASTRILLI: I am advised that that information has not yet been given.

Mr J.N. HYDE: Do the minister and the Heritage Council still adhere to the Burra Charter and its views on the moving of heritage buildings?

Mr G.M. CASTRILLI: That is part of the consideration of the Heritage of Western Australia Act, is it not?

Mr I.M. BRITZA: I refer to page 754 of the *Budget Statements* under the second dot point, “Significant Issues Impacting the Agency”. Why has a review of the Heritage of Western Australia Act been initiated and what are the objectives of the review?

Mr G.M. CASTRILLI: As I outlined to the member for Perth, the government announced the state cultural heritage policy in April this year. It is the very first time that an actual integrated heritage policy has been adopted in this state. At its core, the policy outlines objectives to recognise, protect, promote and partner means of improving the management of Western Australia’s rich cultural heritage, and there is plenty of it about. What

is important for me is that the policy ensures that that heritage and its interpretation and appreciation is transmitted to our future generations, because that is what it is all about.

Our heritage legislation is the foundation of all the things we do. There is an increasing recognition across government and the broader community that the current act has become outdated and does not reflect the current needs of the Western Australian community. We only really need to look at what I consider the lengthy and costly processes involved in adding a place to the Register of Heritage Places or at the contentious issue of demolition by neglect to realise that we need action. The first key initiative to be rolled out under that heritage policy was the review of the Heritage of Western Australia Act. The primary objective of the policy is to ensure that the heritage legislation is open, transparent, simple to operate and able to reflect best practice in the recognition and protection of places.

In addition to looking at the roles and functions of the Heritage Council itself, a range of strategic issues have been identified for consideration, for instance, the criteria for entering a place on the state register; how state significance should be defined and whether there should be time limits on heritage assessment processes; whether works on heritage-listed places should be referred to the Heritage Council, together with financial and non-financial incentives for owners; whether there should be a provision for repair orders in the act and under what circumstances they should be made; and, the purpose of local municipal inventories and the Heritage Council role in local MIs. Those issues and others will be included in the consultation paper that I mentioned before, which was launched in April. It has been widely distributed to encourage stakeholder feedback and for the wider community to share its views and ideas on how we should be managing our state's heritage assets. A detailed discussion paper will be published later in the year, about August, that sets out that possible framework. The feedback from that process will assist the development of draft legislation and a green bill, which I also mentioned previously, will also be open to public comment. The public comment we receive about the green bill will inform the development of a new bill to be considered by state Parliament. The bill will reflect the objectives of the state cultural heritage policy. Hopefully, we will be to capture the expectations and the aspirations of all the people of Western Australia.

The appropriation was recommended.

Division 63: National Trust of Australia (WA), \$3 055 000 —

Mr M.W. Sutherland, Chairman.

Mr G.M. Castrilli, Minister for Heritage.

Mr E. Sirna, Acting Chief Executive Officer.

Mr P. Cirillo, Manager, Finance and Audit.

Mrs S. Siekierka, Principal Policy Adviser, Office of the Minister for Heritage.

[Witnesses introduced.]

The CHAIRMAN: The member for Nollamara.

Ms J.M. FREEMAN: I defer to the shadow Minister for Heritage.

Mr J.N. HYDE: I refer to the third dot point on page 761 of the *Budget Statements* about the Old Farm, Strawberry Hill, and to the second dot point that states that maintenance of places remains a major challenge for the trust. I recently visited the Old Farm at Strawberry Hill in Albany and saw the excellent work that the National Trust of Australia (WA) does in preserving and making our local WA heritage available to the public. Why will the Barnett government not fund the trust directly for maintenance works on its heritage buildings?

Mr G.M. CASTRILLI: An increase in the allocation for maintenance was put up and the government did not support it.

Mr J.N. HYDE: May I ask how much the request for the allocation was?

Mr G.M. CASTRILLI: No, that information is cabinet-in-confidence.

Ms J.M. FREEMAN: I refer to the details of income from the state government statement on page 766 of the *Budget Statements*. I assume that that refers only to income from the minister's department, therefore, essential revenue funding. It was recently announced that the National Trust of Australia (WA) property Wanslea received a \$6 million Lotterywest grant. Can the minister please clarify, why the National Trust of Australia (WA), as a government agency, is entitled to Lotterywest funding?

Mr G.M. CASTRILLI: Yes, the National Trust of Australia (WA) is eligible for Lotterywest funding and has applied for Lotterywest funding in the past.

Ms J.M. FREEMAN: Can the minister say why that is, given that other agencies would like Lotterywest funding? How is it that a government agency such as the National Trust of Australia (WA) is eligible for Lotterywest funding?

Mr G.M. CASTRILLI: It is not a government agency; it is a statutory authority and is therefore eligible for Lotterywest funding, as I understand it.

Ms J.M. FREEMAN: So it is a statutory authority; that is interesting. Looking at the National Trust of Australia (WA) annual report and the income and business planning —

Mr G.M. CASTRILLI: Is the member asking about the National Trust of Australia (WA) annual report or the *Budget Statements* for the National Trust of Australia (WA)?

[9.40 pm]

Ms J.M. FREEMAN: I am talking about the income that goes to—

Mr G.M. CASTRILLI: Which line is the member talking about now?

Ms J.M. FREEMAN: I am on page 766, “Income Statement”. I am still on the same question. It is a further question.

Mr G.M. CASTRILLI: Is the member talking about the three streams of income that are mentioned there?

Ms J.M. FREEMAN: I am talking about the total income. I am asking —

Mr G.M. CASTRILLI: I want to clarify exactly what the member is asking and what point she is referring to.

Ms J.M. FREEMAN: I am talking about the income and I am talking about the management of the income of an agency that the minister has oversight of.

Mr G.M. CASTRILLI: Does the member mean the three figures that make up the figure of \$2.2720 million?

Ms J.M. FREEMAN: Yes, I am talking about an agency that the minister has oversight of and that he manages as minister—that is, income from central revenue funding. That is why I am asking this question. The National Trust annual report recorded that 49 per cent of properties owned by the trust had a business plan. The 2010 National Trust of Australia (WA) report omits this statistic completely. Can the minister advise how many National Trust of Australia (WA) properties now have a business plan? I understand that is important to the minister, because he talked about that in local government. I wonder whether the minister can advise how many National Trust of Australia (WA) properties have a business plan, given the minister’s oversight of this area?

Mr G.M. CASTRILLI: I will answer the member in this way—Enzo will correct me if I am wrong—I have no jurisdiction over the National Trust. The National Trust, which was established in the 1960s, reports to Parliament through me. That is why I have asked the Public Service Commissioner to give me advice on exactly what my authority is—the roles, responsibility, governance and other matters that I have over the National Trust. As I understand it, the National Trust reports through me to the Parliament.

Ms J.M. FREEMAN: Given the minister’s commitment to business plans in sectors for which he obviously does not have direct responsibility and which act as autonomous agencies—we have heard tonight the importance the minister sees in business planning—how is the minister ensuring that the National Trust of Australia (WA) properties have business plans? How is the minister doing that in terms of the funding that comes from the consolidated fund and which the minister has management over?

Mr G.M. CASTRILLI: Member, I do not have management over it.

Ms J.M. FREEMAN: There is funding allocated to it, minister.

Mr G.M. CASTRILLI: I know, but I do not have management over it. It reports to Parliament through me. And through me it asks for allocations. Business planning is absolutely important to me. I have asked questions of the National Trust on previous occasions. I have asked for it to provide me with business case scenarios. That is why I have asked the Public Sector Commissioner to give me advice on what my role and responsibilities are and what is my authority in terms of the National Trust. While the member asks some very good questions, they are the questions I have asked for clarification and advice on. I agree with the member that business planning is vitally important.

Mr A.J. WADDELL: I refer to item 96 on page 760, “Delivery of Service”, and the \$2.6 million that is listed there. I also refer to the second dot point on page 761, which states the trust will continue its role as a key provider of heritage and the provision of services at a government level. In the minister’s statement—I think he has clarified it somewhat—that was published in *The West Australian* of 23 May, he said that he had requested advice from the Public Sector Commissioner concerning “governance and related matters” at the trust. I ask how it is that the minister has allocated \$2.6 million in this budget to the National Trust, despite the fact that he has not defined in his one-page state heritage policy what its role is. Clearly, the minister does not understand or has sought advice as to what influence he can have over the trust. The minister is just an instrument for reporting now. The question I ask is: why has not the minister reported to the Parliament what his concerns are about the trust, which requires him to seek this advice as to his influence into the trust?

Mr G.M. CASTRILLI: Traditionally, the trust comes to the minister of the day. As I am the minister at the moment, they come to me and I advocate for moneys for them. I have no management responsibility or control over the National Trust. The National Trust of Australia (W.A.) Act does not give me the authority over the trust. I have this basic belief, member for Forrestfield, that if I am going to be responsible for something, I need to have the authority over that something. If I do not have the authority, I should not have the responsibility.

Mr J.N. HYDE: The minister has been there three years. It is a bit late to be —

Mr G.M. CASTRILLI: It is a lot more than the member did or the previous government did in terms of the National Trust, which was established in the 1960s. At least I am clarifying the role. I am trying to clarify my role, because I think it would be a better relationship if I understand fully what I can and cannot do in terms of the trust, because it is a very important part of the heritage of Western Australia, as is the Heritage Council. I think I have mentioned before that the National Trust of Australia (WA) and the Heritage Council came together for the first time to deliver that heritage policy for Western Australia.

Mr A.J. WADDELL: What oversight do citizens of Western Australia get for the \$2.6 million that they put in the trust? Is it a blank cheque which we write and which we never see or have any control over? Exactly whom does the buck stop with?

Mr G.M. CASTRILLI: The National Trust has a board, made up of very prominent community members, and they are the trustees. I think there are about 25 or 26 members on that board, and they are charged with the responsibility of running the affairs of the trust. Would you like to add further to that, Enzo?

Mr E. Sirna: If I may, through the minister, we have a council of 25 people. We are a trust for government and for the community. The reason that we are eligible for funding such as that from Lotterywest is that we have a charitable status and we also have a community base. There is a membership base that is through election, so we have consideration in the make-up of the actual council, which includes community and professional organisations and particularly those heritage aspects that are very important to us.

Mr G.M. CASTRILLI: I will add further to that. The Auditor General has oversight of the affairs of the National Trust.

Mr A.J. WADDELL: How do we exercise that if we cannot direct them to do anything? We can write a report, but what effect does it have?

Mr G.M. CASTRILLI: I am assuming that—my advisers will correct me if I am wrong—the National Trust is accountable to the Auditor General. The Auditor General can table reports on the annual reports and the functions of the National Trust. That is that oversight. In the last three years I think the National Trust was rated by the Auditor General in the top 50 overall government agencies with regard to its annual report.

[9.50 pm]

Ms J.M. FREEMAN: I have a further question. Is the minister saying that this is like a non-government organisation that we give a grant to? Because it is such an old organisation that comes before us in the budget papers, we have a role in scrutinising how that money is spent. Effectively, it is a non-government organisation that has an autonomous role. The minister does not appoint anyone to the board or the trust yet it is part of CRF funding.

Mr G.M. CASTRILLI: It is a statutory authority. That is why I have asked for clarification about governance and other matters. It reports through me. I do not appoint members to its board. I do not have day-to-day control or authority over the running of the National Trust. The fact that the National Trust was established under the act is quite unique.

Mr P.T. MILES: On page 761, under “Significant Issues Impacting the Agency”, I note that the trust has a continuing lead role in coordinating heritage education. Can the minister explain some of the learning programs that the trust has developed to promote heritage education?

Mr G.M. CASTRILLI: The National Trust develops heritage education programs for delivery to formal and informal groups at the metropolitan and non-metropolitan properties that it owns. They include schools with students from kindergarten to year 12, children attending holiday programs, scouts and Girl Guides, tertiary education courses, including universities and TAFE, English as a second language students, lifelong learning groups such as Probus and other seniors groups, and individuals visiting properties attending courses and lectures. The National Trust develops and coordinates programs to engage the schools because it wants children to value and appreciate heritage at a local and state level. All the programs are linked to the Western Australian heritage framework and the Australian curriculum. The National Trust courses are approved by the Curriculum Council of Western Australia and the Australian Curriculum, Assessment and Reporting Authority. Some of the courses it has developed include “Swan River Colony: 1827 to 1903”, for year 5 students; “Ancient World: Investigating the Ancient Past, the Burrup and Beyond”, for year 7 students; and “Burrup Peninsula: 40 000 years of Australian History”, for year 11 students. The National Trust offers support for teachers, professional

development, school visits and properties led by a National Trust education officer, print and informational technology resources, web-based support and resources, curriculum courses, National Trust education officer school visits and statewide heritage history competitions. The National Trust's education and learning program works with partners to deliver heritage and commemoration education programs for Anzac Day, for example. They include the Art Gallery of Western Australia, the State Library of Western Australia and the Department of Environment and Conservation. The list goes on.

Mr J.N. HYDE: I refer to page 761 and the third point, "Conservation of National Heritage", under "Service Summary". One of the great things about the trust—in many ways, it is a unique thing—is its dedication to natural heritage. It is something it has done well and it is incredibly important in a state as vast and as diverse as WA. There seems to be a large drop from the 2010–11 budget to the 2011–12 budget from \$1 114 000 to \$786 000. Does the minister have further information on that? I assume it might be connected with cabinet's failure to stump up money for maintenance and the other very good things that the trust is doing.

Mr G.M. CASTRILLI: The member is quite wrong; it has nothing to do with us.

Mr J.N. HYDE: It is in the minister's budget.

Mr G.M. CASTRILLI: The National Trust has a program called the BushBank revolving fund. It was established in August 2001 by the federal environment minister, Robert Hill, a good Liberal minister at the time, and the Western Australian environment and heritage minister, Dr Judy Edwards.

Mr J.N. HYDE: An excellent minister too.

Mr G.M. CASTRILLI: I thought the member might say that.

Mr J.N. HYDE: I will trade the minister a Hill for an Edwards.

Mr G.M. CASTRILLI: The fund was jointly funded by the federal and state governments and managed by the National Trust of Australia (WA). Funding of \$1 million was provided by the federal government and \$1 million was provided by the state government. The BushBank operates as a consortium for WWF-Australia, the Department of Environment and Conservation and the National Trust of Australia. The National Trust coordinates the day-to-day administration of that program. The BushBank is a revolving fund. It purchases and on-sells bush property to a conservation-oriented buyer. The proceeds of the sales return as capital to purchase other projects to protect more natural habitat. All BushBank properties sold are sold with a conservation covenant on them and registered on all land titles. That is negotiated as a condition of sale. It provides for legal protection in perpetuity, I presume. As a not-for-profit organisation, the National Trust is able to receive tax deductible donations of money or land. Donations of property for inclusion in the BushBank program not only ensures the protection of the land but also contributes to the conservation of the land. All donated properties are on-sold. That program was to run for a limited time only and it is coming to an end. With the changing times, the global financial crisis and all those other influences, the National Trust holds only two properties in BushBank. One of them is Talgomine at Nungarin, which is 1 000 hectares and the other is Badjeling at Quairading, which is 160 acres. That program ran for a specific time. No more money will be allocated to it.

Mr J.N. HYDE: Would the minister consider allocating more money? It is an excellent model, something that we were on the verge of committing to with built heritage.

Mr G.M. CASTRILLI: I have also had discussions about this. It is a good model. As I said, that program is winding down because it has come to an end. It was in place for a certain period. As I said, there are only two properties left in that program. When the time is right, I presume the National Trust will sell them.

Mr J.N. HYDE: Are there any proposals to enhance that project again? It is seed capital that gets it going.

Mr G.M. CASTRILLI: Nothing has been discussed in line with the BushBank revolving fund at this point.

Mr J.N. HYDE: Is that something that perhaps the minister thinks should be featured in the state heritage policy and the review of the act?

Mr G.M. CASTRILLI: We are talking about built heritage in the review of the act.

Mr J.N. HYDE: So it is not a real state heritage policy.

Mr G.M. CASTRILLI: That is not part of the Heritage of Western Australia Act 1990 but is something that is obviously in the domain of the National Trust, which has that broader scope for protection of heritage places.

The appropriation was recommended.

Committee adjourned at 10.00 pm
