

Division 19: Local Government and Regional Development - Service 1, Implementation of Government Policy, \$2 807 000; Service 3, Better Local Government, \$9 577 000 -

Mrs D.J. Guise, Chairman.

Mr E.S. Ripper, Treasurer representing the Minister for Local Government.

Ms C.M. Gwilliam, Director General.

Mr T. Fowler, Director, Capacity Building.

Mr Q. Harrington, Director, Governance and Statutory Support.

Mr L. Nagy, Principal Finance Officer.

Mr D.R. Weaver, Director, Strategies and Legislation.

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 Chairperson 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. For the purpose of following up the provision of this information he agrees to provide, 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 8 June 2007, 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 8 June 2007.

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

I now ask the minister to introduce his advisers to the committee.

Mr E.S. RIPPER: Just for the guidance of members, I am advised that I am representing the Minister for Local Government, and therefore I am answering questions on services 1 and 3. The member representing the Minister for Regional Development will answer questions on service 2, which will apparently be dealt with tomorrow night. If there is any confusion about that, I would appreciate your guidance, Madam Chair.

The CHAIRMAN: The member for Moore.

Mr G. SNOOK: I draw the attention of the Treasurer to the grand totals of appropriations and forward estimates on page 343. I will compare the budget estimate for 2006-07 with that for 2007-08. The budget allocation for 2006-07 is \$42.504 million, while the estimated actual for that year is \$29.767 million; a difference of \$12.73 million. In view of the budgeted amount of \$45.686 million estimated for this year, why was the full allocation for 2006-07 not spent? In what areas were the budgeted amounts not spent?

Mr E.S. RIPPER: This goes to my earlier remark about my accountability here for service areas 1 and 3. Nevertheless, for the guidance of the committee, I will provide an answer that relates to service area 2. However, since it has an effect on the overall figures, it is important that I do that. The change in appropriation funding between the original budget and the estimated actual is significantly due to a realignment of cash flows associated with the regional investment fund; delays in significant lead times required to establish financial assistance agreements with successful grant applicants prior to the grants being paid; delays caused by escalating costs in regional areas; time lags in obtaining funds from other sources; and the difficulty of obtaining the services of contractors in the regions. The same sorts of reasons applied to the difference between the estimated actual in 2006-07 and the 2007-08 budget estimate. Essentially, what is happening here is a re-cashflowing of the RIF. In addition, in 2007-08, there is an amount of \$1.8 million for the Wittenoom relocation program. That

really relates to the service area for which I am not responsible, but it shows that these matters have occurred in the regional development area rather than the local government area. If the member wishes to pursue this, it would be best to do that tomorrow night.

Mr T. BUSWELL: I refer the Treasurer to the major initiatives for 2007-08 on page 351, and the dot point relating to the completion of a memorandum of understanding with the Corruption and Crime Commission about identifying systemic issues in local government. I wonder whether the Treasurer can outline what that is. More importantly, can the Treasurer outline how some of the alarming revelations about local government that came out of the CCC last year and earlier this year will be pursued by the department, with particular reference to the Shire of Busselton, the City of Cockburn and the City of Wanneroo?

Mr E.S. RIPPER: I am advised that a process has been established under which the CCC refers some matters to the department for investigation, and vice versa. The department has its own investigative powers. Typically, when a matter is likely to be one that can be shown to be either true or untrue based on the documents, the CCC will refer that matter to the department. If, however, a more rigorous investigation is required of the type that the CCC has the powers to conduct, with covert procedures and so on, then the department would refer the matter to the CCC. I understand that a memorandum of understanding has been drafted to formalise this arrangement, which seems to me to be a good one. Perhaps, given that I am not the minister directly responsible, I can ask the director general to provide more detail on that.

[2.10 pm]

Ms C.M. Gwilliam: Yes, as has been said, we are developing an MOU with the CCC. Many members will be aware that the CCC reviewed our complaint-handling processes last year and found that we had a methodical complaint-handling system in place. As a result of that work, further referrals are coming to us from the CCC that relate to local government. In relation to the particular local governments that the member referred to, some of those have had referrals from us to the CCC. In relation to the outcome, which will come when the reports are completed and tabled, we anticipate that it may be necessary to either amend legislation - that will be considered once we have reviewed the reports - or, in fact, look at using the powers, depending on what conclusions are made by the CCC.

Mr T. BUSWELL: When the director general says “using the powers”, does that mean taking action under the Local Government Act in relation to specific councils, depending on the nature of the findings from the CCC?

Mr E.S. RIPPER: My understanding is that there are powers under the Local Government Act; for example, councils can be suspended and inquiries can be conducted, as has happened in the past. These are not easy powers to use because it may be that one person has done the wrong thing inside a council and if the entire council is suspended to conduct an inquiry, a punishment is imposed on the entire council for the potential misbehaviour of one person. That is why, of course, Parliament has been considering new arrangements for “official misconduct”. I am told that those arrangements will come into place on 20 October this year. However, they will be prospective arrangements rather than retrospective arrangements. The CCC is still to report on these matters. When it has reported, the minister and the government will have to consider what action is justified on the basis of the CCC report. Does the director general have anything to add?

Ms C.M. Gwilliam: No.

Mr G.M. CASTRILLI: The fifth dot point on page 350 of the *Budget Statements* states -

Undertook and completed investigations into matters referred from the Corruption and Crime Commission . . .

I am assuming from that statement that all those matters have been completed. Have all matters been completed? What were the outcomes of those investigations? What actions were taken and completed?

The CHAIRMAN: The member should ask one question at a time. I will allow further questions. The member is referring to the fifth dot point on page 350.

Mr E.S. RIPPER: It states -

Undertook and completed investigations into matters referred from the Corruption and Crime Commission as well as other local government complaints.

The member is asking how many have been referred; how many have been completed; and what action has been taken in each case.

Mr G.M. CASTRILLI: The statement is that they have been completed. From what has been said, some referrals have yet to be made. Have they been completed; and, if so, how many were there? What were the investigations? How many local governments were involved?

The CHAIRMAN: I will say it again to the member: I will allow further questions, but not four in one question. He should ask the first part and I will come back for a further question.

Mr G.M. CASTRILLI: I am asking one question about the specifics of the investigation and the course of action taken. It is all one question.

The CHAIRMAN: Not in four parts, according to this Chair. The member should ask the first part and we will come back to the others.

Mr G.M. CASTRILLI: The first question is: have all investigations been completed according to the statement?

Mr E.S. RIPPER: I believe I have some information that might assist the member. One hundred and sixteen matters involving local government officials were referred to the department for its information over the same period by the Corruption and Crime Commission; that is, 1 July 2006 to 14 May 2007. Some of those were not referred to the department for investigation; they were referred to it for information. Of those matters, 34 were referred to the department for investigation, and the department has conducted investigations into those 34.

Mr G.M. CASTRILLI: What were the outcomes of the investigations?

Mr E.S. RIPPER: I have no direct knowledge of these issues so I will ask the director general to comment.

Ms C.M. Gwilliam: Many of the investigations we did on behalf of the CCC resulted in no adverse findings in terms of breaches of legislation. Some did result in identification of breaches and we recommended warnings be issued.

Mr G.M. CASTRILLI: I am having trouble hearing.

Mr G. SNOOK: It is difficult to hear.

Mr R.C. KUCERA: It is difficult to hear.

Mr G.M. CASTRILLI: I do not want to delay the hearings.

The CHAIRMAN: Members need to be able to hear the response. Perhaps if we give notice to our auditory people, they will be able to assist by upping the amp a little.

Mr G.M. CASTRILLI: I am sorry about that.

Ms C.M. Gwilliam: That is fine; that sounds much louder.

Many of the investigations we concluded on behalf of the CCC resulted in no breaches being found. A small number did result in breaches being found, so we recommended different strategies there. It is often a matter of issuing a warning for the first time. On other occasions it results in prosecution.

Mr G.M. CASTRILLI: If I have got it right, the CCC has referred matters because it thought there were matters to be referred, but the department considered some of those matters had no case to answer.

Ms C.M. Gwilliam: Yes; the CCC tends to refer matters involving local government to the agency, requesting us to use our powers to investigate. Not all of those investigations result in decisions that breaches have occurred.

Mr G.M. CASTRILLI: Thank you. What local governments were involved in the referrals by the CCC?

Mr E.S. RIPPER: I would have to take advice on that. I will make a general comment: the CCC's very strong powers, large budget and large number of staff of 150 FTEs apply in the local government arena. Local government needs to be very well aware that the most powerful and well-resourced anti-corruption body in the country has within its purview the operations of local government. I will ask the director general whether it is usual to reveal the names of local governments involved.

Ms C.M. Gwilliam: No; because we provide that advice back to the CCC. I am happy to seek advice from the CCC as to whether that information can be provided to the member.

Mr G.M. CASTRILLI: In that response, will the director general be able to tell me what adverse findings were found against those local governments?

Mr E.S. RIPPER: These matters are referred to the department by the CCC, so I think it is important that there be some consultation with that body. In principle, of course, this sort of information should be available. We are being a little cautious because, in effect, another government agency is involved that has ongoing corruption investigation responsibilities. The only other thing I will say is that local government politics is an arena in which occasionally vexatious complaints are made and there is a potential unfairness.

Mr G.M. CASTRILLI: For the sake of expediency, I do not need to know that because I and the members sitting beside me are all local government people who have been through the mill and we understand that process.

Mr E.S. RIPPER: We should make clear what we are doing here. The director general will consult with the CCC about whether this information can be made available, and, if it can be made available, it will be made available as supplementary information.

[Supplementary Information No A15.]

[2.20 pm]

Mr R.C. KUCERA: May I have two points of clarification?

The CHAIRMAN: Yes, the member for Yokine may.

Mr R.C. KUCERA: If I may clarify this with the Treasurer, my understanding is that there is mandated legislation of confidentiality on issues to do with the Corruption and Crime Commission; in fact, if those issues were made public, it would be breaching the law. Secondly, also by way of clarification, it was mentioned in answer to a previous question -

Mr T. BUSWELL: Are we the advisers over here or the question askers?

The CHAIRMAN: I wonder whether -

Mr R.C. KUCERA: I am asking a question for clarification.

Mr T. BUSWELL: No; the member just made a statement.

Mr R.C. KUCERA: I am asking to clarify whether or not they are aware that these matters are legislated by the CCC. There is legislation. I am asking whether that is the case.

Mr E.S. RIPPER: To answer that question, obviously the director general will take account of legislative requirements and also of other principles. If there is an ongoing investigation, obviously that is an issue. We have to be aware that people seek to misuse these processes to advance themselves in elections. It is regrettable, but occasionally that happens.

Mr R.C. KUCERA: I have a further question to the answer to a previous question. The prosecution of members of local government was referred to. Does that also apply to previous members of local government? Can the act be applied to them if there is misconduct?

Mr E.S. RIPPER: That is a very interesting question indeed and I shall await the director general's response to that issue with fascination, member for Vasse, member for Bunbury and member for Moore.

The CHAIRMAN: Members, can I have some order? It is not an opportunity for debate across the chamber. Before I go to the member for Vasse, has the member for Bunbury finished with his further questions?

Mr E.S. RIPPER: Madam Chair, I have actually referred the question to the director general.

The CHAIRMAN: The Treasurer had? I missed that bit. We will deal with that before we continue.

Mr E.S. RIPPER: I understand that the question that I cannot answer is whether the powers of the Local Government Act can apply to previous members of local government.

Ms C.M. Gwilliam: The answer is yes, but in terms of taking a prosecution, it would be a matter of considering the public interest.

Mr G.M. CASTRILLI: On a point of clarification, I am not seeking any information that is not legally available - I do not think I need to state that in this place - because I would not get it any way. Further to the second last dot point on the same page, it also refers to other local government complaints. I have a series of questions about that issue, but for the sake of expediency, if I list that information, it could be provided as supplementary information.

The CHAIRMAN: The member may ask a question and then I will come back to further questions. If there is anything that the member wants specifically in his questioning, the Treasurer might indicate whether he will provide it. Let us try with the questioning first, because the member might get more out of it that way.

Mr G.M. CASTRILLI: I thought it would be quicker. Of all the other local government complaints, can the Treasurer tell me how many complaints were lodged in 2006-07?

Mr E.S. RIPPER: I am advised that a total of 283 allegations were received by the department in the period 1 July 2006 to 14 May 2007. Three hundred investigations were completed in the same period. This figure

includes investigations received in the 2005-06 period but which remained incomplete. Sixty allegations require ongoing inquiries.

Mr G.M. CASTRILLI: How many local governments were involved?

Mr E.S. RIPPER: We do not have that information available, but I believe it is reasonable to provide that as supplementary information.

The CHAIRMAN: The Treasurer has indicated that he will provide that information.

[Supplementary Information No A16.]

Mr G.M. CASTRILLI: Of the complaints that are still outstanding, what is the longest time that a complaint has been outstanding as at today?

Mr E.S. RIPPER: I am advised that it is unlikely that there would be more than three complaints with a longer period of consideration than nine months.

Mr T. BUSWELL: My question relates to the achievements in 2006-07 and again it relates to the relationship between the department and the CCC. My question specifically relates to the Shire of Busselton. My concern is to understand what action the department has taken on the revelations at the CCC about the Shire of Busselton as it related to Smiths Beach. My main point of concern is that I think between three and five of the sitting councillors on the Shire of Busselton who were mentioned, implicated or gave evidence at the CCC - excluding former shire councillors, member for Yokine - still sit on the Shire of Busselton and are making, and may still have to make, decisions on planning applications in relation to that development. It is a very difficult issue. I want to know - again, it relates to that particular point and I ask this in all sincerity - what the department is doing or has done to ensure that the normal standards of governance that would be expected from that local government are applying. Further to that, I point out to the Treasurer that the shire president and two respected senior councillors resigned from the Shire of Busselton only a couple of months ago. I understand that they had a meeting scheduled with the director general within the past couple of weeks which, unfortunately, she could not attend. I am interested in where the department is at and what action it intends to take, if any.

Mr E.S. RIPPER: I have an interest in what might come out of various matters associated with the Busselton shire council and what the findings of the CCC might be with regard to both previous and current members of the Busselton shire council.

Mr T. BUSWELL: Treasurer, I asked the question in a sincere way. The Treasurer can play that game if he wants to, but I am not interested in it today.

Mr E.S. RIPPER: Madam Chair, I have said what I have said. The director general advises me that the department is monitoring the performance of the Busselton council and, for example, is ensuring that those people who have had financial contributions are declaring their pecuniary interests on relevant matters. The real action will come when the CCC delivers its report and there are findings. At the moment, we have evidence before the CCC but we do not have a CCC conclusion. I do not know precisely when that report is to be delivered, but it cannot be that far away, given how long ago it started. At that stage, I expect that the department would have to closely examine the CCC report, as would the individuals concerned, and consider what action to take. Regrettably, until the Local Government (Official Conduct) Amendment Bill is in place, the powers to deal with local governments are a bit crude in the sense that action can be taken against an entire council, when it is those individuals who misbehave who should be singled out. Once the Local Government (Official Conduct) Amendment Bill is in place, there will be measures to enable action against individuals. Of course, it may be that other authorities, including the police and the Director of Public Prosecutions, will take action against individuals. It may not be that the department's action is the most significant factor.

Mr T. BUSWELL: My further question is: has the department had an increased level of activity in and around the Shire of Busselton in the past few months, or did the department take any action as a result of the resignation of the then shire president, Councillor Kevin Douglas, and two other senior councillors, especially in light of their calls at the time for the council to either resign or be dismissed?

Mr E.S. RIPPER: This goes beyond the detail that I have been briefed on, so I ask the director general to respond.

[2.30 pm]

Ms C.M. Gwilliam: Yes; there has been a slight increase in activity in relation to the Shire of Busselton. In relation to the actions of a number of elected members in resigning from council, that council still has a quorum to operate on; it still has an effective council in place. I have personally spent some time talking with the previous president, Kevin Douglas, about the CCC approach. Currently, nobody has admitted guilt to anything. No findings have been made. All we can do is operate on the basis that people are entitled to be assumed

innocent unless proven guilty. My advice to the new president was along the same lines. It is a matter of ensuring that due processes are followed. From where I am sitting, I still have a local government delivering effective government for its community.

Mr G. SNOOK: Can the minister outline the reasons for the delay in the Local Government (Official Conduct) Amendment Bill 2005 becoming law? There was bipartisan support and cooperation in this place to get that bill through and now it is not to be put in place until October. Can the minister tell the committee why that is so?

Mr E.S. RIPPER: I could hazard a guess, but it is better if the director general responds.

Ms C.M. Gwilliam: There are two key reasons. The first is to enable consultation to occur with local government on the draft rules of conduct. The draft rules of conduct will be those items to which breaches of the statewide panel will apply. Therefore, they are important rules for local governments to be consulted on. The Minister for Local Government has circulated those draft rules to all local government for comment by June. The second reason is that it is important to ensure that all elected members are briefed on the new legislation. Those briefing sessions will occur once the draft rules have been finalised. That will give us time leading up to the new election, with the swearing in of councillors, for the new rules to apply from then.

Mr G. SNOOK: For how long was this bill before the Parliament before it was passed a month ago?

Mr E.S. RIPPER: I do not have that information. I was not dealing with that particular piece of legislation. I guess the member thinks it was before the Parliament for a reasonably long time.

Mr G. SNOOK: Perhaps I could seek advice on that.

Mr E.S. RIPPER: I am happy to have the director general provide her recollection of how long the bill was before the Parliament.

Ms C.M. Gwilliam: Yes, the member is correct, the bill was before the house for about two years before it completed its passage. From my viewpoint, it is about priorities in Parliament.

Mr G. SNOOK: What consultation took place with local government in that two-year period to explain the reason for the delay in the passage of the bill?

Mr E.S. RIPPER: It is unrealistic to expect that a department will consult on what is, in effect, subsidiary legislation; that is, a bill that has not passed the Parliament. The practice is that when a bill passes through the Parliament and the department knows that the bill will become an act, it will go out and consult. Plenty of bills fail to pass through Parliament because of other priorities or they are rejected by the Parliament. This Parliament is constipated in its legislative performance compared with some other Parliaments. We do not get some of the legislative process that we should otherwise get in this state. It takes our Parliament far too long to process some of our legislation and we get casualties when that happens.

Mr G. SNOOK: Further to the point on the languishing of the Local Government (Official Conduct) Amendment Bill 2005 in this Parliament and the inability to deal with some of the complaints that are before the department, at what stage is the Department of Local Government investigation into the complaint about the City of Cockburn's alleged provision of funds for Stephen Lee's legal representation at the Corruption and Crime Commission hearing in February?

Mr E.S. RIPPER: I do not have information on at what stage the inquiry into that complaint might be. I am not going to promise to provide it as supplementary information because it is an ongoing inquiry. If the member wants to put the question on notice, it will be considered.

Mr G. SNOOK: Am I able to request supplementary information?

The CHAIRMAN: The member can request it, but the minister indicated that he could not provide the information in that way. The minister suggested to the member that if he puts the question on notice through the normal process, he might receive an answer.

Mr E.S. RIPPER: If I thought I could frankly and honestly promise the member this information as a supplementary answer, I would probably be prepared to give an answer. However, because it is an ongoing inquiry there might be reasons that we should not reveal publicly where it is at.

Mr G. SNOOK: I asked at what stage it was at. I was not seeking an outcome.

Mr E.S. RIPPER: That is right. If the member puts the question on notice, I am sure the minister will deal with it as expeditiously as she can.

The CHAIRMAN: Are there any further questions on division 19, services 1 and 3?

Mr G.M. CASTRILLI: I refer to the third dot point at page 351, which states -

Encouraged collaboration and resource sharing by local governments towards a sustainable local government in the State. . . .

Would the minister give an overview of the success and cost of this and which local authorities have participated in that process?

Mr R.C. KUCERA: What is the member referring to?

Mr G.M. CASTRILLI: The third dot point on page 351.

Mr E.S. RIPPER: Before I answer that question, I can provide a bit more information on an earlier question about the length of time the Local Government (Official Conduct) Amendment Bill 2005 was before the Parliament. It was introduced into the Legislative Assembly on 16 November 2005. It completed its passage through the Legislative Assembly on 13 March 2006. It was introduced to the Legislative Council on 3 May 2006 and it took right up to 23 March 2007 for its passage through the Legislative Council. If members look at that, the passage through the Legislative Assembly was quite reasonable. It took almost a year - six weeks short of a year - to get through the upper house of Parliament.

Mr T. BUSWELL: Does the minister responsible for that bill sit in that house?

Mr E.S. RIPPER: It is the performance of the upper house that is the issue.

I now turn to the issue of local government sustainability. Perhaps I could ask the member whether he was referring to the amalgamation of local governments.

Mr G.M. CASTRILLI: The third dot at page 351 states -

Encouraged collaboration and resource sharing by local governments towards a sustainable local government in the State. Provide financial incentives for local governments to adopt resource sharing arrangements and assistance in achieving more efficient structures for service delivery.

How successful has that program been for 2006-07 and will the minister advise the cost of the program and how many local governments participated in it?

Mr E.S. RIPPER: We have seen the amalgamation of the Geraldton and Greenough councils and the two councils that have previously operated in the Northam area. That is good progress. There should be a lot more progress in local government amalgamation. It is not the policy of the state government to compel local government amalgamation, but it is in the interests of ratepayers for councils to amalgamate. If councils are genuinely to represent the best interests of their ratepayers, they should be focusing on the better value for money they can give ratepayers if they get together through amalgamation.

[2.40 pm]

Mr T. BUSWELL: Belmont and Victoria Park.

Mr E.S. RIPPER: I am on the public record in my local newspaper as calling for those councils to stop squabbling over one area and to consider full amalgamation as an issue. I do not think either council agrees with me, but that is the right thing to do in the interests of ratepayers. This is an issue in which all of us, I think, have to offer some leadership to local government and start telling it that what it has at the moment, with 142 councils after these two amalgamations, is not sustainable and is not in the interests of its ratepayers, and it should get on with it.

Mr G.M. CASTRILLI: I think the crux of my question was more to do with resource sharing and encouraging collaboration between local governments on resource sharing. I thank the Treasurer for the answer about amalgamations, but I will repeat my question. The Treasurer has talked about providing financial assistance to encourage local governments to resource share and so on. How much money was spent on that program; how successful was it; and how many local governments participated in it?

Mr E.S. RIPPER: Amalgamation is not the only way that local government can go. For example, shared back office operations and shared heavy equipment are other ways in which they could go.

Mr T. BUSWELL: Shared services.

Mr E.S. RIPPER: Shared services for local government; exactly. It would be good if the Bunbury councils did a bit more talking to each other, would it not, member for Bunbury?

Mr G.M. CASTRILLI: Bunbury has only one council.

Mr E.S. RIPPER: Perhaps the member could go on record as saying whether he thinks they should amalgamate or not. I will ask the director general to outline what we have been doing in that overall area.

Ms C.M. Gwilliam: We have been working extensively with approximately 50 different local governments on a number of resource-sharing initiatives. The Wildflower Country Regional Council involves, I think, about six or seven local governments. The state government has provided \$250 000 of support to assist there with a new regional organisation. We have also provided support to the City of Kalgoorlie-Boulder for its neighbouring councils to do some back-end process sharing. We have provided assistance of \$80 000 for the feasibility study. We have provided funding to the Shires of Tambellup and Broomehill for a feasibility study on amalgamation. That submission has just been received by the Local Government Advisory Board for an amalgamation proposal by Tambellup and Broomehill. We have provided funding of \$9 290 to the Shire of Victoria Plains for a feasibility study into a business unit, which will also involve resource sharing. There are many other proposals that we are looking at to fund in 2007-08. To date, we have probably expended \$600 000. We have committed a further \$1.4 million, leaving \$1 million remaining in 2007-08 for new initiatives.

Mr G.M. CASTRILLI: Just for clarification, that \$600 000 was for 2006-07?

Ms C.M. Gwilliam: Yes. We have expended \$600 000 in 2006-07.

Mr G.M. CASTRILLI: The director general mentioned some local governments before. That is the total extent of the local governments that participated in that program?

Ms C.M. Gwilliam: All the ones I have mentioned are included in that \$600 000 and the \$1.4 million of commitments.

Mr E.S. RIPPER: On this issue, the state government has put forward a relatively modest amount of money to provide some leadership. However, in principle, the state government should not have to put a cent towards this. This is in the interests of the sustainability of local government; this is in the interests of ratepayers. Local government should do it itself, without the need for assistance from the government. However, we thought we would kick-start the process with a modest amount of money to get some examples -

Mr G.M. CASTRILLI: I was not questioning it, Treasurer; I was just asking for the details of it.

Mr E.S. RIPPER: Sure. I think we are probably in agreement.

Mr P.W. ANDREWS: I have a question further to the question asked by the member for Bunbury. In fact, it has been partly answered. The Treasurer's adviser gave us a number of circumstances in which agreements have been made and entered into. Can the Treasurer give us some idea of the extent to which local governments are involved in resource sharing at the moment, as opposed to local governments that have plans to do so or have arrangements to do so? How many are actually doing it?

Mr E.S. RIPPER: I thank the member for that question. I will ask the director general to give us a concrete example or two of some resource-sharing arrangements that are in place.

Ms C.M. Gwilliam: A large number of local governments are doing resource sharing, whether it is sharing a ranger or a town planner or whether it is looking at sharing local laws. A lot of that is already in place. We are keen to encourage more of the elaborate service delivery to be resource shared. We have one existing occasion now of a shared chief executive officer between the Shire of Tambellup and the Shire of Broomehill. There is the potential for more sharing of CEOs, particularly with smaller local governments. We are also keen on the Kalgoorlie feasibility study that we have funded, which is the back-end processing, so that we can get a small group of local governments sharing information technology systems and financial systems. We are keen to demonstrate the success of that through that work we have funded.

Mr P.W. ANDREWS: If I am hearing correctly, they tend to be country local governments. In the metropolitan area, to what extent are local governments sharing resources?

Ms C.M. Gwilliam: Fairly extensively through their regional organisations. The metropolitan local governments belong to regional organisations, whereby there is sharing of waste management facilities, planning facilities and so on. However, I think the opportunity is there to do more.

Mr G. SNOOK: I refer to page 359. I note that the Treasurer said something - it is difficult to hear in this chamber - about Regional Development being unable to be dealt with. Is that correct?

The CHAIRMAN: Correct; under the Regional Development division.

Mr E.S. RIPPER: I will elaborate on that for the member, now that the microphones have been turned up. There is a Minister for Regional Development. That minister's representative will deal with service area 2 tomorrow night. I think it is Minister Logan who will represent Minister Ford.

The CHAIRMAN: Members, I might need to give some thought to that in a ruling. It is not actually listed in the papers, which means that it must be dealt with now. Division 19, service area 2, is not listed in the estimates, which has been agreed to by the management committee. Therefore, as Chair, I am forced to comply with the

current list, which means that those questions are able to be asked now. Whether or not the member will get an appropriate answer, however, is another matter. Unfortunately, that service area is not listed in estimates for tomorrow, so the member can ask away. Good luck!

Mr E.S. RIPPER: I am corrected by the Chairman's ruling. If that is the Chairman's ruling, I have the relevant public servants here with me, so we will answer the questions.

The CHAIRMAN: Yes.

Mr G. SNOOK: We do our research and come prepared as per the order of the list we receive. It would be very disappointing if we could not get responses under the division.

Mr E.S. RIPPER: I think it is a regrettable oversight, because while I have had contact with the office of the Minister for Local Government, I have not had any contact with the office of the Minister for Regional Development. The public servants can answer as they have information, but I am unable to provide the committee with any particular perspective of the minister because I did not think I was dealing with his estimates.

The CHAIRMAN: I advise the committee that I will raise this in my report to the house. It is most unfortunate and should not happen. Members can be assured that I will make a point of it in my report to the house.

Mr G. SNOOK: I have considerable confidence in the staff of the Department of Local Government and Regional Development, having been involved with that department some time ago for 20-odd years.

Mr E.S. RIPPER: I thought for a moment the member was going to express confidence in me. We will rely on the public servants.

Mr G. SNOOK: Treasurer, we will not even bother going there, because it has been a nice day so far. I refer to page 359. I go back to the point I made earlier in my opening question about the regional investment fund grant funding. That is the first line item on that page. I draw the Treasurer's attention to the 2006-07 budget and actual figures, and note that an amount of some \$14.92 million has not been spent, obviously. I would like an explanation of why that money was not spent. It is not an insignificant amount of money. Why was it not spent, and where has the money gone now, or what will happen to the money in terms of its impact on this budget that we are dealing with?

[2.50 pm]

Mr E.S. RIPPER: I will make a Treasurer's comment first. In the current state of the Western Australian economy, with shortages of labour across the board, many government departments are finding it difficult to expend their budgets within the time frames that were originally contemplated. For example, in some cases, departments cannot recruit staff; in other cases, they cannot find more than one tenderer for a particular project. Some of the people with whom they are dealing are also facing those difficulties. It is becoming apparent to me that a number of departments are underspending their budgets. That inflates the apparent surplus at the end of the financial year. I can say, however, that the money is not lost. It is rolled over to the next year, or to subsequent years. Therefore, in due course, the departments will have the chance to expend that money.

I have outlined some of the things that are funded by the regional investment fund. For example, a grant might be advised to an organisation. The agreement to implement that grant would then need to be negotiated and finalised, and that might take longer than expected. Sometimes, an application is made on the basis that part of the funding for the project is expected to come from the commonwealth, or from other sources of funding. If there are delays in the receipt of those funds, or in the decision making for those other sources of funding, that might delay the expenditure of the state component of that funding. In some cases, organisations cannot get on with their projects because they cannot find contractors to do the work. That means that those organisations are not given the grant until they have done the work. Those are three examples of things that can occur. The director general will provide the member with more information.

Ms C.M. Gwilliam: As the minister has said, we certainly grant approvals each financial year for the expenditure under RIF. An amount of \$75 million has been allocated for RIF 1, and an amount of \$80 million has been allocated for RIF 2. For RIF 1, which commenced in 2001-02, all the moneys were approved by 30 June 2005. We are scheduled to spend the last \$6 million of that money up until 2009. That reflects the delays that are faced by the proponents in securing their leveraged money. For every dollar that we provide, the proponents tend to get \$3 from other sources. It may take a while to lock that into the agreements. Secondly, as the Treasurer has said, because of the booming economy, there may be delays in getting the contractors on board. For every funding round, the government signs off on the approvals. The expenditure tracking on that may take place as quickly as the first year, but it is more likely to take place over the next two or three years. That is what causes the drift of cash into the out years.

Mr G. SNOOK: There is an enormous carryover in 2005. Where is that carryover shown in the budget figures?

Mr E.S. RIPPER: The director general will, I hope, point us to that part of the budget papers. The member is entitled to ask for a reconciliation, if he likes.

Mr G. SNOOK: It is very difficult to track it down. I have not been able to pick it up. Does it become part of the budget surplus?

Mr E.S. RIPPER: Yes, it does. Any underspending for the year is reflected in an increased budget surplus. That does not mean, however, that it is taken away and locked up and never given back to the department. It remains in the department's accounts as a spending capacity.

Mr G. SNOOK: I understand what the Treasurer is saying. I want to know whether that can be traced in the budget documents.

Mr E.S. RIPPER: I have asked the director general to point that out to me. I would love it if they would spend this money more quickly! It would make my budget look much better!

Mr G. SNOOK: So would the people in local government and the organisations who have applied!

Mr E.S. RIPPER: It is not through want of desire. We are not holding back on them! Spend, spend, is what I am telling them!

Mr G. SNOOK: The Treasurer should be careful! He will be quoted!

Ms C.M. Gwilliam: Certainly, the release of the money to the agency is not delayed by agency action. It is delayed by the recipients not being able to find contractors to do the work so that they can spend the money. That is reflected at page 359, "grant funding", which is the line the member has referred to. If we go back to 2001-02, what we did was move the unexpended dollars into the out years. The \$35.7 million, the \$20.8 million and the \$21 million are not part of the RIF allocated level. That is how we keep moving the money into the out years. There is \$75 million for RIF 1 and \$80 million for RIF 2, but it will be spent over 10 years.

Mr G. SNOOK: Therefore, in essence, would it be correct to say that a large percentage - in fact, three-quarters of the money identified in this line item is carryover from the last budget, because it was not spent?

Mr E.S. RIPPER: Which figure is the member referring to?

Mr G. SNOOK: I am referring to "Grant funding - regional investment fund" on page 359. I am following the figures through. The figures in these documents are from the 2005-06 actual to the \$21 million-odd in 2007-08. As the director general has said, that money has been carried over from 2001. I am saying that three-quarters of that \$21.025 million is carryover money, because there is a shortfall this year of nearly \$15 million.

Mr E.S. RIPPER: I will tell the member how I think it works. I might be corrected by the director general, but I will try to explain it in this way. RIF 2 is \$80 million over four years. That is roughly \$20 million in 2005-06, \$20 million in 2006-07, \$20 million in 2007-08 and \$20 million in 2008-09. However, due to the sorts of delays to which both the director general and I have referred, there is a carryover across those four years of \$21 million, which has been put into, in effect, the fifth year, 2009-10. Normally, we would have expected the program to be funded at the rate of \$20 million in each of the four years 2005-06, 2006-07, 2007-08 and 2008-09, with nothing in the following year, because the \$80 million commitment would have expired. What has happened is that there has been an overall pushing out of \$21 million, for implementation reasons, into the fifth year, 2009-10.

Mr G.M. CASTRILLI: I also refer to page 359, the line item "Financial Support to Local Governments". Between 2006-07 and 2007-08, there has been an increase in funding of 62 per cent. However, in the forward estimates in 2008-09, there has been a reduction of 76 per cent. Can the minister explain why that has happened? What are the details of that line item?

Mr E.S. RIPPER: That is the impact of the government providing that additional \$3 million to support local government resource sharing and amalgamations.

Mr G.M. CASTRILLI: Is that that one-off payment?

[3.00 pm]

Mr E.S. RIPPER: Yes. It was actually done over two years. In fact it will be spent over three years for the same sorts of reasons as we have just been discussing with regard to RIF.

Mr G.M. CASTRILLI: On the line item below that, "Regional Development Grant Schemes", there is a 34 per cent increase and a 32 per cent decrease in the forward estimates. Can the Treasurer give me an explanation on that as well, and give me details of that line item?

Mr E.S. RIPPER: I am advised that the \$1.8 million for the Wittenoom relocation, which I mentioned at the beginning of my remarks, is contributing to the apparent financial volatility here as part of this line item.

Mr G.M. CASTRILLI: Wittenoom?

Mr E.S. RIPPER: Wittenoom, yes. That is \$1.8 million in 2007-08 to support the relocation of people from Wittenoom. We are closing Wittenoom.

Mr G. SNOOK: I refer the minister to the line item under “income from state government”, service appropriations, on page 354. In recollecting what we have heard previously in discussion about the changes to funding and unspent moneys, can the minister outline to the committee an explanation of the budget and the estimated actual of the \$41.312 million down to \$28.575 million? What correlation is there with those figures in terms of RIF funding and/or other areas? Is this a separate identity?

Mr E.S. RIPPER: I think this is simply another example of that cashflowing issue that I have been talking about. It is the RIF funding and the Wittenoom money and so on just reflected in the appropriation line. My understanding of this budget is that there is not a lot of change in this department’s budget. There are a few things such as the connecting local government program, which was \$3 million over a couple of years and probably effectively spent over three years. There is the re-cashflowing of the RIF, and there is the Wittenoom money. They are about the only changes, and those three changes together create all the volatility that the member is seeing. That is my understanding of this department’s budget.

Mr G. SNOOK: Perhaps, Treasurer, consideration could be given in next year’s budget to some change in local government and regional development.

Mr E.S. RIPPER: I tried hard to support what I regard as a vital issue in local government, which is amalgamation and resource-sharing with that \$3 million. That was very much an initiative that I took as Treasurer.

Mr G. SNOOK: There is more to do than that.

The CHAIRMAN: I take it from that that members are eager to complete this division and that we are done, in which case I can put the question.

The appropriation was recommended.