

Division 61: Local Government and Regional Development, \$42 722 000 -

Hon Ken Travers, Deputy Chairman.

Hon Jon Ford, Minister for Local Government and Regional Development.

Ms C. Gwilliam, Director General.

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

Mr T. Fowler, Acting Director, Capacity Building.

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

Mr L. Nagy, Principal Finance Officer.

The DEPUTY CHAIRMAN: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I welcome you to today's hearing. This hearing is being held in public, although there is discretion available to the committee to hear evidence in private, either of its own motion or at the witnesses' request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance.

Members are asked to sit towards the front of the chamber over to my left where practicable so that witnesses will not have to turn their head to the back of the chamber when answering questions. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to your advisers.

The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard, I ask the Minister for Local Government and Regional Development to introduce his advisers to the committee. At this time, I would ask each of the witnesses whether they have read, understood and completed the "Information for Witnesses" form.

The Witnesses: Yes.

The DEPUTY CHAIRMAN: Do all the witnesses fully understand the meaning and effect of the provisions of that document?

The Witnesses: Yes.

The DEPUTY CHAIRMAN: I remind everyone that we do have a short time frame, so please keep answers as succinct as possible. I call Hon Nigel Hallett.

Hon NIGEL HALLETT: What are the criteria used to decide the level of staffing in regional development commissions? Page 964 of volume 3 refers to the Goldfields-Esperance Development Commission, which has an appropriation of \$1.476 million in the 2006-07 budget, with an estimated full-time equivalent staff of 13. Page 971 gives the expenditure per employee as \$113 000. In comparison, at page 1199, the South West Development Commission has a full-time staff equivalent of 24 and an expenditure per employee of \$293 000. Why is this apparent inefficiency allowed?

The DEPUTY CHAIRMAN: Minister, is that something that the department is involved in or is that an issue for Treasury?

Hon JON FORD: That specific question refers to the South West Development Commission. That is specifically the responsibility of the Minister for Peel and the South West, whom I believe is Hon John Bowler.

Hon NIGEL HALLETT: The south west minister is Norm Marlborough.

Hon JON FORD: We seem to have a problem on this side in deciding who is responsible. There was a question about the discrepancy between two development commissions. Development commissions make their own bid for staffing to their individual ministers. If those ministers accept those recommendations, they make recommendations to me and I am then responsible for taking those recommendations to cabinet for a Treasury bid. I am happy to take on notice the specific details of the staffing for those particular development commissions and give the breakdown on that.

[*Supplementary Information No C1.*]

Hon NIGEL HALLETT: I refer to page 328 of the *Budget Statements*. The estimated expenditure for the controlled grants and subsidies of the Mid West Development Commission has reduced from \$4.864 million in 2005-06 to \$3.367 million in 2006-07 and the number of projects has reduced from seven to four. Will the minister please give me an explanation?

Hon JON FORD: Those specific issues belong to the Minister for the Mid West and Wheatbelt, which is Hon Kim Chance. I am happy to take that question on notice and provide the detail.

Hon NIGEL HALLETT: Do I need to refer to the Gascoyne and Pilbara commission?

Hon JON FORD: Yes. It is my understanding that we prepared for division 61, which is the Department of Local Government and Regional Development, not the individual development commissions.

The DEPUTY CHAIRMAN: That is correct. If members have questions about particular development commissions, there may be opportunities for those questions to be asked later. Today we are dealing with division 61, which is the Department of Local Development and Regional Development. Questions should be restricted to that department. Obviously, there may be areas where members have questions relating to a policy or, as mentioned earlier, to the funding bids for the individual development commissions. There will be a relationship there. If questions deal specifically with the development commission's bid, that is not something that we can cover at this hearing.

Hon NIGEL HALLETT: The total expenditure for the 2005-06 budget was \$32.679 million while the budget for 2006-07 is \$23.74 million. Is there any explanation as to why this funding has been reduced by \$8.39 million?

Hon JON FORD: Which page of the *Budget Statements* is the member referring to?

Hon NIGEL HALLETT: It is in the *Budget Overview*. I do not have the page number.

The DEPUTY CHAIRMAN: But that question relates to the development commission rather than the Department of Local Government and Regional Development.

Hon NIGEL HALLETT: It relates to the department of regional development. It is an overview.

The DEPUTY CHAIRMAN: It is one division, so members can ask across the whole division, but they can only ask questions that relate to the functions of the Department of Local Government and Regional Development, not specific development commissions.

Hon NIGEL HALLETT: This is about the development commissions overall.

The DEPUTY CHAIRMAN: Is the member talking about the budget for the Department of Local Government and Regional Development or the combined budgets of development commissions?

Hon NIGEL HALLETT: The total.

The DEPUTY CHAIRMAN: I think that is something that the minister should take on notice.

Hon JON FORD: I can take it on notice.

[*Supplementary Information No C3.*]

Hon PAUL LLEWELLYN: I refer to service 2, "Improved Access to Services and Capacity for Development in Regional Communities", on page 1063. The appropriation for delivery of the service has dropped from approximately \$47.8 million to \$33.5 million. What programs have been cut to accommodate that budget cut and what regional areas have had decreases or increases in their allocations related to that particular service? I note that page 1057 indicates that there will be a significant cut in the grand total allocated from \$92.7 million to \$76.2 million. It seems as though the department has had a significant drop in appropriation.

[12.30 pm]

Hon JON FORD: I have given to the Parliament a similar response to a question. There is a changeover between the spending patterns and grants allocated from regional investment fund 1, which are coming to the end of their cycle, and the start-up of RIF 2. In 2004-05, \$19 million was expended in the original RIF and in 2005-06, \$14.1 million was expended.

Hon PAUL LLEWELLYN: What page is the minister looking at?

Hon JON FORD: This just explains the figures.

Hon PAUL LLEWELLYN: I cannot see it, but I am listening.

Hon JON FORD: I do not have a problem with tabling this information because it explains it quite well. In the continuation of RIF 2, \$11.1 million will be expended, which gives a total of \$25.2 million. The amount expended in RIF 2 will increase to \$28.9 million, and there will be a tailing off in the amount expended in the original RIF to \$6.8 million, which gives a grand total of \$35.7 million. In the 2007-08 forward estimates, it is pretty flat at \$20 million, with zero registered against the original RIF. It gives the impression that there is a reduction in funding, whereas one stream of funding is coming to the end of its cycle and the other stream of funding is increasing.

Hon PAUL LLEWELLYN: There has been no net cut in programs and no reallocation across regions.

Hon JON FORD: No.

Hon PAUL LLEWELLYN: So everyone is happy.

Hon JON FORD: There has been an increase. RIF 1 was \$75 million and the new program is \$80 million.

The DEPUTY CHAIRMAN: Does the minister want to provide that as supplementary information?

Hon JON FORD: I am quite happy to do that.

[Supplementary Information No C4.]

Hon ROBYN McSWEENEY: I refer to the fourth dot point on page 1059, which states that there is a need to continue to support and promote the welfare, safety and health of livestock to ensure sustainable development of the state's agricultural industries, including the export of live sheep. As the minister will be aware, 80 per cent of live shipping is conducted out of Western Australian ports. It is a very important industry for Western Australia. Will the minister change section 19(3)(a), which refers to transporting an animal in a way that is likely to cause it harm, and section 19(3)(b), which refers to causing it unnecessary harm? This has resulted from a case that is before the courts, and I will not go into that matter any further. The minister has said that a review will be undertaken of the Animal Welfare Act. At what stage is that review and will the minister change that section?

The DEPUTY CHAIRMAN: Before the minister answers the question, I ask him to give a very brief answer. Today's hearings are intended to focus very much on budget matters. That question would be suitable for one of the estimates committee's ongoing hearings on Monday afternoons. However, the member has asked the question, so I will allow the minister to answer it. If members want to ask those sorts of questions, I encourage them to request that the committee ask the relevant agency to attend one of its ongoing hearings on Monday afternoons.

Hon JON FORD: I have a very good, succinct answer. Any possible change to the section may depend on the outcome of a current prosecution and the court's approach to the section. Therefore, it would be inappropriate for me to comment on that. However, I gave a commitment at a Pastoralists and Graziers Association meeting that the government would look at ways of ensuring that the reputation of the industry is maintained and, in fact, strengthened. The Western Australian legislation reform working group has not requested any change at this stage. However, I am quite happy to give a formal response in writing to the committee in answer to that question.

[Supplementary Information No C5.]

Hon ROBYN McSWEENEY: I refer to the seventh dot point on page 1065. I asked a question on notice about local government services that are not provided in remote Aboriginal communities. The answer indicated that the services that local governments could provide to indigenous communities were the management of waste, including rubbish collection and disposal; environmental health services, including water quality control, disease prevention and pest repelling; and ranger services, including dog and cat control. Given that these services are critical to the health of these communities and that Aboriginal mortality has gone up fourfold in the past 22 years - I know that the chief executive officer has visited Halls Creek recently - what is the local government doing in Halls Creek about the four critical points I have mentioned?

Hon JON FORD: This is a complex matter, especially if we consider Halls Creek specifically. Local governments have certain obligations under the Local Government Act to supply services to areas within their jurisdiction, and specifically around gazetted towns and the like. It becomes very difficult in those areas. An example is Jigalong, which has a combination of issues because it is a state reserve and in which responsibility for supplying services is unclear. At the moment I am trying to work through those issues with each of the local governments that have those responsibilities. The end result is partnership arrangements between the commonwealth, the state and the local government. However, we really should ask the local government in Halls Creek what it is doing about the specific issues. The director general has a response.

Ms C. Gwilliam: The Shire of Halls Creek is a very active shire in delivering services to its indigenous population. The challenge is, as the minister said, how far it goes with service delivery in reserve areas, and that is where the challenge is.

Hon ANTHONY FELS: I refer to page 1073 of the *Budget Statements* and the regional investment fund. I note in the table outlining the details of controlled grants and subsidies that the budget for grant funding for the regional investment fund this year was \$36.391 million and the estimated actual will be only \$25.2 million. Why has there been a reduction of almost \$10 million in the figure that was allocated? I refer also to "Grants and subsidies" under "Expenses" on page 1069, which is the same line item. I am referring to the regional investment infrastructure fund.

[12.40 pm]

Hon JON FORD: I am advised that in this particular case it is to do with the actual expenditure pattern. The people who access the fund are drawing down on it more slowly than anticipated.

Hon ANTHONY FELS: Will the minister advise what was the budget estimate for the regional investment infrastructure fund in the 2005-06 financial year?

Hon JON FORD: We estimated that the actual expenditure will be \$25.2 million. However, what is not expended will be rolled over into the next financial year. The infrastructure fund was oversubscribed this year because the council recommended that a number of projects be supported, and the total went over that year's allocation and drew down on forward estimates. That is an example in the reverse; that is, we are drawing down more funds.

Hon ANTHONY FELS: Is the minister able to indicate whether the full amount that was allocated was approved but has not been drawn down - that is, it will be drawn down early in the new financial year - or has not been approved? The allocation for 2005-06 was -

Hon JON FORD: Is the member referring to the total and not an individual fund?

Hon ANTHONY FELS: I am referring to "Grants and subsidies" on page 1069. The amount budgeted for 2005-06 was \$42.484 million and the estimated actual amount is \$31.913 million. Have the funds allocated in the budget been applied for even though the funds will not have been distributed at 30 June 2006? How much of that money has been approved and will be drawn down in the new financial year?

Hon JON FORD: My director general has indicated that she has some details.

Ms C. Gwilliam: I can answer the question regarding those proponents that have had funding approved under the regional initiatives fund. The time line for that expenditure is up to those proponents. It tends to happen over two or three years, depending upon the degree of funding. In relation to the regional infrastructure funding element of the RIF, 20 projects were approved, totalling \$6 million. The Western Australian regional initiatives scheme was allocated \$1.2 million across 13 projects. The regional headworks program was allocated \$1.5 million across 17 projects.

Hon ANTHONY FELS: Is the director referring to "Major Achievements For 2005-06" on page 1064?

Ms C. Gwilliam: Yes.

Hon ANTHONY FELS: I see that.

Ms C. Gwilliam: They have been approved for funding in 2005-06.

Hon ANTHONY FELS: I could not add up the amounts to make \$31.913 million. Is anything missing?

Ms C. Gwilliam: What we have is the expenses. As the minister said previously, we have \$155 million in RIF 1 and RIF 2. An amount of \$75 million of RIF will be expended over six years. Clearly, there is a hump at 2003-04 and a tail at 2005-06, but that is still showing in the budget. What we also have for the current financial year, 2005-06, is the first round of approvals and expenditure occurring with RIF 2, \$80 million. This table shows expenditure across the two phases of RIF and across different funding decisions. On our web site we detail all the projects that have been approved, but the expenditure pattern tends to be over years. What can be seen in our budget is the flow of expenditure; not the flow of approvals.

Hon ANTHONY FELS: Has the allocation of \$75 million to RIF 1 been expended?

Hon JON FORD: No. That program is rolled over for a period of six years.

Hon ANTHONY FELS: I expect that that funding expired last year. If it has been rolled over, how much of the fund was rolled over and has that been added to the \$80 million of RIF 2?

Hon JON FORD: An amount of \$6.886 million remains to be allocated out of the original RIF.

The DEPUTY CHAIRMAN: Is that to be allocated or to be spent?

Hon JON FORD: To be spent. I think about it as an allocation of grants. I am happy to supply the breakdown of all the applications and to what projects the funds have been allocated.

[Supplementary Information No C6.]

Hon NIGEL HALLETT: I refer to the Pilbara Development Commission. The “Appropriation and Forward Estimates” table on page 1102 indicates that the budget allocation for 2005-06 is \$7.329 million and the estimated actual is \$7.729 million. The 2006-07 budget allocation is \$2.468 million and then it tails off to \$1.656 million in 2007-08, \$1.66 million in 2008-09 and \$1.678 in 2009-10, which flies in the face of what was said about slowing down and racking back up. What is the reason for the dramatic decrease in funding to the Pilbara Development Commission from \$7.729 million to \$2.468 million and then a further drop over the next three years?

The DEPUTY CHAIRMAN: I recognise that this is not an item we are debating, but some issues may touch upon the matters we are debating.

Hon NIGEL HALLETT: The minister is directly responsible for this commission.

The DEPUTY CHAIRMAN: He is, but we are not dealing with that item. I invite the minister to answer the question if he wants to, but I make it clear that he is not required to.

Hon JON FORD: The administration of a number of projects by the Pilbara Development Commission is unique to that commission. I do not want to mislead the committee in the detail, but I will take the question on notice and make the detail available to the member.

[Supplementary Information No C7.]

Hon PAUL LLEWELLYN: I refer to the fourth dot point under “Major Initiatives For 2006-07” on page 1065, which refers to the community facilities grants program. How much money is allocated to this program; how much will be allocated to youth facilities; and is there a policy on that?

[12.50 pm]

Hon JON FORD: An amount of \$500 000 has been allocated in each of the 2005-06 and 2006-07 financial years for the community facilities grants program. Funding is available for the round that closed on 4 May 2006, and a decision on the successful applicants will be made about the end of July. Some 140 applications have been received. Although youth initiatives are a priority within the scheme, I cannot give the member an exact breakdown. However, I can provide on notice how many of those applications are specifically directed to that. After the applications have been received and a decision made, I am happy to provide the information to the committee about the final allocation.

The DEPUTY CHAIRMAN: We will take the first part as C8, and the committee will need to follow up on the other information.

[Supplementary Information No C8.]

Hon PAUL LLEWELLYN: I refer to the fifth dot point under “Major Initiatives For 2006-07” on page 1067, which states -

Continue to encourage collaboration and resource sharing by local governments towards a sustainable local government in the State.

An amount of \$4.6 million has been allocated. What programs and incentives are being used to deliver on that service?

Hon JON FORD: There is \$3 million over two years. This is designed specifically to assist local governments in looking for opportunities for structural reform and efficiencies, including amalgamations, sharing staff such as chief executive officers, regional council initiatives or sharing waste program initiatives. I will announce the grants scheme probably tomorrow, which will finalise the specific format for how local government can apply for these grants. However, it is basically split into two specific groups: one is for feasibility studies, and the other is for implementation.

Hon PAUL LLEWELLYN: Feasibility of what?

Hon JON FORD: Feasibility of the structural reforms. If a number of local governments want to look at implementing a waste program, we are happy to assist them and to fund the feasibility study to ascertain whether it is worthwhile. If it proves to be worthwhile, we will be happy to receive another application to assist them in implementing it. Notwithstanding that we will not force amalgamations in the term of this government, certain costs are associated with amalgamations. For example, at the moment the City of Geraldton and the Shire of

Greenough are seeking to amalgamate. Certain costs are associated with that process. This grants program will assist with that process.

Hon PAUL LLEWELLYN: Is that to cover all the local governments across Western Australia? Are there 140?

Hon JON FORD: There are 144, of which 142 are on the mainland. It sends out a message that we are looking at that. We will have to consider the overall response of local government, particularly if the program is oversubscribed very quickly. However, it is an initiative to see where local government wants to go.

Hon ROBYN McSWEENEY: I refer to the fifth dot point under "Major Achievements For 2005-06" on page 1066, which states -

Material prepared and distributed to local governments, schools and tertiary institutions to promote the local government sector as a career choice for secondary and tertiary students.

I asked the minister previously how much that has cost the department. The minister said \$6 205 for printing, and the distribution costs were \$1 054. As the minister knows, there is a great shortage of town planners and engineers in local government. I am wondering whether there is any money in the budget to provide scholarships, especially for town planners.

Hon JON FORD: No.

Hon ROBYN McSWEENEY: Will local government look at providing scholarships?

Hon JON FORD: That specific issue has not been raised with me by local government. However, I have offered local government a series of meetings - one with mayors, one with CEOs and one with ratepayers - specifically to look at a number of issues, including dealing with skills shortages. The way in which local government seems to be addressing this issue is by considering resource sharing. A number of local governments could perhaps get together to provide the services of a health surveyor, for instance. They could all chuck in a certain amount of money, and it would give them a competitive edge in attracting someone at a reasonable salary. However, there is no funding specifically for training. We do provide a limited scholarship base for indigenous people through local government, but that is specifically for leadership programs. It does not specifically deal with skilled labour.

Hon NIGEL HALLETT: My question relates directly to the Gascoyne Development Commission. On page 1118, under the heading "Cost of Services" is a subheading "Expenses". The first line item is employee benefits expenses. There is an increase in these expenses from \$609 000 in the 2005-06 budget to \$719 000 in the 2006-07 budget. Can the minister give an explanation of that? At the bottom of the page, it is confirmed that the number of employees has remained at 12 for both periods.

Hon JON FORD: I must apologise. I did not actually prepare for the individual development commissions, and I should have.

The DEPUTY CHAIRMAN: In fairness, the minister was invited to bring officers from the Department of Local Government and Regional Development. The fact that the minister is prepared to answer the questions today to the best of his ability is -

Hon PAUL LLEWELLYN: Magnanimous.

The DEPUTY CHAIRMAN: The committee appreciates it.

Hon JON FORD: I will take the question on notice. There have been some movements of staff in the commission, from the CEO down to other people. There continue to be movements of staff. There is a changing of the guard and a change of approach. However, I cannot give the member the reason and the details. However, I will take that question on notice and provide the information to the member.

[Supplementary Information No C9.]

[1.00 pm]

Hon ANTHONY FELS: I refer to service 1, "Implementation of Government Policy", on page 1061. I note that the total cost of the service for 2005-06 is \$1.826 million. How much of that will be allocated to local government policy and legislation and how much will be allocated to other government policies and legislation? Why will next year's figure increase to \$3.289 million? I note also that the number of full-time equivalents will increase from 25 in 2005-06 to 34 in 2006-07. The average cost per employee is increasing from \$75 000 in 2005-06 to nearly \$100 000 in 2005-07. What jobs will those extra people perform?

Hon JON FORD: Specifically, the increase relates to six animal welfare inspectors who will deal with the livestock trade issue. As the member will be aware, there has been a lot of concern about the live animal trade. The government is committed to that particular industry and we hope to maintain the industry's reputation by

ensuring that the animals' welfare is maintained. We have increased the number of FTEs to deal with those specific issues, because some problems have slipped through. We must deal with the perception of reality. An extra three FTEs will be dedicated to the Wiluna initiative to assist in the administration of \$1.9 million over four years. That initiative specifically involves programs that will assist that community to move ahead. It is a specific assistance package.

Hon ANTHONY FELS: Will the minister respond to some of the other issues, such as how much will be spent on local governments and how much will be spent on other acts? I was trying to follow on from the question asked by Hon Robyn McSweeney about the significant issues and trends that relate to the export trade and the need to support and ensure sustainable development of the state's agricultural industries, including the export of live animals, which is referred to on page 1059. I am concerned that rather than ensure the ongoing development of that industry, the extra expense may, in fact, inhibit it. Perhaps the minister can provide a response by way of supplementary information.

The DEPUTY CHAIRMAN: We will take that as question C10.

[Supplementary Information No C10.]

Hon JON FORD: I can respond quickly. I am a regional member and I want to ensure that this important industry is maintained. The government will do everything possible to ensure that the industry remains vibrant. In doing so, we must ensure that we fulfil the public's expectation of animal welfare. That has been recognised and that is why we will employ extra FTEs. We will be careful to ensure to that we do not do anything that impedes the industry. A working group from a number of agencies, including local government, will ensure that that is the case.

The DEPUTY CHAIRMAN: Unfortunately, the time for the session has expired. I thank the minister and his advisers. We would certainly appreciate it if you provided the supplementary information as soon as possible.

Meeting suspended from 1.04 to 2.00 pm