

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from an earlier stage of the sitting.

HON BARRY HOUSE (South West) [5.07 pm]: I will further quote from the *ScienceNetwork WA* newsletter of 7 May. Before the debate was interrupted for question time, I had been about to refer to some comments in that article from the Western Australian Institute for Medical Research director, Professor Peter Klinken. It reads —

Peter Klinken agreed that a boost in research funds was crucial. He told ScienceNetwork WA that he hoped the federal budget would contain an overall increase in National Health and Medical Research Council funding to keep Australia's best researchers in the country.

Further to that, the article reads —

And it's not just researchers who are missing out on budget dollars — it's the sustainable energy industry too, according to Western Australian Sustainable Energy Association chief executive officer Dr Ray Wills.

Last year, Dr Wills described the Western Australian 2007 budget allocation to climate change action as “embarrassingly skimpy”, offering \$20 million per year over five years, which he called “tinkering around the edges”.

I can only imagine how Dr Wills must have felt about the federal government's change to the way in which it would allocate solar panel rebates. The federal government is now means testing the eligibility for solar panel rebates. In one fell swoop the federal government seems to have destroyed the incentive to attract people to a very worthwhile, clean energy initiative. The article reads also —

Peter Clarke, CEO of Scanalyse, the company that won last year's Inventor of the Year award, said he hoped the budget would recognise the importance of innovators through both grants and tax concessions.

“Many small and large companies in Australia are very innovative and benefit from current programs such as Commercial Ready grants and the R&D tax concession program,” he said.

“These programs are effective and should be at least maintained if not increased.

Mr Clarke was then complimentary of the Inventor of the Year Award, as it helped to raise the profile of science. I have quoted quite extensively from that *ScienceNetwork WA* newsletter because it sets the scene for both the federal and state budgets that were brought down in the few days following that edition of the newsletter. The *ScienceNetwork WA* newsletter contributors were very critical of the federal government and hopeful that things might be done better. They had mild praise for the Western Australian government, which one might expect, as the newsletter is sponsored by the Western Australian government. As an interesting aside, the next edition of that newsletter was issued yesterday or the day before. I checked on my list of emails, because I was looking desperately for some follow-up comment on those two budgets, but there was not one word, which is perhaps not surprising, because, as I have said, the newsletter is sponsored by the Western Australian government. My point is that the scientists who contributed to those comments in the newsletter must have been disappointed on all fronts with both the federal government and the state government. The end message of course is that science, innovation and biotechnology desperately need some Liberal governments around Australia.

Let us see what has happened since then. The federal government has scrapped a \$200 million commercialisation program from its budget. The previous federal Liberal government promised \$19 million worth of research and development funding for 15 Western Australian start-up ventures in 2007-08. Those ventures are in train. When my office staff checked to see whether they will continue, they were given an assurance that they will go ahead. Given that the federal government has reneged on the Regional Partnerships program, we have our fingers crossed. Members in country electorates in particular will be aware that 116 Australia-wide projects that had been allocated funding have been canned. There are some very unhappy people in the south west electorates and in many south west organisations. I refer, for example, to the Augusta Margaret River Tourism Association, which was relying on funding for its Jewell Cave project; the Geographe Bay Tourism Association, which was relying on funding for its Cape Naturaliste lighthouse project; and the Dunsborough and Districts Country Club, which was relying on funding for upgrades to its facilities. I refer also to the Nannup community, which was relying on an allocation for an iconic wooden clock that would be placed on the edge of town as an entry statement to visitors to Nannup. There are many others. Let us hope that the Science and Innovation program does not end up on the same scrap heap.

The Commercial Ready program is a competitive grants program that supports small to medium enterprises and companies that are controlled by universities and public sector research organisations. During question time today I asked whether the state government had had any consultation with the relevant federal minister on that matter. The answer was no. I was also advised that the impact of the closure of that program on Western Australia was unknown. That is not a very good sign, particularly given the promise for better communication and collaboration between the federal and the state Labor governments. A prominent researcher connected with agriculture in Western Australia and Murdoch University contacted my office via email after the federal budget was brought down. In his email he said —

Cutting Commercial Ready plus will virtually stop all university spin-out companies, this program is almost the only funding source for early stage high tech companies, and it is these companies that will provide innovation and new industries for the future. It really is a short sighted step, and shows that the Treasurer has no idea of the importance of the Commercial Ready program overall.

In another email he stated—

I have just spent the past 5 weeks preparing a Commercial Ready Plus grant for submission today,—

Which was 16 May —

including employing a consultant and undertaking discussions with Ausindustry.

I was appalled to find that the Commercial ready program was thrown out in the federal budget . . .

- The Commercial Ready Programs were highly successful, and the major means to translate taxpayer funded R&D in universities into providing a return to society
- Their loss will basically end development of new start-up companies and high tech areas in Australia—this is where many new ‘next generation’ industries start
- If we do not invest in the future in technology, when the mining boom ends we will be in a very bad way
- Australia is already falling behind our neighbours in the Asia Pacific in the areas of science and technology

He also stated that he was annoyed that there was no interim period giving warning of the program change, because he had wasted a lot of time, effort and money in preparing his current grant application. The email continues —

- It will hit biotech start-ups particularly hard, just at a time when biotech will be increasingly needed to help solve major national and international issues.

That was not received at all positively by the science and innovation communities. However, regrettably, it seems that it is not actually limited to just the federal government and this state government. The Queensland government also chimed in. Under its former Premier Peter Beattie, the Queensland government led the way in providing incentives and assistance to the science community, particularly biotechnology, throughout Queensland. The former Premier received plaudits for the way he promoted his state as a leader in that field. However, regrettably, his successor has also seen fit to cut \$80 million from its Smart State project. It was announced in the Queensland budget that it would run to 2012 and would now be worth \$120 million, a decrease from the \$200 million that had previously been committed over those four years. Queensland Premier Anna Bligh made that announcement on 21 May at the University of Queensland bioscience precinct, which had received significant funding from previous Smart State initiatives. I suspect her announcement would have gone down like a lead balloon, but at least she had the courage to front up to the industry itself.

The Queensland government must take lessons from the same spin doctors because Ms Bligh refused to say whether she had taken a razor to the Smart State project. Instead she said that the announcement was a reaffirmation of the Queensland government’s commitment to Smart State. She said that the funding would be partly used for fellowships and scholarships, and the fellowships were the most generous in the country. That may be so, but a lot less money will be spent on them in the next few years.

The figures in the Western Australian budget indicate a lack of delivery. It reflects the government’s underspending, one of the major themes I described earlier. In the 2006-07 budget, \$71 million was forecast for expenditure in the science area. The actual expenditure was \$36 million—about half. In the 2007-08 budget, \$72.2 million was forecast, but the actual expenditure was \$48.7 million. In those two years, the budget allocation was \$143 million but the actual expenditure was \$85 million. Collectively, there was an underspend of about \$60 million. That is a trend in the science portfolio. On page 235 of the *Budget Statements*, reference is made to the centres of excellence program in which only two major initiatives were funded. One of them was

\$20 million towards an astronomy park to showcase the Western Australian government's bid for the square kilometre array project. I can assure members that that is universally welcomed. We certainly hope that Western Australia is able to secure that very exciting project in the future. The second initiative is funding for five centres of excellence programs—geothermal energy, woodland and forest health, ecohydrology, 3D-mineral mapping, and radio astronomy. The applications for these centres of excellence programs were first lodged in December 2005. That is two and a half years ago. They will provide good leverage for federal funding to complement and supplement those programs. However, the funding delay puts Western Australia behind its eastern states' competition, and that is the serious complication with underspending. The government can come into the Parliament and claim that it has allocated a certain amount of funding to this sector, but the government's delivery falls well short of the goals that were set initially, and that is very disappointing.

The summary of all that by the community and by industry can be taken from an article that appeared in *The West Australian* on Friday, 23 May. Under the headline "Lack of innovation 'stifles WA'"; the article reads —

WA will remain a quarry for the rest of Australia and Asia for the near future because of a lack of State and Federal government action on innovative technologies, venture capital investment and getting skilled professionals into the State, Perth business commentators and entrepreneurs say.

The article quotes former Chamber of Commerce and Industry of Western Australia head John Langoulant's comments at a Committee for Economic Development of Australia event. He called on the state government to cut taxes and red tape, and he said that the government was stifling businesses' ability to be innovative in a bid to attract major corporations to Perth and nurture new technologies. According to the article, Mr Langoulant went on to say —

Perth had languished in a mindset that accepted "quick fixes", barely adequate infrastructure and Government interference, and needed business-friendly policies to attract and support growth areas other than mining, such as health research and development. The State Government also needed to improve drastically services and infrastructure in regional areas and housing availability.

Although Western Australia is doing very well in the mining sector in particular, the government is not really doing much—apart from talking about it—about investing in alternative strategies to nurture the future. Other people who are quoted in that article are equally disappointed about the encouragement provided to their sector in both the federal and state government budgets.

In my other major portfolio area of sport and recreation, this theme continues. A lot of members will be aware of and familiar with the community sporting and recreation facilities fund. It is a fund that has been around in state government for a long time. It is a very popular and very effective fund. The state government provides one-third of the cost of a project, in partnership usually with the local authority, which provides another one-third, and a local organisation or community group, which provides the other one-third. Apart from major projects, many smaller community sporting and recreational facilities are given a leg-up and a boost through the avenue of this fund, and have been over many years. There is a major need and a major demand for this funding. It has been used effectively to build community sporting facilities for quite some time. Funding of just over \$9 million per annum has been available for this project since 2000. The government, by its own admission, recognises that the effective value has decreased in that time because of building and construction costs. The minister Mr Kobelke recognised that during the estimates debates in the other place last week when he said —

It has not received any annual increases. Therefore, the real value of that money has declined. That is clearly a concern.

However, the government has not been able to deliver on what it has been allocating to this program. Therefore, there has been serious underspending in this program. The net contribution of government to the community sporting and recreation facilities fund is outlined on page 453 of the *Budget Statements*. The forecast allocation for that fund for 2006-07 is not actually on that page, but it was in the vicinity of \$14 million. Therefore, there was at least a \$5 million carryover from the previous year's budget allocation of \$9 million. That indicates that there was an underspending of the budget allocation even prior to 2006. As I have said, the budget forecast for 2006-07 was about \$14 million. However, the actual spend was only \$6.521 million, so it was significantly less.

In 2007-08, the Western Australian government made a commitment to the Parliament that \$15.619 million would be allocated to the CSRFF program in that year. However, when the actual figures were calculated later, only \$9.7 million had been allocated to that program. That was again a significant underspending in that program. The Treasurer has told the Parliament that because of this accumulated underspending, \$17.25 million will be spent on CSRFF in 2008-09. That is the forecast. However, I urge those people in the community who are licking their lips for that funding to take a cold shower and not hold their breath, because on past experience there will almost certainly be another significant underspending of that money.

Hon Kim Chance: You know why that is, don't you?

Hon BARRY HOUSE: Well, the Minister for Sport and Recreation gave an extensive explanation in the Assembly estimates hearings last week. I accept that some of the reasons are increases in building and construction costs, and delays. However, we are given the same reasons year after year. Is it not possible for the minister to adjust the allocations —

Hon Kim Chance: The CSRFF funds only one-third of a proposal. If the proponents are not able to put together their two-thirds of the funding, they apply for a roll-over of that funding. The CSRFF has always worked in that way.

Hon BARRY HOUSE: Yes, but there has never been such a serious underspending of that allocation as there has been in the past four or five years.

Hon Kim Chance: It is important to recognise that the government does not control these building programs. They are controlled by the proponents, not the government. The government only helps fund them.

Hon BARRY HOUSE: I accept that. However, the process of assessing these projects should be better organised, and the funding should be better committed, so that this money can get out into the community and be spent on the ground where it is needed, rather than be tucked away in the budget of the Department of Sport and Recreation or Treasury. There is extensive demand for this program. I understand that last year, about \$27 million worth of applications was made, but only \$10.5 million of funding was awarded. However, the demand would be even greater if organisations were able to gain the support of their local councils and collaborate to get this funding.

One of the areas in which this demand for funding is critical is in the provision of public swimming pools and aquatic centres. One of the issues with those is that many have now priced themselves out of the market for that funding because they are so expensive. Western Australia has an ageing infrastructure of public pools, many of which were built following the 1956 Melbourne Olympics and Commonwealth Games era. Many country towns—wheatbelt towns in particular—have pools that are now 40 or 50 years old that need either replacement or major upgrades. They are expensive items and they always run at a loss, which is a burden on local authorities. I have been involved in lobbying for funds that were allocated to Australind, Bunbury, Busselton and Margaret River, in particular, and there are of course many others. These are very valuable pieces of infrastructure in providing the end objectives of sport and recreation, which surely are to provide opportunities for a fitter, healthier community. When Dr Kim Hames was Minister for Housing and for Aboriginal Affairs, he started a program to provide swimming pools in Aboriginal communities, which was certainly a very valuable health response, as well as a fitness, recreation and community response. I know that the problem is that councils cannot afford these expensive projects and that communities have a problem raising the funds to pay for their share of them, but for goodness sake let the process be a little more driven by the need to get these facilities on the ground and operating for the benefit of the community.

Another issue, of course, with the provision of sport and recreational facilities is town planning. These days, planning parameters do not seem to allocate public open space for sporting and recreation facilities. Developers are very quick to claim aesthetic lakes and wetlands and entry statements as their share of the public open space allocation. That is fair enough and they are all very nice, but the area that is missing out in the longer term is the provision of proper effective oval space for kids to get out and kick a soccer ball, play a game of footy, play a game of cricket, and recreational facilities where kids can play hockey or netball or whatever it may be.

I have covered a couple of areas; I will not have time to cover them all, but there are a couple more things I will say about the sport and recreation area. I will not say too much about the new sports stadium. The government has made a welcome commitment to the development of the sports stadium on Kitchener Park in Subiaco. The opposition supports that proposal, although it has some reservations about the timetable as the stadium will not be completed until 2016—eight years away. The opposition would love to see the West Coast Eagles and the Fremantle Dockers—even if they are playing like they are now—running around that stadium well before that! However, the opposition accepts that there are some issues involved in the planning of that stadium, and, although it would love to hurry it up a bit, that may not be possible. Some complementary things need to happen in conjunction with the building of the stadium that revolve around Western Australian sporting teams' participation in national, and sometimes international, competitions. Western Australia now has a raft of sporting bodies that are doing very well. Western Force is part of the rugby Super 14 series, which involves South Africa, Australia and New Zealand. That team has done extremely well to establish itself as a club from the ground up in three years, during which time it has had some admirable success—and quite a few disappointments—on the field. The team is a little concerned because it needs an attractive facility very quickly to prevent a drop-off in its membership, public interest and corporate support.

That brings me to the need to upgrade Members Equity Stadium, formerly Perth Oval. I understand that, in conjunction with the Town of Vincent, some effort is being put into upgrading the stadium. The opposition certainly supports that upgrade because it will aid not only Western Force but also Perth Glory soccer—I still refer to it as soccer; I cannot get my head around calling it football—and rugby league. We questioned whether the Western Australian government should be funding the Rabbitohs to the tune of \$1.5 million for sponsorship; however, I believe that that application for funding has been rejected. The South Sydney Rugby League Club was interested in playing a few games in WA. I can think of many sporting bodies in Western Australia whose noses might be put out of joint if \$1.5 million went to a Sydney rugby league club.

Hon Kim Chance: I'm sure they would if we were to do something like that.

Hon BARRY HOUSE: I gather that that application for funding has been requested, and I am pleased to hear it has.

Hon Kim Chance: I am not sure it was ever seriously considered.

Hon BARRY HOUSE: That is good. Complementary expenditure is needed for sports stadia for other sporting bodies. The state netball centre is a priority for netball in this state. West Coast Fever has embarked on its first year of competition in the trans-Tasman league this year. While it has struggled for a bit of success on the court, it has taken off in a very encouraging way. The team needs a facility to maintain its momentum. The state netball centre has been allocated \$5 million in the budget. I still have not clarified exactly what that money is for but it falls well short of the figure that the state netball administrators mentioned when speaking to me about their need for a state netball centre. Also, the State Tennis Centre has applied to the government for extra court space. I hope that that application receives some positive consideration.

I also wish to refer very briefly to the whitewater park at Champion Lakes in Armadale. A rowing course has been developed there and it is proposed that a whitewater park be built in conjunction with what will eventually be an outstanding facility. This has been on the books for some time. It is critical that this park be built, particularly for canoeists in Western Australia, who feel they were duded very badly by the elimination of their facility, the slalom course below Stirling Dam. That was eliminated when Harvey Dam was built. It opened in 2001. The Water Corporation committed \$10 million towards a fund to provide an alternative facility. That commitment has never been delivered. The government seems to have denied any responsibility for that commitment. During estimates the other day the Minister for Sport and Recreation denied that the government, through the Department of Sport and Recreation or the Water Corporation—he represents both—had a responsibility to deliver on that commitment. The government reneged on that commitment and provided nothing out of the \$10 million. That left the Western Australian canoeing fraternity very frustrated and annoyed but, most importantly, it left them without a facility. That is the most important thing. That also has to be corrected in the very near future. There are other issues concerning motor sports and the motor sports fraternity of Western Australia. I will save extended comment on motor sports for another time. In summary, the motor sports community of Western Australia was very cynical about an announcement in recent days by the Minister for Sport and Recreation to appoint a consultant to investigate motor sports facilities in Western Australia and to come up with some recommendations. A few years ago Western Australia had an iconic event—Telstra Rally Australia—but that was lost to the state because of a state government decision. Private developers have been battling for five years or more to get the necessary approvals to establish an international racetrack in Bunbury. They have virtually got everything together apart from the approvals but they have been frustrated time after time by obstacles and bureaucratic changes of mind. There is a very real risk that Western Australia will lose the V8 Supercar Championship Series. One more is planned next year at Wanneroo Barbagallo Raceway, but there are issues with that. However, a last-minute attempt by the minister to appoint a consultant to come up with some answers smacks very much of a pretty cynical exercise to create the impression that something is being done to carry over the government in a pre-election atmosphere so that it can avoid any backlash in the next few months. A lot of people are not very enamoured by that.

Many sporting clubs are under pressure, and government departments are not helping. I have asked questions in this place about sporting clubs that have leases with the Department of Environment and Conservation. The cost of those leases has increased 1 000 per cent from \$150 to \$1 500. That is a very serious impost on the operations of sporting clubs and in many cases jeopardises their future. The other major issue is the government's refusal to take any positive attitude—or it has a lack of commitment—to the shared use of land and water facilities. We have heard a lot about the closure of Logue Brook Dam from 1 May this year. That decision has affected other events, such as the Western Australian jamboree and a water skiing championship, and there are very serious questions to ask about the Logue Brook trust fund that was set up for \$10 million. The trust fund is fine in theory, but nobody is quite sure about the process or where that money goes. There are therefore many issues. The budget has given people some sort of comfort in terms of rhetoric but it falls well short in terms of delivery.

Debate adjourned, on motion by **Hon Bruce Donaldson**.

