

**Division 42: Office of Water Regulation, \$3 361 000 -**

Mr Dean, Chairman.

Dr Edwards, Minister for the Environment and Heritage.

Dr B.R. Martin, Coordinator of Water Services, Office of Water Regulation.

Mr P.A. Kelly, Executive Director, Office of Water Regulation.

Mrs EDWARDES: I refer the minister to the item for the priority and assurance dividend on page 686 of the *Budget Statements*. Which services and programs will be cut? It appears that there will also be major cuts in the number of our hard-working, loyal public servants under the parity and wages policy item. Can the minister also provide a breakdown on that?

Dr EDWARDS: The cuts identified in the priority and assurance dividend are in the area of salaries. The Office of Water Regulation has less difficulty in making these changes than some other agencies because, as part of the machinery of government deliberations, some of its functions were to transfer to agencies such as the Water and Rivers Commission and other parts were to evolve to become the economic regulator.

Mrs EDWARDES: Will a number of full-time equivalent positions be cut?

Dr EDWARDS: They will not so much be cut as transferred. For example, the full-time equivalent employees in the farm water program will transfer to the Water and Rivers Commission. The plumbers licensing area was to be transferred to the Department of Consumer and Employment Protection anyway. I ask Dr Martin to elaborate on that.

Dr MARTIN: A couple of areas were being transferred. A few areas of activity also overlapped with other agencies, such as policy. We had a level 7 policy officer and under the new machinery of government report, that policy activity would not be undertaken to the same extent by the Office of Water Regulation. There was also an associated level 5 policy officer. Those were two items. No-one lost their position because the officers were transferred internally. These two items were made vacant and we were able to save those salary items, plus half a level 9 redeployee. We were responsible for half that salary, which will now be saved. Those three salary items add up to a total saving of \$200 000 a year. In addition to that, a few grants that amount to almost \$200 000 had been a responsibility of the Office of Water Regulation. They concerned Coral Bay water and sewerage services. The Water Corporation will now undertake those services. I suppose that is a transfer. Hopefully it is a transfer with savings. We have been able to accommodate those savings through the reduced grants and the reorganisation of salary items. The member also asked about the parity and wages policy. Parity and wages amounts to \$15 000 in the current financial year and rises to \$32 000 next year, \$66 000 the following year and I think \$88 000 the year after that.

Mrs EDWARDES: That is a reduction.

Dr MARTIN: Yes.

Mrs EDWARDES: Will public servants in the Office of Water Regulation be cut?

Dr MARTIN: No.

Mrs EDWARDES: How will that be accommodated?

Dr MARTIN: It will be accommodated with those salary items and the loss of a few positions. Nobody will lose their job or take a cut in salary.

Mrs EDWARDES: Minister, I am sorry, but I do not understand how a reduction under parity and wages policy will be applied to a loss of a full-time equivalent employee. The minister might want to provide an answer to that by way of supplementary information.

Dr EDWARDS: I am aware that we still have two other divisions to go. I will provide supplementary information on the question on the parity and wages policy concerning the Office of Water Regulation, which relates to page 686 of the *Budget Statements*.

Mr HYDE: I did not read out questions that I originally said would be ones for which supplementary information could be provided. Should I read them out?

The CHAIRMAN: It is too late. We voted on that. You will have to put them on notice.

Mr HYDE: Okay. I will read these questions. I am happy for supplementary information on these questions, rather than using time now to answer them. I refer to the significant issues and trends highlighted on page 685 of the *Budget Statements*. The first dot point states -

The Government will establish an Economic Regulator with responsibility for the water, gas, electricity and rail industries.

The establishment of an economic regulator was a key Labor Party commitment going into the election. Significant resources have been assigned to its establishment and operation, as shown on the top of page 686. Will the integration of water, gas, electricity and rail industry regulation deliver savings to Western Australian taxpayers? If so, what will the establishment of this new body entail?

Dr EDWARDS: I will undertake to provide, by way of supplementary information, an answer concerning what is entailed in the formation of the proposed economic regulator and savings that may result.

Mr HYDE: My second question refers to page 688. One of the initiatives listed for 2001-02 is that there will be a major review of performance standards for water, sewerage and drainage licences. Will the community and industry be involved in the review of these service standards? If so, how will they be involved?

Dr EDWARDS: The answer is yes. It has already happened. I am happy to provide supplementary information regarding the major review of performance standards and to outline how the community and industry will be involved.

Mr HYDE: Thank you.

[5.50 pm]