

**Rottnest Island Authority -**

Mr J.P.D. Edwards, Chairman.

Mr C.M. Brown, Minister for Tourism.

Ms L.A. Smith, Acting Chief Executive Officer.

Ms C.A. Shannon, Director Business Services.

Mr M.D. Colyer, Manager, Finance and Administration.

Mr R.F. JOHNSON: I refer the minister to the \$896 000 that is estimated to be spent on holiday and tourism facilities in the 2003-04 budget. The previous Government's last budget, which ended in June 2001, expended \$3.2 million on holiday and tourism facilities. If the minister gets out his calculator, he will find that his budget provides a 72 per cent decrease in funding for holiday and tourism facilities.

Mr C.M. BROWN: That is provided one is comparing like with like. I do not think that the member is comparing like with like.

Mr R.F. JOHNSON: Why am I not comparing like with like? Money is obviously being expended on the windmill. Is that being counted as a holiday and tourism facility? It should not be considered a holiday or tourist facility, because nobody will stay in the windmill when they are on the island. The figures are quite clear. The estimated expenditure for holiday and tourism facilities for 2003-04 is \$896 000. Does the minister agree?

Mr C.M. BROWN: That is what it states in the *Budget Statements*.

[Mrs D.J. Guise took the Chair.]

Mr R.F. JOHNSON: When the coalition Government was in office, the amount of expenditure for holiday and tourism facilities was \$3.212 million.

Mr C.M. BROWN: Where does the \$3.212 million appear?

Mr R.F. JOHNSON: It is in the 2001-02 *Budget Statements*.

Mr C.M. BROWN: I do not have them in front of me.

Mr R.F. JOHNSON: The minister should be aware of this, because it is his portfolio and he promised to spend \$14 million on Rottnest Island. He has not done that.

Mr C.M. BROWN: I have before me the *Budget Statements* for this year. The member can bring in as many documents as he likes, but I am dealing with this year's *Budget Statements*.

Mr R.F. JOHNSON: How much was spent last year?

Mr C.M. BROWN: We allocated \$1.7 million for capital works.

Mr R.F. JOHNSON: That relates to the *Budget Statements*. The minister should consider the actual figures and he will see that what I am saying is correct.

Mr D.F. BARRON-SULLIVAN: The total capital contribution -

The CHAIRMAN: Members! We must establish some ground rules.

Mr C.M. BROWN: I am looking at page 860 of this year's *Budget Statements*.

Mr R.F. JOHNSON: I will put it another way, because the minister is having trouble understanding the concept of my question. This coming year the Government will spend \$896 000 on holiday and tourism facilities on Rottnest Island. Given the figure for the previous year, that is quite a massive cut in funding. How can the minister honour his election commitment to spend \$14 million on Rottnest when the amount allocated is nowhere near that figure?

Mr C.M. BROWN: We have allocated money for capital works. Money has been allocated in the budget each year for capital works and that money has been spent on capital works.

Mr R.F. JOHNSON: That is not tourism facilities.

Mr C.M. BROWN: What is the member saying?

Mr R.F. JOHNSON: I am referring to what the minister stated in his election promise about holiday and tourism facilities.

Several members interjected.

Mr Rob Johnson; Mr Clive Brown; Mr Dan Barron-Sullivan; Chairman; Mr Bernie Masters; Mr John Bowler

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The CHAIRMAN: Order! We must have some ground rules. First, if members want to ask the minister a question they must ask that question through the Chair and they will then get the call. They must then listen while the answer is given. If they have a further question they must seek to ask that question through the Chair. We do not want a bun fight.

Mr C.M. BROWN: Thank you, Madam Chair. I am always suspicious when the member for Hillarys raises a question about what is an election commitment, because earlier he tried to tell me what had been an election commitment. I have checked that and he is absolutely wrong about the EventsCorp issue. He has misled the House and later I will check *Hansard*.

Mr R.F. JOHNSON: The minister's policy on tourism was to ensure that \$14 million was allocated over four years to upgrade and repair holiday accommodation units and settlement areas on Rottnest Island. That does not include the windmill, because it has nothing to do with tourism. Does that mean that gas and electricity will be supplied to everybody in WA?

Mr C.M. BROWN: Rottnest is an island that generates its own power. The member for Hillarys may not have noticed that it is not connected to the mainland, so it has to generate its own power. The Rottnest Island Authority wisely decided - I support its decision - to allocate available resources to this purpose. I will explain what it did, because it is worth explaining. The former Government did not worry about the fact that the aquifer was being drawn on continually and that the watertable was continually dropping. Desalination plants are there, and they cost money to run. The Rottnest Island Authority decided, in the interests of the environment and for cost reasons, to allocate funds for capital purposes to a wind turbine - it is a turbine, not a windmill - for the purpose of generating power to assist in the running of the desalination plants. The second desalination plant will take pressure off the watertable on Rottnest. People might say that is a waste of money, but I do not think it is. If the watertable drops on Rottnest, the island will become a far different place from what people expect. I support fully the decision made by the Rottnest Island Authority to allocate funds for this purpose. It is a very good project, in the long-term interest of the island, and I support that decision 100 per cent.

[8.10 pm]

Mr R.F. JOHNSON: That is all very well, and I accept what the minister says. I agree that these things must be put on Rottnest. However, my question is in relation to the Labor Party's election promise, which was the allocation of \$14 million over four years to upgrade and repair holiday accommodation. Those other things are part of infrastructure, not part of the holiday accommodation units.

Mr C.M. BROWN: Let me just correct the member for Hillarys. He is terrific at misconstruing the words. I will read the exact words, because I am tired of the member for Hillarys misconstruing them -

ensure that \$14 million is allocated over four years to upgrade and repair holiday accommodation units and settlement areas on Rottnest;

Putting in a wind turbine that prevents the aquifer from falling is certainly improving the settlement areas, because one would see what would happen to the vegetation if it were not done. If the member for Hillarys wants to say anything about election commitments he should not selectively interpret them. He should just read them as they are.

Mr R.F. JOHNSON: How much is the Government spending on holiday units?

Mr C.M. BROWN: It is in the *Budget Statements*. This year we are spending \$896 000.

Mr R.F. JOHNSON: How on earth will the figure get to \$14 million by the end of next year? There is only one more budget before the election, and the Government is miles off \$14 million. It is spending 50 per cent less than last year on tourism facilities.

Mr C.M. BROWN: If it is not for holiday facilities, it is on the island, in the settlement areas. Does the member not understand what that means?

Mr R.F. JOHNSON: I understand perfectly. The Government is spending \$2.2 million on the windmill. Where is the rest of the \$14 million?

Mr C.M. BROWN: What does the member mean?

Mr R.F. JOHNSON: Where has it gone? The Government is not spending it. It was a promise the Government obviously did not intend to keep.

Mr C.M. BROWN: The member for Hillarys presses me on this question, but when the previous Government, the Court Government, was in power, it made an election commitment to put \$20 million into the regional headworks scheme. It did not keep that promise over four years. The previous Government broke one election commitment after another.

Mr Rob Johnson; Mr Clive Brown; Mr Dan Barron-Sullivan; Chairman; Mr Bernie Masters; Mr John Bowler

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Mr R.F. JOHNSON: Is the minister admitting that he has broken the election promise?

Mr C.M. BROWN: No, I am saying that people who live in glass houses should not throw stones by making accusations. The previous Government made false promises to the community. It never kept its election commitments; it forgot about them as soon as it was in power.

Mr D.F. BARRON-SULLIVAN: Just a very quick question further to that - could the minister tell us what is the estimated total value of the capital works program for Rottnest in the years 2001-02 to 2004-05? Is it as much as \$14 million?

Mr C.M. BROWN: It is not currently \$14 million.

Mr D.F. BARRON-SULLIVAN: So the Government has broken its promise.

Mr C.M. BROWN: What an idiot! Does the member not understand that the election commitment is over four years.

Mr D.F. BARRON-SULLIVAN: Next year has \$3.3 million allocated.

Mr C.M. BROWN: Your leader said the other day in Parliament that no notice should be taken of forward estimates. He said forward estimates are for the guidance of wiles and the adherents of fools. Is that not what he said?

Mr D.F. BARRON-SULLIVAN: My next question is on a more micro scale. Somewhere in this budget, presumably, there are internal funds and balances. To what extent are those funds boosted by additional revenues generated as a result of the fact that the authority took over responsibility for the bike hire and golf course on Rottnest? I preface that a little bit by saying that Hon Ken Travers, in the upper House, indicated that, for example, wages costs on Rottnest have increased as a result of the authority taking over the responsibility for the bike hire and golf course, which themselves generate additional revenue. Can the minister demonstrate the additional revenue generated by those two facilities at Rottnest?

Mr C.M. BROWN: The amount the golf course generates is negligible. Essentially, it is a wage cost in and a wage cost out. There may be a slight surplus on the golf course operations. The bike hire operation, to the best of my knowledge, generates a revenue after expenditure of about \$900 000.

Mr D.F. BARRON-SULLIVAN: Is that on the increase?

Mr C.M. BROWN: I do not know if it is on the increase, because the authority has only had control of it for about 15 months.

Mr D.F. BARRON-SULLIVAN: Has taking over those two facilities increased the net amount of revenue coming in?

Mr C.M. BROWN: It has also increased the operational cost, because additional full-time equivalents are required.

Mr D.F. BARRON-SULLIVAN: Are they making more of a profit out of those two services?

Mr C.M. BROWN: I do not know whether they are making more of a profit. The golf course is negligible, as I understand it - money in, money out. It either makes a slight profit or breaks even. The bike hire business, as I understand it, makes about \$900 000 profit.

Mr B.K. MASTERS: Page 860 shows that specific capital contributions for the last few years have always been about \$1.72 million in the forward estimates. From memory, about \$600 000 was spent on a photovoltaic plant in the current financial year. Is that correct?

Mr C.M. BROWN: What was that?

Mr B.K. MASTERS: A photovoltaic plant - something to do with generating electricity from the sun.

Mr C.M. BROWN: It is a desalination plant.

Mr B.K. MASTERS: Okay, a desalination plant. I understand that that \$600 000 was not capitalised, but was included in the operating budget. As a result, the operating budget for this year showed a significant loss, of which the minister is aware. What are the accounting standards that would allow \$600 000 expenditure on a capital item to be called an operating amount? It seems very strange to me.

Mr C.M. BROWN: I will ask Mr Collyer to answer that question.

Mr COLLYER: The \$600 000 was not expenses. It was capitalised.

Mr B.K. MASTERS: Why was some of that amount, which was clearly spent on a capital item, not called in the accounts a capital expenditure? I am assuming it would be in the specific contributions, in the third last line on page 860. I am attempting to confirm whether that is the case. If it is not a capital item it will not be there.

[8.20 pm]

Mr C.M. BROWN: I think there are two questions here. One relates to the audit of the accounts of the authority, and the finance officer has advised that the issue was capitalised -

Mr B.K. MASTERS: I thought he said it was not.

Mr C.M. BROWN: No, it was. His answer was that it was capitalised.

Mr B.K. MASTERS: There is so much noise over this side of the Chamber -

Mr C.M. BROWN: I find that is always a problem.

Mr J.J.M. BOWLER: Members should listen to the answer this time.

Mr B.K. MASTERS: If the member does not talk too much.

Mr J.J.M. BOWLER: Okay. I refer to page 886 of the *Budget Statements*, schedule for administered expenses and revenues -

The CHAIRMAN: We are dealing with page 860.

Mr J.J.M. BOWLER: Sorry, I was at the next -

The CHAIRMAN: The member for Hillarys can then ask the next question.

Mr R.F. JOHNSON: What is the actual debt of the authority at this moment and -

Mr C.M. BROWN: I am sorry, can the member repeat that? I was distracted.

The CHAIRMAN: Members, can I have a little quiet in the Chamber so we can hear the question and the answer.

Mr R.F. JOHNSON: What is the outstanding debt of the authority at the moment? The Government's election promise under Labor's new directions policies stated that it would -

work to ensure that holidays at Rottnest remain affordable to the average citizen; . . .

The annual adjustments and increases in fees and charges at Rottnest Island apply to virtually everything from accommodation, tours and visitor services to the renewal of aerodrome fees, an increase in boating annual payments, an admission fee and others. Is the minister now looking to the general public to pay off any debt that the Rottnest Island Authority has and how can these sorts of increases in fees be reconciled on an annual basis, keeping in line with the election promise to keep it affordable for the average Australian citizen?

Mr C.M. BROWN: I am advised by the chief executive officer that the current debt is \$2.1 million. Prior to this term of Government - during the member's time in government - the Rottnest Island Authority borrowed \$4.4 million, which it is still repaying. Prior to that it also had a loan that it was repaying. It now has a debt of \$2.1 million, which is being repaid. During the member's term of government that was repaid on the basis of fees that were collected on the island, which continues to occur.

Mr R.F. JOHNSON: I just want some clarification on how an increase in those charges on an annual basis is reconciled, taking into account the Government's election promises.

Mr C.M. BROWN: There have been some increases in charges; that is true. In part it comes about as a consequence of a decision that we made. When we came to government we found that the Rottnest Island employees were -

The CHAIRMAN: The members to my left are making it very difficult for us to hear the minister. If they want to hold a conversation, can they please have it elsewhere.

Mr C.M. BROWN: Rottnest Island employees were the lowest paid government employees of all. Their wages were quite appalling. It was put to me that that was wrong and that it was an injustice that was not corrected prior to our coming into government. Because Rottnest Island employees work on an island, they should not be required to subsidise other people's holidays. They should be remunerated at a fair rate by comparison with other government employees. There has been an increase in costs and part of that has come about as a result of a deliberate decision to ensure that Rottnest Island employees receive wage justice. I do not step away from that. It was a proper decision because it was appalling that they had been so poorly paid. I do not subscribe to the view that people should be paid such low wages just so they can subsidise other people's holidays.

Mr R.F. JOHNSON: If the authority was given the \$14 million, it would get rid of its debt and could give its staff a bonus.

Mr C.M. BROWN: We have not asked the Rottnest Island Authority to borrow any money, unlike the previous Government. The Rottnest Island Authority had to borrow \$4.4 million under the previous Government and it

Mr Rob Johnson; Mr Clive Brown; Mr Dan Barron-Sullivan; Chairman; Mr Bernie Masters; Mr John Bowler

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has had to pay that back. The previous Government left it with a debt that it is continuing to pay back. When people have said that they were putting a lot of money into the island, they were actually putting a lot of debt into it. The Rottneest Island Authority is now paying that back. Since we have been in power, the authority has not borrowed any money to add to its debt levels.

Mr D.F. BARRON-SULLIVAN: With regard to the previous question, the \$3 million capital works budget is funded in part by internal funds and balances. The other budget document on capital works has had no money allocated to it from borrowings or from a capital contribution, which is also indicated on page 860. If the authority is not borrowing money, what are those internal funds and balances that amount in this financial year to over \$1.3 million? How will that amount of money be met by the authority and what is the source of that funding internally?

Mr C.M. BROWN: The Australian Greenhouse Office has provided \$1 million of that funding for the wind turbine project, \$300 000 of which is additional and put into the capital works process. We have frozen the repayment of the loan and have therefore applied the additional \$300 000, and we have also generated some internal funds, all of which come to \$1.321 million.

Mr D.F. BARRON-SULLIVAN: Earlier the minister referred to an upgrade of \$2 million for the construction of a wind turbine. Has he been keeping quiet about the fact that the Commonwealth is footing half the bill for it?

Mr C.M. BROWN: We never kept quiet about that at all. I reject that.

Mr D.F. BARRON-SULLIVAN: I have not heard about it tonight.

Mr C.M. BROWN: We have made it clear. The Australian Greenhouse Office is contributing \$1 million and \$1 million is coming from the authority.

Mr D.F. BARRON-SULLIVAN: I conclude from the *Budget Statements* then that the State Government is not providing any additional significant funds towards the capital works budget to meet the current program, let alone this airy-fairy \$14 million commitment that was made in the election and is not reflected in this budget. The bottom line is that the Government is not putting its money where its mouth is. The minister does not have to answer that.

Mr C.M. BROWN: That is the member's point of view. Since being in power, this Government has ensured that it is prudent in terms of the Rottneest Island Authority funds. We have not put the island into debt as the previous Government did. We are endeavouring to ensure that works continue on the island in a way that will suit the people visiting the island.

Mr J.J.M. BOWLER: I previously asked for the Chair's forbearance and, with the experience of the member for Warren-Blackwood who has helped me out, I was right in some way with regard to the Rottneest Island Authority funding. Can I refer to a page outside those dealing with the Rottneest Island Authority -

The CHAIRMAN: It has been done before if the member can make a direct link back to page 860.

[8.30 pm]

Mr J.J.M. BOWLER: Page 887 refers to the sum of \$1.715 million, which is also reflected at the bottom of page 860. It represents the Rottneest Island Authority capital grant. Is that involved in any way with the development of the hotel plan that was announced two weeks ago?

Mr C.M. BROWN: No, it is not. The hotel plan is a decision by the Rottneest Island Authority that I fully support to go to the community with a concept plan to see what sort of development the community will support on the island. One of the election commitments we made was to put to the community proposals for any development of the hotel and seek community feedback. Rather than just going with concept plans, the authority did some work regarding viability. Plans were then drawn up. It will be an interesting test. No money will go to that. The idea is that if we can achieve a level of agreement in the community we will proceed to expressions of interest to see who wishes to develop the hotel. It is interesting that we have heard a number of public complaints about the island not being up-market enough. This morning's newspaper contains comments indicating that people do not want the island to go up-market; they want it to stay exactly as it is. I am not sure how we will resolve the matter. We are seeking community feedback.

The CHAIRMAN: Order. Time has expired. That completes examination of the Rottneest Island Authority. Thank you for your attendance.