

Chairman; Mr Rob Johnson; Mr John Hyde; Mr Max Trenorden; Mr Dan Barron-Sullivan; Mr Bernie Masters;
Mr John Bowler; Mr John Quigley; Mr Clive Brown; Dr Janet Woollard; Mr Fran Logan; Mr Colin Barnett

Division 54: Industry and Technology, \$91 339 000 -

Mr McRae, Chairman.

Mr Brown, Minister for State Development.

Dr P.R. Schapper, Director General.

Mr P. Stafford, Acting Director, Corporate Services.

Mr G. Stephens, Acting Director, South West Industry Support Unit.

Mr D. Smith, Policy Officer, Office of the Minister for State Development.

Mr N.G. Roberts, Chief of Staff, Office of the Minister for State Development.

Mr J. Loney, Project Director.

The CHAIRMAN: Welcome to the Estimates Committee B session on divisions 54 to 56 through to 8.00 pm this evening. I ask committee members whether they want to allocate specific times to each of the divisions listed within these hours so that I may assist them. If not, we will proceed until there are no further questions on each division and then I will put the question.

Mr JOHNSON: I suggest that we proceed because I do not want to pre-empt when we would finish division 54.

Mr HYDE: We are happy to proceed.

The CHAIRMAN: The question is that division 54 be recommended.

Mr JOHNSON: I have a lot of questions to ask. Before we start, I want to know how you, Mr Chairman, intend to alternate the questions. Will you give the Opposition a slight edge over government members on asking questions?

Mr HYDE: No.

Mr JOHNSON: I believe it was agreed in a meeting you had with the Deputy Speaker that the Opposition would get an opportunity to ask more questions than government members because we, not government members, are here to scrutinise the Government. I understand that was agreed at a meeting of the chairmen of committees.

The CHAIRMAN: That must not have been the meeting I attended. I can say that each member of the Legislative Assembly has the same right as any other member to seek the call and an answer to a question. That includes the three members on the front bench near me, the three members on the Government's back bench, the members of the National Party - indeed, the Leader of the National Party is in the Chamber - and the Independent members of the Legislative Assembly. Each of those members has an equal right to seek and be given the call. That was my previous experience of estimates committee hearings and my understanding of the discussion with the Speaker and other Acting Speakers.

I will explain to members how I will give the call. My intention is to get an indication of the general order of members who wish to ask questions. I have no difficulty in allowing any member to ask one, two or three rolling questions on the same matter to try to get a greater depth of understanding. However, that does not mean that one member or one side of the House will, by my calculation, be given a leading edge. However, if members are after an indication, the questions in the morning session had a ratio of about one and a half to one or two to one.

Mr HYDE: It was 66 per cent to 33 per cent.

Mr TRENORDEN: Somebody is counting.

The CHAIRMAN: I kept a tally because I was allocating the call.

Mr JOHNSON: That is how it should be, Mr Chairman.

Mr HYDE: As long as the questions are good, we will let the Opposition ask them.

Mr JOHNSON: The member for Perth will judge the questions, will he?

Mr HYDE: No, we have the right to ask questions.

Mr JOHNSON: Of course government members have a right to ask questions, but we are the Opposition -

The CHAIRMAN: Does the member for Hillarys have anything else to say on the point of order that he sought to make?

Mr JOHNSON: It was not a point of order; it was a question of clarification, Mr Chairman, and you -

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The CHAIRMAN: I am trying to give that clarification.

Mr JOHNSON: No, you just asked me to say something; now you do not want me to.

The CHAIRMAN: I have the answer from the member for Hillarys.

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Mr JOHNSON: No, you just asked me to say something; now you do not want me to.

The CHAIRMAN: I have the answer from the member for Hillarys.

Mr JOHNSON: I have not finished my answer.

The CHAIRMAN: My point is that the member for Hillarys should by all means have this discussion but he should have it with me, not in an across-Chamber debate with the member for Perth.

Mr JOHNSON: You tell him that!

The CHAIRMAN: The member for Hillarys should just ignore him, address his comments to me and we will all be fine.

Mr JOHNSON: The National Party member is a valid member of this committee. He is not here by the grace of God or anybody else.

The CHAIRMAN: As is the member for Alfred Cove and the member for Vasse.

Mr JOHNSON: No, we are members of the committee, Mr Chairman. I do not want to put you right because this is only your second estimates committee and I have been doing it for years. There are three voting members on the Opposition's side in this committee; that is, two Liberals and a National. The other members are not voting members. We constitute the committee. Other members have every right to ask questions at the discretion of the Chairman, and I hope you will give that discretion. The National Party member of the committee, so that you get it right, Mr Chairman, is a voting member of this committee.

[2.10 pm]

Mr BARRON-SULLIVAN: Can you clarify how you want us to seek your attention?

The CHAIRMAN: Just by catching my eye.

Mr BARRON-SULLIVAN: Do you want us to seek your attention after every question? In the past, some chairmen automatically put a member's name back on the list for another question once that member had asked a question, if he or she was on the committee.

The CHAIRMAN: Members should just catch my attention and I will put them on the list.

Mr BARRON-SULLIVAN: You can assume that my hand will go up after every question.

Mr TRENORDEN: I will ask for the call. I want to clarify that you do not mind how we range through division 54.

The CHAIRMAN: Not at all.

Mr HYDE: We have been in this esteemed Chamber all morning. It has been gentlemanly and ladylike, and there has been a wonderful atmosphere. I believe we can keep that going. There are three votes for the Government and three votes for the Opposition. We want to ask a number of difficult questions. However, in view of the position of opposition members, if they are going on a bent, and we think it is a reasonable question, we may hesitate to ask for the second call. We work very well in this Chamber.

Mr MASTERS: Mr Chairman, are you chairing this meeting?

The CHAIRMAN: Is that a rhetorical question?

Mr MASTERS: I would like you, Mr Chairman, to put on the record that you are chairing the meeting and that there is no discretion on the part of the member for Perth to decide whether he will approve or disapprove subsequent questions.

The CHAIRMAN: I take that comment in the same vein that I took the earlier comment from the members for Hillarys and Mitchell about how I would conduct my affairs. I will decide how I conduct my role. No member will do that, unless he or she wants to dissent from my ruling.

Mr BOWLER: Opposition members are wasting more time than they will save by worrying about this matter. They will get their fair share; let us proceed.

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The CHAIRMAN: I am quite happy to proceed. In fact, I have already put the question. Now I am responding to members' questions about process.

Mr QUIGLEY: The member for Hillarys was talking at cross-purposes. He started with a discussion not about whether the item would be approved, but about the manner in which you, Mr Chairman, would allocate the call. Having had the discussion about the allocation of the call, he then went on about the manner in which the item will be approved. His concern was not the manner in which the matter would be put to the vote, but the allocation of the call to members in the Chamber.

Mr JOHNSON: That was my question. I want to ensure that the Opposition has a good number of questions.

The CHAIRMAN: Are there any other matters of process or procedure that members would like to discuss before we proceed?

Mr HYDE: Somebody spat the dummy this morning over morning tea. What are the instructions on afternoon tea, so that we do not have a dummy spit about that?

The CHAIRMAN: That is probably a worthwhile matter. This morning I allowed the committee to suspend for what I indicated would be seven minutes, but it ended up being 13 minutes. Some members suggested that when afternoon tea is served, members or advisers can leave the Chamber, provided there is still a quorum and the committee's work can continue.

Mr JOHNSON: That is the way we have always done it.

The CHAIRMAN: I am okay with that, but that means that the minister will get absolutely no break whatsoever.

Mr BROWN: That is not true. The fact is that we have had a break during the long sessions of all the committees in which I have participated, and I have been here as long as the member for Hillarys and have wanted to ask a lot of questions in the past. Mr Chairman, with your good grace, I ask for a break somewhere around four o'clock.

The CHAIRMAN: Afternoon tea will be served at 3.30 pm. It is my intention that we provide a break as soon as practicable and sensible after that time. I will set the time depending on how the proceedings are going, given that I have been given no other advice or instruction from the committee. That concludes the preliminaries to the committee's work. The question is that division 54 be recommended.

Mr BARRON-SULLIVAN: I turn -

Mr JOHNSON: I indicated that I had a question.

The CHAIRMAN: I will put the member on my list.

Mr JOHNSON: We will not start on a bad footing. I said that I had a question, but that I wanted to clear up a matter before I asked the question. It will be in *Hansard*.

The CHAIRMAN: We will not know until we get tomorrow's *Hansard*.

Mr BARRON-SULLIVAN: I refer to page 927 of the *Budget Statements*, and to the capital works program in particular. Can the minister clarify and provide further advice about any capital works that will be coordinated by or will have the involvement of the Department of Industry and Technology? When the table on this page and the capital contribution table on the following page are compared, it is quite clear that the value of these capital projects has plummeted. In fact, the introduction under the capital works program states that the department's capital works program for 2002-03 will see the continuation of investment in the promotion of the diversity of the State's industry base. There is nothing new in the table. The capital contribution table indicates that by 2003-04, virtually no capital works program will be under way through the department. Considering that the Treasurer was making large noises about \$87 billion worth of potential investment, can the minister explain why his department does not seem to have any involvement in helping coordinate the provision of important infrastructure for private sector development? It is very worrying when the total capital cost of \$240 million will be reduced to virtually nothing over the next couple of years. Secondly, how many full-time equivalents are involved in this? What will they do when there are no capital works to be done?

Mr BROWN: Essentially, the table shows that the bulk of the capital works money has been spent on the Jervoise Bay project. As everyone knows, the Jervoise Bay project is nearing completion and effectively will be completed in the second half of this year. The amount for the Jervoise Bay project in the total estimated costs was some \$127 million. An amount of \$34 000 has been allocated for the Commonwealth Scientific and Industrial Research Organisation relocation. That has been effectively completed. There is also the Marine Industry Technology Park. Capital works projects are always lumpy. This is no exception. There are

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substantial capital works in other areas of the budget. What tends to happen is that capital works come in lumpy lots. We will not be building another Jervoise Bay.

Mr BARRON-SULLIVAN: Is "lumpy lots" the technical term?

Mr BROWN: Yes. The second phase of the Jervoise Bay project is now going ahead. The CSIRO relocation effectively has been done. There are other capital works projects in other budgets. I am quite amazed that the member would think that because there are no capital works in one department or another, capital works projects have somehow been reduced.

Mr BARRON-SULLIVAN: The Government professes to support private sector development.

Mr BROWN: The way this works is that the member asks a question and then I answer it. He will do me the courtesy of being quiet while I answer, and I will do him the courtesy of listening to what he has to say.

Mr BARRON-SULLIVAN: If the minister gives me an appropriate answer, I will be eternally courteous.

Mr BROWN: It is either that or he will simply get a very curt answer. If he wants an answer, he should ask the question and do me the courtesy of allowing me to answer it. If he does not want me to answer it, he should not ask the question.

I am explaining to the member the way the budget operates. In other parts of the budget, there are significant capital works. Decisions about where the capital works budget will lie are made by the Cabinet as a whole. At present, the capital works being undertaken in Jervoise Bay are near completion. That is why the member sees the figures as they are.

[2.20 pm]

Mr BARRON-SULLIVAN: Were many people involved in coordinating the capital works?

Mr BROWN: I am told there are three or four personnel in the Jervoise Bay development area.

Mr BARRON-SULLIVAN: The economic and fiscal outlook document shows that the component of gross state product relating to public investment this year is zero and next year, for the first time, it will be a negative figure.

Mr BROWN: Where is that?

Mr BARRON-SULLIVAN: It is referred to in the fiscal outlook.

Mr BROWN: We are not discussing that division now.

Mr BARRON-SULLIVAN: I presume that the lack of investment being coordinated through this portfolio helps to explain the fact that public infrastructure in this State now contributes to a negative component in GSP.

Mr BROWN: The Deputy Leader of the Opposition will have to take that up with the Treasurer; we are dealing with division 54.

Mr BARRON-SULLIVAN: The minister understands that and he should be able to answer my question.

Mr BOWLER: I refer to page 921 and output 2, which relates to public sector procurement and supply. To what does that item relate?

Dr SCHAPPER: Public sector procurement systems and associated frameworks deal with the management of a substantial proportion of the government supply side; that is, goods and services utilised in the running of government, from stationery to telecommunications and information and communications technology frameworks. We are talking about a government purchasing portfolio of about \$5.5 billion. This department manages roughly one-third of that through contracts that apply, in some instances, across government and to individual departments. It all comes under the policy framework as dictated by the State Supply Commission.

Mr TRENORDEN: I refer to the WirelessWest project, which is mentioned on page 927. Dot point two of the capital works program refers to extending the Telstra CDMA - code digital multiple access - network to provide continuous coverage to the south west land division at a cost of \$3.5 million in 2002-03 and so on for the next couple of years. What will that \$3.5 million pay for? For example, will it purchase the base stations?

Mr BROWN: This was a partnership arrangement entered into by the former Minister for Commerce and Trade when the Commonwealth Government indicated that it might make additional money available for telecommunications services. However, that money needed to be leveraged. The program totalled \$21 million, with \$7 million contributed by the State, \$7 million by the Commonwealth and \$7 million by Telstra. The purpose of the program was to put in place telecommunications infrastructure that would not be provided if it were left to the commercial market to provide it. It relates to mobile coverage in the south west of the State. If the member wants the precise detail -

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Mr TRENORDEN: I would like to pursue some detail. Is \$3.5 million contributed by each entity?

Mr BROWN: It is \$21 million overall.

Mr TRENORDEN: That has already been spent on the program. I am talking about the current budget, which refers to \$3.5 million.

Mr BROWN: It is \$21 million overall. That \$3.5 million was spent in 2001-02 and another \$3.5 million will be spent in 2002-03. That is the \$7 million contribution from the State.

Mr TRENORDEN: How are base stations selected and what is the process? Does it include all the equipment, purchase of the land and power and so on?

Dr SCHAPPER: I cannot answer that question definitively.

Mr TRENORDEN: To save time, it may be easy to provide it as supplementary information.

Mr BROWN: I am happy to provide that information.

Mr TRENORDEN: I do not expect the minister to be able to provide those details now. I would like to know how this process is established. I am getting calls from local government about their contributions.

Mr BROWN: The process does require a contribution from local government. Some local governments have objected to making that contribution on the basis that telecommunications infrastructure is a commonwealth responsibility.

Mr TRENORDEN: I would like the minister to ask the agency to provide information about any variation from the commencement of the process until now and the current arrangement.

The CHAIRMAN: There is a process for capturing precisely the information required.

Mr BROWN: I will provide as supplementary information the infrastructure provided for \$21 million and whether there has been any change in the program since its commencement.

Mr TRENORDEN: I would also like to know what the minister expects that money to purchase.

Mr BROWN: I am happy to provide that information.

The CHAIRMAN: That information will be provided.

[Supplementary Information No B8]

Mr JOHNSON: I refer to page 916 and major policy decisions. What are the details of the reduction in industry and technology development?

[2.30 pm]

Mr BROWN: As the Treasurer indicated in his budget speech, State revenues grew by 0.8 per cent, so there had to be a reallocation within the government sector. That \$2 million has been taken out of this budget and allocated to areas of pressing priority. The detail is being worked through. However, since we last met, the Chamber of Commerce and Industry and the Chamber of Minerals and Energy have released a report on industry policy in this State. Both chambers have commented about the assistance programs that were previously provided. The two chambers have produced a document entitled "Developing WA's Future". On page 1 of the document, the two chambers state -

In the past, industry policy has included a narrow and often uncoordinated series of assistance and protection programs.

Too often it developed without regard for the wider operating environment faced by the business sector and the community, or the likely consequences of selective assistance for those businesses not selected for assistance. It has pursued narrow and sometimes contradictory objectives.

It has focussed on trying to achieve the aspirations of planners or politicians, rather than fostering and encouraging individuals and businesses to capitalise on their advantages and opportunities to shape their own futures. And it has often proved futile, such as attempts to foster downstream processing and manufacturing which were doomed to fail when WA's economic fundamentals (such as high energy prices) meant that the hoped-for projects were not viable.

The chambers go on to say what they think about those issues, including -

Business assistance programs are just one aspect of a comprehensive industry policy, and a relatively minor one at that.

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There will be some reduction in some of the industry assistance programs, essentially that reduction is supported by the two chambers. Since becoming minister there have been times when I have talked about providing support for some industries, and other employers and companies have railed against that support saying that it should not be provided. Yes, there will be some cuts in industry development assistance programs but, essentially, as the two chambers indicate, that will not have an appreciative impact.

Mr JOHNSON: I appreciate that the funding has been cut. What are the implications of that cut? Does that represent a cut in grants?

Mr BROWN: Yes.

Mr JOHNSON: The budget papers indicate that expenditure will be cut by \$2 million in 2002-03 and \$4 million in the next year, so the Government will be cutting the budget again next year.

Mr BROWN: That is right.

Mr JOHNSON: I cannot believe that is purely a cut in grant money. Surely there must be a loss of staff as a result of the cut in this item?

Mr BROWN: No, there is no loss of staff for this year. However, as with other departments and agencies, we will be conducting a functional review of the strategic aspects of the department at which time we will revisit all those matters. For this year, it will not involve getting rid of 20, 30, 40 or whatever staff but in future years there will be a full functional review looking at strategic future directions for the department.

Mr JOHNSON: Is the minister saying that he is cutting \$2 million from the budget without getting rid of any jobs, but next year he will cut \$4 million from the budget and he will get rid of jobs?

Mr BROWN: No.

Mr JOHNSON: Surely the minister has undertaken an analysis to budget for that reduction of \$4 million that is shown in the forward estimates, and he has already said there will be a loss of jobs in future years but not this year?

Mr BROWN: No.

Mr JOHNSON: Has the minister undertaken a proper analysis to see how many jobs will be lost, if not this year then next year and the ensuing two years?

Mr BROWN: The member for Hillarys knows these are global figures and the budget has to respond to the issues of the day. The issues in industry policy change rapidly. We will be doing a full analysis. The forward estimates of the outward year change from budget decision to decision, but we have to plan for that. That is what I am saying; I am not hiding it. We will be conducting a functional review and some of the functions that are considered to be of a lower priority will not be continued. Those decisions have not been made at this time and they do not need to be made until 1 July 2003.

Mr QUIGLEY: I will ask this question, which might be instructive for the member for Warren-Blackwood. I refer to page 919 and major achievements for 2001-02. The second bullet point refers to the industry implemented assistance program that provides financial assistance to business wholly or partially to leave the native forest timber industry and the assistance that will also be provided to those timber mills that will be required to upgrade and add downstream processing as a condition of receiving an allocation of logs for the next forest management plan period. What measures has the Government put in place to assist businesses in the Shire of Manjimup while the Government implements its Protecting Our Old Growth Forests policy.

Mr BROWN: A range of measures has been put into place. We always knew that the decision to protect old-growth forests would be a challenging decision because it would cause some dislocation; we do not step away from that. The Government has allocated very significant resources to industry development assistance, including some \$5 million for the south west industry development assistance scheme. A number of things have happened under that scheme. The recent collapse of a company in the south west was going to impact on growers. The Government was keen for that company to continue so it offered financial assistance for any new proponents coming into that area. We are pleased to see that some companies have now taken on that responsibility. In more recent times we have been able to offer assistance to small business by offering both interest and wage subsidies, and we are working with a number of proponents who want to create a number of new opportunities for the south west. Interestingly, it has been reported to us that a number of the small business operators in that area, together with other people who want to get into small business, are now investigating for themselves what can be done to grow their business and maximise other opportunities. I am pleased that they are working with a range of government agencies in the south west to -

Mr TRENORDEN: And with me. I was down there two days ago.

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Mr BROWN: Yes. Small business is looking to grow some home-based businesses down there. The Government always expected that this would be a difficult decision; that is the case whenever there is major restructuring in an industry. Some of the projects for the south west have taken a little longer than we expected to come on line, but some of the projects that are in the pipeline and due to come on line are quite exciting and will provide long-term jobs. It would be easy to throw money at this in the short term and then to find problems in the medium term. The Government has taken a medium-term perspective and at the same time is encouraging investment and looking at opportunities. Over the next three to six months I hope the Government will be able to make a number of announcements in that regard.

Dr WOOLLARD: A major initiative on page 920 of the *Budget Statements* is to develop and release a whole-of-government industry policy. The concern I have, which I have voiced previously in the House, relates to state agreements in which the Government enters into deals with business which may last 60 years and disadvantage the community. Can the minister explain the terms of reference for this whole-of-government industry policy, and whether there is any possibility that this policy will result in the abolition of state agreement Acts and agreements that are not long term?

[2.40 pm]

Mr BROWN: It has been put to us by the Western Australian Technology and Industry Advisory Council and the two chambers mentioned in the document to which I referred that that industry policy must be broad ranging. It cannot be related simply to a narrow band of business assistance measures but must be a broad document. Therefore, it must deal with questions of infrastructure, regulatory review and cost of compliance, the skill base of the economy, better integration of processes across government, and our capacities in science and technology. Industry policy must deal with a host of broad areas. In the past, Governments of different political persuasions endeavoured to produce an industry policy document, but without much success, essentially because government tends to be organised on a silo basis - that is, with each agency doing its own thing - whereas a successful industry policy must be integrated across government. It is a challenging task, but it is one that we are seeking to achieve.

Mr TRENORDEN: I commend you on that. It is something that should be done.

Mr BROWN: I thank the member for Avon for that.

Mr JOHNSON: He is kind-hearted.

Mr BROWN: That is true. The member for Avon would know that when he was the Chair and I was a member of the Public Accounts and Expenditure Review Committee, the committee considered whether there should be an industry policy for Western Australia. The unanimous view of that committee, which comprised one member of the National Party - the member for Avon - two members of the Liberal Party and two members of the Labor Party, was that Western Australia should have an industry policy. As I recollect, we concluded that in about 1995. We are essentially picking up that recommendation, which was in the report of the Public Accounts and Expenditure Review Committee, and seeking to put it into place. It will be challenging to do that.

Mr TRENORDEN: It is a big task.

Mr BROWN: It is a huge task. It must be done incrementally. Industry policy must be a living policy, because circumstances change rapidly. It cannot be written for today and forgotten about tomorrow. On 10 September, we could not have realised the impact that 11 September would have. We are seeking to go about that task. We are working on it in a range of forums within government, and I hope later in the year to be able to release a document.

The other question concerned state agreements. I mentioned a couple of issues when we discussed the general policy on state agreements previously. The first issue was that state agreements are entered into to give security of resource for very large projects. If companies are seeking to be involved in large projects, they must have security of the resource so that they are confident in making the investment; that is, a company will not make an investment of \$1 billion unless it can be guaranteed that the project has security of resource. Therefore, state agreements have played an important role in the past in ensuring that companies have access to resource. They are therefore able to raise money through their bankers for projects that are extraordinarily expensive.

Secondly, there has been a review of the approvals process under the Department of Mineral and Petroleum Resources - we will talk about this later. Some comments were made about state agreements in that context. It is true to say that although the state agreements process is available to government, it is not the case that the Government has tens or hundreds of state agreements in the wings. In fact, I indicate to the member for Alfred Cove that, to my knowledge, apart from the state agreements currently on foot and those before the Parliament, only one other is under consideration currently. Therefore, we do not propose to use this device by bringing in

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many state agreement proposals or being engaged in consultations with many proponents. However, it is a device that is used by the State to encourage significant investment in some projects.

Mr HYDE: I refer to the fourth dot point on page 920 of the budget documents, and not the second series of dot points that the member for Alfred Cove went to town on. The Fremantle-class patrol boats contract is obviously a federal government issue, but there is state government involvement. Will the minister advise exactly what work the State Government did in its support of the Western Australian bids for the replacement of the Fremantle-class patrol boats contract?

Mr BROWN: I thank the member for Perth for that question. This is a significant contract. It is a navy contract involving some \$450 million. Essentially, it is the Government's belief that if this contract is allocated on pure commercial lines - that is, it is allocated to the best company to fulfil that contract - it will go to one of the three Western Australian companies. We do not have a preference for which company it goes to, obviously. However, we are quite determined to make sure that this contract is allocated on strict commercial principles; that is, by considering best price, best quality, reliability and track record - all the normal things that one would take into account in legitimately allocating a contract. Of course, we take that strong view because, quite deliberately, we went after the submarine major refits contract. These are the \$100 million submarine major refits that are carried out, I understand, about once every six years. We sought that contract for the companies in Western Australia. In fact, the intermediate refits are done in Western Australia, and the major refits for the Collins-class submarines could be done in this State. As the member will appreciate, \$100 million worth of work on a submarine - they tend to be taken out of the water one at a time - is a lot of work for a Western Australian company and involves a lot of jobs. The Government went after that contract quite unashamedly, so much so that I led a delegation to meet with the former Minister for Defence. It was an interesting meeting and the Labor Government argued that this contract should be allocated on the basis of best price, best capacity and those types of issues. The former Minister for Defence argued that the submarine contract could not be allocated on that basis, but must be allocated on some other basis. That basis appeared to be related more to Adelaide and the Australian Submarine Corporation - but, more importantly, from the current federal Government's perspective, related more to four marginal seats in Adelaide - than to where the submarines could best be refitted. It was an extraordinary state of affairs. In fact, a couple of the major business groups with us said that they could not believe they were in a meeting in which Labor was advocating contracts being allocated on the basis of price and reliability - all those normal things - and the coalition Government was arguing that those things could not be taken into account and that the contracts should be allocated on some other undescribed process.

We do not want the Collins-class process to be contaminated in the same way as we believe the major refits for the submarines were contaminated.

[2.50 pm]

Mr JOHNSON: The minister is just making a political speech; he is not answering the questions about the financial budget.

Mr BROWN: I am not making a political speech.

The CHAIRMAN: Member, what does your question relate to?

Mr JOHNSON: To the minister. He is out of order.

Mr BROWN: We are going after the Fremantle-class patrol boats contract, and we are doing it in a whole variety of ways. I can provide the member with detail, but in the interests of time, I will not. We are trying to get it for Western Australian companies.

Mr BOWLER: Do you think the fact that we now have state Labor Governments in every State may help next time?

Mr BROWN: I do not think it had much to do with the state coalition Government; I think it had more to do with the events around the federal election in November last year.

Mr JOHNSON: At page 920, the first dot point - this is not a hard question; the minister should be able to answer it - refers to the establishment of a local content program to facilitate greater market access for competitive local suppliers. As part of the suite of initiatives in this program, a local content unit was established to support the work of the ministerial council on local content. I did not know the minister had a ministerial council on local content. Is that the national one or does the minister have one of his own?

Mr BROWN: I have one of my own.

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Mr JOHNSON: What is the membership of that ministerial council on local content, and is anybody on that council paid?

Mr BROWN: No, they are all volunteers. I am the chair; I get paid.

Mr JOHNSON: Excessively, I would suggest.

Mr BROWN: As a former minister, the member would know, but I will let him make that judgment call, rather than me.

Mr JOHNSON: I would like to know who is on that council.

Mr BROWN: We can provide the membership. A number of companies are involved. We can provide that by way of supplementary information.

The CHAIRMAN: Can I clarify whether the minister is providing that information?

Mr BROWN: Yes. We will provide by way of supplementary information the names of members of the ministerial council on local content.

Mr TRENORDEN: And their companies?

Mr BROWN: I do not see why not.

Mr JOHNSON: When I was a minister, people from companies -

The CHAIRMAN: Before we proceed, for the purposes of Hansard, that will be allocated a reference number.

[Supplementary Information No B9]

Mr JOHNSON: Could it also include how often the council meets?

Mr BROWN: It was established about three months ago and it has met once under my chairmanship; I am not sure whether it has met again. It has met once or twice; that is all.

Mr JOHNSON: I would like to know a bit more detail about it. It is the local content ministerial council?

Mr BROWN: Yes.

Mr JOHNSON: Is that an enlargement of the Buy Local policy that was introduced by my Government? How does it differ from the Buy Local policy?

Mr BROWN: Essentially, it looks at ways in which we can build industry capacity in Western Australia so that we can get more local content work. It will look at not only the public sector but also the private sector. The member may not be aware that last year all the industry ministers signed what is called the Australian industry participation framework, which will be used to encourage major projects to maximise local content in public and private sector work. This is an agreed national framework. The council will provide advice to government on both public and private sector work and on how to build industry capacity. It is true that it will be complemented by the Buy Local policy, which has been revised. The Minister for Works and the Premier will make an announcement about that soon, but it is clearly established. Terms of reference have been designed to ensure that we maximise local content for both public and private sector work.

Mr JOHNSON: When I was minister, I thought local content was very important. I have a slight problem with the Minister for State Development seeming to share that role with the Minister for Works, who is in the Legislative Council. They are both answerable to the State Supply Commission, if I can use that term.

Mr BROWN: Yes.

Mr JOHNSON: The Minister for Works seems to be the minister responsible for the State Supply Commission these days. What authority does the minister have in relation to the State Supply Commission? It played a very important role in the Buy Local policy and in the local content area.

Mr BROWN: First, the State Supply Commission plays an important role; there is no question about that. That is why the Buy Local policy is still with the Minister for Works - the same portfolio that the member held when he was in government.

Mr JOHNSON: I held half of your services portfolio as well.

Mr BROWN: That is right. The Minister for Works is the minister responsible for the State Supply Commission; the State Supply Commission sets out the rules. The Department of Industry and Technology is responsible for dealing with contract structure, and the member understands how contract structure can indicate the degree to which local content is impacted on. In all this, the Department of Industry and Technology can examine contract structure and assist in ensuring that we maximise local content through contract structure as

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such. However, it relates to not only the public sector but also the private sector. Therefore, it deals with issues such as international supply chains, how to get into those international supply chains, and the issues that come up for Western Australian contractors. For example, it has come to our notice that if the project contractor for a major project in Western Australia is based offshore and subcontractors must subcontract to that offshore project director or project contractor, they suffer a goods and services tax disadvantage in comparison with offshore contractors. If the member likes, I can explain that to him at another time. We will be examining the impediments to Western Australian companies participating in major resource development.

Mr JOHNSON: I do not know whether the ministerial council will look at this issue. With local content, I know that the information technology side of the Department of Contract and Management Services, as it then was, which the minister has taken across to his portfolio, came up with innovative ideas and produced a program that was of interest to the United Nations. I always thought that information technology should have come under CAMS' wing because that was where the experts were. That was just before the election when there was a lot of great innovation.

Mr BROWN: It is still going on.

Mr JOHNSON: Dr Schapper may be able to answer my question, because he was the expert who led this field.

Mr BROWN: He still is the expert.

Mr JOHNSON: I am relieved to hear that, because I have a lot of time for him. I want to know how far that program has gone, because there were a lot of possibilities for income for Western Australia. The United Nations, as well as other nations throughout the world, was interested in that program. I would like to know a bit more about that.

Mr BROWN: If the member has a day, I will let Dr Schapper loose.

Mr JOHNSON: Just a couple of minutes will do.

Mr BROWN: He will give the member a brief outline. However, I am sure the member will see that the work that was being done is still being carried on and is very promising.

[3.00 pm]

Dr SCHAPPER: The department has firstly pursued this path as a means for not directly making commercial gains on behalf of the State and the taxpayer, but indirectly building the networks and opening the doors to allow Western Australian companies to capitalise on as well as get some return from and share the cost of government intellectual property development. We are dealing with between 15 and 20 international jurisdictions, particularly in the United Kingdom. We are dealing with the Leeds City Council, and I understand that up to a dozen other councils in the United Kingdom are keen to follow the Leeds exercise. We understand that this project, which is being run from Perth, is the only operational success story in this field in the United Kingdom. There is keen interest from all other local governments in the United Kingdom, which I think is in the order of 100 councils, and it has been funded by the British national Government.

We also have sole preferred provider rights for this expertise for all of South America and the Caribbean, courtesy of the Inter-American Development Bank, which has recognised that these frameworks and this technology are superior to anything else that is available to it and wants to roll this out as quickly as possible in its jurisdiction. Similar interest has been demonstrated by the Asian Development Bank. All these contacts are flowing through with greater interest in what other services, particularly technology services, are available from Western Australian industry. Only a week or two ago, the United Kingdom sought details and meetings with a small software supplier that is purely Western Australian owned and run. We have made that contact, and that offers serious prospects for this small company.

This program is developing international dimensions and is opening a number of opportunities for not simply the department but Western Australian industry generally. The significance of those contacts is measured by the fact that in a number of instances, Austrade is now asking for our assistance, recognising the strength of our contacts and that in a number of instances these contacts are superior to its contacts.

Mr JOHNSON: Thank you, Dr Schapper. That is a wonderful program that was initiated by the previous Government.

Mr TRENORDEN: The minister will be aware that there is some concern about the direction of this process; from looking at the minister, he is probably not aware. People have told me that there is some concern about the process the minister has just outlined. I am not trying to be critical, but when we are trying to give the advantage of growth to local Western Australian companies - that is something I support - there is always a question about who will and will not win in any given tender process. I want to focus on the local content. As the minister will

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be aware, there has been a fall off in activity in Western Australia, because the Asian countries, the State Government and local enterprise are not purchasing as much activity in Western Australia as they have done in previous years. There is some concern about how we can juggle this process to ensure that we give people reasonable access but can also help people who have a program or advantage that needs to be grown.

Mr HYDE: Is this in the general economy?

Mr TRENORDEN: I am talking about Buy Local and information technology.

Mr HYDE: You want to have two bob each way.

Mr TRENORDEN: No. I am talking about Buy Local and IT.

Mr BROWN: Are you talking about the SPIRIT program?

Mr TRENORDEN: Yes.

Mr BROWN: The strategic partnering in resourcing information technology program has essentially been established to assist a broader range of suppliers to provide information technology to government. The criticism has been that the spending of government has been too narrow. We will not be making decisions from on high about splitting up or not splitting up. We want to be able to ensure through the SPIRIT process that all contenders have an opportunity. The criticism from the smaller IT companies is that they have been locked out. A number of them say, "We are innovative and have sold our products. We know the State Government buys the processes and technology that we have. However, we have not managed to sell a bean to the State Government. We consider that we are being frozen out. As a result, we need to consider whether to stay in Western Australia or move." They are not saying, and have not said to me, that the Government must allocate them work. They want to be in a position to be able to compete for that work.

Mr TRENORDEN: That is all they have said to me too.

Mr BROWN: The SPIRIT project is designed to give all the companies that qualify a broader range of opportunities. Some of the larger companies will still win some of the contracts. There is no question about that. However, equally it is our judgment that because the playing field will be more level, there will be opportunities for smaller companies to win part of the work.

Dr SCHAPPER: The SPIRIT framework cannot be understood until it is fully appreciated that one of the most important factors that locks Western Australian small players away from government work is the cost and protracted processes associated with a full-blown tendering exercise. All serious IT work is of the order of more than \$50 000, so almost all of it has to go to full public tender. It is very hard for small IT companies that have only one or two or a handful of staff to find the resources to work up a full-blown tender, so many of them simply do not try. This hands the work on a platter to the larger companies and the multinationals. The SPIRIT exercise is designed to circumvent that for a substantial body of work, and it moves the tender threshold for IT contracting from \$50 000 up to \$250 000. I should add that other safeguards are put in place to safeguard public processes, transparency and probity. The local industry has been surveyed comprehensively on this matter. Industry support for the old framework - that is, the \$50 000 tender threshold - was of the order of four per cent. Industry support for the new framework is of the order of 74 per cent. There will remain, no doubt, some who are not entirely happy. However, we believe this has been a huge benefit that has been appreciated by most players. Virtually every jurisdiction in Australia is watching this exercise with interest, as they have the same problems in their areas. There is every likelihood that this framework, or variations of it, will become universal throughout Australia. Around 300 companies have now registered for the process and we ultimately expect up to 400. There is a requirement for each company to fully define its capabilities. We have a catalogue of about 150 defined services in which companies describe themselves, with room for referee reports and so on, so that government purchasers can go to the market in a much more educated fashion than occurred in the past when they went to tender in complete ignorance of the capabilities of the local industry.

[3.10 pm]

Mr TRENORDEN: Is it an intellectual process, like that in the former Department of Computing and Information Technology process in which people were told what the format should be? Dr Schapper may recall the days of that process when people tried to arbitrate about what to do. Is the department moving in that way?

Dr SCHAPPER: There is no intention in the SPIRIT program to mandate that departments must purchase from particular suppliers. With whom the agencies do business is entirely at their discretion. This simply provides a framework that allows the agencies to work down the purchasing path. However, it provides a much stronger framework for purchasing departments to understand the strengths of local suppliers. In the past, buyers steered clear of local suppliers on the basis that they did not know much about them and that it was safer to purchase from Computer Sciences Corporation or IBM Australia Ltd and the like. We are also seeking to bridge that gap

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and to provide a much more knowledgeable framework so that sensible decisions, without too many risks being taken, can be taken to support local industry.

Mr TRENORDEN: What agencies are excluded from the SPIRIT framework?

Dr SCHAPPER: All agencies, except government trading enterprises, are required to comply with the SPIRIT framework.

Mr TRENORDEN: More specifically, is the Police Service under this framework?

Dr SCHAPPER: Yes.

Mr TRENORDEN: I understand that part of the computer-aided dispatch and related communication system - CADCOM - has collapsed and the supplier of that handheld equipment has gone bankrupt or is out of the process. Will those involved with the SPIRIT program be looking around for some local participation as a replacement for that supplier?

Dr SCHAPPER: The specifics of CADCOM are a police matter. However, the SPIRIT framework is prospective; it does not try to reconstruct pre-existing contractual frameworks. I think the CADCOM contract is currently the subject of legal discussions.

Mr BARRON-SULLIVAN: My question will be a little different. It relates to the first dot point under major initiatives for 2002-03 on page 925, which states -

Investigate opportunities for government agencies to use multi-application 'smart cards' in delivering services to the community.

I say, by way of preface, that we are all familiar with a number of problems that have been created because of the way the social security system operates. We have all heard numerous stories about the abuse of alcohol, unfortunately from Aboriginal communities particularly in the northern part of the State. I have heard of situations of homeless teenage girls who have been in receipt of federal benefits and who have then tried to obtain further moneys from Centrelink.

Mr HYDE: I have a point of order. We did have -

Mr BARRON-SULLIVAN: There is no such thing as a point of order. I am prefacing the question before I ask it.

Mr HYDE: I have interrupted proceedings because there are staffers involved in a situation in which they are not supposed to be involved. Again, there are staffers in the upstairs gallery, which I believe is not allowed.

Mr JOHNSON: Do not talk nonsense! This is not the House sitting, my friend. It is an Estimates Committee hearing.

Mr HYDE: The Leader of the Opposition made a point of this last year. We should be consistent.

Mr BARRON-SULLIVAN: Ask Kieran Murphy if he thinks it is allowed.

Mr TRENORDEN: That is pretty pathetic, member for Perth.

The CHAIRMAN: It is not usual practice to allow non-press gallery staff in the press gallery other than for very short moments.

Mr BARRON-SULLIVAN: That person happens to be an accredited journalist.

The CHAIRMAN: I will take the word of the member for Mitchell on that. However, it is not normal practice.

Mr JOHNSON: What a silly thing to say, member for Perth; he lets himself down.

Mr HYDE: Sort it out in the Liberal Party room.

The CHAIRMAN: A person cannot be a staff press officer and at the same time accredited to be in the press gallery. The member for Mitchell should continue.

Mr BARRON-SULLIVAN: The point I was trying to make is that a number of problems related to state benefits and concessions and so on that are available. My question has two parts. First, does the minister consider that the development of the smart cards by the department could embrace those sorts of areas, particularly state concessions; secondly and specifically, would the minister be prepared to ask the department to work with the Commonwealth and relevant state agencies to see whether it could be developed as a model for not only this State but also the whole of Australia? I wonder whether it would be possible to trial a smart card much as the voucher proposal might operate, which has been suggested by a number of members over the years. For example, in communities with alcohol abuse, the smart card would prevent people using their benefits or state

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concessions to buy alcohol. In that way we might be able to prevent a number of social disorders and provide a benefit to the community as a whole. Is that the sort of initiative the minister might agree to consider?

Mr BROWN: The first dot point on page 925 indicates that we will undertake a feasibility study. Obviously it is important to look at the benefits and the costs. My view is that there are limitless opportunities if we can contain the costs. I was particularly interested in the ERG Group's smart card that is now being used in Hong Kong. When I spoke to people who are more knowledgeable about that card, some fascinating statistics were revealed; for example, in the prevention of crime. One aspect of the smart card used in Hong Kong is that instead of people taking out their purse or wallet from their bag and then having to take out change from the purse or wallet, they now walk through a turnstile and just hold up the bag to the automatic reader, which reads it. There is no question of taking out purses and of money being shown or whatever. There are benefits also in terms of change. I am told that when Coca-Cola Amatil agreed to use the smart card, it took out about 20 tonnes of change from the Hong Kong market because it also doubled the sales of Coca-Cola; I am not sure whether that is a good or bad thing. However, I am told that for every Coca-Cola sale made in 24 hours, at 10 o'clock the next morning the money for it was deposited in its bank account. There are obviously some great advantages. There is no doubt that the matters referred to by the member for Mitchell have great prospects in a social way.

[3.20 pm]

Moving to a more cashless society through a smart card could be beneficial in many ways. Obviously, a range of issues must be considered because people will still want their freedom. If we try to limit that in any way, it will cause difficulties. The member is referring to a feasibility study. I am aware that some discussions are taking place currently. I cannot let the member have the details of it at the moment because it has not been locked down. However, it is proposed to be quite small initially. There are some opportunities for us in this area. We do not have a situation like that in Hong Kong, which has three or four million people. Basically 80 per cent of them travel on public transport, so they need one of these cards. There are economies of scale. Some issues are attached to that. However, like all technology, we need to see how best it can work and what will be the cost benefit.

Dr WOOLLARD: My question relates to the major achievements for 2001-02 on page 919 and the establishment of the Timber Industry Restructure Assistance Centre. What was the cost for the establishment and day-to-day running of the office? The *Budget Statements* indicate that the office provides a range of services. Was one of those services to assist people to find alternative employment; and, if so, does the minister have the figures for how many people were helped to find alternative employment in full-time equivalent positions? Will the Government continue to fund that office? How many more people does the Government anticipate helping to find full-time employment in the next financial year?

Mr BROWN: A number of services are provided by that office. One of the services it provides relates to issues involved with alternative employment. Counselling services and family services are also run from the office. A number of departments are involved with the office, including the Department of Industry and Technology, the Department for Community Development and a number of other departments. Mr Loney, the director of that area, will outline the departments and the services that are provided from that office.

Mr LONEY: The office is managed by the Department of Industry and Technology. Other departments that are represented include the Department of Training, the Department for Community Development and the South West Development Commission. Recently, an arrangement has been reached with Centrelink to work from the office two days a week. Clearly we are seeking to provide an integrated range of services from the office. The Western Australian Tourism Commission also uses the office a couple of days a week. The range of services provided from the office includes the online delivery of the workers assistance program through the Department of Training. That program includes redundancy payments, retraining, reskilling and trying to match people with new jobs. As the minister has identified, the Department for Community Development provides financial and personal counselling services. The South West Development Commission works closely with the Department of Industry and Technology to attract investment into the region. The Department of Industry and Technology is also involved in the business exit program, which provides funds to those companies that are exiting the native hardwood timber industry.

The other question related to the cost in this financial year. As at the end of April, \$472 000 had been spent.

Dr WOOLLARD: I would like the figures for the previous financial year. Will the office continue to be funded in the next financial year? I was particularly interested in the number of full-time equivalent positions that the office helped people find in the last financial year. Can the minister make some forward estimates for the next financial year?

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Mr LONEY: The arrangement is that the office is funded for a four-year period, and it is anticipated that that will occur. Funds have been put aside for those four years. I cannot immediately give the member the number of full-time positions that have been found. However, with the minister's permission, I can arrange to provide that information to the member.

Mr TRENORDEN: I was going to ask a similar question. If supplementary information is to be provided, I would like some information as well.

The CHAIRMAN: This raises an important point for members. It is important not to question directly the advisers, because ultimately the minister is responsible for and needs to agree to supply supplementary information.

Mr TRENORDEN: He already has; I just saw him nod.

The CHAIRMAN: I understand that the minister nodded, but that is not on the record. I need to capture all the information on the office that members require to be provided by way of supplementary information. The member for Alfred Cove wanted information about placement outcomes. What other information is the member seeking?

Dr WOOLLARD: The running costs for the last financial year. Is the \$472 000 for the next four years?

Mr LONEY: That was the current expenditure for this financial year. The figure is \$2.25 million over four years.

Dr WOOLLARD: I would like the number of full-time equivalent positions in the previous financial year and the anticipated full-time equivalent positions in the next financial year.

Mr BROWN: That is for this financial year, not the previous financial year. We do not have any figures for the previous financial year. We are happy to provide the figures for this financial year as best they are recorded by the Department of Training. In some cases, people who have been directly referred can get a job. In some instances, people who have been directly referred do not get the job there and then, but they subsequently get a job. That may or may not be recorded. We are happy to provide the figures that we have.

Mr TRENORDEN: Can I have information on the discretionary budget in this year's budget and on the forward projections?

Mr BROWN: There is no discretionary budget for the Manjimup office.

Mr TRENORDEN: I knew that; I just wanted to hear the minister say that. Can the minister provide a list of what funds he expects to put through that office as a result of a direct request from the community and businesses?

Mr BROWN: I do not understand the question.

Mr TRENORDEN: The minister said that there are a number of serious business problems in the town. When I recently visited the area, five people approached me and said that they were going bankrupt. They had gone to the office to seek the assistance that the minister outlined earlier and had experienced some difficulty. What does the minister expect to get out of that process? What amounts will be involved in assisting businesses and local government? I understand that some issues are related to local government and commerce.

Mr BROWN: There are two programs for small main street businesses. One is a wage subsidy program that provides a maximum of \$5 000 per business. That is a one-off payment. To obtain that \$5 000, there must be an undertaking from the business not to reduce the number of employees in the business. The second program is an interest subsidy program. We subsidise interest by four per cent. They are two of the generic schemes currently available for small business. In addition to that, we have set aside \$5 million in the south west industry development fund. Fund guidelines have been released and are generally available. A number of people have applied for them. A further \$1 million will be available in the furniture industry scheme. The guidelines for that scheme are publicly available.

[3.30 pm]

Mr TRENORDEN: What is the estimate for this year for each program? The minister referred to programs running for three or four years. Does he have an estimate for this financial year?

Mr BROWN: I do not have the latest figure for the two small business programs.

Mr TRENORDEN: Will that be provided as supplementary information?

Mr BROWN: It would be hard to estimate. The programs were put on the table only six weeks ago. We would be throwing darts at a board.

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Mr TRENORDEN: That office is of great interest to Manjimup.

Mr BROWN: That is fine. The program exists, the funds are available and people need to apply. I do not know how much will be applied for or granted this year. I do not think it would be fair to ask the officers to speculate.

The CHAIRMAN: What information has the minister undertaken to provide to the member for Alfred Cove?

Mr BROWN: The member for Alfred Cove asked how many people have been placed in employment. To the degree that our records show directly that that is the case, we are happy to provide that information.

The member for Avon asked what we anticipate spending out of the industry funds. We are not able to provide that information at this time. It is not that we do not want to provide it; we simply do not know.

Mr HYDE: I refer to page 919 and the second dot point. My question follows on from the member for Innaloo's question and a question asked by the member for Alfred Cove. In answer, the minister referred to a \$26.5 million industry development assistance and attraction package for the south west. Will the minister provide details of the Commonwealth Government's involvement in that package?

Mr BARRON-SULLIVAN: Where is the mention in the budget papers of the commonwealth expenditure to which the member is referring?

Mr HYDE: The member was not listening, my question referred to the answer the minister gave to the previous question.

Mr JOHNSON: The member is prompting the minister to give an answer bagging the Commonwealth Government.

Mr HYDE: Not at all. I hope the minister tells us that the Commonwealth Government is giving us \$100 million. We went to the election dedicated to the forests. We are determined to ensure that this Government is accountable.

The CHAIRMAN: In response to the member for Mitchell's inquiry, the question relates to the state appropriation and whether it is matched by the Commonwealth Government.

Mr BROWN: Under Regional Forest Agreement No 1, the Commonwealth Government undertook to provide \$15 million. Originally that was for accommodation, business exits, industry development and redundancy payments. RFA No 2 was introduced by the previous Government and was affected by this Government's policy on old-growth forests. The Commonwealth Government indicated that the \$15 million was not to be spent on a variety of purposes; it was available only for industry development. The State Government has had discussions with the commonwealth minister about that matter. It remains unclear whether that \$15 million will be provided for industry development.

Mr TRENORDEN: The RFA does not exist.

Mr BROWN: A package was agreed at the time.

Mr TRENORDEN: It was never signed.

Mr BROWN: A package was agreed in RFA No 1. Everyone understood that that would have an impact even if it were not continued. The timber cut would be reduced, jobs would be lost and there would be a need for industry development, business exits and redundancies. On that basis, the Commonwealth and the State Governments agreed to contribute towards that change.

Mr TRENORDEN: That agreement fell over.

Mr BROWN: The State set that money aside. That was changed with RFA No 2 and changed again when the Labor Party was elected and implemented its old-growth forest policy. The question before the Commonwealth Government is whether it is prepared to make that \$15 million available for industry development, and the State Government hopes that it is prepared to do so. Industry development funds must be made available to the timber industry to assist in restructuring for the new environment. The State Government has indicated to the federal minister that it is happy to work with him and to be involved in joint decision-making processes, and it provided him with the information he required. We hope he will agree to joint arrangements for industry development.

Mr TRENORDEN: Local government is also saying that it is happy to deal directly with the Commonwealth Government.

Mr BROWN: The State Government is happy to deal collaboratively with the Commonwealth Government - it has made that offer to the federal minister. If he wishes to work in that way, our officers will cooperate. If he elects not to work in that way - that is, if he decides to make the money available for industry development but

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not in conjunction with the State - although that would not be the optimum result, we would welcome that decision.

Mr TRENORDEN: So would I. If it is any comfort, I would also prefer the Commonwealth Government to deal directly with the State.

Mr BROWN: I thank the member. The State Government has told the federal minister that if the Commonwealth Government wants to do its own thing - although it is not the best way to use the money - some unofficial liaison will avoid any duplication and so on. The federal minister has indicated that he is considering those matters. However, as I understand it, that money might not be made available. If that were the case, we would be letting down the south west communities, and I will say that very publicly. That is not the case at this time. I hope the outcome is positive and that we can reach agreement. Notwithstanding the differences that the Commonwealth Government has with our processes, I hope it will recognise the importance of industry development work and agree that the State and Commonwealth Governments should work together. We are very happy to work with the Commonwealth in that regard.

Sitting suspended from 3.38 to 3.50 pm

Mr JOHNSON: I refer to the first three items of the output performance measures table on page 919. Will the minister provide details of projects and services undertaken this year and also those that are planned for next year?

Mr BROWN: As the member for Hillarys can see, the target for next year is smaller. In effect, we are moving to some far more complicated projects. For example, the export strategy that we have been in the process of working through is a multifaceted strategy, as is the export of education project strategy. The export of education strategy has about 15 subsets to it. There has been a reduction because we are taking on some more complex tasks.

Mr JOHNSON: That has not answered my question. I asked for the details of the projects and services for the first three items on page 919.

Mr BROWN: I do not have them all in front of me. I am happy to provide that by way of supplementary information.

The CHAIRMAN: Will the minister clarify that which he intends to provide as supplementary information?

Mr BROWN: The member for Hillarys has asked for the details of the industry development projects listed at the top of page 919. I have said that we can provide that information to him.

Mr JOHNSON: I am interested in the industry development projects, the international trade and investment services and the Aboriginal economic development service.

[Supplementary Information No B11]

Mr BARRON-SULLIVAN: I refer to page 919. My first question is almost a supplementary question because it sounds as though the minister will not be able to provide the information directly. In relation to the same three lines to which the member for Hillarys referred, will the minister go one step further and provide a breakdown of what was provided in each case for the past three years - not just this year and the next year but for the past three years as well?

Mr BROWN: I am not sure that is possible because they include some new initiatives, so it is not possible to compare the old with the new.

Mr BARRON-SULLIVAN: Will the minister go back as far as possible?

Mr BROWN: The member will receive the detail, because he has asked for information on numbers in the budget papers, and I am happy to provide those numbers for him.

Mr BARRON-SULLIVAN: What I am interested in, and probably what the member for Hillarys was angling for, relates to what is done in each of those industry developments projects. There are 10 projects this year and there were 48 in 2000-01. What were they? Will the minister list each of those projects, how much was spent, how many people were involved and so on? Even if the minister can only provide information back to 2000-01, which can be done because that is in the budget, I would be grateful.

My main question is simple and relates to output 1, which indicates a reduction in effort in business and development. We see a reduction in effort and in funding, yet the number of FTEs has increased from 127 to 147. What are those 20 extra full-time equivalents required to manage?

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Mr BROWN: In 2001-02 the budget was for 141 FTEs, the actual number was 133 FTEs and the target for this year is 147 FTEs.

Mr BARRON-SULLIVAN: It says 127 here.

Mr BROWN: The figure of 127 FTEs relates to the estimate for 2000-02. The actual figure for 2001-02 is 141 full-time equivalents. Therefore, the difference between the figures in the 2001-02 budget and the 2002-03 budget is six FTEs.

[4.00 pm]

Mr BARRON-SULLIVAN: No. For 2001-02, the estimated actual figure is 127 FTEs.

Mr BROWN: Yes, that is right.

Mr BARRON-SULLIVAN: That is an increase of 20 FTEs over the year. I want to know why there is an increase of 20 FTEs, when all the effort seems to be towards a reduction.

Mr BROWN: We inherited a situation in which a number of independent contractors working in agencies were not public sector employees. We are in the process of converting a number of those into public sector employees as those contracts expire.

Mr BARRON-SULLIVAN: Does that take into account the full difference of 20 FTEs?

Mr BROWN: No, to my knowledge it would not take into account the full difference of 20.

Mr BARRON-SULLIVAN: Could I trouble the minister for details of the 20 FTEs; in other words, why are there 20 extra FTEs and what is the proportion of contractors being converted?

Mr BROWN: Okay. I am also advised that part of the reason is that the forest program is also included in that, and a number of staff have been allocated under the forest arrangements.

Mr BARRON-SULLIVAN: Have they been employed?

Mr BROWN: The people working at the centre in Manjimup are employed, yes.

Mr TRENORDEN: There are not 20 there. Are there not five?

Mr BARRON-SULLIVAN: Perhaps I could ask whether the difference of 20 FTEs could be set out by way of supplementary information. That would probably be the best way to go.

Mr BROWN: That is not a problem. It must be borne in mind that when budgets are produced, there are targets in those budgets. Sometimes those targets are met, and sometimes they are not. We can provide the Deputy Leader of the Opposition with the information on targets.

Mr BARRON-SULLIVAN: That is fine, as long as the target is 147 FTEs. I am interested only in the difference between 127 and 147 FTEs.

The CHAIRMAN: The minister has agreed to provide that information on those targets.

[*Supplementary Information No B12*]

Mr TRENORDEN: The fourth dot point on page 919 relates to the Office of Aboriginal Economic Development. The fifth dot point refers to the Aboriginal arts and crafts shop that was established at Kojonup. That is an outstanding program that has operated for a number of years, and everyone should be proud of it. Aboriginal people are seeking to do similar things in my electorate, for example. Is that sort of process continuing to be funded, or is that a one-off-type arrangement at Kojonup?

Mr BROWN: As the Leader of the National Party knows, within the department is the Office of Aboriginal Economic Development. Through the department, that office provides funding for Aboriginal economic development officers for each of the development commissions. One will find in each of the development commissions one of those officers who is working with the local community on enterprise development for Aboriginal people. As to further funding, some general funding will be made available through departmental programs. However, that is obviously limited now due to the reductions in expenditure that I mentioned previously.

Mr TRENORDEN: Could the minister indicate what sort of -

Mr BROWN: I indicated previously that there is a \$2 million reduction in this budget for this year, and there will be some tightening of budget allocations across the divisions.

Mr TRENORDEN: If the glass is half full, how much is left in it? Is it worthwhile for people to pursue these sorts of programs?

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Mr BROWN: We want to ensure that we assist people in the best way possible. However, as was indicated by the two chambers in their document, that will not be by way of numerous industry funds; it will be by examining the best way we can assist them. As the Leader of the National Party knows, in a range of areas there have been opportunities for Aboriginal people to seek settlement of native title claims and to therefore set up Aboriginal business enterprises. We will certainly continue to work with Aboriginal people to provide advice and guidance on that. Some money is available generally within the department, but not a large amount.

Mr MASTERS: I refer the minister to the first dot point on page 924 under major achievements for the current year. This relates to providing support to the Premier's Science Council. This time last year there was some confusion about where in the budget papers was the money that would be expended under the ministry of science, which is the Premier's ministry. In the minister's portfolio responsibilities, is there any budget allocation for science, or is it all handed over to the Premier's office?

Mr BROWN: Yes, it is handed over to the Premier's office.

Mr MASTERS: Therefore, there is no money in innovation and technology?

Mr BROWN: All the science money for funding centres of excellence etc now sits with the office of the Premier.

Mr MASTERS: Is it reasonable for me to assume, therefore, that the minister, in his ministerial capacity, has no ongoing responsibility for any aspect of the science portfolio or initiatives?

Mr BROWN: Every industry development portfolio abuts other portfolios. People ask why the minister who is responsible for industry development does not handle training or education. It never actually stops. We will about the Premier's office of science and collaborate with it. However, those decisions will now be made in the office of the Premier.

Mr MASTERS: Therefore, the minister will not be specifically responsible -

Mr BROWN: Centres of excellence, for example, will be dealt with by the Premier, not by me.

Mr MASTERS: There is no budget allocation to allow the minister to direct the ways in which money will be spent in the science portfolio?

Mr BROWN: No, that is now a decision for the Premier.

Mr BARRON-SULLIVAN: I take the minister to page 921. Under output 2, there has been an increase this year in the cost of public sector procurement systems and supply and in FTEs or employment levels. This is despite the fact that a significant portion of the activities of this department was hived off to the portfolio of housing and works. The obvious question is, why is there growth in this area when a significant portion of the function of this portfolio has been hived off to another agency?

Mr BROWN: I am sorry, I do not follow. I have page 921.

Mr BARRON-SULLIVAN: Under the output performance measures are the FTEs and the total amounts for contracts being handled. The value of common use contracts has risen from \$633 million to \$650 million. In fact, the overall amount for contracts has increased from \$735 million to about \$830 million. This is despite the fact that footnote (a) on page 922 states -

This measure previously included contracts which are now the responsibility of the Department of Housing and Works.

Therefore, there is an increase in contracts and in FTEs, despite the fact that a chunk of the work has been hived off to the Department of Housing and Works. Why is that the case? I know that one large contract of \$100 million is sitting under agency specific contracts.

Mr BROWN: Note (b) on page 922 states -

Approximately 200 contracts were not renewed when they expired which accounts for the substantial reduction in numbers between 2000-01 and 2001-02. These contracts are in the process of being replaced with contracts for different products. The 2000-01 number also included contracts which are no longer counted as part of this Output and others which are now the responsibility of the Department of Housing and Works.

We found that there was a reduction in those contracts, but a number of them - particularly the common use contracts - are being reviewed. That is the reason for the changes.

[4.10 pm]

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Mr BARRON-SULLIVAN: Those contracts expired and there was a significant lag time before any further work was required to carry on with new contracts or whatever?

Mr BROWN: No. They are common use contracts. Provisions in some common use contracts allow for a continuation of those contracts for a period while they are being reviewed and the new common use contracts are brought into being. That takes a lot of work with the various industry groups, particularly in maximising local content opportunities.

Mr BARRON-SULLIVAN: The number of FTEs budgeted for last year was 150 and the actual figure was 141. Surely, nine people were not let go simply because of the circumstances the minister has just outlined. The lag times are not that great. I come back to the facts that a section of work from this department has been hived off, the number of contracts is around the same and the FTEs have gone up.

Mr BROWN: Yes. That records the number of individual common use contracts signed with suppliers of goods and services. The public relations and marketing common use contract was terminated in 2001-02, reducing the number of contracts by 239. That one contract had the effect of reducing the number of contracts by 239, with only a very small impact on FTEs.

Mr BARRON-SULLIVAN: In the first table on page 921, the estimated operating revenue for 2001-02 is \$8.1 million. The actual figure is \$5.9 million, which is quite a significant difference, and there is no explanation for it. What was the situation there? There was a helluva jump in 2000-01 from \$3.8 million up to \$8.1 million, and the actual estimate is \$5.8 million. I suppose the question could be put another way: firstly, why was there such a big estimated increase, from \$3.8 million to \$8.1 million; and, secondly, why did the figures differ by \$2.6 million or whatever?

Mr BROWN: Mr Stafford will explain the increase.

Mr STAFFORD: The increase from \$3.8 million in 2000-01 to the 2001-02 budgeted figure of \$8.1 million is in large part due to the extension of the government electronic marketplace activities for our sister agency in New South Wales. It has signed up to use the purchasing functionality that was developed under the government electronic market. That accounted for something like \$2 million of that movement from \$3.8 million to \$8.1 million. There was also increased turnover anticipated through the common use contract framework that the Department of Industry and Technology manages. Several new contracts were brought on, which generated revenues through 2001-02. I would need, with the minister's permission, to provide as supplementary information the reason for the tailoring off of the estimated actuals to \$5.8 million.

Mr BARRON-SULLIVAN: I ask for that to be provided by way of supplementary information.

The CHAIRMAN: The minister has agreed to provide the reasoning.

[Supplementary Information No B13]

Mr LOGAN: I refer the minister to the three dot points at the top of page 927 relating to major initiatives for 2002-03. The first dot point refers to implementing the technology precinct strategic plan. Will the minister provide me with any further information about the technology precinct strategic plan?

Dr SCHAPPER: An exercise is under way at the moment for more strategic management of the technology precinct that the department manages. Associated with that will be some online technologies and a web site which provides a more comprehensive service. This initiative is as a result of a number of requests and submissions and ongoing discussions with the various stakeholders. That is all I can say at this time. The exercise has yet to be concluded.

Mr TRENORDEN: I refer the minister to the first dot point on page 915. What is the process by which the agency made the estimation about what will happen to the Japanese economy, what is the minister's own assessment and how does it relate to Treasury? It is obviously a serious matter.

Mr BROWN: It is a very serious matter. A number of the reports about the Japanese economy and where it is going are suggesting that unless there is major structural reform in the Japanese economy, the outlook is not terribly optimistic. Prime Minister Koizumi suggested some major structural changes to the economy when he came to power, but I think the financial markets have been somewhat disappointed by what has happened to date. The general outlook is as indicated in that point.

Mr TRENORDEN: Obviously, in making some of the decisions further on - a range of them are about future programs and even things like industry policy - the minister's attitude is important, as well as the agency's attitude. How is that developed and how is it conveyed? Does Treasury take part in it, because there would have to be some guesswork as to how it perceives the Japanese economy?

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Mr BROWN: It is a question of whether one takes a short or long-term view. The Indonesian economy has not been great for some time, but we have not pulled our offices out of Indonesia. That would be the worst thing to do at this time. Although one would say that the Indonesian economy has been in some difficulties and is still not out of the woods, it is important for us still to maintain a presence in Indonesia. We do maintain a presence in Indonesia and provide guidance for businesses that are seeking to do business in that country. We make the observation about Japan because obviously Japan is Western Australia's largest trading partner, and therefore what happens to the Japanese economy is very important for Western Australia. However, it does not dictate that we would close offices or not put in the same degree of effort that we have in the past. In any event, when we consider the size of our overseas office network and the number of people employed in our overseas offices, it is not huge. As the member is probably aware, although we have a presence in a number of countries, it is not a huge presence. It is certainly not an Austrade presence or whatever. Equally importantly, if we wish to be there for the medium term, it is important for us to look at the opportunities over the medium-term rather than the short-term economic framework.

[4.20 pm]

Mr BARRON-SULLIVAN: This question follows on from what the member for Vasse asked about science and innovation funding. I refer to details of controlled grants and subsidies at page 935. An amount is paid annually to Scitech Discovery Centre. I understand that Scitech has a five-year funding agreement with the Government and that either this year or next year will be the final year of the current five-year round. I am interested in an explanation, because there is no amount for Scitech under controlled grants and subsidies, and I cannot find an amount anywhere else in the budget papers, whether under the Premier's portfolio or whatever. As the minister's agency is the last agency that seems to have had anything to do with Scitech, can he tell me who will be controlling any grant allocations to Scitech; will Scitech still get its \$2.6 million, or whatever, in 2002-03; and what is the minister's understanding about whether it will get another five-year funding agreement?

Mr BROWN: That matter is now not in my budget area.

Mr BARRON-SULLIVAN: As it has left the minister's budget, where is it now?

Mr BROWN: I understand it is in the budget of the Premier's Office of Science.

Mr MASTERS: The Premier's section of the budget papers does not show an allocation for the continuation of Scitech funding. Is the minister aware of any financial commitment to Scitech from next year onwards?

Mr BROWN: There is an agreement with Scitech. Dr Schapper is a member of the Scitech board. I may be mistaken - if I am, I stand corrected - but I think that agreement is until the end of either next year or the year after.

Dr SCHAPPER: I think it is the year after.

Mr BROWN: It will be either the financial year ending 2003 or the financial year ending 2004. If that agreement is in place, obviously it will be honoured.

Mr TRENORDEN: I refer to the major achievements for 2001-02 and to the third dot point on page 920, which refers to a Margaret River section in a Cold Storage store in Singapore. Does this reflect an attitude towards the acceptance or promotion of regional branding?

Mr BROWN: I am not sure what the member means by regional branding.

Mr TRENORDEN: It states that this has resulted in a semi-permanent Margaret River section in one of Cold Storage's prestige stores in Singapore.

Mr BROWN: It certainly has. I have visited that display, and it is a great display.

Mr TRENORDEN: I am not arguing about that. Is that a recognition of regional branding?

Mr BROWN: I am not sure what the member means by the question.

Mr TRENORDEN: Regional branding is when regions get together to put a brand on their product so that it is recognisable around the world.

Mr BROWN: The Margaret River region has done that, and it is being increasingly recognised. Obviously if a region wishes to do that, it will do that, and the success that it gets from that will be good for the region.

Mr TRENORDEN: The minister may not be aware, but a range of Western Australian companies are trying to get involved in regional branding. I do not want to put words in the minister's mouth, but I am sure he would support that. I certainly support that. If regions that have a common interest can get together and have a

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common brand, that is a good thing, particularly if they can use that to promote themselves in Asian countries and elsewhere. Is there a recognition within the agency of regional branding?

Mr BROWN: I am not sure what that means. If it means does the agency support and will it provide financial assistance for regional branding for one region as against another, I advise that what the agency is about is promoting Western Australia per se.

Mr TRENORDEN: It is not about competition. It is just about branding.

Mr BROWN: I am not sure of the import of the question.

Mr TRENORDEN: Then perhaps we should drop the question, because we are not getting anywhere. Perhaps I can have a conversation with the minister on the side about that matter. What support was given to the recent Western Australian fine food festival in Singapore? What support does the State give the food and wine industry for those types of shows?

Mr BROWN: There are different levels of support, but the Department of Industry and Technology has officers who work with the industry in seeking to have industry participation in these types of events. The officers also travel to certain events and assist in promoting the industry in those destinations. It depends on the nature of the trade event. It is not possible for the officers to go to every trade event throughout the world, but there are officers who will work with various industry groups, whether it is this one or other ones, to facilitate their participation in those events. In the past subsidies have been provided, but it is not the intention to continue to provide subsidies for travel and those types of things on a carte blanc basis.

Mr TRENORDEN: Is the minister saying that there are no funds in this year's budget for monetary assistance for the wine and food industry?

Mr BROWN: No. I am saying that some funds are available for general industry purposes. The allocation of those funds has not been determined at this stage.

Mr TRENORDEN: What is the amount of funding?

Mr BROWN: It is not a huge amount, but we will be conducting a review to see where we best allocate those funds for maximum industry development purposes.

Mr TRENORDEN: How will the industry know if you cannot tell it what funds are available? You need to be able to let these people know whether there are no funds, or there are funds if they meet certain criteria.

Mr BROWN: The officers work closely with that industry to look at opportunities that the department can provide for that industry. In the course of those discussions, as is the case with any industry, the question will arise as to what form of assistance the department and the Government may or may not be able to provide. In some instances there may be some assistance, but that may not be in the form of direct industry subsidies to pay for people to go to those events. It may be that the Western Australian Government will take a stand at a certain event, or will take a stand in conjunction with a number of companies, or do some overarching work. It is determined by what industry fair it is and the degree of support the department is able to render.

Mr TRENORDEN: The minister will be aware that it is very expensive for companies to go to trade fairs. The minister will be aware also that a trade fair will be held shortly that will be attended by a range of international food and wine buyers. The Singapore food and wine festival has been supported by the State for some time. Will that review give some indication to us and the industry of what will and will not be supported in time for these people to plan?

Mr BROWN: We are seeking to utilise the funds that we have available to us in the best way we can. We will make a decision about which conferences or trade fairs we can support. Trade fairs are conducted many weeks of the year all over the world and a range of industry groups wants to be supported at all those fairs. We need talk only to the chambers from different countries to find out where industries want to be supported. It simply is not possible to do that. The budget does not extend to supporting all those fairs in that way, nor has it ever done so.

[4.30 pm]

Mr TRENORDEN: Will the minister provide a figure on what it used to be and what it will be? The minister is evasive about the future.

Mr BROWN: No. I have said that limited funds are available and the Government will make decisions about the initiatives it can support with those funds.

Mr TRENORDEN: The minister and I have talked to each other for many years. He would not be happy if our positions were reversed and I had given him that answer.

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Mr BROWN: I am not being evasive. I am saying that we must work through that process. Many demands are made on us and they cannot all be met.

Mr TRENORDEN: Industry needs a plan, minister.

The CHAIRMAN: I think we have pursued that question in considerable depth. I would like to move on.

Mr LOGAN: I want to follow up the point made earlier by the member for Avon about Brand Western Australia. Brand Western Australia is a program that is supported and encouraged by the Minister for Agriculture, Forestry and Fisheries. It effectively encourages rural producers to act collectively and cooperatively to market their products, which would normally be too difficult to market individually. Margaret River is one of the leading areas for branding its products on a regional basis.

The CHAIRMAN: I am sure the member for Cockburn's comments are leading quickly to a question.

Mr LOGAN: They are. I am simply giving a background to the minister. I refer to the cold store facility in Singapore mentioned by the member for Avon. Would the minister consider assisting other regional areas to market their products in Singapore? For example, "heartlands country" is branding in an area that goes from the member for Avon's constituency to the coast. It attempts to market regional food and wine products both domestically and overseas. As the member for Avon said, if Margaret River can get access to that facility, can others?

Mr BROWN: That is a good point. Obviously there is always an issue of equity in the process of making funds available. As I said, it is simply not possible to support every industry in Western Australia to attend every international trade fair. If the Government supports an industry at one fair but does not support it at another, representations are then made to the minister to support other industry groups. I believe it is better for officers in the department to work with industry groups to see how best they can be supported. Clearly, people who want to enter export markets must have some capacity to get into those markets. Frankly, it is difficult to see people participating at any major stage of an export market if they cannot afford an air fare to travel overseas. As members would know, it is not possible to have success at one place on one visit; good export strategies mean people must return many times to build a customer base. The State simply does not have the financial wherewithal to support in that way every company that wishes to build a customer base. It can support companies by working with them and encouraging them to participate in international trade fairs. It can try to work with industry groups to get their participation and to make recommendations. In some instances, it can have a Western Australian stand at a fair to assist. However, it is simply impossible for the department to be at every international fair. Earlier this year I attended CeBIT - Centre for Office and Information Technology - a major technology fair in Hannover, Germany. I saw companies market their wares before a world stage in that terrific place; however, it is extremely expensive for the State to exhibit there. We are considering that matter, but it may well be that the costs of participation are simply beyond us.

Mr BARRON-SULLIVAN: I refer to page 929. I have referred to full-time equivalents but I now refer to the whole department. In the first line under cost of services, salaries and allowance are reduced from \$24.2 million to \$23.3 million, yet across the department FTEs have increased by around 47 from 340 to 387. There is therefore in the budget a reduction in salaries and allowances but a significant increase of 47 FTEs. How does the minister account for that discrepancy? Earlier I tallied up the FTEs throughout the document as an increase of 42 but footnote (b) summarises it and states that there is an increase of 47.

Mr BROWN: I refer the member to the salaries and allowances figure of \$21.2 million for 2000-01 and \$23.3 million for 2002-03; that is, an increase in salaries of \$2.1 million. That has come about as a result of the conversion of some contract positions to wages positions. The member should bear in mind that there is a cut-off point when Treasury compiles these *Budget Statements*. About \$1.5 million of the \$24.2 million referred to by the member relates to contract employees and should be reflected in supplies and services.

Mr BARRON-SULLIVAN: How many FTEs does that relate to?

Mr STAFFORD: The \$24.2 million is, as the minister indicated, overstated by about \$1.5 million of costs that are in reality contract costs to be converted to salaries. It is hard to quantify the number of FTEs that are affected by that because it is an ongoing process and a part-year effect on the movement of FTEs occurred during the year. I therefore could not say how many FTEs are affected by that process. However, the numbers shown at note (b) at the bottom of the table indicating the movement from 340 to 387 are correct. It is simply the mix of whether those dollars are for contractors or for salaries. It is a little muddled up in the total.

[4.40 pm]

Mr BARRON-SULLIVAN: Presumably when the salaries and allowances figure was worked out, it was based on the full-time equivalent estimate and so on. The department must have an idea of how many contractors will

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be converted to staff. I will not compare 2000 and 2001, which is what the minister did. I want to look at 2001-02 to 2002-03. The minister is saying that there will be an increase in salaries and allowances because a number of contractors will become staff. This figure shows a nominal and a real reduction in salaries and allowances from \$24.3 million to \$23.3 million. That is despite the fact that there is an FTE increase of 47. The minister must be paying everyone in his department a lot less this year. It is a huge discrepancy. There will be 47 extra staff for \$1 million less. That is incredible management.

Mr BROWN: It is very skilful. As Mr Stafford has explained, part of the \$24 million should be allocated under supplies and services.

Mr BARRON-SULLIVAN: If that had been the case, the FTE figure of 340 at the bottom of the page would have been adjusted as well. One figure cannot be adjusted without the other being adjusted. The minister cannot say that he could not convert any of the contractors to staff this year, so he will leave the adjusted FTE figure the same. It is an adjusted FTE figure. Just as the salaries and allowances figure is adjusted, so, too, is the figure of 340. We have not heard how many contractors are being converted. I do not know whether it is two, 20 or 400. However, it is probably nearer the figure at the bottom of the page.

Mr STAFFORD: The number of contractors being converted to staff is approximately the quantum of the movement from 340 to 387, so it would be 40 or 50.

Mr BARRON-SULLIVAN: That would account for the whole thing. Forty-seven people are going from contractors to staff, yet it is costing \$1 million less a year to do it.

Mr STAFFORD: The \$24.4 million in the estimated actual for 2001-02 is not the correct figure. The figure that shows a \$1 million reduction is not the real movement. In reality, the contractor component that is buried in the figure would need to be combined with the supplies and services figure, which I cannot give the member off the top of my head. However, the movement is a mix of movement in salaries and a significant reduction in contractors, which is part of the reason the supplies and services figure shows a reduction of about \$2 million across the same period.

Mr BARRON-SULLIVAN: I fully appreciate that. However, the minister cannot have it both ways. He cannot have a reduction in one figure and not account for it in the other. The figure of \$24 million is a bit skew-whiff.

Mr STAFFORD: Yes.

Mr BARRON-SULLIVAN: I refer to the grants and subsidies entry in the same table. The figure goes from \$20.3 million to \$9.2 million. Can the minister explain that quite significant difference?

Mr BROWN: There is the transfer of the new Office of Science to the Department of the Premier and Cabinet; the reduction in funding for Motorola Australia Pty Ltd, the Australian Broadcasting Corporation and other industry schemes; and the completion of the meat industry strategy scheme. A one-off allocation of \$1.5 million was made to the meat industry and that has now come to an end.

Dr WOOLLARD: The financial statements on pages 929 to 936 have been reconstructed for comparability purposes to reflect the amalgamation of the Department of Commerce and Trade with the Department of Contract and Management Services in accordance with the machinery of government recommendations. Page 191 of the machinery of government report states -

Major synergies can be achieved from integrating the industry and trade expertise of DCT with the Government purchasing power and e-commerce capacity represented in CAMS. Together, the combined elements of both agencies will be able to drive the State's economic development to maximise benefits deriving from new and emerging industries and technology, while also supporting the competitiveness of existing and mature industries.

Can the minister point out to me which table shows the projected benefits to the State from merging those two departments? I am always very concerned when there is a department reshuffle or a merger of departments.

Mr BROWN: These tables are the financials for the department. They do not set out the economic impacts of the department's activities. The member wants information on the second matter.

Dr WOOLLARD: Where would I find those economic impacts?

Mr BROWN: They will be in the projects that are run by the department, and they can be accessed if the member wants to see the benefits of a number of those projects. We have talked about the benefits of the government electronic market, the strategic partnering in resourcing information technology plan, our lobbying process for the patrol boats, the operations of our overseas officers, the capacity to assist companies gain overseas contracts and the ability of the department to drive the information and communications technology agenda. All those matters can be accessed in part through the annual report of the department and in part

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through the programs operated by the department. The Machinery of Government Taskforce report was completed last year. Those two departments came together in the budget from 1 July last year and were consolidated into the budget statements in September. Some of the issues of internally meshing those two departments to ensure that we get the maximum opportunities for a minimised dollar are still being worked through.

Dr WOOLLARD: Will those benefits be shown at a later date through a report that the minister will give to the department?

Mr BROWN: Each department is required to provide an annual report and to account for its activities in that report. An overview of information about what overseas and trade officers are doing, what we are doing to drive the ICT agenda in the State, what we are doing to bring the patrol boats and other contracts into the State, what we are doing in common-use contracts, the way we are making savings to government and the way we are seeking to drive local content is provided in the annual report. No one document brings it all together specifically, because that would be a fairly major task. If there are specific questions about any of those issues, they can be answered.

Mr TRENORDEN: The last dot point on page 919 indicates that the information and communications technology industry development forum was established. It refers to the Western Australian industry sector. Does that mean all Western Australian industry sectors? Does it include agriculture?

[4.50 pm]

Mr BROWN: The information and communications technology forum has been established for about three months. The intention is to receive independent advice from industry about the ways in which we should drive the ICT industry development policy in the State. Obviously, the SPIRIT project referred to has a very significant role.

Mr TRENORDEN: Does it include agriculture - the second biggest industry in Western Australia?

Mr BROWN: No.

Mr TRENORDEN: How does it get involved?

Mr BROWN: It is a forum of people from the ICT and telecommunications industries. It does not involve people from every other industry group.

Mr TRENORDEN: The minister is aware that significant groups in the communications area concentrate on agriculture.

Mr BROWN: Yes. The ICT industry is interesting. On the one hand, it is an industry of itself and, on the other hand, it is an enabler for every other industry, whether it be agriculture, minerals, oil and gas, manufacturing and so on. There is no doubt that great efficiencies have been achieved as a result of the implementation of various ICT arrangements by both industry and the Government. This forum is looking at the broad spectrum of ICT from an ICT industry perspective rather than from the perspective of what is required for agriculture, minerals and so on.

Mr TRENORDEN: Page 916 refers to all Western Australians, no matter where they live, work or travel, having access to affordable telecommunications services. The people I represent do not have that access. How do these matters relate? Most participants in the agriculture industry have no real access to Internet IT. The industries to which the minister referred have great difficulty communicating with industries in regional areas and to the agricultural industry in particular. Both have great difficulty.

Mr BROWN: The member has raised a number of issues. The first relates to telecommunications infrastructure and the capacity or lack of capacity in regional areas. I am a member of the Online Council, to which I proposed a national strategic plan for telecommunications infrastructure. Unfortunately, it was not accepted. Nevertheless, I asked how we could provide telecommunications services for people outside the Perth metropolitan area, including those living in very remote areas. There is no comprehensive plan for that to occur. In putting forward that proposal, I did not suggest that the Commonwealth Government - this is a commonwealth responsibility - should meet all those costs tomorrow. Clearly it cannot. However, it is a question of what we ultimately do with the universal service obligation, because there is always cross-subsidy with telecommunications - there always has been and always will be unless we decide we do not want regional areas to use the telecommunications system. What should the universal service obligations be? How quickly do we want to move to a new level that will provide the services sought by people in rural and remote areas? What will that cost be, and will we cover that cost by increasing the universal service obligation, which will increase the cost for all users? Unfortunately, we could not get agreement on that at the Online Council meeting. I will continue to pursue the issue. It is not appropriate to do things in a piecemeal fashion. I know that some people

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have sought to misrepresent my position - they have reported that Western Australia wants the Commonwealth Government to pay for this tomorrow. I am not saying that; the Commonwealth Government could not do it tomorrow - the amounts are too great. However, I am seeking, and have sought without success, a plan detailing staged developments that we should implement. That could be a gradual plan. If there were significant changes in technology, the plan could be expedited. At least people would know when they would get certain services. Those services could be funded through universal service obligation payments. There has not been a willingness to take up that matter. We would be seeking a cross-subsidy by ensuring that people in heavy-usage areas make a contribution to assist those living in lower-usage areas.

Mr TRENORDEN: Some of these IT industries might get excited and some might also develop excellent programs. Some will have also have a handbrake applied, because even though they have good programs and good access methods for country people, the required infrastructure will not be available. We have consumers who want to consume, but they cannot.

Mr BROWN: There is no question that one of the issues to be addressed is broadband and how we roll that out. That is a significant issue. Given the size of the State and its small population - 1.9 million - infrastructure will always be a problem. We could seek to overcome that by dramatically increasing the population, but we are not in charge of immigration.

Mr TRENORDEN: The Commonwealth Scientific and Industrial Research Organisation says that it cannot be done by immigration.

Mr BROWN: Whenever we deal with infrastructure issues, technology will be somewhat of a saviour because improvements in technology arrangements will allow faster transmission.

Mr TRENORDEN: But at significant cost.

Mr BROWN: Yes. Of course, as the member knows, it will be twice as powerful and half as expensive in 18 months.

Mr TRENORDEN: Let us hope so, but I have my doubts.

Mr BROWN: A calculator that can now be purchased for the price of three boxes of cornflakes once cost more than \$1 000.

Mr TRENORDEN: I will not argue about that. However, people are now paying for the service, not the hardware or the software. The fee is the concern.

Mr BROWN: That is true.

Mr BARRON-SULLIVAN: I refer to page 921 and the public sector procurement systems and supply. The minister has referred to the government electronic market. There was obviously a large decrease in the number of registered users in 2001-02, although the number has been built up. The footnote states that the number of buyers and suppliers will increase as more register in the GEM systems.

[5.00 pm]

Paragraph (c) on page 922 says that the new electronic bulletin board was launched in November 2001 and required all suppliers to re-register their details. If suppliers were already on the computer system, why would they have to re-register? Why was there not a seamless transition keeping the same information? Will the minister confirm that when the bulletin board was relaunched, businesses were not required to pay a fee to re-register?

Mr BROWN: First, I ask Dr Schapper to reply and, second, I beg the indulgence of the Chair to be absent for one minute, if that is possible, without stopping the committee.

The CHAIRMAN: No. However, I can leave the Chair for a minute if it is extremely urgent, otherwise the minister needs to stay seated.

Mr BROWN: I would be most appreciative.

The CHAIRMAN: We will take a five-minute break.

Sitting suspended from 5.00 to 5.05 pm

Mr BROWN: I am indebted to members for giving me a moment.

Dr SCHAPPER: The question came in two parts and sought an explanation for the apparent decline in registrations on the government electronic market. Those numbers refer to a part of the market called the government electronic bulletin board. Members need to appreciate that government electronic marketing has many modules. The government electronic bulletin board has been in operation for several years. To use it,

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companies must register online. Registration is free. The purpose of registration is to inform people of changes to the tenders on which they have sought details and for various audit purposes. Over the years, depending on the changed circumstances of companies, companies have tended to register and re-register. There were numerous duplicate registrations on the bulletin board. When we upgraded the facility, we went through a process requiring everybody to re-register which, effectively, cancelled out all the previous registrations. That is the explanation for why the number of registrations was reduced from 30 000 to about 16 000 - in other words, we eliminated duplicate registrations. As for the cost of that to industry, registration has always been free. It currently is free and there is no intention to make any changes to that.

Mr BARRON-SULLIVAN: Was it a clean-up of the bulletin board?

Dr SCHAPPER: Exactly, yes.

Mr BARRON-SULLIVAN: The department said to interested clients that if they wanted to stay on the board they had to come back with information. It was an automatic cleansing.

Dr SCHAPPER: That is right.

Mr BARRON-SULLIVAN: The footnote says that the number of registrations will increase and that the target for this year is 22 000. I take it that means that during the cleansing a lot of people dropped off the register and they have not got around to re-registering.

Dr SCHAPPER: That is our expectation. People have been slow to re-register, depending on how much business they got from the bulletin board. Also, over the years there has been a steady increase in its utilisation, so we expect there to be an upward secular trend in those figures regardless of the duplications.

Mr BARRON-SULLIVAN: What was the problem with letting the numbers build up on the bulletin board? Obviously, so many thousands of businesses are not now attached to the bulletin board and it may be that they do not make much use of it. I would have thought that in the interest of generating competitive advantage the department would want to leave as many on as possible. What was wrong with leaving a few duplicate registrations on the bulletin board? If it is all done via the Internet, it is no skin off anyone's nose if someone was registered more than once.

[5.10 pm]

Dr SCHAPPER: That is correct to a point, and there is no cost associated with the numbers. However, we use the statistics of our bulletin board to help with policy development and determination of which parts of Western Australian industry, either by industry division or by region, are accessing the bulletin board and in which areas we might perhaps need to raise awareness. It is all part of the management and the policy development of the framework that we have a pretty good idea of who is using it, how frequently and from where.

Mr BARRON-SULLIVAN: If I can be brutally frank, 14 000 registrations went off in one year. A number of those would have been duplicates, but presumably a significant number would not have been. Therefore, a number of businesses do not have access to this service or must now re-register. Also, things have been made a little easier for the department in an administrative and policy development sense.

Mr BROWN: This service is offered. Although there are some benefits for buyers and suppliers - the intention is that there be a benefit for them - it is equally important for the department to be able, as best it can, to rely on that statistical information so that it can direct its policy in the correct way for the buyers and suppliers who are using the service. Therefore, I do not think it can be said that the re-registration process was a wrong decision. This is about trying to make best policy judgments based on the information at hand so that those users of the system benefit from that best policy advice.

Mr BARRON-SULLIVAN: The point I am trying to make - this is probably not the end of the world in itself - is that small business has had an absolute gutful of constantly having to do things for government. This is a great service - I am not knocking it - and is obviously of enormous use, particularly to those who use it regularly. However, a number of those businesses that are not on the register may have wanted to make use of it, but the onus is on them now to re-register. I would have thought that once a service like this is up and running, even though there is some duplication on it, it would pay to let it keep running and to keep those small businesses on the list, and if they want to deregister of their own accord, they are more than welcome to do so. There is no point pursuing it. I can see what has happened. As I said, it is not the end of the world for small business, but it is another example in which a government department seems to be putting policy development objectives ahead of the need to keep the system running smoothly.

Mr BROWN: That view must be tempered. We are already getting advice from a number of the suppliers with which we deal about what the system has meant to them by way of decreased costs. Their transaction costs in interfacing with government have decreased, and this has meant substantial savings. Only recently I was privy

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to one letter from a supplier that indicated the level of savings it was making by virtue of this system and there being strategic policy advice. On the one hand, I agree that we should not needlessly weigh down small business with endless red tape that has no purpose. On the other hand, by not having strategic policy advice to direct people and not having this information, the outcome can be poor. We see that in not only this area but also a range of areas.

Mr BARRON-SULLIVAN: I am sorry to dwell on this, but what sort of policy advice would be derived from this that means that registrations need to be as clean as possible?

Dr SCHAPPER: For a start, it gives an accurate assessment of the degree to which Western Australian industry has been activated to use online technology for the purposes of e-commerce. On the strength of the penetration of this kind of service into Western Australian industry and our supplier base, we have been able to this point to reduce, for example, our print media advertising of tenders, knowing that there is a high degree of acceptance by and awareness of our suppliers of this medium. We still do print media advertising, but the format is reduced. I should add that we also conduct a nonstop roadshow - it has been an ongoing roadshow for several years - through the regional areas, in major and quite minor centres, to advise business of this service and other parts of the Government's electronic market and how to participate in all these technologies. It has now become a rare occurrence indeed that we receive any negative feedback from our suppliers and industry that attend those forums about where the Government has been going on these issues. People simply want to know more. For the development of this service, it is important for us to know what people expect, how they are using it, which industries are using it, and which regions are using it. For that we need accurate statistics.

Dr WOOLLARD: I would like to get back to outcomes. As an Independent member of Parliament, my objective is to examine the budget to ascertain whether the money was spent wisely last year and whether it will be spent wisely this year and in future years. To do that I must know what the projects are, what the objectives will be, how much money will be spent, the time period and how those projects are evaluated. Going through these pages that deal with \$91 million of taxpayers' money is almost like going on a fishing expedition. The output performance measures that are shown in these papers, such as quality and client satisfaction etc, are not the output measures about which the community wants to know. I believe that whichever Government is in power, whether it be Labor or Liberal, people will make mistakes. However, we will learn from those mistakes. Therefore, we need to know whether the projects the Government is running with are successful and how they work. Will the minister give an indication of which projects have been run over the past 12 months, the objectives of those projects and the evaluation of them? How have those projects been evaluated or judged to ascertain whether the advice the minister is getting from the bureaucrats in the different departments is good or bad advice?

Mr BROWN: In a global sense, what the member has said is fair. The question is, how is that reported and is it reported in the budget papers? It is not reported in the budget papers because it would be a herculean task. One of the roles of government is to ensure that if a function is carried out, that function is required. Therefore, a range of people are working in trade development. They are working with companies every day of the week. In some areas they will assist companies, and companies will get a sale. In other areas they will not get a sale. Nevertheless, there is an opportunity for those companies to interact directly with the department to get information from it about potential markets and contacts, and to work with the department in marketing their goods and services in other countries. We are seeking to work with a constant stream of companies in that regard. One could ask what are the outcomes. We could narrow it down to each officer and ask how many contracts the people who made contact with that officer got in the market; and unless that officer got a certain strike rate, he should be cancelled out.

Dr WOOLLARD: Yes, I agree with that, because we are not here to run a benevolent fund.

[5.20 pm]

Mr BROWN: It is not benevolent. It takes a long time to get these contracts. Advice must be given and people will come to the department for that advice and assistance. Trade promotion is run for a range of areas. Recently at a trade fair I spoke to people from a very successful Western Australian company. I asked them about the number of contacts they had made at the fair and they told me that they had not made many but they were there again because people were seeing them and they were building their reputation. We must consider the degree to which the industry and companies utilise the services that are provided. If they do not utilise them, that suggests that the industry does not require them. However, they are being utilised. Those trade officers in the Department of Industry and Technology are being utilised. Likewise, in the area of information technology, we are seeking to provide better opportunities for people to do business on-line with government and to make that easier. I have referred to the Government Electronic Market web site and the SPIRIT project. That is a direct benefit for business. Some businesses have already reported to us the savings that they have made as a

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consequence of being able to trade that way with government. That makes the economy more effective and more efficient. The Government is providing that leadership.

The Department of Industry and Technology has officers working in Aboriginal economic development, which is a tough area. It is difficult to try to encourage Aboriginal people into enterprises, to assist their enterprises and get them to grow so that they can become viable in their own right; that takes a long time. If the member is asking for an outcome of the department's programs, that is fair enough; she can read the department's annual report, which has been published and will be published again this year. The report will refer to a range of matters about which the member wants to know. However, it would be impossible to provide all the specific information that the member wants unless we were to have 15 volumes of the *Budget Statements*. From the Independent member's point of view, I understand how difficult it is. Most new members grapple with the budget whether they are members of parties or Independents. Obviously, it is more difficult for Independent members because they do not have colleagues from which to get information. However, a variety of sources of information are available in government. The schemes that the department operates are all publicly available on the Internet and some information is in the *Budget Statements*. Some other States do not disclose what they do even with major industry attraction programs; however, we do.

Dr WOOLLARD: I query the accountability of this budget in various areas.

Mr BROWN: That is fair enough, and the member can query it. However, this budget is transparent and, as with previous budgets, it seeks to provide an overview of the State's finances. Sometimes people will be unhappy with that. In opposition I was sometimes unhappy with it.

Mr TRENORDEN: I refer to output 4 on page 925 of the *Budget Statements*. That output refers to support for sustainable development. However, I do not see anything in the budget papers about telecentres. Are they no longer a part of the department's -

Mr BROWN: No, they are now under the Department of Local Government and Regional Development.

Mr TRENORDEN: I refer to page 935 of the *Budget Statements*. There is an allocation of \$550 000 for the Meenaar Industrial Park - although it has been called the Avon industrial park for a year; I will not be picky about that. What was the \$550 000 spent on last year?

Mr BROWN: That is a very good question. I will have to take that question on notice and provide it by way of supplementary information. The figures were provided before the two departments were amalgamated.

The CHAIRMAN: For the purposes of *Hansard*, will the minister indicate exactly what supplementary information he will provide.

Mr BROWN: The member for Avon has inquired what the \$500 000 for the Meenaar Industrial Park in Northam was used for in 2000-01. I do not have that information available and I will provide it by way of supplementary information.

[*Supplementary Information No B14*]

Mr BARRON-SULLIVAN: I refer to pages 935 and 936 of the *Budget Statements*. Would the minister explain the allocations under expenses and revenue in relation to total buying services?

Mr BROWN: This is a service that undertakes all of the purchasing requirements for selective prisons in the Department of Justice. The expenditure associated with these purchases are recouped from the Department of Justice as revenue. The growth in the out years is associated with further prisons utilising this facility.

Mr BARRON-SULLIVAN: Is the Department of Industry and Technology just administering the accounts for the Department of Justice and taking care of its purchasing requirements?

Dr SCHAPPER: The Department of Justice has been particularly aggressive in taking advantage of new technology. It has transferred a large proportion of its everyday purchasing throughout the State's prison network into the electronic environment; namely, the Government Electronic Market and the purchasing module. We have been handed the management of the whole function because the Department of Industry and Technology administers and maintains that. We have been contracted to manage that because it is inherently part of the Government Electronic Market.

Mr BARRON-SULLIVAN: Presumably that administrative transaction would previously have shown up as revenue expense in the justice portfolio. Without looking at that part of the budget papers now, which we are not interested in at the moment, does that mean the transaction would not show up in another portfolio in the same way as it did before? Does it now show up just as an administrative transaction expense in revenue? Will it show up in this way in only this portfolio or -

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Mr STAFFORD: The effect of the arrangement that Dr Schapper has outlined is that both the expenditure and the revenue appear in the accounts of the Department of Industry and Technology but the expenditure side - that is, by way of recouping the Department of Industry and Technology - will continue to show in the accounts and in the budget papers of the Department of Justice.

Mr LOGAN: I refer to major policy decisions on page 916 of the *Budget Statements*. I note that \$2.1 million, which was deferred from 2001-02, is to be expended in the forthcoming budget on the Wittenoom clean-up. What is left for the Wittenoom clean-up to do and what is the money expected to be spent on?

[5.30 pm]

Mr BROWN: There is an agreement between the State Government and I think it is Hancock Mining relating to the clean-up of Wittenoom. This requires certain work to be undertaken for which there is a government contribution, but there is actually a formal agreement.

I stand corrected. There is proposed to be a formal agreement, but there have been delays in reaching that formal agreement. Once that formal agreement is reached, it is proposed to expend those moneys on the clean-up arrangements.

Mr LOGAN: Is that to the minesite or the town site?

Mr BROWN: I think it is the town site. I will read this to the member -

In October 1994, Cabinet authorised the former Minister for Commerce and Trade to enter into negotiations with Hancock Prospecting Pty Ltd, Wright Prospecting Pty Ltd and Westraint Resources Pty Ltd for the removal and disposal of all plant, equipment, buildings, improvements, slabs, footings and rubbish from the three General Purpose Leases near Wittenoom. The Intention was for the companies to join with the State Government in a clean-up of the leases and to then surrender the leases and voluntarily withdraw from the area.

Under the proposed arrangement Hancock Prospecting Pty Ltd and Wright Prospecting Pty Ltd will contract McMahon Services Pty Ltd and Railroad Recyclers of Australia Pty Ltd to carry out the relevant work for \$4 million.

The State will contribute \$2.1 million, including \$100,000 for miscellaneous associated road works outside the Agreement area. Hancock and Wright will assign the clean-up salvage rights, valued at \$2 million, to the contractor as their contribution to funding the clean-up.

The formal agreement between the State and HanWright (Hancock Prospecting and Wright Prospecting) is still being finalised through the Crown Solicitor's Office.

Mr BARNETT: I refer to page 916 and the fourth dot point relating to e-commerce for government purchasing and business to do with government and industry. Clearly, the department has developed an expertise in that area. I refer to a newspaper article on the weekend that referred to two senior officers attending a conference in Barcelona. I am pleased that they attended and were invited to present papers; that is commendable. The newspaper report also referred to the fact that Visa International met the travel expenses. What circumstances led to that occurring?

Mr BROWN: Travel expenses for a number of officers who travel overseas are paid for by the private sector. The Leader of the Opposition knows that that is not new; it has been going on for a number of years. The private sector has paid for public service officers to go overseas for various reasons.

Mr BARNETT: Actually, I am not aware of that.

Mr BROWN: I suggest the member look at the arrangements for the Government seeking the gas contracts and other arrangements in relation to that. I suggest he also look at the circumstances of officers in a number of other government agencies who have travelled overseas - it has happened for many, many years.

Mr BARNETT: I do not object to the officers being there. What circumstances gave rise to Visa International paying for their travel? I do not know whether it relates to accommodation, or only travel expenses.

Mr BROWN: I do not know how the approach was made. As the member knows, ministers are required to approve international travel. I approved of this international travel. Frequently, officers are required, or are asked, to present papers overseas, to go to international fora at which they have the opportunity of representing the State and of talking about the good things that are happening in Western Australia. I take the view that if third parties want our officers to do that, they can meet the costs, provided there is no conflict of interest and provided we are not dealing directly with that company and that company will benefit from that contractual arrangement. In my view, on the basis of the information I have, there was no direct contract between Visa and

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the State Government, and that being the case there was no conflict. These officers had the opportunity to speak about some of the good things that are being done in Western Australia, and therefore I approved the travel.

Mr BARNETT: In eight years as a minister I cannot ever recall approving an officer's travel arrangements which were sponsored by a company.

Mr BROWN: I tell the member that in a range of other agencies officers travel because they have been asked to present papers. The other day, for example, I was asked to present a paper in Sydney. That is a cost to the State. As it was, I did not go, because it conflicted with some other appointments that I had. However, we get the opportunity to send our officers to various parts of the world at the request of conference organisers, who charge a veritable bomb to go to their conferences because they are attracting world experts. For the life of me, I do not see why we should line the coffers of those people who organise those conferences by our meeting the costs of air fares and accommodation, when they are prepared to meet those costs, and our officers get the opportunity of standing before 100, 200, 300, or even 500 people and talking about the good things that are happening in Western Australia in e-commerce. At the present time, we have an officer in Malaysia delivering an e-commerce course. As Dr Schapper said, AusAid, the Asian Development Bank, the World Bank and I think the South American Development Bank have funded our officers' taking their Western Australian expertise into fora and talking about what is happening in this State and the way the State is heading, particularly in e-commerce. We have had that opportunity without the cost of that travel impacting on Western Australian taxpayers. If the ABC company, which had a direct contract with government and which could therefore seek to influence the Government, offered travel to public sector officers, that could be perceived as a conflict of interest. There was no conflict of interest with Visa International because the Government does not have a contract with Visa and I do not see how the Government's relationship with the World Bank, the Asian Development Bank, the South American Development Bank or AusAid could possibly be perceived as a conflict of interest. It is good for the Western Australian taxpayer if these companies are willing to pay for our officers to attend international fora to talk about Western Australia.

Mr BARNETT: Was the approach from Visa International through the conference organisers in Barcelona - I do not know whether Visa was the overall conference sponsor - or was it through the Australian or Western Australian office of Visa?

Mr BROWN: It was from the American office of Visa, its headquarters.

Mr BARNETT: In the United States?

Mr BROWN: In the United States.

Mr BARNETT: The minister has says that there is no conflict of interest, and I have a high regard for the officers concerned, so I am not questioning their integrity. For example, I hold a government credit card; it is a Visa. Therefore, the Government does have a relationship with Visa.

[5.40 pm]

Mr BROWN: No, Visa does not. The Government has relationships with a number of banks and the banks seek to utilise different credit card companies at their discretion. I also have an American Express card through one of the banking groups with which the Government has a relationship. It is my understanding - I took this up directly - that there is no relationship or contract between Visa and the Western Australian Government. The Government of Western Australia has arrangements and contracts with various banks that use American Express, Visa and other credit cards. Therefore, that relationship is between the Government of Western Australia and the banks and not the Government of Western Australia and the credit card companies.

Mr BARNETT: I will not pursue this any further. However, I will make a comment. The correct procedure would be that if an officer were seconded to do some consultancy or work, which might involve training programs or whatever else, the relationship between that business or conference and the department should be formalised. If an officer were invited to give a presentation at a conference because of his or her expertise, and if that was considered to be an advantage to Western Australia, in my view that should be funded by the State Government. That was always the principle I followed as a minister.

Mr BROWN: I appreciate that comment, but will make a comment in return. The public sector guidelines state that the most important thing in these matters is disclosure; that is, if an officer takes a trip that is offered and does not disclose it, that is wrong, because there can be a clear conflict of interest, bias and all those other things. In this case it was disclosed and up-front, because it had to come to me and I signed it off. Ultimately, if there was a mistake it was my mistake. I do not think there was a mistake. I take on board what the Leader of the Opposition has said in good faith; that is, that we always need to be wary of these things. As a result of the publicity that has been given to this matter, we will be very careful about it. Equally, my view is that if someone

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wants us to go to an international conference, which will potentially cost taxpayers \$5 000 or \$10 000, and there is no conflict of interest and others will benefit from our participation, I do not see a problem in others meeting that cost if it is done openly and above board.

The appropriation was recommended.