

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 12 OCTOBER 2009**

SESSION TWO

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 3.00 pm**HARRISON, MR STEPHEN****Chairman, South West Development Commission, sworn and examined:****PUNCH, MR DONALD****Chief Executive Officer, South West Development Commission, sworn and examined:****CARTWRIGHT, MRS VAL****Chief Finance Officer, South West Development Commission, sworn and examined:****DUNCAN, MS WENDY****Parliamentary Secretary, sworn and examined:**

The CHAIR: Thank you very much for joining us this afternoon and welcome to this committee meeting. Before we begin, I must ask you to take either the oath or affirmation, and the committee clerk will provide you with a Bible if you would like to take the oath; otherwise, take the affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: Will you please state the capacity in which you appear before the committee.

Mr Harrison: I am Chairman of the South West Development Commission.

Mrs Cartwright: I am Chief Finance Officer of the South West Development Commission.

Mr Punch: I am the Chief Executive Officer of the South West Development Commission.

Hon WENDY DUNCAN: I am Parliamentary Secretary to the Minister for Regional Development.

The CHAIR: You will have signed a document entitled “Information for Witnesses”. Have you read and understood that document?

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded this afternoon by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones and try to talk directly into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as a transcript of your public evidence is finalised, it should not be made public. I advise you that premature publication or disclosure of the uncorrected transcript may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values your assistance. Members, it will greatly assist Hansard if, when referring to the budget statement volumes or the consolidated fund estimates, you could please give the page number, item, program, amount and so on in preface to your question.

Hon LJILJANNA RAVLICH: I refer to “Expenses” under “Financial Statements”, on page 314 of the budget papers. It deals with the total cost of services in relation to the \$16.6 million in grant

payments. Can you give me a breakdown of how much was contestable and how much was non-contestable?

Hon WENDY DUNCAN: Perhaps the chief financial officer can assist with that question.

Mrs Cartwright: The \$16.6 million is mainly for the Busselton jetty refurbishment. We have funds in there of \$8 million, and the royalties for regions.

Hon LJILJANNA RAVLICH: How much of that is royalties for regions?

Mrs Cartwright: What we have in royalties for regions is \$3.5 million. That was contestable.

Hon LJILJANNA RAVLICH: Okay. You allocated some non-contestable funding.

Mrs Cartwright: We had \$829 000 for the non-contestable, strategic.

Hon LJILJANNA RAVLICH: I take you across to the regional grants scheme allocations. This has come off your website. I want to ask a question in relation to your funding of \$500 000 in relation to the Department of Environment and Conservation and the Munda Biddi Trail construction from Nannup to Albany. What is your view in relation to why royalties for regions funding was used for this as opposed to funding from the Department of Environment and Conservation budget allocation?

Mr Punch: This was an exceptional item in terms of its size and scale. It became the number one priority of the local government in the Warren-Blackwood area, particularly the Shire of Nannup, the Shire of Manjimup and the Shire of Bridgetown. It is viewed as a purely tourism icon development. It originally related to previous commitments to develop the forest icon as part of the response to the former protecting old-growth forest strategy. It picked up on the need for new tourism initiatives in that particular area, recognising that tourism product is very fragmented.

[3.15 pm]

Hon LJILJANNA RAVLICH: Was this the only government agency that had applied for funding under royalties for regions?

Mr Punch: No, a number of agencies applied for funding. I would have to take the question on notice in terms of which agencies.

Hon LJILJANNA RAVLICH: Could you provide us with a list of which government agencies applied for funding, the nature of what they sought that funding for and the quantum of funding that they requested through their application?

[*Supplementary Information No B1.*]

Hon LJILJANNA RAVLICH: I have been advised by my learned colleague here that DEC funded the first part of this project. Can you clarify whether that was the case?

Mr Punch: It provided some funding. We provided funding under the former regional development scheme for the project as well. I understand—I would need to confirm that—that there were some community funds.

Hon LJILJANNA RAVLICH: Why was this not funded through the regional development scheme as opposed to royalties for regions?

Mr Punch: A contribution was made from that scheme for the first part of the track from Collie to Nannup. When this application came forward, that scheme had been superseded and royalties for regions was a new scheme. The application was made under that scheme.

Hon KEN TRAVERS: Why is your annual report not on your website?

Mr Punch: Probably because the HTML has not been completed to get it up on the website. I would have to take the question on notice in terms of the precise reason but I understand it is currently being prepared to go on the website.

[*Supplementary Information No B2.*]

Hon KEN TRAVERS: Do you have an obligation to put it onto your website immediately it is tabled in Parliament?

Mrs Cartwright: I think the wording is “as soon as possible”.

Hon KEN TRAVERS: Hard copies are not printed now so the only way members of Parliament can access them is through the website. My understanding is that people expect it will be up the day after it is tabled in Parliament. It makes it very difficult for members of Parliament. I do not know what date it was tabled but if it was tabled on 24 September or tabled with the clerk afterwards, it is now almost two weeks since that occurred and it is still not up. I would be interested to know what the impracticalities were of getting the HTML put in place between that date and today.

Mr Punch: I would have to take that question on notice in terms of the precise reason.

Hon KEN TRAVERS: I asked a similar question of the Peel Development Commission, although interestingly, there does not seem to be quite the same variation between the figures that were listed on pages 315, 317 and 318 of the budget papers dealing with the financial statements of the agency. There are still some variations between the figures that are contained in the financial statements and the figures that are in your annual report. Could you explain why? I understand that these were done on 23 April and you would still expect to have a reasonably accurate prediction. The ones that particularly intrigue me are the figures for the 2007-08 financial year, which I would not have thought would have changed other than maybe some financial accounting processes. Can you explain why there is a variation between the two sets of figures?

Mrs Cartwright: The budget papers are done before the end of the year. Also, the auditors made some alterations to the figures that did not get captured on the TIMMS system. There are a few variations there as well.

Hon KEN TRAVERS: What sort of things?

Mrs Cartwright: I cannot recall on the 2008-09 one but I know this year we had some valuation of land that we had to do an alteration for. Actually, I do remember. The employee leave liability provision was changed by the auditors in the 2008-09 balance sheet.

Hon KEN TRAVERS: They asked you to cast back into 2008-09? That was identified when you were doing your accounts for this financial year and then you were required to cast back into the last financial year?

Mrs Cartwright: If you are talking about 2008-09, after it is put onto the TIMMS system, if there are any alterations by the auditor itself, it does not always get picked up in these printed budget papers because they are printed in May, not June.

Hon KEN TRAVERS: That would explain why there is a variation between what you show up as 2009 and what was in the estimated actual for 2009 in the budget papers. I am talking about the figures that are listed in the budget for the actual figures in 2007-08 and the variation between what is listed in your annual report as being the actual figures in the 2007-08 financial year. In your annual report you list both this year's and last year's figures for each line item so we can compare but they have changed since the figures that appeared in the budget. I am trying to work out why.

Mrs Cartwright: I believe there were some changes to the comparatives in the 2007-08 figures to match up to the 2008-09 figures. There was a movement on the grants and contributions. The auditors asked us to take them out of the state government income. They were community-based grants. There was a change in the comparatives of the 2007-08 figures. For a detailed explanation, I would have to take that on notice.

Mr Punch: In essence, the variations are attributed either to amendment of the Auditor General's office that are required as part of accounting treatment issues and delays in relation to capital works

programs associated with the Lake Kepwari project, which had a delay due to approvals and variations in relation to the Busselton jetty project, both of which are significant capital works programs for us.

Hon KEN TRAVERS: I understand that. With those projects, I am intrigued as to why you would not have been able to predict those potential delays at 23 April when you were doing your estimated actual.

Mrs Cartwright: Our estimated actual is taken at the time that we do that. The timing is sometimes hard to determine when they are going to be paid out. We may have factored in that they were going to be paid and for whatever reason there was a delay in the payment being made.

Mr Punch: There may have been delays in completion of funding agreements or in milestone arrangements of particular grants.

[Supplementary Information No B3.]

Hon KEN TRAVERS: That is across all three sets of your financial statements.

Mrs Cartwright: They will be different.

Hon PHILIP GARDINER: Let us go to the expenditure for 2008-09 for a start. Roughly, how much of that would be put into social expenditure? How much of the money that you spent in 2008-09 are you putting into the social quality area for your region to help communities so you do not have the crime that keeps on occurring now? I was going to ask the same thing based on the applications for royalties for regions for the regional grants scheme.

Mr Punch: We would have to take the question about the precise figure on notice. The commission makes a significant contribution to social infrastructure projects in the region. An example of those includes enhanced walkways. We have just gone through a process of working in partnership with local governments to put in outdoor exercise equipment, targeting seniors, to increase mobility of seniors. We have worked with childcare organisations and various volunteer groups in terms of support funding for them. We also sponsored an initiative called Club Doctors, which is designed to assist local community groups with corporate governments to ensure that they are managing their finances appropriately or if they are getting into difficulties. It is a major part of the commission's program. In terms of the percentage, of our small grants it would probably be close to 40 per cent, but I would have to take the question on notice in terms of specifics. Our larger capital works projects are more geared into projects such as the Busselton jetty and Lake Kepwari, which are major capital infrastructure projects. They have more of a recreational value as well as an economic value as opposed to harder forms of infrastructure for industry.

[Supplementary Information No B4.]

Hon PHILIP GARDINER: Taking that a bit further, it is not so much the fiscal part of that social infrastructure; it is more the non-fiscal part, which you referred to as the lake and other things. Do you have a baseline from where you start on some of these things such as the social quality of life so you can benchmark how far you get along as you invest that money?

Mr Punch: We have some ad hoc benchmarks. We are about to go into a process of determining quality of life figures for our region but that would be a project that we develop over the next 12 months.

Mr Harrison: From the board's point of view, one of the critical issues when looking at projects that are brought forward by the offices would be looking at the economic, environmental and social aspects of all the contributions. It is a very important question but a difficult one to pull out because there are a lot of infrastructure projects that have very important aspects, for example, employment follow-on and social follow-on in terms of providing employment for young people. When we divide our headlines into investing in people and knowledge and infrastructure, a lot of the investing in infrastructure has a very important social knock-on in terms of things like employment. Just

upgrading the town centres in some of our smaller communities has a very important impact as well. What we are trying to do each time is look at each of those different elements. Even though the actual bid might fall into one of those three categories, we need to look at the flow-on through to the other category areas as well.

Hon LJILJANNA RAVLICH: In the 2008-09 funding round, I understand that you received 192 applications for funding. Of those, 66 were successful and 126 were unsuccessful. The total amount sought was \$59 million. Can you provide a list of all those that applied but were unsuccessful in their application? Can you provide us with the program that they wanted funded and the amount of funding that they sought? I understand that \$59 million worth of funding was requested and only \$3.5 million was funded. Of those 192 applications that you received, did you send them to the minister's office, together with an overview of the total amount of money that was being sought?

[3.30 pm]

Mr Punch: A very broad set of data was sent to the minister's office after applications had closed, yes.

Hon LJILJANNA RAVLICH: Why did you send that information to the minister's office?

Mr Punch: Just to inform the minister of the scale of applications we had received.

Hon LJILJANNA RAVLICH: Was this an initiative of the development commission or a request from the minister?

Mr Punch: I would have to go back to my notes to answer that question. I think from recollection it was a combination of both. We had taken the initiative because of the very large scale reception that the program had received.

Hon LJILJANNA RAVLICH: Did, at any time, the minister or a delegate of the minister indicate what some of the priority areas may well have been for the minister?

Mr Punch: No. If I can clarify that—other than in the scope of the guidelines that had been approved under the royalties for regions program. It lists in the published guidelines the priority area for royalties for regions. In terms of any contact by the minister's office staff or the minister, there has been no contact in relation to priorities other than those broad priorities that were published.

Hon LJILJANNA RAVLICH: Can you be quite confident that there was no contact between a delegate of the minister and, perhaps, a member of your staff?

Mr Punch: Yes, I can be.

Hon LJILJANNA RAVLICH: Madam Chair, did you note the original supplementary information?

[*Supplementary Information No B5.*]

Hon LJILJANNA RAVLICH: In respect of the business case and the cut-off point for a business case, how many applications did you receive that sought funding of less than \$150 000, so, therefore, there was no business case required, as opposed to those over \$150 000, for which a business case is required?

Mr Punch: Thirty-six business cases were required. I would like to confirm that figure, but I am certainly positive that it was 36 business cases.

Hon LJILJANNA RAVLICH: If, for example, somebody puts in an application for \$148 000 as opposed to somebody putting in an application for \$151 000, the former would not require a business case but the latter would?

Mr Punch: That is correct.

Hon LJILJANNA RAVLICH: Are there any circumstances for which you might request a business case irrespective of the fact that it may be less than \$150 000?

Mr Punch: We always have the ability to seek further information if we need it for the assessment process. In this particular round, we did not.

The CHAIR: Mr Punch, do you want to be clear about the 36 business cases? Do you want to provide the correct number by way of supplementary information? You can correct it in the transcript; that is another way of doing it.

Mr Punch: If the committee is willing to accept it as an estimate, I am happy with that; otherwise I am happy to confirm a precise number.

[Supplementary Information No B6.]

Hon LJILJANNA RAVLICH: How do you assess that applicants are eligible for funding? In other words, what due diligence do you undertake on the organisations that make applications for funding under the royalties for regions program?

Mr Punch: When an application is received by us, it goes to a due diligence group first—two members of staff review all the applications and check for incorporation. If an ABN or a business name is quoted, it is looked up on the business register of the ABN register and confirmed. When we are satisfied that all the basic eligibility requirements and documentation is attached to the application, we then proceed to the formal assessment of the nature of the application.

Hon LJILJANNA RAVLICH: We have heard from another development commission that was here before you that all grants are assessed against a criteria, which is pretty much a standard criteria that applies to all development commissions and is inherently a part of the process. Did any of the successful applications bypass the criteria test, if you like?

Mr Punch: No.

Hon LIZ BEHJAT: I would like to move to your annual report. At page 15 under “Performance Summary” your major achievements for 2008-09 are listed. I notice that at dot point five you assisted 173 skilled migration applications. When we go to page 29, that figure is broken down further; that is, 130 of those were regional-sponsored migration schemes and 43 were 457 nominations. Would you elaborate on the exact involvement of the development commission in relation to those skilled migration applications? How big a role did you play? I do not know whether you have this information with you, but you may want to take it on notice: Of those 173, would you provide a breakdown of the countries they have come from and the industries into which they have now been directed?

Mr Punch: I will take the latter part on notice. In relation to the first part, skilled shortages in our region has been a major issue over many years in particular sectors. We take a role in certifying that the position is a required position in our region. We ask for confirmation of advertising as part of that process—that the position has been advertised widely locally. We will provide some additional assistance for migrants who have moved into the area by making sure that they have connected with local support groups and things of that nature. That is the extent of our involvement.

[Supplementary Information No B7.]

Hon LIZ BEHJAT: Do you have any idea of the percentage of people living in the south west region who are migrants?

Mr Punch: I will have to take that question on notice.

[Supplementary Information No B8.]

Hon LIZ BEHJAT: With those migrants who are coming into your area—you said that there are a number of them—are there any specific projects that the development commission has helped to

fund to assist in the integration of migrants or did other organisations apply for funding for those sorts of projects that were not successful?

Mr Punch: We have had no recent applications for funding that I am aware of. In the past we have supported financially migrant support groups, but that extends over a number of previous years.

Hon LIZ BEHJAT: Can you give us an idea of that?

Mr Punch: Four or five years ago we did quite a lot of work in establishing support groups for migrants who move into the south west.

Hon LIZ BEHJAT: On page 17 of your annual report under “Learning Communities”, I note that you are preparing for the future through Critical Horizons. Has there been any thought given to any of these seminars being on population change? I notice that there was a seminar on water and CPRS, which I have another question on. Has there been anything on population change in the region?

Mr Punch: Yes. Our last seminar was deferred because we could not get the numbers interested in attending. It was actually on the quality of life and population and demographic changes. It was to cover a range of issues associated with modern lifestyles.

Hon LIZ BEHJAT: Was no-one interested in attending?

Mr Punch: I think we had about 11 people.

Hon LIZ BEHJAT: Was that out of the whole region?

Mr Punch: Yes, that was despite extensive advertising. However, it came at the same time as the financial crisis occurred and people’s attention was diverted elsewhere.

Hon LIZ BEHJAT: On the issue of learning communities, you held a seminar on “Carbon Futures: Impact of climate change and the Carbon Pollution Reduction Scheme on Australia’s South West”. Was that seminar well attended?

Mr Punch: It was.

Hon LIZ BEHJAT: What was the feedback from the Collie area on how it would impact on that local community?

Mr Punch: There was no specific feedback of that nature. There was a general sense of managing energy issues and looking at diversity of energy options as part of the feedback, but we had no specific feedback from Collie people that I can recall.

Hon LIZ BEHJAT: How many people attended that seminar?

Mr Punch: It would have been around the 90 mark; that is an estimate.

Hon LIZ BEHJAT: My final question refers to page 29 of the annual report under “Business”—finding new markets for the south west small to medium business. You have established the Bunbury-Jiaxing Business Relations Office. Could you provide us with a bit more detail of the set-up of that office: how many people are employed there, the targets, KPIs and the aim of the office?

Mr Punch: It is staffed by one part-time person. It is funded through an alliance of ourselves, the City of Bunbury, the Bunbury Chamber of Commerce and Industries, the current Department of State Development and the Bunbury Port Authority. Its role is to facilitate protocols of management between delegations of people visiting our region or business people who are exploring opportunities in the Jiaxing area. It also takes on a role of employing the local community on expos and business opportunities in China and providing feedback on doing business in China. It is also engaged in running seminars on how to do business in China and effective protocols management. In the past year we have had four delegations visiting from China and two business delegations go across to China.

Hon KEN TRAVERS: Do the development commissions talk to each other about their performance indicators and standardising them across the development commissions? Can you explain why there is not a standardised set of performance indicators across all the development commissions?

Mr Punch: The issue has come up, and the reason why there is not standardised performance indicators is the comparison between the south west and our needs as a changing and growing region issue are very different from the issues that the Kimberley region might be experiencing in its particular objectives. In terms of the broad performance indicators, from a Treasury point of view, we have opted for one outcome, which is regional development, and the performance indicators are really reflected through our business surveys and Treasury indicators. The variation between commissions and the challenge that each has in terms of its local development agenda is probably mitigated against working towards common performance outcomes.

Hon PHILIP GARDINER: And the benefit of being regional.

Mr Punch: Yes.

Hon KEN TRAVERS: Yes, except that I thought that effectively client satisfaction as a contribution to the region's economic base is the performance indicator for the Peel region. I thought that would be just as an effective performance indicator for the South West Development Commission. Why would that not be an effective measure for the South West Development Commission?

Mr Punch: It may well be, but it may not be as effective for Geraldton or the Kimberley.

Hon KEN TRAVERS: You could standardise those that are similar. That is still not an argument. There is an argument for the Kimberley to be different, but it is not an argument for the south west to be different from Peel.

Mr Punch: Or for the Peel to be different from the south west.

Hon KEN TRAVERS: Yes. If you look at the survey work you are doing, it is of a similar nature and it is a similar exercise in trying to test your client feedback on how good a service you are providing. One of the advantages for the development commissions is that by not having them standardised, we cannot compare how you are performing in your region compared with how the Peel Development Commission is performing in its region in terms of meeting the expectations of the local community.

Mr Punch: The major piece of work that we rely on is customer survey of our stakeholders. From our point of view, whatever is defined as "regional development"—and we have a number of statements in there—if our stakeholders are saying that we are providing them with good quality service and meeting their requirements, then that is a reasonable measure.

Hon KEN TRAVERS: If they were given the option of comparing how you are performing with a similar development commission, do you not think that they would appreciate that as well ?

Mr Punch: The Peel Development Commission is very different from the South West Development Commission. We have 12 local governments and we have a large number of smaller village/hamlet-style developments with particular community development needs. The Peel centres on Mandurah as a major growing regional city, the towns of Pinjarra and Waroona, and beyond that there are a handful of communities, except for Boddington, which is a major goldmining centre. Our region has quite a different profile from the Mandurah area. Mandurah's priority is managing growth in an environment in which wetlands issues must be dealt with. Our priority is managing growth in an environment that deals with very sensitive biodiversity issues.

[3.45 pm]

Hon KEN TRAVERS: Explain to me how your effectiveness indicators adapt to those situations compared with the effectiveness indicators used by the Peel Development Commission, which is a survey about client satisfaction with the contribution to the region's economic base?

Mr Punch: I cannot. I am saying that in coming to a standardised indicator, we could end up aggregating it to a point where we would lose the potential differences between communities.

Hon KEN TRAVERS: I am asking you to explain to me how the performance indicators you currently have enable you to understand how you are performing in relationship to your specific circumstances as the South West Development Commission. How did you arrive at those performance indicators so that they can provide a really good measure that results in benefits that would not be achieved using the same indicators as the Peel Development Commission?

Mr Punch: Through a very long process with the Auditor General's office. We went through four years of successive reviews of our performance indicators with the Auditor General to arrive at our set of indicators, and at the end of the day they were accepted by the Auditor General as being the valid measure for our performance. From our point of view, local government satisfaction with the outcomes we have achieved and individual stakeholder satisfaction with the outcomes we have achieved are important measures in terms of our performance.

Hon KEN TRAVERS: I would have thought they would be the same for the Peel Development Commission. Maybe I should take this matter up with the Auditor General, and ask why he signed off on this and did not standardise the measures.

Mr Punch: I accept the point that the member is making, but the essential position is that the commissions have different regional profiles, and that has led to an acceptance of different regional indicators. If that needed to change, the Auditor General's office could give us advice on it.

Mr Harrison: I think there is no doubt about the fact that the specificity of the performance indicators to a region is based upon the fact that we are talking to stakeholders within that region, which I guess goes without saying, almost. I imagine there could well be the possibility to look at the wording of fairly similar performance indicators across different development commissions, and how they relate to each other. That is something that could be done through the Regional Development Council.

Hon KEN TRAVERS: It is something that should be looked at. I do not see that there is a big difference. There is a big difference in the work that you do, but in terms of ascertaining whether you are satisfying your customer base and your stakeholders and finding out how they view or respond to the work you do, regardless of whether you have more or fewer stakeholders and local governments, I think the ability to compare and contrast from year to year and between other regions would be a good means of identifying how agencies are performing. It does not matter which set you use or whether you use a combination of sets. When I look at the two sets of performance indicators, it seems to me that you are trying to achieve the same measure: how your stakeholders view the work that you are doing.

Hon LIZ BEHJAT: I refer to the area of satisfaction by local government in your 2009 client survey results. Well done—you got a 100 per cent satisfaction rating from a large number of the local governments that you service. I noticed that the satisfaction figures for Harvey and Capel were 63 per cent and 67 per cent respectively, compared with satisfaction ratings ranging from 86 per cent to 100 per cent for the other ones. Were there any specific issues that you can identify that would make their satisfaction ratings lower than the other local government areas, or is it just a bit of a glitch in the figures?

Mr Punch: There are no specific indicators that we can put our finger on. The shire president of Harvey was surprised at the figures; he happened to be our deputy chairman at the time. We think it is probably a function of who in the shire the survey was delegated to. It is certainly something that I will follow up with the CEO.

Hon LIZ BEHJAT: Was it not done by an independent surveyor?

Mr Punch: The survey was done by an independent surveyor; the person who responded to the survey could have been a delegate to the CEO. It may not have been the CEO or the shire president who responded; it could have been the economic development officer or another staff member.

Hon LIZ BEHJAT: So the respondents were actually employees of the local government, not people in the local government who would benefit from the commission's projects?

Mr Punch: There is a correction; that figure includes the whole area, not just the local shire office. Again, there is nothing obvious we can find other than the fact that both the Shire of Harvey and the Shire of Capel were fairly frustrated with the amalgamation issue at that point, and they may have been giving feedback in relation to that; not we have taken a position on amalgamations.

Hon PHILIP GARDINER: My question is entirely different. It is actually an accounting question to do with the balance sheet. There is mention on page 317 of the budget papers of the government putting \$4 million in an equity, so that that equity can repay the loan. It is also referred to in another part of the budget papers. Note (c) on page 317 states —

Reflects a one-off payment of \$4.1 million to the Western Australian Treasury Corporation to repay borrowings previously included in non-current liabilities.

The \$4.1 million has been repaid out of 2008-09 compared with 2009-10, where that balance sheet item is only a small amount—\$34 000, compared with \$4.1 million. But then mention is made somewhere else in the budget papers that there has been an equity injection of \$4.1 million into the development commission, so it is effectively just a replacement of one form of funding with another. I am wondering how you justify to the government that you should have one that does not earn any interest for the government, which is the equity, whereas one is borrowing and I presume you had to pay interest on it? What are the dynamics of that?

Mr Punch: The history of the borrowings goes back to the early days of the South West Development Authority when it had powers to acquire land and also undertook a number of major capital works programs in the region that were later amalgamated into one lump sum borrowing amount. Over successive years, the Treasury has paid an amount into our budget for capital repayment and for interest repayment, so technically, the commission had a very significant debt that as a corporate body would render it insolvent. It was made solvent by the fact that we received a capital injection through payment of principal and an interest payment. Treasury took the view that it was better to repay the entire amount and not have the amount on our book.

Hon LJILJANNA RAVLICH: I am interested to know how the funding agreement is structured and whether this is individualised for each of the applicants, or whether we are dealing with a standard agreement that applies to all successful applicants? I wonder whether you could advise the committee about that?

Mr Punch: There is a standardised grant agreement; we have a modified grant agreement for smaller applications where not as much information is required, but where there is a significant amount of money involved it is a standardised agreement across all applications.

Hon LJILJANNA RAVLICH: As part of that agreement, are there reporting time frames?

Mr Punch: Yes.

Hon LJILJANNA RAVLICH: What is the usual length of time before the applicant needs to put in some sort of report to the development commission?

Mr Punch: It is structured according to the individual scale of the project and the timing of the project. Every grant agreement will have a unique set of milestones and a unique acquittal date associated with the project on completion of the funded component.

Hon LJILJANNA RAVLICH: Do you currently have any applicants that are late in terms of acquittal reports?

Mr Punch: Yes, we do, and we have an acquittal process follow-up. We track each grant and we know exactly how many we have that are overdue.

Hon LJILJANNA RAVLICH: Can you take that question on notice? In terms of 2008-09 successful grant applicants, I do not know when their first reporting time frame was. I wonder whether you could give us the date of the reporting time frame. You were saying they may vary?

Mr Punch: They do vary.

Hon LJILJANNA RAVLICH: Okay. I will take a number of projects that have been successful, if you could take them on notice. It will give us a good idea about better understanding the process. I will take the Bunbury Regional Arts Management Board—a \$24 200 project; the south west survey 2010, the Bunbury Rotary Club; the Leschenault and District Men's Shed; the Bunbury-Wellington Economic Alliance Incorporated, which was to fund the south west medical attraction task force—\$20 000; we will not do the Collie Arts Group, because that was only \$2 000; we will do the Collie Race Club Inc for facilities improvement—\$16 487; the Collie Senior Citizens' Meals on Wheels Association—\$8 062; we will also throw in a biggie, the Department of Environment and Conservation—\$500 000 for the Munda Biddi Trail construction Nannup to Albany. Could you also provide us with the original application, a copy of the agreement and the reporting time frames. I am assuming that they would be in the agreement, but they may well be an appendix to the agreement; I do not know. Could you also provide the acquittal time frames. Additionally, could we have a bit of an insight into how many late acquittal reports there have been?

Mrs Cartwright: Just for royalties for regions, or all grants?

Hon LJILJANNA RAVLICH: Just royalties for regions.

Mr Punch: For royalties for regions, we do not have any that are not acquitted.

Hon LJILJANNA RAVLICH: That is what I was asking; whether you have milestones in terms of acquittals on the way through—they have spent a certain amount, then they report to you that they have expended the first \$3 000 or \$5 000. That is really where I was going in respect of that, but you are saying that there is only one acquittal requirement reported?

Mr Punch: There are no late acquittals for royalties for regions applications at this point.

Hon LJILJANNA RAVLICH: Okay.

Mr Punch: In relation to the information that you have requested, some of these may not have proceeded to a grant agreement yet; there is a requirement for them to fulfil the conditions set out in the application, including the sources of funding, so we are going through a process now of confirming with some groups. If we have not proceeded with a funding agreement, perhaps I could just provide a note.

Hon LJILJANNA RAVLICH: Yes, absolutely. That would be great. No problem at all.

[*Supplementary information No B9.*]

Hon KEN TRAVERS: I turn to page 313 of the budget papers, where it is indicated that your estimated full-time equivalent staff is 25. I note that your annual report indicates that during the past financial year you have only had 23 staff. Can you explain to us the variation?

Mr Punch: Yes, we have had a project that has moved across to the private sector—a water irrigation project, and we no longer require a staffing position for that. We hold FTE in reserve for the specific purpose of appointing a full-time person; if we have a particular contractual need in the community at a particular time, we will appoint for that purpose. We have an approved staffing level of 25, but I have discretion to appoint up to that 25 FTE level.

[4.00 pm]

Hon KEN TRAVERS: But you are only employing 23.

Mr Punch: I am only employing 23 at this point.

Hon KEN TRAVERS: What was the project that was transferred across?

Mr Punch: That project was an irrigation development project giving new futures for farmers in the Pinjarra-Brunswick area in response to changes in the dairy industry. It determined techniques for irrigation management in horticulture.

Hon KEN TRAVERS: Why have you not reallocated those staff to other projects? Are there not many other projects in the south west?

Mr Punch: That person was a contract person. The Harvey irrigation project has attracted funding from the commonwealth department to run that project, and that person transferred across to the Harvey irrigation project.

Hon KEN TRAVERS: How many staff are you funded for by the state government?

Mr Punch: Twenty-five FTEs. There is an approved staffing level of 25 FTEs.

Hon KEN TRAVERS: Do you receive enough income every year to employ 25 people?

Mr Punch: We have an operating budget that incorporates funding for that, but we have flexibility to move that funding into services if we need to. We are not required to employ 25 equivalent bodies.

Hon KEN TRAVERS: You are now only employing 23, so there has been a cut of two staff at the South West Development Commission.

Mr Punch: No, there has not been a cut of two staff. It would be reasonable to say that we have flexibility to employ an additional two staff as and when we need to or to put that funding into additional services that do not require a staffing position.

Hon KEN TRAVERS: What are you doing with that additional money, then, that you were previously using to employ staff with?

Mr Punch: It would be incorporated into other services that do not require a staffing position.

Hon KEN TRAVERS: Can you tell us what, in terms of this year's budget, that money is going to be allocated to?

Mr Punch: I would have to take that question on notice, but, in broad terms, it might be a commitment to working with telecentres to extend educational programs out to the region. That is one example. It is that sort of nature.

Hon KEN TRAVERS: Would that not require staff?

Mr Punch: No, it requires funding to the telecentre.

[*Supplementary Information No B10.*]

Hon KEN TRAVERS: Can you explain, in terms of going to page 311 of the budget papers, in the out years you drop from \$16.54 million to \$4.049 million, so \$4.050 million effectively. I understand the argument being that \$16.5 million includes the \$12.5 million for the Busselton jetty. Is that correct?

Mr Punch: It would be, yes.

Hon KEN TRAVERS: What do you use the \$4.049 million for?

Mr Punch: That is essentially operating costs for the commission, including the projects that we operate as a commission.

Hon KEN TRAVERS: Can we get a breakdown of what those are, though, by project and program?

Mr Punch: Yes.

Hon KEN TRAVERS: The Peel Development Commission gets \$1.5 million and employs 13 staff. You get \$4 million and employ 23 staff. So I am just trying to work out what additional programs you have that the Peel Development Commission does not have.

Mr Punch: If we broke that down into a level for salaries, accommodation and services, is that sufficient or would you like it broken down any further?

Hon KEN TRAVERS: Any particular programs that you are running, so your telecentre program and the amount of money allocated to that, or any other programs that you are actually running with that money. The impression I got from the Peel Development Commission is that their \$1.5 million is almost exclusively staff costs and their office costs. I would be appreciative of getting a breakdown. Unfortunately, the budget papers these days do not actually give us that sort of breakdown of what it is you are actually doing in terms of the specific programs that you are running and operating.

Mr Punch: It is probably reflected in greater detail in the annual report, but I will break it down.

Hon KEN TRAVERS: I have got to say, going through the annual report in the time I have had it, it does not help the numerical order, the copy that was got from bills and papers, and it does not really give me that much more in terms of the programs you are running. They filled in the broad accounting headings but not in the actual specific programs.

[Supplementary Information No B11.]

Hon LIZ BEHJAT: Going back to the client survey of 2009, on page 13 of the annual report and the effectiveness of delivery services, maybe I am just not reading it right, but if you look at the marketing advice information on the first line, you have got 55 per cent satisfied and one per cent dissatisfied. What about the other 44 per cent?

Mrs Cartwright: They are actually neither dissatisfied nor satisfied.

Hon LIZ BEHJAT: Because they have got no opinion.

Mrs Cartwright: No.

Hon LIZ BEHJAT: That would then relate to undecided.

Mrs Cartwright: The question is rated. The scale is one to seven. The middle bit is neither satisfied nor dissatisfied.

Hon LIZ BEHJAT: Okay. I have a question in relation to page 24 of the annual report, urban renewal. You have named some of the projects there that you are looking at in relation to what you are wanting to do with urban renewal. Do you have any plans specifically in mind for the town of Manjimup? Is that on the radar?

Mr Punch: We actually did some work in Manjimup approximately five years ago, in which we put a figure of approximately \$700 000 into the redevelopment of the former Westrail land on the edge of the CBD and converted that into a parkland. The shire then used that as a springboard to work with the retail sector in the CBD to look at enhancements for the main street, and essentially connected the main street to that parkland area.

The CHAIR: Could I just take you to page 314 of the budget papers and the asset investment program? In that table there you have got a series of new works. I just wondered if there is more detail that you could provide. The asset replacement items simply refer to that particular 2009-10 and 2010-11 program. Is there more information you could provide?

Mrs Cartwright: It is mainly to just keep our technology up to date. Last year we did replace our network sever for the commission. This year we are looking at our telephone system, because it is now nearly 12 years old and getting to a stage where it needs to be replaced. So it is looking at all the technology issues around providing the service.

The CHAIR: So they are all related to technology?

Mrs Cartwright: Yes.

The CHAIR: Any more questions? I have to read you one other thing. The committee will forward you, if there are any, additional questions via the parliamentary secretary in writing in the next couple of days, together with a transcript of evidence, which includes the questions you have taken on notice. If members have any unasked questions, I will ask them to submit these to the committee clerk post this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions and should the agency be unable to meet this due date, would you please advise the committee in writing as soon as possible before the due date? The advice is to include specific reasons as to why the due date cannot be met.

Finally, on behalf of the committee, I would like to thank you very much for your assistance this afternoon. We will close this hearing now. Thank you.

Hearing concluded at 4.08 pm
