



THIRTY-EIGHTH PARLIAMENT

REPORT 36

**STANDING COMMITTEE ON ESTIMATES AND
FINANCIAL OPERATIONS**

**2011/12 ANNUAL REPORT HEARINGS –
COMMENTS REGARDING THE POLICE
COMMISSIONER'S EVIDENCE**

Presented by Hon Giz Watson MLC (Chair)

November 2012

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

Date first appointed:

30 June 2005

Terms of Reference:

The following is an extract from Schedule 1 of the Legislative Council Standing Orders:

“2. Standing Committee on Estimates and Financial Operations

- 2.1 *An Estimates and Financial Operations Committee* is established.
- 2.2 The Committee consists of 5 Members, 3 of whom shall be non-government Members.
- 2.3 The functions of the Committee are to consider and report on –
- (a) the estimates of expenditure laid before the Council each year;
 - (b) any matter relating to the financial administration of the State;
 - (c) any bill or other matter relating to the foregoing functions referred by the House;
 - (d) to consult regularly with the Auditor General and any person holding an office of a like character.”

Members as at the time of this inquiry:

Hon Giz Watson MLC (Chair)

Hon Philip Gardiner MLC (Deputy Chair)

Hon Liz Behjat MLC

Hon Ljiljanna Ravlich MLC

Hon Ken Travers MLC

Staff as at the time of this inquiry:

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CONTENTS

1	COMMENTS REGARDING THE POLICE COMMISSIONER'S EVIDENCE	1
	APPENDIX 1 LETTER FROM POLICE COMMISSIONER.....	3
	APPENDIX 2 TRANSCRIPT OF RADIO INTERVIEW WITH THE MINISTER FOR POLICE	7
	APPENDIX 3 TRANSCRIPT OF RADIO INTERVIEW WITH THE PREMIER... 	19

REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

IN RELATION TO THE

2011/12 ANNUAL REPORT HEARINGS – COMMENTS REGARDING THE POLICE COMMISSIONER'S EVIDENCE

1 COMMENTS REGARDING THE POLICE COMMISSIONER'S EVIDENCE

- 1.1 The Standing Committee on Estimates and Financial Operations wishes to express its appreciation to the Commissioner of Police for his full and frank evidence provided at the annual report hearing on Thursday, 11 October 2012.
- 1.2 The Government's efficiency dividend was announced in the May 2012 budget. The committee is of the view that the Police Commissioner appropriately answered, as is required, the Committee's questions relating to the impact of the government's efficiency dividend on the operations of the WA Police Service. This was in direct contrast with most of the evidence it received from most other witnesses in other hearings regarding the Government's efficiency dividend. To date, agencies have not provided the committee with information to the same level of detail as the police commissioner on the question of how these savings will be made and what impact they will have on front-line service delivery. This has been of concern to the Committee and is to the detriment of Parliament and the people of this state.
- 1.3 The Standing Committee on Estimates and Financial Operations is an extension of the Legislative Council, and in questioning and holding agencies to account on matters relating to public finances and budget accountability of the Government of the day, provides an important service to the people of Western Australia.
- 1.4 The Committee has serious reservations about the Government being able to achieve the savings planned through the efficiency dividend announced in the 2012/13 Budget in May. As at the conclusion of Annual Report hearings on 11 October 2012, the Committee understands that efficiency dividends of most agencies have not yet been agreed.
- 1.5 Of particular concern to the committee is that by not having the efficiency dividend applied from 1 July, the implementation is further delayed and the spending cuts are likely to be deeper, as they must be made over the remaining months of the 2012/2013 financial year if the budgeted dividend is to be achieved.
- 1.6 The Committee notes the recent comments made by the Premier about the media doorstep by the Commissioner of Police after the Committee hearings, together with those of the Minister for Police last week, and notes that the Premier's statement that

the Police Commissioner should “work through the minister” on budgets is understandable in this context.

- 1.7 However, the Committee is concerned that comments such as those made by the Premier with reference to “a clip around the ears” have the potential to intimidate public servants, putting them in an invidious position in respect of their obligations to being answerable to the Parliament and to provide full and frank information. Such comments can also adversely impact on the work of the committee of the Parliament. In this regard, the Committee objects to any attempts by any minister to inhibit its ability to fulfil its terms of reference.
- 1.8 Appended to this report are three appendices; the first one is the Police Commissioner’s response to the Committee’s Letter, the second and third are transcripts of radio interviews with the Minister for Police and the Premier that discuss the Police Commissioner’s evidence.



Hon Giz Watson MLC
Chair

7 November 2012

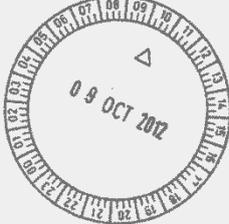
APPENDIX 1
LETTER FROM POLICE COMMISSIONER

APPENDIX 1

LETTER FROM POLICE COMMISSIONER



Your Ref:
Our Ref:
Inquiries:



WESTERN AUSTRALIA POLICE

PUBLIC
09/10/12

OFFICE OF COMMISSIONER OF POLICE
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Hon Giz Watson MLC
Chair
Standing Committee on Estimates and Financial Operations
Parliament House
PERTH WA 6000

Dear Hon Giz Watson

Efficiency Dividend In 2012/13 and Future Years

I refer to correspondence dated 24 September 2012 regarding funding strategies put forward to meet the Government's efficiency dividends in 2012/13 and future years.

In summary, this strategy proposes to deliver the 2012/13 efficiency dividend which is as follows:

- Deferring the recruitment of an additional 70 police officers by 7 months resulting in savings of \$9m in 2012/13. This proposal will not jeopardise the delivery of the 350 police officers over 5 years inline with the Government's election commitment;
- Vehicle Impoundment cost reductions through Government implementing amended legislation resulting in a \$2m cost reduction to Government;
- Deferring the recruitment of the additional 30 public servants until May and June 2013 which will deliver savings of \$3m in 2012/13;
- Reviewing current contractual arrangements to either re-negotiate service levels or minimise utilisation of these contract expenditures, which should deliver savings of \$2m in 2012/13. This will primarily be focused on contracts controlled by two corporate support portfolios and should have limited flow-on impacts to frontline deliverables;
- Reducing reliance on consultant and contract services and replace with public servants at discounted costs. This should save \$1m in 2012/13 with the primary focus being consultants and contractors operating within the Business Technology Portfolio;
- Implementation of the specified expenditure targets within the \$300m Global Savings Target of \$2.9m in 2012/13 impacting on reductions in the infringement management office of \$2.5m, vehicle operating costs of \$0.2m, travel airfares of \$0.1m and \$0.1m savings between expenditure groups of stationery, printing and external legal advice;

Mission Statement: "To enhance the quality of life and wellbeing of all people in Western Australia by contributing to making our State a safe and secure place."

.2.

- Application of a 2% efficiency dividend target to all WA Police portfolios managed budgets equating to a saving of \$4.9m in 2012/13.

With regards to the future years WA Police will project ongoing savings into the forward years. WA Police is reviewing and evaluating medium to long term strategies to best position the agency to meet the challenging dividend targets over the forward estimates. Further work will also be conducted on the Value for Money recommendations and outcomes from the operational service delivery model.

Forwarded for your information, please..



KARL J. O'CALLAGHAN APM
COMMISSIONER OF POLICE

October, 2012

APPENDIX 2
TRANSCRIPT OF RADIO INTERVIEW WITH THE
MINISTER FOR POLICE

APPENDIX 2

TRANSCRIPT OF RADIO INTERVIEW WITH THE MINISTER FOR POLICE



Government of **Western Australia**
Department of **the Premier and Cabinet**
Media Monitoring Unit

TRANSCRIPT

DATE: Friday, October 12, 2012
TIME: 8.37am
PROGRAM: 720 ABC Perth – Mornings (MCGLUE)
SUBJECT: **HARVEY – Police budget**

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JOHN MCGLUE

Well it's been a rough couple of weeks for Liza Harvey, she's a new Minister, she's inherited some of the most contentious legislation the Government was trying to push through Parliament, she's got a significant law and order issue in her own backyard at... Scarborough, which is her electorate and she's been told to chop spending in the police department as part of these Government-wide budget restraints. And yesterday, her top cop told her that he needed her to cut him some slack and to allow him to continue recruiting police to maintain an adequate frontline presence.

And the Police Minister joins me on the line. [Greetings not transcribed]

You'd have read Karl O'Callaghan's request to you by now asking for relief from the Government's spending cuts, asking for the cap on recruitment to be lifted. What are your thoughts on that request?

LIZA HARVEY

Well it... it wasn't news to me John, you know, as I have said previously, like, when the last round of efficiency dividend requests were put forward by

Treasury, you know, that started another round of conversations with the executive of police and the Police Commissioner. Now earlier this week I requested of the Commissioner that he put together a submission for me and he has done so. That arrived on my desk yesterday. I've read that submission, but the content of that submission was basically a summary of our discussions to that point in time.

JOHN MCGLUE

So what are your thoughts on it?

LIZA HARVEY

Well... I'm in an ongoing process at the moment. The way that these things work, is Treasury put their requests through to Ministers regarding the management of their budget. We then have to go through a process... it goes through the Economic and Expenditure Review Committee, it goes to Cabinet, you know, then there's... an executive decision by the members of Cabinet, you know, we are in that process at present and the... discussion and the scaremongering that's going out there in the community at the moment with respect to how we are going to manage the... the request of Treasury is... is not very helpful to the process.

JOHN MCGLUE

Well lets... let's talk about your management of this... let's talk about the process that you would go through now. I'm trying to understand, I guess, Minister... are you going to consider this request strictly on its merits or are you wedded to the cuts in solidarity, I guess, with your Cabinet colleagues, all of whom are facing similar forced cuts in spending? How are you going to manage this, are you going to toe the line of Cabinet or are you going to... to look at this request in isolation of that?

LIZA HARVEY

Well ultimately my role as Minister for Police is to look after my portfolio and to make strong representations to be my Cabinet colleagues about the needs and the requirements of my portfolio, and that is what I intend to do. And I...

JOHN McGLUE

Okay, so do you agree with... are you going to... do you sense that you... you will agree with the Police Commissioner that going a step too... you may be going a step too far in terms of cuts by imposing a limit on the number of police he can recruit?

LIZA HARVEY

I actually think that the Commissioner has come out and spoken somewhat prematurely on this matter. Like, we... this is all part of an ongoing discussion. You know, the request was made of Treasury with respect to the freeze on recruitment. Obviously we also had an election commitment that we are committed to achieving, around recruiting an additional 350 police officers by the end of 2014. Now, we're half way through that process at the moment, of recruitment. Now, you know, these requests of Treasury are made because we have to be financially responsible and the Government has to respond to the financial pressures that are placed on us. Now...

JOHN McGLUE

Why was the... why was the Police Commissioner premature in making this request?

LIZA HARVEY

He... let's just get clear about this request. This request that was talked about yesterday in the Estimates Committee is basically regarding a submission that the commissioner and I have agreed on that needed to be put together so that I can take that to my Cabinet colleagues and argue the case for police. Now this is what the process that we have been engaged in since Treasury made their request of us around the efficiency dividends. I expect...

JOHN McGLUE

So was he wrong... was he wrong to make that statement to the Parliamentary Committee?

LIZA HARVEY

Well, not... the commissioner has to answer the questions of the Parliamentary Committee but, you know, I'm talking... when Treasury put this request on us with respect to the freeze on recruitment a couple of weeks ago, you know, that was when our discussions started about how we could accommodate the requests of Treasury while still maintaining our election commitment and while still ensuring that front line police servicing will not be effected.

Now that parameter, of front line services and leaving every single cop out there on the beat, were our parameters and our requirements so we... this is a juggling act. You know, the police budget is a \$1.17 billion budget, it's been increased by \$240 million since 2008-09. You know, somewhere in there we are trying to find the efficiencies that have been requested of us by Treasury but we need to keep front... foremost in the front of all of our discussions

community safety and the requirement to keep all of those police officers on the beat.

JOHN McGLUE

And that's exactly what the commissioner was talking about yesterday. He says that he needs this exemption to be able to maintain front line services and the clear reading of that is that if the cuts proceed then front line services will be reeled in. Now, how do you feel about having that as your first major achievement as Police Minister?

LIZA HARVEY

Well I... my major achievements as Police Commissioner... as Police Minister will be effective financial management of my portfolio and the assurance that the community will receive and all... that front line policing will not be affected. All of those police officers that were employed at the 30th of September prior to this request to Treasury being made will still be employed. You know, we need to have a look at future planning for the Police portfolio, we need to ring fence front line servicing. The community expect and, indeed, I see it as my role as Minister to make sure that the community receives effective policing and that they receive an effective response when they call for police assistance. That's what I'm committed to.

You know, in the context of that we need to manage our finances responsibly and the submission that I've discussed with the Commissioner, that I will be taking through the correct process of Cabinet, will be decided upon by executive Government and I expect that I will be judged on the outcome of those discussions because it will be strong representation by me to my Cabinet colleagues that will have me be successful in getting the best outcome for both the Police Service and for my community.

JOHN McGLUE

Sixteen minutes to nine, you're with John McGlue on ABC local radio. Liza Harvey is my guest, she's the Police Minister. We're talking about the juggling act as she describes it, trying to meet the requirements of State Treasury to chop back spending and also keep the police department and the Police Commissioner happy in relation to making sure there's enough officers on the front line. I'm sure you'll have strong views on this.

Minister, Geof Parry on *Seven News* last night was testing this issue of front line police numbers and had vision of two police officers attending what for all the world to me looked like a Liberal Party campaign meeting in the State Seat of Mirrabooka. Why were those officers attending that meeting?

LIZA HARVEY

Well, let me just be very clear about what that meeting was yesterday. I was invited to a community law and order forum by the member for the North Metro... East Metropolitan Region, Alyssa Hayden. Now, there was the Liberal candidate for that area was present, so were members from the City of Stirling there, and two officers did attend. Those police officers attended entirely of their own volition. They'd seen one of the flyers, they went there as observers and there was no request of me or no direction from me that those police officers attend. They have seen the flyer and they've attended because, for whatever reasons that they attended, I didn't interrogate them on that yesterday.

JOHN McGLUE

I've got to say it looked like a campaign meeting to me because your Liberal candidate for Mirrabooka was there. As you say, there were campaign posters. I saw one man walk in with a Liberal Party t-shirt. Maybe it was a meeting of the community of the Liberal Party?

LIZA HARVEY

It was a meeting of residents of the Balga community and they were asking me, like, raising issues with me about law and order within that community and, you know, one of the things that really...

JOHN McGLUE

Did you think... did you think it was okay for those officers to be there?

LIZA HARVEY

Well, that was their decision to be there. They sat in...

JOHN McGLUE

No, but did you as Minister... do you... are you happy that they were there as Minister?

LIZA HARVEY

Look, I... I'm pleased to see that police officers want to go to these community forums and listen to the concerns of residents because I'm sure that that gives them an in... a perspective when they go about their duties. But can I...

JOHN McGLUE

But the thing... the thing is Minister, that the Police Commissioner has banned police from attending these community meetings for this very reason, that their attendance would be politicised, and it's happened again. So why would... why would you decide to favour something that's against the wishes and the directive of the Police Commissioner?

LIZA HARVEY

Well, can I just tell you, John, that I'm advised that WA Police policy does not prevent police officers from attending the forums of the nature of the community forum that I went to yesterday. All that they require is that officers exercise judgement and seek advice when they're asked to provide any commentary. Now, those officers were there as observers and can I also say there is a little bit of hypocrisy in all of this because...

JOHN McGLUE

But Minister, can I... Minister, before you launch a tirade against the Labor Party, I've got to take you... I've got to take you back to the position that Police Commissioner has explicitly said that he doesn't want police attending these community meetings because they are being politicised but you've got a different view. Why is that?

LIZA HARVEY

Well, there's two issues here. The commissioner was conducting his own community forums and Members of Parliament were grandstanding at those community forums, taking up air time, preventing members of the community from expressing themselves. That was the community forums and that was the politicization that the Commissioner was talking about at that time.

Now, these local community forums... you know, and bearing in mind, the reason I'm calling hypocrisy of the Labor Party into play here is that I went down to Capel at the request of Mick Murray, the Member for Collie-Preston who's a Labor Member down there, and I attended a community forum that he convened for his people... his constituents in Capel. Now, the Member for Nollamara, Janine Freeman, convened a community forum and made a direct request that police attend that community forum.

Now, police are... as I understand it the policy doesn't prevent any police officers from attending, the request of the commissioner is that they exercise judgement and that they are circumspect if they make any contribution at these community forums. And I don't think it would be appropriate to pull any police officer from the front line if they go to a community forum. That's not what happened yesterday. You know, those... I was there...

JOHN McGLUE

And you... and you...

LIZA HARVEY

... at the invitation of Alyssa Hayden and I fully expect that I will be going to many of these community forums because I get to hear first-hand from people in the community about the law and order issues that affect them.

JOHN MCGLUE

No I appreciate that Minister, but... can I interrupt you there and just get you to confirm again that the police... you say they weren't invited to that forum, that they went there of their own volition and they weren't invited by any member of the Liberal Party?

LIZA HARVEY

The advice I've received is that the police officers attended of their own accord as observers and that they received information about the forum from a flyer that had been distributed.

JOHN MCGLUE

My understanding also is that... late yesterday one of the Assistant Commissioners... sent a missive out to all police officers reminding them to stay away from these community forums. There's quite a difference of opinion between you and the police in relation to this matter, isn't there?

LIZA HARVEY

Well there does appear to be some confusion out there... you know, but... I think what is important is to go back to what the WA Police policy is, which is... the police policy doesn't specifically prevent police officers from attending the forums...

JOHN MCGLUE

Are you aware that the Police Commissioner has banned police from attending these?

LIZA HARVEY

I... I'm not aware of that.

JOHN MCGLUE

You're the Police Minister.

LIZA HARVEY

Well... operational matters... are... as to where the Police Commissioner chooses to place police officers is entirely the province of the Police Commissioner. Now...

JOHN MCGLUE

Do you think it might be a good idea... of you... that you as Minister go and get a briefing in relation to... what the Police Minister's views on this are?

LIZA HARVEY

I'm pretty clear on the Police Commissioner's views. The Police Commissioner's views are... the concern the Police Commissioner has is the same concern that I have, you know, police officers are members of the community... they... they are responsible for maintaining law and order in the community. Now if they choose to go to a community forum on law and order so that they can hear from... from residents of particular areas about their law and order concerns, I don't believe that they should be prevented from doing so. The risk in all of this of course is that somebody's going to arc up and say, 'this is political' because it's being convened by a Labor Member of Parliament or a Liberal Member of Parliament or... you know... it could be convened by a ratepayers group. Now police can...

JOHN MCGLUE

...Well Minister... are you going to... are you going to, just finally, are you going to clarify this with the Commissioner and... and let him know that you do want police officers to be able to attend these community forums?

LIZA HARVEY

I... I think the decision as to whether police officers attend the community forum needs to be made between the police officers and the Commissioner. Now...

JOHN MCGLUE

And I think that decision is already... that... [laughs] that deliberation has already happened.

LIZA HARVEY

Well it... it's... it depends... I... I happen to know that there is a community forum occurring in one of our regional areas where police officers are going to attend because... the police officers have information that they want to impart to the community...

JOHN MCGLUE

Okay.

LIZA HARVEY

...so I don't think that... a blanket ban is the answer here. I think we need to have a look at each particular event on its merits. If it... it's important for the police officers and police officers want to attend, I don't think they should be directed not to attend... but obviously...

JOHN MCGLUE

Even if that looks suspiciously like a... a party political campaign meeting?

LIZA HARVEY

Well I don't think it would be appropriate for police officers in uniform to attend a fundraising event for any political party. I think that that would be inappropriate. This is a community forum where members of the community are discussing law and order issues and if police officers choose to attend, I think that they would get incredibly confronting information from the community. Now I found that community forum yesterday incredibly insightful, when you hear from members of the community about some of the issues that they are experiencing in the area of law and order, and can I also say...

JOHN MCGLUE

Minister... Minister...

LIZA HARVEY

... John... that I had... I have had a number of emails from people who attended that forum yesterday, thanking me for attending, thanking me for taking up their issues and thanking me for listening to the issues that they raised and for taking their concerns seriously and I think that that's the important outcome that we need to get and I will continue to attend these community forums in the future, because they are a useful tool.

JOHN MCGLUE

Thanks for your time this morning.

LIZA HARVEY

Thank you John.

JOHN MCGLUE

Liza Harvey, the Police Minister, with some pressing issues there, with the police force and I think also with her... personal engagement with the Police Commissioner. That's going to be an interesting conversation between the two of them, I would have thought.

Ends..
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APPENDIX 3
TRANSCRIPT OF RADIO INTERVIEW WITH THE
PREMIER

APPENDIX 3

TRANSCRIPT OF RADIO INTERVIEW WITH THE PREMIER



Government of **Western Australia**
Department of the **Premier and Cabinet**
Media Monitoring Unit

TRANSCRIPT

DATE: Wednesday, October 17, 2012
TIME: 9.05am
PROGRAM: 6PR PERTH – Morning (MURRAY)
SUBJECT: **BARNETT – Premier’s segment**

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PAUL MURRAY

Premier Colin Barnett's in the studio. [greetings not transcribed]

We had the National Party leader and the State Development Minister, Brendon Grylls, on the program yesterday, talking about progress towards finalisation of the land release for the Ord River project part 2, \$515million of Federal and State funds have gone into that, about 300... over \$300million of State Government funds.

At the start it was all about... my memory is... it was all about a food bowl in the Kimberley. What we find out now is that of the three proponents one wants to grow sandalwood, which is most of the Ord River these days it appears, another wants to grow cotton and the Chinese apparently want to grow sugar.

COLIN BARNETT

Sugar.

PAUL MURRAY

I mean what happened to the dream of a food bowl?

COLIN BARNETT

Oh look I... I don't think that dream is lost at all. It's about large scale irrigation in the north. Stage 1 of the Ord River was opened, I think, in 1972, so it's taken 40 years. The project had stalled for years and this Government now has virtually completed Stage 2 which almost doubles the size of the area, extends the irrigation channels right up to the Northern Territory border, and those channels have been built over size so that the Northern Territory part can be irrigated at a fairly low cost. And I would expect when that happens either the Northern Territory or perhaps more likely the Commonwealth will be asked and will make some contribution to that infrastructure, so some of that will be clawed back.

PAUL MURRAY

But are you disappointed with the way that it's transpired? There's a heck of a lot of State... of... of taxpayers' funds have gone into this, are you disappointed that the crops that... that the proponents are interested in aren't food crops?

COLIN BARNETT

Ah, well sugar's food, I don't have any problem with that. And look cotton I think is a generator, a culture product. I wouldn't want to see the Ord get over concentrated with sandalwood. Sandalwood's a very high return crop and in big demand.

PAUL MURRAY

It ties the land up for 15 years I'm told, as a single purpose crop.

COLIN BARNETT

Yeah, yeah, it is, it's a long term crop so we'll have to make sure that sandalwood doesn't become dominant up there. I don't think it will, and I was up there fairly recently. There is... there's a fair bit of sandalwood but there's a lot more other diversified horticultural products being produced. But look developing the north is expensive. There's a... there's a range of factors. One, as I said, the over sizing of the channels to service the next stage of expansion. Also construction took place over three years, it was meant to be two. That was a combination of seasonal conditions that made it difficult to get an early start one year, and also some of the Commonwealth environmental approvals on biodiversity took longer than we thought and that meant construction spread over three years.

So the State's put in roughly \$300million on building the infrastructure, the Commonwealth has put in \$200million and that's mainly gone into, you know, education, health, community facilities. And that was a deal that I struck with Kevin Rudd when he was Prime Minister. I'm pleased with the result and after 40 years we're now seeing the expansion doubling of the Ord River scheme.

PAUL MURRAY

So you're... you're... you're dangling this food bowl idea in front of us again, you know. It's not... it's not going to just disappear like a mirage or something, is it, and...?

COLIN BARNETT

No, no. It's... it's go... and, you know, we would hope that in due course we can see also some development in the Fitzroy Valley. Terry Redman and others are working on development of agriculture from dewatering in the Pilbara, so, you know, after about 40 years of the Ord and the Northern development dream it's starting to happen, but it will always be expensive.

And as I'm sure Brendon probably said to you yesterday, you know, one of the reasons that may be this took a bit longer was that the deliberate policy to train and employ Aboriginal people on this project. It could have got in a group of workers from Perth and done it quicker, no doubt about it, but part of this was skilling up Aboriginal people, and about 90 Aboriginal people working on the project and they will also be landowners as a result of it, so there's a social program in here as well as simply an irrigation project.

PAUL MURRAY

Yep. Look I don't think anyone argues with that side of it and I've actually witnessed it first-hand myself. People like Duck Chulung who have actually got blokes who have been on the booze for a very long time, he got them to the job. He picks them up in the morning and takes them to the work, as a consequence I know that their kids are now going to schools, it flows right down through the society in Kununurra which was pretty broken before this, so I think no-one is arguing with that side of it.

I think what we're arguing with is... is this isn't what, in my belief, what the community was expecting out of this project and I wonder whether you're disappointed that... that the proponents are actually coming up with these sort of crops rather than something more in line with what the expectation was.

COLIN BARNETT

Oh well... well there's two parts of the land release. There's the broad acre, the large area for large scale and, you know, that's probably going to be either sugar or cotton, well they're traditional world traded agricultural products, I don't have a difficulty with that, but there's also about I think 20 to 30 smaller irrigation intensive farming lots. Now they'll be horticulture, they'll be food production.

PAUL MURRAY

One of the three proponents we know is Chinese, that was discussed yesterday with Brendon. I don't think it would be in anyone's interests if it were to go that way of this turning into the sort of xenophobic debate we've seen around Cubbie Station, but are you concerned about that? If... if a very big bit of this project was handed to a Chinese conglomerate would you be concerned about the political ramifications of that?

COLIN BARNETT

Ah well I think, if I can say first, Paul, for this Ord Stage 2 to work there has to be on most of the land one large proponent, you know, to get large scale economies of scale and it has to be export orientated.

PAUL MURRAY

For those who don't know it's 15,000hectares we're talking about.

COLIN BARNETT

Yeah, and that's a large area and that may well be added to by similar area on the Northern Territory side, so... and part of it on a third of Western Australia, I think the Keep River Valley. So there's... it has to be big scale but there are also a significant number of smaller lots that will presumably be owned by Australians. What we're looking at is leasing the land, not selling the land.

PAUL MURRAY

Alright. Let's move on to the other big story that's been around and it's been about your attempts to get the budget back... cutback on the budget. You announced a whole lot of cuts, a lot of it would have impacted badly on the Police Service, and what we've seen this week is a backflip on that. I mean I think the public's got some right to be somewhat concerned. You're taking away on the one hand and then giving back on the other, I mean is that a sign of a competent Government? I mean, do you really know what you're doing week in, week out?

COLIN BARNETT

Yeah we do. But look can I please explain the way this worked. We had no choice but to tighten the belt across Government, and the reasons, as I think most listeners would know, is the iron-ore price fell, that cost us, you know, 30-odd million dollars for every dollar it falls. The Australian dollar stays high and every cent there's worth about \$60 million to the negative, and at the same time our GST revenue from the... from the Gillard Government has been savagely cut, so we... we've just lost resilience. We have no option but to hold back Government spending when those factors turned against us.

It was an across the board decision and one of those major decisions was not to sack public servants, that is not happening, but what we've said is where there are unfilled positions they won't be filled in the... for the foreseeable future. So it wasn't a removal of people, it was just simply saying those vacancies would be left vacant. Now obviously that would impact on police recruiting but every agency was told, you know, that's the policy. If you can't implement or there's some special circumstance you can come back to Government.

Now a couple of agencies have, one of them being Police. Liza Harvey made the case very forcibly on behalf of Police and it was agreed by the Treasurer and myself and other members of the expenditure committee that that was a valid case and so police recruitment was exempted. Now there may be one or two other exemptions but they will be very limited and very rare and you will not see as a result of these savings any impact on services to the public. They are basically internal to Government.

PAUL MURRAY

Your new Police Minister went on ABC Radio last week and had a shot at the Police Commission, saying that he was involving in a public commentary about these cuts and that wasn't helpful. All he'd done was to give testimony to a Parliamentary committee. I mean was she out of order in... in that comment?

COLIN BARNETT

No, Liza Harvey was exactly in order and what you have now is a very strong Police Minister in Western Australia who will follow proper process. And Karl O'Callaghan, like any other chief executive, on matters of budgets needs to work through the Minister.

PAUL MURRAY

Premier, he was called before a Parliamentary committee and he gave testimony, I mean that's part of the openness and accountability process.

COLIN BARNETT

Yeah, but... but on... on Government finance he's required to work through the Minister.

PAUL MURRAY

Was she not... should he not have been frank... frank...

COLIN BARNETT

... no, he can... he can answer questions but in making his case he's to work through the Minister, and every other CEO in Government has done that.

PAUL MURRAY

But he was called before the committee. What...

COLIN BARNETT

... yeah...

PAUL MURRAY

...what alternative did he have?

COLIN BARNETT

Ah well he's... I think he could have handled it in a different way and that's why the Minister gave him a clip around the ears.

PAUL MURRAY

It sounds to me like you're saying that public servants should be less than frank with Parliamentary committees?

COLIN BARNETT

No I'm not saying that, Paul, I'm saying on matters of budget and Government policy they are to work through their Minister. Now they... they are required to answer questions truthfully but not to run a campaign through the media. Every other CEO in Government has worked through their Ministers, and others like Police, you know, have... have issues, proper issues and they are properly brought through to account. We've made a decision following the work of the Police Minister to exempt Police recruitment, that's fine, and there'll be one or two other exemptions probably made for similar reasons.

PAUL MURRAY

Are you accusing the Police Commissioner of campaigning through the media against those cuts?

COLIN BARNETT

I expect every CEO, the Police Commissioner concerned, on matters of Government policy and Government funding, to work to myself and the Treasurer through the Minister.

PAUL MURRAY

Okay.

We'll be back with your calls.

[commercial break]

PAUL MURRAY

Anthony in Wanneroo is first up. [greetings not transcribed]

ANTHONY (CALLER)

Yeah, I was just wanting to ask Colin whether he was any plans in mind to help the pensioners' financial... ongoing financial difficulties?

COLIN BARNETT

Anthony, well, the main issue I think for pensioners is the value of the pension itself and the... of course that's a Commonwealth Government payment. Many pensioners have benefited, I think, from what the State Government's done, particularly the cost of living payment that we introduced three years ago and also free public transport I know has helped a lot of people.

For pensioners who are in the rental market... the private rental market, I think that's...they are, no doubt, finding it very tough given the price of rental housing but we have tried to compensate for increases in utilities through the cost of living and the public transport... you know, if you're a frequent user of public transport it can be worth up to \$600 or \$700 a year.

ANTHONY (CALLER)

What about electricity, water, gas. Is there going to be any changes there for the better for pensioners?

COLIN BARNETT

Well, the cost of living payment that pensioners receive I think it's now, you know, around 170-odd dollars for a couple and about \$140 or \$150 for a single...

ANTHONY (CALLER)

Oh gosh, Colin, that's not going to help too much.

COLIN BARNETT

Well, it's... it pretty well covers a big part of that increase so, you know, and the price of electricity for everyone has gone up but we introduced that cost of living payment particularly to help pensioners and... and as I said, you know, the free public transport's good. We're looking at perhaps some other measures. But, look, yeah... yeah I sympathise, Anthony, with pensioners and I don't dismiss that at all but I think the thing that Government finds, you know, most troublesome at the moment is that the people that are really doing it tough in our community are young families with perhaps one income and maybe a low to middle income level and, you know, little toddlers at home.

And we're trying very much at the moment to try and help that group within our community. And I think most people who're retired, even if they're finding their budget pretty tough, would probably agree with me. Young families trying to buy a house, trying to raise children, depending on one low income, they are the ones doing it toughest in our community right now.

PAUL MURRAY

Thanks for your call, Anthony. [greetings not transcribed]

NEIL (CALLER)

There's some great infrastructure programs around Perth happening but one thing that concerns me is income and expenses of running these projects. What are the projected incomes and expenditures for the new Perth stadium?

COLIN BARNETT

Look, the...

PAUL MURRAY

The... the stadium or the arena, Neil?

NEIL (CALLER)

The stadium that is to be built for the...

PAUL MURRAY

The footy... the AFL one. Yep, righto.

NEIL (CALLER)

Yes.

COLIN BARNETT

Yeah, look, the stadium... obviously there's massive expenditure in building a world class stadium. The Government meets that cost and basically writes it off. So whoever ends up operating the stadium, obviously the main events will be AFL games but we'll be looking to a stadium management that can also attract a whole range of other events that maximise it. There'll also be convention meeting rooms facilities within the stadium.

NEIL (CALLER)

Mm hmm?

COLIN BARNETT

That will be used. But I... I guess the simple answer is, you know, I don't think anywhere in the world stadiums can ever, sort of, pay their way. There will always be an ongoing Government subsidy toward it and that would be the case for every major stadium in the world.

NEIL (CALLER)

So what's projected Government subsidy?

COLIN BARNETT

Look, I haven't got that figure...I haven't got that figure on the top of my head but, you know, it's a...it's a piece of public infrastructure, a bit like building a road or a railway or whatever else.

NEIL (CALLER)

Yes.

COLIN BARNETT

And we're managing it well. I think the costs are as... you know, were predicted two years ago. By building it at Burswood allows a whole lot of other activities to take place in there and around it but will it recover from customers? The cost? No, it won't.

PAUL MURRAY

When did the AFL become a charity?

COLIN BARNETT

Well, I don't know if they've ever have been a charity.

PAUL MURRAY

No.

COLIN BARNETT

But they're going to... they're going to...

PAUL MURRAY

They're treated like one.

COLIN BARNETT

Well, you know, we've written... I've written to both the Commonwealth Government and the AFL and we expect them to each make a contribution. I would expect that Commonwealth Government would make at least \$100 million contribution. That would be less than what is done in the other states but we always get short changed.

PAUL MURRAY

But that won't go to operating costs...

COLIN BARNETT

No. That'll... that's capital costs.

PAUL MURRAY

... the point that Neil raises.

COLIN BARNETT

No but the... the more the capital costs that be... can be covered up front the less will the financing costs of the taxpayer during the life of the stadium.

PAUL MURRAY

Thanks, Neil. [greetings not transcribed]

GORDON (CALLER)

Colin, why have we got the Ord River looks like it's going to be leased by one company only and why... why can't a lot of our own small farmers get a say in all that's going to happen there because it's pretty obvious that this is a version of a fly-in, fly-out operation?

COLIN BARNETT

No, Gordon, that won't be the case. The existing, sort of, 15,000 hectares or so of the Ord River is made up of a large number of small farmers. Stage two, which is just about now completed, does bring in one big operator whether it be sugar or cotton and, you know, they will be employing local people including a lot of local Aboriginal people. So it won't go down that way and this has been, you know, probably for the first time maybe in a long time in this State where you've seen an economic and a social and community development project go together.

But this... this will take, we hope, the whole Ord River project in to a, sort of, sustainable and long-term profitable position. I hope with perhaps the new Government in the Northern Territory that the Northern Territory will now come in to the project and it can be expanded again to the other side of the border which will again build up the whole economy of the Kununurra area.

GORDON (CALLER)

But... but why...

COLIN BARNETT

Yes, look, it's pretty exciting... it's pretty exciting stuff and I know, you know, people... and I don't blame, for example, the Opposition questioning costing and the like but for anyone who has been there and seen that Ord River Dam or seen the irrigation area. I mean this is Australia... a big part of Australia's future and we're going to have to...

GORDON (CALLER)

Well, I was there just recently myself...

COLIN BARNETT

Yeah.

GORDON (CALLER)

... but I still don't understand why smaller businesses couldn't have an opportunity to lease some of that land.

COLIN BARNETT

Gordon, they will. There'll be about 20 or so small farms, you know, similar to the existing farms and that will be taken up by local and, you know, other farmers. And, you know, I think there'll be a lot of young farmers maybe in the southern part of the State that may well sell up and move up to the Ord.

PAUL MURRAY

[greetings not transcribed]

PAUL (CALLER)

I just wanted to find out... recently, I was... over the last 12 to 16 months reported to State Housing a couple of properties that are commonly known in the area that are dealing drugs. And they're actually State Housing or Homeswest. I just wanted to find out from those calls to both police, they sort of say you've got to report it to the State Housing then they've got their... their disruptive behaviour policy which, as I say, still haven't heard anything regarding that.

And this is thing has been going on for 16... 12 months without doubt. Nothing as stopped. I just wanted to find out will those people in those Homeswest homes, if they are caught, which as I say are still running around the clock doing what they do. What actually happens and is there actually something that's followed up from that complaint?

COLIN BARNETT

Yeah, Paul...

PAUL (CALLER)

And can they enter back in to the State Housing system?

COLIN BARNETT

Yeah, Paul, there has been a significant change of policy and... a sort of a three strikes policy if you like. But if tenants State Housing... in fact any housed in State Housing have three... you know, instances of anti-social behaviour they will lose their right to public housing. In the case of anyone using public housing for drug... either manufacture or sale... I mean they will... they will be kicked out of that public house and they won't get another one. And that's been a policy of this Government.

And, look, it's frustrating I know and, you know, the situation you're talking about is reasonably common. State Housing does work with the police to try and actually catch people out in that... it's become... it doesn't sound very logical but it can be difficult to actually catch people trading in drugs.

PAUL MURRAY

[greetings not transcribed]

PHIL (CALLER)

Just currently... just recently bought a car for the daughter and the purchase price was 15-4 plus \$1600 GST, right? 1700... 17,000. Then to licence the thing it was 400 stamp duty before they'd actually licence it which was another 500 for the year but why are we paying \$400 sales tax stamp duty to you guys when we're... on top of the GST price where I pay the Commonwealth Government?

COLIN BARNETT

Well stamp duty, as you say, is a State tax and applies on property and other transactions like vehicles. Not a very popular tax but the State depends heavily on the revenue for that. The GST is not related to stamp duty. I think what you might be thinking about was originally when the GST came in it paid... it replaced re-sale sales tax. Retails sales tax...

PAUL MURRAY

No, I think what Phil's saying is that the stamp duty is applied on the purchase price and the GST added in.

COLIN BARNETT

Yeah... yeah, on the total price.

PAUL MURRAY

Yeah.

COLIN BARNETT

Yeah and look that's a point and that's something the Government's... you know, it's been raised before. Sorry, I misunderstood, Paul. I know that does... that is a tax on a tax and that's something that I guess we've looked at but we don't have, unfortunately, the capacity to significantly reduce State taxes because of our decline in GST. It's as simple as that. I know some people say 'there he goes again complaining about Canberra' but when you go from 72 cents in the dollar to 55 cents in the dollar and 30 cents in the dollar in the two years' time we just don't have the capacity in Western Australia to give the sort of tax concessions that I and others would like to give.

And bear in mind, you know, we've got a rapidly growing population. Another 9,000 kids in our Government schools this year. They've all got to have classrooms, they've all got to have teachers. The other States aren't dealing with that and yet they're keeping an increasing share of the GST.

PAUL MURRAY

But it doesn't make a tax on the tax right.

COLIN BARNETT

Yeah, I...

PAUL MURRAY

But I'm not going to argue it again...

COLIN BARNETT

No.

PAUL MURRAY

... because we've argued about that many times.

COLIN BARNETT

Phil... Phil's got a very valid point.

PAUL MURRAY

Yeah.

COLIN BARNETT

It's a fair point.

PAUL MURRAY

Look, I just want to finish up on this issue. A couple of western suburbs mayors are obviously whipping up a fair bit of antipathy to you personally and to your Government throughout the western suburbs. They've got this group, the Western Suburbs Alliance, had a meeting last week. We know that the mayor of Cottesloe, Kevin Morgan, is going to run against you. The mayor of Nedlands, Max Hipkins, is going to run against Bill Marmion in the seat of Nedlands. Are you concerned about this development? About the political damage they can do to you running up to the election?

COLIN BARNETT

Well, I'll take any competitor or opponent in an election seriously and I've had some high profile opponents before so I'm sure that Kevin Morgan will run a strong campaign in Cottesloe and people will have to judge candidates accordingly. But one thing I'll be reminding the electors of the western suburbs about is that this election is about do you want a Liberal Government or a Labor Government. That's the choice and that's what the election is going to be about.

PAUL MURRAY

John Hammond last Thursday on this program told us about that meeting that was going to be held at the Cottesloe Civic Centre. Did you go to that?

COLIN BARNETT

I did. I turned up to the meeting. I wasn't invited but it was an open public meeting and I turned up to hear what was said. I think many people in the audience were not involved with the Western Suburbs Alliance. They turned up to... to hear the points of view about whether councils should merge or about development assistance panels. I think many of them would have walked away from that meeting, you know, probably very concerned about the way it was conducted. A number of them have contacted me along those lines since.

PAUL MURRAY

What was wrong with the way it was conducted?

COLIN BARNETT

Well, it was... you know, it was a... it was a meeting, obviously, that was put out as a discussion about mergers and the like but was used as a campaign choice.

PAUL MURRAY

Well, they've got high-rise in Cottesloe, the DAPs... the new... the new planning process. They've got a couple of developments, particularly the big Woolworths one on... on the highway. And they've... they're also the group that doesn't like the Perth Waterfront Project very much. And what's the other one? There's another issue as well that they've got in mind.

COLIN BARNETT

Yeah.

PAUL MURRAY

But there's a... there's a coalition of issues now that... that aren't favourable to your side of politics.

COLIN BARNETT

Well, look, there was discussion about those issues and as I was saying Paul, I think many people turned up to listen to points of view on that. But what the meeting was was basically a campaign launch for two candidates. That's what the meeting was about and, you know, I think a number of people didn't enjoy the way that meeting was conducted. I being one of them (laughs).

PAUL MURRAY

Did you speak?

COLIN BARNETT

No, I wasn't asked to speak.

PAUL MURRAY

Okay. Thanks, Premier.

COLIN BARNETT

Thank you, Paul.

Ends..
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