



WESTERN AUSTRALIA

# Parliamentary Debates (HANSARD)

THIRTY-FIFTH PARLIAMENT  
SECOND SESSION  
1999

LEGISLATIVE COUNCIL ESTIMATES COMMITTEE

## WARNING

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Wednesday, 2 June 1999

# Legislative Council

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## STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

The meeting commenced at 9.00 am.

The CHAIRMAN (Hon Mark Nevill): On behalf of the Estimates Committee I welcome members to today's hearing. 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, and the committee values that assistance. For the information of members, these proceedings will be reported by Hansard. The daily *Hansard* will be available the following morning. Hansard will distribute documents for correction which must be returned on the A4 documents sent to members. The cut-off date for corrections will be indicated on the bottom of each page. Members are asked to sit at the front of the Chamber so that witnesses will not have to turn their heads when answering questions. It will greatly assist Hansard if members, when referring to the *Budget Statements* volumes, the consolidated fund estimates or any other document, give the page number, item, program, amount and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee's advisory/research officer, Mr Michael Smyth, who is sitting on my left, within five working days of receipt of the questions. An example of the required Hansard style for documents has been provided to ministers' advisers.

I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations.

For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and for each adviser to please state their full names, contact addresses and the capacity in which they appear before the committee.

### **Division 73: Health, \$1 793 541 000 -**

[Hon Mark Nevill, Chairman.]

[Hon Max Evans, Minister for Finance.]

[Mr A. Bansemer, Commissioner of Health.]

[Mr A. Kirkwood, Acting General Manager, Finance and Resource Management.]

[Mr A. Weeks, Chief Executive Officer, Metropolitan Health Service.]

[Mr D. Martindale, Acting General Manager, Health Workforce Reform.]

[Mr K. Snowball, Acting General Manager, Geraldton Health Service.]

[Dr W. Beresford, Acting Chief Executive, Royal Perth Hospital.]

[Mr J. Burns, Chief Executive, Fremantle Hospital.]

[Dr P. Psaila-Savona, Executive Director, Public Health.]

[Mr J. Kirwan, Acting Executive General Manager, Public Health and Purchasing.]

[Dr R. Davidson, Acting General Manager, Public Health.]

[Mr S. Houston, General Manager, Aboriginal Health.]

[Mr G. Stacey, Acting General Manager, General Health Purchasing.]

[Mrs C. O'Farrell, Acting Executive General Manager, Health System Performance.]

[Mr R. Smith, Acting General Manager, Contract Management.]

[Mr C. Bennett, Chief Executive, Sir Charles Gairdner Hospital.]

[Mr H. Blake, Director Finance and Performance Management, Metropolitan Health Service.]

[Ms P. Ford, Executive General Manager, Finance and Infrastructure.]

[Associate Professor B. Stokes, Chief Medical Officer.]

[Professor G. Lipton, General Manager, Mental Health.]

[Mr M. Moodie, Chief Executive, King Edward Memorial and Princess Margaret Hospitals.]

[Mr K. Larkins, Director Alcohol and Drug Policy Unit, Mental Health.]

The CHAIRMAN: I ask all witnesses whether they have read, understood and completed the "Committee Hearings Information for Witnesses" form? All witnesses have agreed that they have read and understood that document. Are there any questions from members of the committee?

Hon MURIEL PATTERSON: Why is the increase in total health funding only \$45.7m over the 1998-99 expected out-turn?

Mr KIRKWOOD: The actual figure of \$45.7m is correct; however, you must look at the construction of that figure to work it through. The first issue is the waiting list adjustment. As part of a five-year program, \$125m was granted, with \$35m in the first year. That then will drop to \$21m in 1999-2000 as part of that program. Immediately there is a \$14m reduction that must be taken into account. Routine budget adjustments total \$72m, reflecting cost of award; growth; some additional moneys for Joondalup, Peel and Bunbury; escalation of other goods and services; and some other issues. The figure then becomes \$1 805.8m. A figure of \$70m was granted this year; however, that figure becomes \$61m next year, so there is a reduction of \$9m, but the other figures are part of a general construction. The \$45.7m is a net result, but you must take into account the component of the \$72m growth and the \$14m reduction in waiting lists, which is part of a controlled program. The \$9m is a general reduction from \$70m to \$61m and the final figure is that \$3.3m reduction being transferred to the Disability Services Commission, the young disabled, Lady Lawley Cottage and the Family and Children's Services' Task Force on Drug Abuse. Although that is a transfer of \$3.3m, we do not spend \$3.3m, so it is a neutral effect. The \$45.7m is a net effect, but the construction behind it is more important.

Hon JOHN HALDEN: Page 683 contains the operating statement. I have a two-part question, but one clearly follows the other. There is an increase of approximately \$27m in the line item of salary and allowances between 1998-99 and 1999-2000. What components make up the increase and how much is each component? Can the same break-up be done for 1999-2000 to 2000-01?

Mr KIRKWOOD: I do not have the figures in front of me. We are dealing with accrual accounting so there are two issues; firstly, the straight increase of salaries and, secondly, the effect of unclaimed leave or leave entitlements. The accrual component must be considered, but I do not have the actual construction in front of me.

Hon JOHN HALDEN: Can I put both questions on notice?

Mr KIRKWOOD: Yes, that is available.

Hon MAX EVANS: It relates to what are the non-cash items and adding the cash requirements onto that.

Hon JOHN HALDEN: On the same line item, you mentioned the issue of leave entitlements. Is that accrued leave entitlements over a period or just the yearly leave entitlements?

Mr KIRKWOOD: In terms of accrual accounting, the provision is adjusted through the salaries and allowances figure. There are a number of hours in annual leave accrual and, for example, if it is at \$10 an hour and it goes up to \$11 an hour, that adjustment flows back in through salaries and allowances. It is an accounting entry to reflect the true value.

Hon MAX EVANS: In other words, we debit only the salary and allowances. It increases the amount of the provision for this year, but debit that and credit the provision for claims. It has been adjusted because the enterprise bargaining agreements and workplace agreements can push it up.

Hon JOHN HALDEN: It includes long service leave. Does it include sick leave?

Mr KIRKWOOD: No, there is no provision for sick leave.

Hon CHERYL DAVENPORT: I have three or four questions in relation to the home and community care safeguards policy. I have been pursuing this line in a range of questions over the past couple of months. After reading last week's estimates proceedings from the Legislative Assembly, I noticed that all of the fees supposedly will go towards services. Although I acknowledge that many of the services currently collect a modest fee for services, what about the extra administrative costs that will be involved in the collection of those fees and also in determining the waiver of fees and the fees which are compulsory as at 1 July? Is there an allowance for administration costs in the collection of fees?

Mr KIRWAN: To provide a little background, 50 per cent of current HACC providers already charge fees. Prior to the HACC safeguards policy there was no policy and so some areas could charge multiple fees because a number of service users have up to 10 HACC providers. We accept that there may be additional costs. Some services are changing the existing fee or donation structure to address that. The changes do not account for the administration cost; however, the department, with the HACC providers, has provided up-front training at the cost of the department. We have provided standard fees schedules and forms, and we brought them together for training on a regional basis throughout the State. At this stage the feedback is quite positive about the efforts that have been made with providing pro forma schedules for people to use in the assessment of fees. At this stage our assessment is that there will be minimal additional cost.

[9.10 am]

Hon CHERYL DAVENPORT: In pulling together this fee-for-service policy, I am wondering whether the department has taken into account the costs that it may well place on the acute care hospital system, particularly in the winter months, if the client actually refuses the service, which in the case of frail clients may well hasten their institutionalisation.

Mr KIRWAN: I understand that the member's question is based on the assumption that a patient is assessed, a fee is assessed as being appropriate to pay, and the patient then chooses not to have the service. That would be of concern. Fees can be waived if the service provider -

Hon CHERYL DAVENPORT: I realise that. However, many people will see that as being charity and they will still continue to refuse the service.

Mr KIRWAN: There would then be an issue concerning how that person would get into our health service. The home and community care program is not intended as a substitute for hospital in-patient care; it is a program under which the State and Federal Governments share the funding to provide care in the home for those people for whom that care can be provided in a safe, appropriate way, thus avoiding people going into hospitals in circumstances in which hospital care is not necessarily what they are looking for. We would be concerned about that. We are not aware of any evidence of that. As the member would be aware from her involvement with the HACC sector, the fees policy does not start to apply until July; that is, for those providers that do and do not charge fees. However, we will monitor that situation very closely.

Hon CHERYL DAVENPORT: I hope you will monitor that, because I see that as being one of the pitfalls that will become evident in the policy. With respect to fee caps, which start at \$20 a week for full pensioners, move up to \$30 a week for part-pensioners and up to \$75 a week for self-funded seniors, how much of these amounts does the department expect service providers to collect? I ask this question because I know some services now collect nothing and certainly others have very modest fees for service of something like \$25 a month. How much of that fee do you expect service providers to collect? I know that it is a cap. However, we have been told fairly clearly that the growth in HACC funding will be largely from this fee-for-service pot. Given that most service providers, as I said, now have a very modest fee for service, do you expect those that are charging to bump up the fee to that per-week figure rather than keep it within the realms of what they are currently charging?

Mr KIRWAN: This issue is under discussion. I understand that a workshop with a number of HACC providers will be held next week to consider how the fees will be collected and how that can be efficiently done. We have over 300 HACC providers. The Silver Chain Nursing Association takes roughly half of our HACC funding, so that leaves roughly 307 other providers. The next largest one in funding terms is probably about only \$1.5m. Therefore, a large number of relatively small providers are out in the community. We are discussing with them how best that can be done. We would not expect them all to necessarily put in infrastructure and bear the costs for that. That will be discussed next week.

The issue of funding for the HACC program, as the member would be aware, is an issue of commonwealth-state relations and is in this instance driven by the Commonwealth's intention to derive some of the growth funding through the introduction across Australia of a national fees policy. I think Western Australia is the third State to do it, and the other States are in the process of looking at it seriously. The aspect of how it is to be collected is being discussed. The department has taken a step-back approach, mainly because there are a number of providers already with significant infrastructure for raising fees and for donations, and it would be inappropriate for us to dictate one system. It is a case of how they can change what they have in place at minimum cost or how they can collectively come together with respect to putting in cost effective infrastructure. That is not dissimilar to some of the other shared approaches we have, such as the trial for transport in the northern suburbs in the HACC-funded areas. We are trying to get the HACC providers to work together in those areas to share the costs, obviously. However, the workshop next week will probably provide some of those answers.

Hon CHERYL DAVENPORT: I have one final question which may well relate to the workshop next week. We are only a month away from the actual impost of the policy. It seems to me that it should have been determined long before this. When several HACC service providers are providing to the one client, there still has not been, to my knowledge, a method designed to establish who will collect that fee, given that there will be a number of service providers involved and that the cap is \$20 a week, and how that fee will be distributed to other HACC providers that have provided the service.

Mr KIRWAN: That is a very good question, which will be one of the main points for the discussion next week. As I said, at the extreme end we have some clients who are getting up to 10 separate HACC services provided in their home. It is an issue of how that is determined. There are questions concerning whether the first agency or the lead agency should take it and then distribute it or whether there is another way of doing it. This is not a new area. The fees policy and the need for change have been discussed with the industry for probably almost a year now. However, we are now working through these details. There is a range of different options. Our preference is not to dictate to the industry but for the industry to discuss it and come up with an agreed position, just as the actual fees policy was agreed with the industry and was implemented with its support.

Hon MAX EVANS: The member might like to attend the workshop next week when the House is not sitting. She might be able to make a good contribution. I know she has a personal interest in this area. She may find it worthwhile.

Hon J.A. COWDELL: I have a couple of questions. The first one concerns the major achievements for 1998-99 on page 674 of the *Budget Statements*. At the last dot point, the department refers to a key strategy being considered; that is, the establishment of a WA-based organ and tissue donation agency. I was firstly a little surprised that consideration of something was listed as a major achievement, but I thought, fair enough. I looked to the next section to see major initiatives planned for 1999-2000 and found not one mention of any progress on this matter. Will anything happen in terms of major initiatives, because in these statements we have consideration of an initiative listed as an achievement for this year and nothing flowing from that? Will anything flow from it; and if so, what?

Professor STOKES: It is correct that Western Australia has the lowest donor organ rate in Australia. This is of course of major concern. We have something in the order of 140 patients waiting for renal transplantation. The reasons that we have a low donor rate have not been determined. There is resistance by clinicians to talk to relatives and there is resistance in donors. We have done two things to date. Firstly, we have had a campaign within our hospitals to encourage donation of organs; secondly, an organ donor registry has been set up in conjunction with the drivers licences whereby we have those patients who have offered the donation recorded in our hospital data system. The third matter, which is alluded to in the statement on page 674, is the setting up of an organ donor agency similar to that established in South Australia. In South Australia, since the establishment of that agency some two years ago, the waiting time for organ donation has dropped

considerably. Funds are being put aside in this budget to develop that agency, and we have had people from South Australia visiting Western Australia, and vice versa, to advise us on the setting up of this agency. It follows a very successful model established in Spain some eight plus years ago. With the establishment of the agency we hope that the donor rate will increase.

[9.20 am]

Hon J.A. COWDELL: Is that the planned initiative for this year even though it is not listed?

Professor STOKES: Yes.

Hon J.A. COWDELL: Capital works in progress on page 692 indicate an amount of \$150 000 for the next financial year for Murray District Hospital. Presumably that amount is for planning. Is there any allocation in forward estimates for the anticipated capital redevelopment of Murray District Hospital at Pinjarra?

Mr KIRKWOOD: Not at this stage. Those dollars are purely for planning. We work through the process of assigning money to assess the plan. Once we know the way forward we determine the amount of expenditure required and the expenditure program. We have not got to that point yet.

Hon J.A. COWDELL: Is there nothing planned in the forward estimates?

Mr KIRKWOOD: No, not in these estimates.

Hon J.A. COWDELL: On page 691 the capital works program refers to the allocation of funds for the Peel drainage and mosquito control, the runnelling, over the next four years. An allocation is made of \$250 000 for each of the next four years. Given the acute mosquito problem in the Mandurah and Peel area, is there any reason for this work's being spaced over four years? Given its rather modest allocation in total of \$1m, could that work not be achieved in under four years?

Dr DAVIDSON: The program must be carried out continuously, even though the initial phase of establishing the runnelling for channels is conducted using particular machinery. There is a maintenance program after that. It is anticipated that the work on the priority list of the areas which would be subject to the runnelling would be carried out over a reasonable period of time. The way that the methodology of runnelling needs to be conducted does take some period of time. We have a priority listing of the areas which would need to be addressed. Therefore, the work is carried out over some period of time in that priority listing and there is a maintenance aspect to that program.

Hon SIMON O'BRIEN: I refer to capital expenditure and to pages 692 and 693. The total shown on page 659 is summarised on page 693. Capital appropriation is \$95m for the past financial year and only \$75m this year. Has there been a real reduction or is there some other explanation for that apparent \$20m decline?

Mr KIRKWOOD: There is no real reduction. The sum of \$20m is always reserved in the capital budget for teaching hospital special repairs and minor works. In 1991-92, because of a funding shortfall in the recurrent budget, that \$20m was transferred to capital works. It has been there since that time. Those moneys have now been transferred back from capital works into recurrent moneys. The source of distributed funds has made no difference whatsoever. We distributed it as part of the package to teaching hospitals. It is simply an accounting or finance entry that has changed that process.

Hon SIMON O'BRIEN: Page 692 has an entry for \$3m for this financial year for staff accommodation. Where is it being built?

Mr KIRKWOOD: New houses and units are at Northam, Corrigin, Carnarvon, Exmouth, Onslow, Broome, Derby, Oombulgurri, Warmun, Morawa, Leonora, Kalgoorlie and Ravensthorpe. Upgrades are to take place at Gnowangerup, Port Hedland, Onslow, Halls Creek and Karratha.

Hon SIMON O'BRIEN: A back-flow prevention program that has been running and will continue in this financial year is shown under other projects. Will you tell me a little bit about it; in particular, is it to deal with problems similar to those shown on the Channel 9 program *A Current Affair* in the past few days which dealt with back-flow problems in the eastern States?

Mr KIRKWOOD: The program is a statewide initiative that has been in place for some time. Although the problem has been shown on *A Current Affair*, ours is a continuing program to ensure that that sort of thing does not happen.

Hon SIMON O'BRIEN: Do you know of any incidence of it happening here?

Mr KIRKWOOD: Not that we know of.

The CHAIRMAN (Hon Mark Nevill): Is the program in the general community or in the hospital and health system?

Mr KIRKWOOD: The moneys are for the hospital and health system in general.

Hon KIM CHANCE: I will start on a positive note and express the gratitude of country people for what the minister and the agency have done in the recent decision by the Commonwealth on the status of overseas trained doctors. I am sure that all country people are extremely grateful for that outcome and have worked very hard for it. On page 683 the first line item of salaries and allowances gives the total estimated expenditure on salaries, including nurses' salaries, for the coming year. Hon John Halden has asked a rather similar question to this: Does the sum take into account the liability for back pay that will arise this year subsequent to the nurses' adoption of the new enterprise bargaining agreement?

Mr KIRKWOOD: No. That calculation was done at the time the budget was compiled. If there is a need for any further funding along the way, we will need to provide for that accordingly.

Hon KIM CHANCE: Was the metropolitan nurses' EBA agreed at the time the budget was compiled?

Mr BANSEMER: It includes the back pay for the metropolitan EBA.

Hon KIM CHANCE: Not the country nurses?

Mr BANSEMER: It did not anticipate it. It includes some provision for it because, as you will be aware, 3 per cent has already been paid. Therefore, the amount of back pay will be quite minimal. If the question is not settled by 30 June of this year, funding will be rolled forward to enable it to happen in the next financial year.

Hon KIM CHANCE: Recognising that there is concern over the current and future availability of nurses in country areas, registered nurses particularly, I have noted that some country nurses have voted against the adoption of the proposal to mirror the metropolitan EBA. I understand that in doing this they have effectively voluntarily surrendered the back-pay component that they would have got had they adopted the mirror EBA. Is that substantially correct?

Mr BANSEMER: No, I do not believe that they have surrendered it. If it does not happen as a part of this current EBA round, they will have surrendered it. If it goes back to a re-vote on a variation deal, I do not believe they will.

[9.30 am]

Hon KIM CHANCE: Is it correct that two-thirds of country nurses have accepted it?

Mrs O'FARRELL: Approximately half of the nurses in the country have voted to accept the EBA on offer. The nurses in a number of health services have voted to reject the offer. The health services are currently working through the underlying reasons for that and attempting to address those reasons, and we anticipate that fresh ballots will occur. In three health services in the country - Geraldton, the mid west and Kalgoorlie - two of which are large health services, an EBA has not been put to the nurses, but we anticipate that will happen soon. Kalgoorlie did have a vote, but we anticipate holding a fresh ballot. Those proposals will be based on some added pay and condition incentives, and we anticipate a favourable outcome.

Hon E.R.J. DERMER: I understand an internal Health Department plan included an option for the closure of Osborne Park Hospital. What was the basis of that option?

Mr BANSEMER: I do not believe there has been a plan within the Health Department for the closure of Osborne Park Hospital. I understand there was some consideration by the Metropolitan Health Service of future uses for Osborne Park Hospital, but those were not considered appropriate and were put to one side.

Hon E.R.J. DERMER: Are you denying there was an option in a plan for the closure of Osborne Park Hospital?

Hon MAX EVANS: Mr Chairman, we are talking about policy matters. People talk about what they may or may not do, but whether they try to lock that into -

The CHAIRMAN: It is doubtful whether the closure of a hospital is a policy matter or a Health Department decision.

Hon E.R.J. DERMER: It is certainly relevant to expenditure.

Mr BANSEMER: The point I was making is not that there was no consideration of it, but there was no consideration of it within the Health Department. The Metropolitan Health Service considered the use of the facilities at Osborne Park for other purposes, as I understand it, and that consideration was put to one side.

Hon E.R.J. DERMER: What was the basis of the option that it considered?

Mr BANSEMER: I do not know. It did not come to the department.

Hon E.R.J. DERMER: Can the estimates committee be provided with a copy of the plan that the Metropolitan Health Service considered which included the possible closure of Osborne Park Hospital?

Hon MAX EVANS: I suggest that question be put on notice.

Hon E.R.J. DERMER: I would be happy to make a formal request that that plan be provided to the estimates committee.

Hon MAX EVANS: I will take that on notice.

Hon MURRAY MONTGOMERY: The fourth dot point at page 681 of the *Budget Statements* refers to the process of selling or transferring country state government nursing homes to non-government or private operators, and it lists both Forrest Lodge in Bunbury and Spencer Lodge in Albany. Can we have an update on that issue?

Mr KIRWAN: Spencer Lodge at Albany is subject to discussion with the nominated successful tenderer, and we are in the process of working through its tender for the proposal for that lodge. With regard to the five other state government nursing homes in country areas, we are in the process of moving towards expressions of interest and working through what is the most appropriate process to address those areas. It is part of a broader state government nursing home proposal that this Government has led, where there has been significant movement of nursing home beds from the large institutions that have since closed at Sunset Hospital and Mt Henry Hospital to the country, through the auspices of multipurpose services and the concept of providing nursing home care closer to home. There has been a significant reconfiguration of areas like the Silver Chain Alfred Carson Nursing Home in Claremont, which we are also looking to move to the south west, and movements in the Brightwater Care Group area, which was formerly the Home of Peace area. At this stage discussions are taking place with the people who have been nominated as being successful after the request proposals at Bunbury. The other areas will move to advertising as we move through the process. Albany will be the next one to be addressed.

Hon MURRAY MONTGOMERY: At what stage will we be able to get some answers about when these changes will take place?

Mr KIRWAN: The process has been delayed for reasons beyond our control, but we hope that the Bunbury decision will be made within the next couple of months, subject to negotiations, and the Albany decision will be made in 1999-2000. Decisions will be made on the remaining four state government nursing homes, and they require some other considerations, but we are progressing stage by stage. It is part of the Government's policy based on the premise that nursing home care is a commonwealth and not a state responsibility, and it is also a case of unbundling nursing care from our hospitals, which is regarded as being an inappropriate model of care. Each case must be looked at individually, particularly in respect of the north west hospitals, because they have other implications, particularly with regard to the Aboriginal populations in those areas.

Hon NORM KELLY: I refer to mental health services, and in particular to page 682 of the *Budget Statements*, which states that the development of supported accommodation services throughout the State will continue, particularly for long stay residents at hospitals that include Whitby Falls Hostel. The capital works program at page 692 indicates that \$10m has been allocated for mental health statewide initiatives. How much of that capital works expenditure will go into Whitby Falls Hostel, has any expenditure beyond 1999-2000 been allocated for Whitby Falls, and will any land at Whitby Falls be sold?

Professor LIPTON: There are no future plans for Whitby Falls Hostel should it cease its current function. That allocation of \$10m does not encompass any capital works for Whitby Falls, nor the program of rehabilitating and relocating patients gradually. The intention is to assist the patients by relocating them into the community in appropriate settings, and that is being worked through with the families, the patients and the staff. There are no current proposals for minor or major capital works at Whitby Falls.

Hon NORM KELLY: Is it intended to sell the land at Whitby Falls?

Professor LIPTON: It is not a matter for the department. Our task is to relocate the residents should Whitby Falls not be required for the purpose for which it is used now. Government will need to make the decision about the future use of that property.

[9.40 am]

Hon NORM KELLY: Surely there will not be much need for the hostel if you intend to relocate residents.

Professor LIPTON: One would hope so. The process of relocation of residents is in train, and we estimate it will take considerable time. If fully successful, the property will become available potentially for other uses for government decision. We do not know how long it will take. Our commitment is to ensure that each resident is uniquely and personally located in a better situation. No further planning will occur until we know how far the process can proceed.

Hon NORM KELLY: This question will probably need to go on notice: How much money has been allocated for the mental health services in the Armadale Health Service area, specifically for long-stay residential accommodation?

Hon MAX EVANS: That is taken on notice.

Hon B.K. DONALDSON: Page 669 of the *Budget Statements* refers to a review of the Western Australian swimming pool regulations. Does that review relate to a concern about health standards with swimming pools or safety reasons? If it is for safety reasons, will it be conducted in conjunction with the Department of Local Government?

Dr PSAILA-SAVONA: From time to time the regulations must be upgraded. A number of issues were drawn to our attention which are not covered by the present regulations. A number of issues relate to drownings, water slides and so on. The regulations are rather outdated. The review is on public health grounds as well as an effort to make them more flexible and appropriate.

Hon B.K. DONALDSON: Huge pressures apply to emergency and accident sections in teaching hospitals. A 24-hour phone service was recently announced, in which a duty nurse will be on call to assist people with a need to attend an accident and emergency area in a teaching hospital. What is the duty of care and responsibility for the person giving that advice? How many multi-doctor practices are involved in the program? Many practices close at 7.30 pm, which places a great deal of pressure on emergency services at a great cost to the taxpayer. Can the department convince a number of multi-doctor practices to stay open for a number of additional hours?

Professor STOKES: Firstly, the announcement was made on Saturday of the opening of an 1800 number telephone triage service. It provides advice on the urgency and the requirements of a person seeking advice, and indicates where he or she should receive treatment. It is not a diagnostic service, but provides direction to patients regarding whether they may be treated by their primary practitioner rather than the accident and emergency departments. A large number of calls have been received since the service opened. The protocols under which the triage system works - it is manned by trained nursing staff - were examined by a large number of doctors, who approved the process. The advice gives direction rather than diagnostic activity. They also provide first aid and emergency advice. Six after-hours general practices are open to 11.00 pm in the metropolitan area, and we hope that others will be established. The triage system will direct patients to those appropriate practices or back to the patient's local doctor.

Hon B.K. DONALDSON: Page 671 refers to "other activities purchased in this output", and output 2 is headed "diagnosis and treatment". It refers to the emergency retrieval services of the Royal Flying Doctor Service and ambulance services. The ambulance services were previously on an arbitrary budget figure, plus inflation. That has changed. Are St John

Ambulance Australia services being purchased by the Health Department on an articulate and definitive contract arrangement?

Mr KIRWAN: Following the ambulance review with the minister, as the member would be aware, agreement was reached with Cabinet to enter into a formal contract with St John Ambulance. That contract is in the final stages of being approved by respective legal advice. We expect it to be entered into before the new financial year. Prior to this arrangement, the service was grant funded. St John is happy to have the contract put in place in a more formal sense. It is close to being finalised.

The CHAIRMAN: Have the arrangements with the Royal Flying Doctor Service been finalised? If not, what is left outstanding? Problems arose with the contract earlier in the year.

Mr SNOWBALL: Yes, it has been announced that additional funding will be provided to the Royal Flying Doctor Service. An agreement has been drawn up covering five years. It is currently with the RFDS. It has been through legal processes. We are awaiting signing by the RFDS through its respective boards.

Hon BARRY HOUSE: Can the minister provide an estimate of the proportion of the total Health budget allocated to capital works, service delivery and administration, and the trend in that regard over the past 10 years?

Hon MAX EVANS: I will ask the member to place that question on notice. Research is required to provide a clear answer.

Hon BARRY HOUSE: What are the general roles and responsibilities of the regional health boards from the Health Department's point of view?

Mr BANSEMER: By the regional health boards, I assume the member means the health service boards.

Hon BARRY HOUSE: Yes.

Mr BANSEMER: Their responsibilities are set out in legislation. They are largely to provide for the governance of each respective health service.

Hon BARRY HOUSE: Being more specific, what negotiations can the boards enter into with decision-making authorities at the local level?

Mr BANSEMER: They have broad powers to enter into negotiations with an associated decision-making power, provided it is done within government policy. The boards are limited by the law and government policy.

Hon BARRY HOUSE: Can a regional health service board enter into negotiations with its staff - for example, nursing staff - and reach agreement?

Mr BANSEMER: They can do so as long as it is done within the Government's labour relations policy.

Hon MAX EVANS: Does the member want to be more specific in his question?

Hon BARRY HOUSE: Specifically, why can the Vasse-Leeuwin Health Service Board not enter into an agreement with its nursing staff on a matter which comes within its budget, independent of the EA agreed to in the metropolitan area?

[9.50 am]

Hon MAX EVANS: The government policy on enterprise bargaining and workplace agreements is that each region must be allowed to negotiate its own agreement.

The CHAIRMAN: That is a policy question the member should take up with the Minister for Health.

Hon BARRY HOUSE: In the negotiations with nursing staff across the State, has the Health Department taken into account the differences between metropolitan and country regions, and between various country regions, and factored them into the equation?

Mr BANSEMER: Yes, to a large degree. The negotiations with nurses in rural areas have been conducted through the health services; but each has had to operate within government policy and at the same time take into account local circumstances.

Hon GIZ WATSON: An item on page 664 relates to prevention and promotion activities in mental health, specifically expanding services for women and infants, with a focus on reducing the incidence and severity of postnatal depression. Women's health centres make a large contribution in providing assistance to help women with postnatal depression and stress, and my question relates to the level of funding that is being directed to those health centres. In particular, the Fremantle Women's Health Centre will have to close, and funding for similar programs in Rockingham and Gosnells have not been maintained. What is the level of funding for that specific area to those types of health centres and has that been reduced?

Professor LIPTON: The funding of those health centres is met only partly by the mental health division at the rate of \$50 000 or \$51 000 each a year. There has been no reduction. I cannot speak for other sources of funding. The Rockingham centre brought its financial concerns to the attention of the minister six months ago, and was advised to contact the division. That has not happened to date, so I cannot speak on that, although maybe others can. Generally speaking, issues of postnatal depression and the influence of that condition on children - one must consider both - is well recognised and is not uncommon. It is not only the women's health centres that deal with it. All the health services, certainly the mental



health services which have been increased considerably over the past three or four years, as part of their normal task deal with women with postnatal depression, as they do with all sorts of depression. At the same time, this is seen as a health promotion activity within the mental health division. After the work by Cheryl Pope which identified people with postnatal depression - which could be up to 5 per cent, or sometimes more, of women who have had babies - the mental health division has been scoping an examination to ensure that, firstly, people are identified and, secondly, services are available. It is in that stage at the moment, and it is intended over the next financial year and subsequently to focus services more specifically on that. Sums of money are allocated to develop that. They are rather small sums in the scoping phase and will be larger sums as we move into the area.

The other thing that we do in that area which was publicised in the newspaper erroneously is that we are developing an academic position in parent-infant mental health. It is not a particularly expensive position. That position will be advertised soon. It is not only for research, although the person will undertake research, but also for clinical leadership in the area of women's health and the effect on children and the perinatal issues. It is an important health promotion, and eventually will be a service element of our task.

Hon GIZ WATSON: You stated that funding was being held at a certain level. Is it recognised that because of the increased cost of providing services, in real terms it is a reduction in funding to that area? It is my understanding that women's centres provide a particular service which is not duplicated by others, and is a lot more accessible to women from a range of cultural backgrounds. It has a particular role, and the funding has decreased in real terms.

Professor LIPTON: It is recognised they provide a specific service. There should be no reduction of funding from the mental health division, and that is being negotiated at present. However, I stress that is not the only source of funding for those centres; I cannot speak for the rest. Like all conditions - all kinds of depressions and other conditions - many approaches need to be available, and this is an important one. That is recognised.

Hon CHERYL DAVENPORT: The Fremantle, Rockingham and Gosnells postnatal depression programs have been running for five years as pilot programs. Is it intended that, after the research Professor Lipton mentioned has been completed, these programs will be expanded - in particular in the northern suburbs due to the number of women who are having babies in that area? That would seem to be a logical progression. I hope that the three services that have been pilot programs for five years will at least get past the pilot stage and the service will be widened to cover other parts of the State.

Professor LIPTON: It is hard to say what is intended before the results of the statewide survey are in, but the points the member makes are cogent. I repeat that the women's centres provide one element of specific services and there are other elements as well. To the extent that the outcomes of those examinations come to us and we develop programs, they will clearly be considered. However, I cannot specifically tell the member what is intended until we get a better picture of what is needed and where the priorities are.

Hon CHERYL DAVENPORT: Five years seems a long time for a pilot program.

Hon MURIEL PATTERSON: I recognise that there have been many changes in the Health Department over the past few years. Why is the Office of Health Review shown as a separate appropriation?

Mr BANSEMER: The Office of Health Review is not part of the Health Department. It is a separate authority set by legislation and it reports to the minister.

Hon MURIEL PATTERSON: Why is there a huge increase in the cost of private sector contracts since 1997-98?

Mr KIRKWOOD: Over the three years there has been a progression. Initially, the Joondalup Health Campus was shown as a part year, and then it was shown as a full year. Peel Health Campus then came on stream. The three figures represent contracts building up over time. That will soon stabilise and there will be the normal contractual escalation factors. It has been disjointed by part years and part contracts.

Hon SIMON O'BRIEN: I wanted to ask my annual question about Whitby Falls Hostel but Hon Norm Kelly has done so efficiently. A consultancy was engaged by the Armadale health district to report on Whitby Falls by about the middle of May or the start of June. Has that report been completed and, if so, may I have a copy?

[10.00 am]

Professor LIPTON: The consultancy recently established was not for the provision of a report in the same way as we have had a number about Whitby Falls. It is for assisting the program of assessing all the patients individually and trying to determine what should be done with them. Information will be provided sequentially patient by patient and managed by the steering committee to lead to a program of appropriate community locations. It is not a consultancy about Whitby Falls specifically; it is the outcome of other consultations and is now the project to examine patients individually.

Hon SIMON O'BRIEN: I am aware of that, but the consultancy was about evaluating the needs of the residents. As a result of that, decisions would then have to be made that would affect the overall running of the place. Has that consultant reported yet?

Professor LIPTON: I will take that question on notice. My belief is that the report will be presented to the steering committee. However, it has not been completed and it will take a while to work through. We could report specifically, but I am fairly confident that the report has not been reported on in that way, and I certainly have not seen it. It will go to the steering committee that has an area health responsibility for dealing with this matter. I do not expect it to come to me as an operational issue.

The CHAIRMAN: Would the member like that question taken on notice?

Hon SIMON O'BRIEN: Yes, and I also indicate that I will follow it up as a local matter rather than pursue it here.

Professor LIPTON: We are happy to provide the status of that report.

Hon E.R.J. DERMER: I note on page 674 of the *Budget Statements* that the Osborne Park Hospital has undertaken surgical activity previously performed by teaching hospitals. It is evident that this has been associated with reductions in other services provided at Osborne Park Hospital. Answers received to questions on notice indicate that the estimated number of medical patients serviced by Osborne Park Hospital in 1998-99 was 40 per cent less than the number serviced in 1996-97. The relevance of the 1996-97 figures is that that was the year that preceded the taking up of the surgical load from the teaching hospitals. Similarly, the same comparison between 1998-99 and 1996-97 indicates an 18 per cent reduction in the number of obstetric patients. How are these reductions consistent with a policy of community-based service provision?

Mr KIRWAN: My understanding of the figures, without checking the specifics, is that much of that would be associated with the movement of work from Osborne Park Hospital to the new campus at Joondalup. It indicates a significant shift of resources from the Osborne Park campus to the Joondalup campus. Without having the figures in front of me, those figures would be similar. The reduction in work at the Osborne Park Hospital went almost exclusively to the Joondalup Health Campus, with some reductions from Sir Charles Gairdner Hospital and Royal Perth Hospital. That is consistent with the policy of care close to home because Joondalup was a purpose-built facility.

Hon E.R.J. DERMER: Can we have an undertaking that no patients who live closer to Osborne Park Hospital have been redirected to Joondalup Health Campus for those services?

Mr BANSEMER: It is not possible to give an undertaking such as that because people exercise their own choice.

*Sitting suspended from 10.04 to 10.15 am*

The CHAIRMAN: This session will now commence and will be completed at 10.45 am. Hon Ed Dermer has the call for one quick question.

Hon E.R.J. DERMER: I have established that the patients who were redirected from Osborne Park Hospital to Joondalup Health Campus may not necessarily live close to Joondalup. I am still waiting on a clear indication of what is happening. Are these reductions at Osborne Park Hospital that we have discussed to be addressed at all in the allocation for Osborne Park Hospital for 1999-2000? Will there be an increase in resources so as to provide a correction in the service reduction that I referred to before the morning tea break? If there is to be such an increase, to what extent?

The CHAIRMAN: That is three questions in one.

Mr KIRWAN: The allocations for next year have been given to the Metropolitan Health Service Board only indicatively at this stage. They will be broken down in the next 10 or so days by the health service and split between teaching and non-teaching hospitals. The allocations will be based on last year's activity which will show the reduction in core episodes, as the member has correctly identified, separating the waiting list work from the work that has been devolved from teaching hospitals. The board is taking an active approach, as referred to in the report to which the member alluded, to the reconfiguration of work; that is, the movement of primary and secondary work from teaching hospitals to the non-teaching hospital sector. The full effect on the Osborne Park Hospital is unclear at this stage but we expect that it will continue to do waiting list work that is appropriate, and it is doing a great deal of work in the ophthalmic and orthopaedic areas. Work that can be carried out more appropriately in the Osborne Park Hospital will be allocated to it and the board has its own reconfiguration committee addressing that matter, which is part of the Government's policy of care close to home outlined in the Treasurer's program statements. It is also clear that the reallocation of work from the public sector hospitals, which are Osborne Park and the two teaching hospitals mentioned earlier, to the private sector provider of public services at Joondalup, will continue. There will therefore be a continuation of that work and not a return to the higher figures, if that is what the question is alluding to.

Hon KEN TRAVERS: My question relates to the Princess Margaret Hospital for Children and the King Edward Memorial Hospital for Women. What consultants have been engaged to examine the report on biomedical services? What is the name of the consultants and the value of the contract? Can I also have a brief outline of the process that was undertaken to choose those consultants, including the names of other consultants who tendered or were invited to tender for the work?

Mr MOODIE: A review of clinical equipment within Princess Margaret and King Edward Hospitals is currently under way. It is being undertaken under a consortia arrangement by Symonds Asset Management Services and an organisation called ECRI, which is an American-based firm. The purpose of the review is to provide an accurate audit and assessment of the current clinical equipment in the two hospitals, and a valuation and a comprehensive technology plan for the future management and purchase of that equipment. The total cost of the combined consultancies is \$400 000. That cost is equivalent to architectural and engineering assessments for building works which are in the order of up to 10 per cent of the total fee. The capital equipment base currently in the two hospitals is approximately \$30m; that is good value for money. Representation was made to the Health Supply Council on the selection process and submissions were made to that body as it is the authorising agent in the health system. Those representations resulted in a short-list tender process for the asset management and valuation components and an exemption was given for the work to be conducted by ECRI. It was argued that it is the sole provider of that service and that it has no association with major clinical equipment suppliers because it is a non-profit organisation based in the United States. Further, most of the clinical equipment sourced for tertiary hospitals is either European or North American. Those exemptions were sought and given and extensive liaison was carried out with the biomedical services fraternity within the tertiary teaching hospitals by the Health Supply Council.

The CHAIRMAN: I have a long list of members who want to ask questions. I ask that the questions and answers be very focused.

Hon KIM CHANCE: I refer again to page 683. Leaving aside the nurses' enterprise bargaining agreement for a moment, there will also be a state wage case this year that will affect employees who are members of the Liquor and Hospitality Union. Does the budget reflect the likely outcome of the state wage case?

Mr KIRKWOOD: To the best of our ability, yes.

Hon KIM CHANCE: Splitting the nurses' wage negotiations seems to have been an extraordinarily messy process that has wasted considerable time and resources. It has also led to further complications such as the back-pay issue. Is it something the department would bother to do again, or would it prefer to return to a single negotiation process with the Australian Nursing Federation that will take account of regional considerations within a core EBA document?

Mr BANSEMER: We would seek to do it the same way again, but with a better understanding on all sides about what needs to happen in such a process. The benefit of this method is the ability to take better account of local enterprise circumstances. Local circumstances and needs vary across a State the size of Western Australia, and that must be reflected in an EBA. Working well, this process will deliver that outcome well. I do not defend the way it has panned out on this occasion; it has had some serious glitches.

Hon KIM CHANCE: What is the total outlay for rural Western Australia; that is, the area outside the coverage of the Metropolitan Health Service Board? What is the total outlay on rural and remote Western Australians; that is, the total spent in rural and remote Western Australia and in the metropolitan area on rural patients? What is the total cost of hip prosthesis, tonsillectomy, appendectomy and colonoscopy procedures at the following hospitals: Kalgoorlie Regional Hospital; Geraldton Regional Hospital; Albany Regional Hospital; Royal Perth Hospital; Armadale-Kelmscott Memorial Hospital; Swan District Hospital; and Sir Charles Gairdner Hospital?

The CHAIRMAN: Those questions are on notice.

Hon BARRY HOUSE: Is the policy relating to the nurses' salary and conditions flexible enough to allow for the obvious difference between metropolitan and country regions and between regional areas, keeping in mind that most nursing staff in some regional areas are part-time employees?

[10.30 am]

Mr BANSEMER: The simple answer is yes, it is flexible enough. A number of other factors have arisen in the recent round of negotiations relating to the enterprise bargaining agreement for the nurses. Because of the way in which the matter was dealt with by the Australian Nursing Federation in the Industrial Relations Commission, I gave a commitment, at the request of the ANF, that some matters would be consistent in rural areas. That commitment had to be delivered, and to some degree it complicated the situation in the country.

Hon J.A. COWDELL: I have two questions with respect to the Peel-Mandurah campus redevelopment. It was anticipated in some circles that those capital works would involve a secure mental health area; however, that is not the case. Is there any funding in the forward estimates for the provision of such a secure area in the proximate future?

Professor LIPTON: Although five beds had been allocated, that did not occur because at the local level a decision was made not to proceed with it. At present there are no plans to build anything further at the Peel Health Campus; however, discussions are commencing in the Rockingham-Peel area about the potential need for such a service in the forward capital works planning.

Hon J.A. COWDELL: My next question relates to the provision of services on that campus. Are any areas of the campus sublet by the department from Health Solutions (WA) Pty Ltd? If so, what are those areas, for what purpose, and what is the cost of same? I recognise that question might have to be taken on notice.

Hon MAX EVANS: We will take that question on notice.

Hon NORM KELLY: My question is a little general and may also be required to be placed on notice. It relates to the Metropolitan Health Service Board. I am concerned about the cost of the board and whether it is resulting in over-administration, compared with the cost of the running of individual hospitals in the region. Is there anywhere I can see the costs of the administrative side of the board?

Mr BANSEMER: We would have to take that question on notice. It is not a line item within the budget.

Hon NORM KELLY: I should like to put that question on notice. I also wish to receive a comparison of the previous administrative costs and the administrative costs of the board. In that way I can see how effective the board is in reducing overall administration costs.

Mr BANSEMER: We could look at the overall administration costs, but we could not identify the costs of the administration of the previous board arrangements within the individual hospitals and so compare it with the cost of administration of the board in the current arrangements. We can look at the costs of the overall administration.

Hon NORM KELLY: I will put that question on notice. I would also like to be provided with any additional savings, such as those for the centralised wait-list bureau administered through the board. I realise there are effective measures as a result of the Metropolitan Health Service Board.

The CHAIRMAN: We are told that 10 per cent of the prison population is classified as mentally ill. What role does the Health Department have in providing services to those prisoners, and what funding is provided for those services?

Professor LIPTON: We do have a forensic psychiatric service, which is based in an inpatient unit at the Franklin Centre, with forensic psychiatrists and other specialised mental health professionals. They work in the prisons on a sessional basis and provide a consultative service to the Ministry of Justice. In the youth area, a child psychiatrist provides a service on one day a week, and another provides a service on a couple of days a week. That is very well received and very effective. We are in the process of appointing a professor of forensic psychiatry who will become the director of the State Forensic Psychiatric Services. His brief will be to improve and develop, in conjunction with the Ministry of Justice, an increasingly effective service. It is a good service now, but we hope to improve it.

Hon Cheryl DAVENPORT: By way of information, I return to the matter of postnatal stress and depression. The Fremantle Women's Health Centre is not providing a service this month because it has run out of money. About 150 women will be denied access to the various services offered by that organisation for postnatal depression cases. I do not know whether that was understood previously.

Page 681 refers to the major initiatives and states that there is a service provision gap for older people with moderate loss of functional independence. I have been trying to get a reasonable answer on the question of respite care for frail aged seniors which is becoming a problem, largely because of the nursing homes fiasco of 12 months or a couple of years ago. The carers are finding it very difficult to send the people for whom they are caring to nursing homes because the people who are being cared for are very frightened that they will stay there - that they will never come out of them. I am concerned that we do not seem to have enough services for respite, not just nursing homes. I am not talking about the day centres offered under the health and community care programs. I know they are available and are utilised. People can get into them generally only once or twice a week, and that does not give the carer much respite. From time to time the carers need a break for a couple of weeks. They have no-one who can come to their homes to assist them. The people being cared for do not want to go into a nursing home because they fear the consequences. Is any consideration being given to providing some short-term care - perhaps a couple of weeks - for frail aged seniors in facilities other than nursing homes?

Mr BANSEMER: I did not understand what the member meant when she talked about the nursing homes fiasco.

Hon CHERYL DAVENPORT: I meant the commonwealth decision relating to up-front fees which caused much fear for seniors, particularly the frail.

Mr BANSEMER: Given the demands being placed on the HACC services and the demand for care in non-residential settings, attempts are being made to provide respite in non-institutional settings; however, it means that progress has been quite slow, and will continue to be. It is not just a matter of money; it is a question of resources.

Hon CHERYL DAVENPORT: A centre within the City of Cockburn that was operating in almost a home-away-from-home situation had to close about two months ago because of the lack of funding through the referrals from the aged care assessment team to keep it open. It was run by a private operation. That is one instance of an appropriate care centre where the costs were said to be too high for people to stay there, unless they could pay the fees of about \$60 a day.

Mr BANSEMER: I am not aware of that. I will see what I can find out.

Hon MAX EVANS: We will take that question on notice.

Mr BANSEMER: I do not know whether a question is involved; however, I would be interested to find out what is happening.

Hon CHERYL DAVENPORT: I am alluding to the fact that there was an appropriate place where frail aged people could be cared for that was not a nursing home.

Hon MAX EVANS: I know Hon Cheryl Davenport is deeply interested in this subject; however, if she cares to have a private chat with the minister outside the Chamber, it might be useful.

[10.40 am]

Hon B.K. DONALDSON: Part of the arrangements with the change to the patient assisted travel scheme was to provide specialist services in regional areas, and part of those savings were to be applied to allowing specialists to go into regional centres where capable theatre and nursing support services were available. Has that been successful? Secondly, is there any better coordination between the Aboriginal Medical Service and the public health service in the north west? There were concerns about duplication and that the hours of service delivery were not meeting the needs of the community.

Mr SNOWBALL: An increase in specialist services has been provided in regional areas and also equipment has been established as part of the changes made through the PAT scheme. It has allowed more procedures to be provided locally, which aligns with the principle of providing health care closer to home. An extension of that is the rural surgical service operating out of Sir Charles Gairdner Hospital, which provides a visiting service to fairly small communities, particularly throughout the wheatbelt area but also through to centres in the north west. That has proved to be a very successful program, which has allowed people much better access to surgical services in those areas, and has reduced the demand to travel to access those services. Yes, it has proved to be a success limited to the extent that we can attract specialists to those centres.

Hon B.K. DONALDSON: What about the coordination of efforts of the Aboriginal Medical Service and the public health service in some of the north west towns?

Mr HOUSTON: The effort to improve coordination of services between commonwealth and state-funded programs in the north west has been the subject of considerable tension over the past couple of years. The most critical element of that process has been in the past six or seven months when the Aboriginal-controlled community health services, the publicly funded and managed health services, the Commonwealth, and other private, not for profit organisations collaborated in the development of a series of regional Aboriginal health plans. These plans have identified opportunities for improved coordination and collaboration between the agencies and attempts to reduce or eliminate any duplication identified and deal with the gaps identified. The plans are at the stage at which the various regional based planning teams are looking at the next to final drafts, and we expect those documents to be with us in the not too distant future. They will form the basis of a continuing effort to improve the coordination of services between the community sector and the publicly managed health services.

Hon MURIEL PATTERSON: My questions also deal with rural areas. Will the minister advise of the benefits of the establishment of the multipurpose service program in rural Western Australia? Is this part of specialists visiting regional hospitals?

Mr SNOWBALL: The multipurpose service program is different from the program about accessing specialist services which I explained earlier. The program is a state and commonwealth joint program and provides for the pooling of funding from both sources. It allows a small rural community to pool those funds and use them in a more flexible way to provide services in that community. It allows communities to share infrastructure, support and resources to deliver a broader range of services. Instead of programs being run independently of each other and in separation, this program allows them to be brought together and make available a greater degree of service. The key part of that is aged care. It has allowed the Commonwealth to provide funding to meet benchmarks for the provision of aged care services in these communities, whereas before the elderly in those communities had to move to either a regional centre or the metropolitan area to access that care. In dollar terms, 15 sites have been approved, and \$28.7m has come from state government sources to fund that and \$4.5m from the Commonwealth for aged care, which normally would not have come into those areas without access to this program.

The CHAIRMAN: That brings to a close this division. If members have written questions that they have not been able to ask, they should deliver them to Michael Smyth and they will be incorporated in *Hansard*.

[10.50 am]

**Division 42: Conservation and Land Management, \$56 368 000 -**

[Hon E.R.J. Dermer, Chairman.]

[Hon Max Evans, Minister for Finance.]

[Dr S. Shea, Executive Director, Department of Conservation and Land Management.]

[Dr J. Byrne, Director of Corporate Services, Department of Conservation and Land Management.]

The CHAIRMAN (Hon E.R.J. Dermer): On behalf of the Estimates Committee I welcome members to today's hearing. 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, and the committee values that assistance. For the information of members, these proceedings will be reported by Hansard. The daily *Hansard* will be available the following morning. It will greatly assist Hansard if members, when referring to the *Budget Statements* volumes, the consolidated fund estimates or any other document, give the page number, item, program, amount and so on in preface to their questions. If supplementary information is to be provided, I ask for cooperation in ensuring that it is delivered to the committee's advisory/research officer within five working days of receipt of the questions.

An example of the required Hansard style for documents has been provided to ministers' advisers. I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. On behalf of the committee, I also ask members to keep their questions succinct.

For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and for each adviser to please state their full names, contact addresses and the capacity in which they appear before the committee.

That having been done, I will start with a number of questions. I note on page 240 of the *Budget Statements* that the tammar wallaby and the southern brown bandicoot have been removed from the Western Australian threatened fauna list. How many species of fauna have been added to that list in the 1998-99 financial year to date?

Dr SHEA: I am not aware of any species being added to the list but I will check.

The CHAIRMAN: I would appreciate that. Will you advise the committee of that information? What funds are appropriated in the 1999-2000 budget for research into the dieback conditions in Western Australian flora?

Dr BYRNE: I am sorry, I do not have that precise information. I do not have details other than what is in the *Budget Statements* and I would not like to make a guess. Could we have that as a supplementary question?

The CHAIRMAN: I would be happy to take that answer on notice. I would also be happy to take on notice advice about what funds the Commonwealth will contribute to this research in the next financial year and what funds it contributed in 1998-99.

Hon MAX EVANS: It would be quicker to put those questions on notice.

The CHAIRMAN: What funds were expended in 1998-99 by the department on mapping and interpretation of dieback risk areas?

Dr SHEA: Lots, but we will provide the details on notice.

The CHAIRMAN: I look forward to that detail. What is the anticipated expenditure in the next financial year?

Dr SHEA: We will take that question on notice.

The CHAIRMAN: How much area has been treated with phosphanate this financial year and at what cost?

Dr SHEA: We will take those questions on notice, but would you like me to comment?

The CHAIRMAN: Yes, briefly.

Dr SHEA: I have spoken about this technique before. It remains one of our best ways of handling endangered species. We have developed aerial application procedures and although it is still not possible to use phosphanate as a broad-scale treatment, the research is holding out. We have the remarkable situation of effectively being able to inoculate susceptible species like banksia against *Phytophthora cinnamomi*.

The CHAIRMAN: Thank you. I would be grateful to receive the detailed information on notice. I would also like to know what area it is anticipated will be treated in the coming financial year.

Hon MURIEL PATTERSON: What stage has the sandalwood component of CALM reached? What is the area of sandalwood? How many contracts for sale of sandalwood does CALM have? Who are the purchasers?

Dr SHEA: I will provide a detailed response on notice but I do have the exact numbers. However, we have had a tender process and a winner of a tender was Mt Romance; Hon Muriel Patterson is familiar with that as she had something to do with setting up the original factory. That is an exciting project. As a consequence of winning the tender for sandalwood, a lot of effort has been put into developing and manufacturing sandalwood in Western Australia. The Chairman knows that I can give extended responses and he should stop me when the committee gets bored.

The CHAIRMAN: I will not be shy in that respect.

Dr SHEA: It is interesting for members because several things have happened. We may be able to look at developing oils in Western Australia as they used to be in the 1920s, and developing a range of markets. The Mt Romance company is particularly good at marketing and has 40 products based on Western Australian sandalwood. Another interesting development is that we have cracked the technology for growing Indian sandalwood in a tree crop in both the Ord and agricultural regions. That gives us the capacity to develop large quantities of resource over time. The technology is probably the most sophisticated forestry technology ever developed. Sandalwood is a host and we have a series of hosts which have been used to create very fast growth in Indian sandalwood. Another interesting development which is unique and has been patented is the capacity to induce sandalwood oil formation at an earlier age.

The CHAIRMAN: I will interrupt you there. Is Hon Muriel Patterson happy with that answer?

Hon MURIEL PATTERSON: I am happy to leave it at that. I do not need to receive the detail on notice; I just wanted to know whether the industry was progressing satisfactorily.

The CHAIRMAN: I am sure Dr Shea would be happy to hear from any members who would like to know more about sandalwood.

Dr SHEA: I understand Hon John Cowdell has a particular interest in sandalwood and I would not like to pre-empt his question.

Hon J.A. COWDELL: That is very sound of you.

Hon BOB THOMAS: I faxed a letter to Dr Shea indicating that I would raise a number of questions asked by a constituent of mine. Can I table that letter and your response and have them incorporated?

Dr SHEA: Certainly.

[See page 646.]

Hon BARRY HOUSE: Are you in a position to provide a breakdown of fees collected from the public for entry to national parks in Western Australia? Do you have a breakdown of the individual parks?

Dr SHEA: I think we are answering that question on notice. I know that the department has spent considerable time on a like-minded question.

Hon BARRY HOUSE: I am not sure. I did not ask it but another member may have.

Dr SHEA: There is a question along those lines from a member of the Legislative Council which has taken three weeks to answer. If that question has not come through, and I do not think it has, we will provide that information.

The CHAIRMAN: Perhaps it is appropriate to take that question on notice. If the work has already been done, it will be easy to answer it within the required five days.

Hon BARRY HOUSE: For nearly 12 months the imposition of fees at the Leeuwin-Naturaliste National Park has been in place. CALM has an agreement with the Busselton and Margaret River shire councils to collect those fees but there appears to be some difficulty with the return of work in kind by those councils in some regards. How is CALM overcoming the conflict between the normal process of putting that work out to tender and meeting its agreement for the shires to perform that work?

[11.00 am]

Dr SHEA: That is a good point; it had not crossed my mind. I should be conscious of the scrutiny of everyone of that process. I will take it on notice and report to you in writing. My understanding is that often the work involved with the shires is a mutual work-type situation. It is a good point and we will check it. I do not think we have run into any problems, but we could.

Hon BARRY HOUSE: I understand there are problems with some projects that have been discussed between the Department of Conservation and Land Management and the shires; for instance, road building.

Dr SHEA: It is possible because, as you know, not the least because of intensive questioning from this Parliament, we are very conscious of the need for tendering. I will follow that through.

Hon J.A. COWDELL: I will ask two follow-up questions about the area to which Hon Barry House has just referred. Can I have an indication of the total revenue from national park fees for this financial year, and what is anticipated for the next financial year? Could CALM provide us with a list of parks which charge an entry fee and a list of those which do not charge an entry fee?

Dr SHEA: Obviously no-one likes fees anywhere, but one of the positive things about this program is that we are committed to putting the return from those fees back into the local area. Generally that has been well received.

Dr BYRNE: I have the figures for last year and the year before, and I can relate them to this year. They are not precisely shown in the *Budget Statements*, because it includes some other revenues are included in the financial reporting of those figures. For 1996-97, the figure was \$4.131m and in 1997-98, it was \$4.322m. This year we expect about \$5m to \$5.5m. I can give you more precise information on notice.

Hon J.A. COWDELL: Yes, if you could. When will the park fees next be reviewed?

Hon MAX EVANS: That is a policy matter; it comes to Cabinet, the minister puts it out and we review it from time to time.

Hon J.A. COWDELL: Is there no set time?

Hon MAX EVANS: No.

Hon J.A. COWDELL: I have a few questions about the salinity action plan. How much has CALM received this financial year, and how much will it receive next financial year, from consolidated revenue designated for its salinity action programs?

Dr BYRNE: Next year we are receiving \$4.65m from the consolidated revenue fund for nature conservation-type programs. In addition to that, money is also going to a number of other departments, including the Water and Rivers Commission, Agriculture Western Australia and the Department of Environmental Protection. We are receiving \$4.65m from the consolidated fund. In addition, asset sales are used for the salinity action program and that will bring the total amount up by another \$10m, to give the total amount spent on the salinity action plan of \$15m, of which \$4.65m is from the consolidated fund.

Hon J.A. COWDELL: You have pre-empted my next question which was what amounts is CALM contributing to these programs. You have answered that. Can you also answer it with respect to estimates for the coming financial year?

Hon MAX EVANS: Those figures Dr Byrne quoted were for 1999-2000.

Hon J.A. COWDELL: Can I also have them provided for the current financial year?

The CHAIRMAN: Can you answer that now, Dr Byrne, or should we put it on notice?

Hon J.A. COWDELL: I am happy to put it on notice.

Dr BYRNE: The answer I gave was for the next financial year with a total of \$15m. For the current year, which will finish in four weeks, we estimate we will spend \$9.935m. There is an amount of \$4.65m in the consolidated fund.

Hon J.A. COWDELL: What are the figures for the next financial year?

The CHAIRMAN: As I understand it, that is for the 1999-2000 financial year.

Hon MAX EVANS: That was the first answer Dr Byrne gave.

Hon J.A. COWDELL: I thought he just defined that as the current financial year ending on 30 June.

Hon MAX EVANS: No, it is \$4.65m for both years.

Hon J.A. COWDELL: What funds have been sought from the Federal Government this financial year, and what funds have been obtained from the Federal Government, for CALM's salinity action programs? Generally, how are we faring comparatively as a State in receiving commonwealth natural heritage fund grants to this area?

Dr SHEA: We will take the question on notice for detail. It is quite complex; there is a range of different funds. One of the major breakthroughs that has occurred in commonwealth funding is the recognition that, in addition to the conservation measures, funding also should be provided for alternative perennial crops for the agricultural region. We share that allocation with Agriculture Western Australia. As understand it - I was reading a note this morning - this year it is \$1m, which is a significant change in the policy of the Commonwealth Government, and it is a very positive one. We will provide the detail of the different funds to you in writing.

Hon J.A. COWDELL: What is the basis of the significant increase in the community grant for the next financial year? Is it accounted for primarily by extra moneys for the salinity action programs, or is there some money for the restructuring of CALM? What is the reason for that increase in the community grant for the next financial year?

Dr SHEA: It is certainly not meant to be used on the restructuring of CALM; it is for actual projects. We will respond in writing to that.

Hon MURRAY MONTGOMERY: I will go back to something that was raised about dieback. You indicated that there was an inoculation. For how long does that inoculation last in the trees in the forest areas?

[11.10 am]

Dr SHEA: We have trials that have extended beyond six years; for example, as part of an experiment, we put an infection of *Phytophthora cinnamomi* into banksia. It grows a lesion, the inoculation is put in and it causes the lesion to stop. It appears likely that that effect will last for the life of the plant or the tree. The problem is that it is not transmitted Lysenko-like into the next generation. Once the tree dies by natural causes, we must respray or reinoculate. However, it seems that there is some very strong biochemical reaction going on which induces the trees' capacity to form resistant structures. I suppose the analogy in the human body is with cancers. As members know, people go into remission, and much of the work is concentrated on ascertaining whether the chemicals can stimulate the proteins that cause resistance. Similarly in plants, there are very complex biochemical reactions which involve, for example, the formation of cork tissue around lesions, and for some reason this simple chemical does this.

The CHAIRMAN: That is a clear explanation in answer to the question.

Hon MURRAY MONTGOMERY: I move to page 245 of the *Budget Statements*. The first major initiative is the completion of the first phase of the Manjimup nursery, with the resulting production capacity of seedlings there. What percentage of those seedlings will be used in the salinity action plantings, and has any measurement been done so far in the plantings of those seedlings that have taken place - I take it that most of it is maritime pine - of the draw-down of water in those salinity areas?

Dr SHEA: We will provide the specific quantified proportion. However, in general terms, almost all of the maritime pine seedlings are part of the action plan and most of the *globulus*, of course, are also part of that plan, because almost all of our seedlings, apart from some native forest seedlings, are planted on farmland in areas in which there are salinity problems. As to the member's second question, we are constantly monitoring the growth of maritime pine in farmlands, and the growth has been quite spectacular. It has far exceeded our expectations. We attribute that to the fact that we are planting on areas in which there is very good weed control but also in which there is a residual fertiliser. We actually have currently visiting Western Australia two very senior and distinguished scientists from France who specialise in maritime pine, and they have been very impressed with the sort of growth we are achieving, in part because of those things that I mentioned, but also because we are now using a stock which has been improved by a breeding program for over 50 years and is now, in terms of growth, 140 per cent faster than the original stock that was brought from the Mediterranean, which I have compared to draw an analogy with -

The CHAIRMAN: Dr Shea, thank you for your explanation.

Dr SHEA: I was just about to make a very good point, but I will stop there.

The CHAIRMAN: I am sure you were. We understand more information is coming on notice, so you are welcome to include it there.

Hon KEN TRAVERS: I understand that the Water and Rivers Commission allocation plans for the Gnangara mound have been based on a reduction in the number of pines on that mound and that for a number of years the Department of Conservation and Land Management has been requested to reduce or thin the pines on the mound to increase the amount of water that is available for other users, including Perth's water supply. I also know that the recently released Gnangara Park concept plan indicated that CALM would be thinning and reducing the number of trees, but this would be based upon market demands. Firstly, has CALM now developed a plan for reducing the number of pines on the Gnangara mound; and if so, can we be provided with a copy of that? Secondly, when does CALM expect to reach the level of pines required by the Water and Rivers Commission to increase the amount of water that is available to Perth from that mound?

Dr SHEA: I should make the observation, of course, that had it not been for my predecessors ensuring that that large area of reserve was not built on, there would not be any water supply for Perth from that area. The trees have done a very good job in protecting it. We are in the process of developing that plan in conjunction with Roger Payne of the Water and Rivers Commission. Of course, to some extent it must be driven by the demand for thinnings. We are thinning a considerable amount of that area and feeding it into principally the medium density fibreboard plant which is operated by Wesfi Limited. We are hopeful that we will be able to increase that thinning program and over time achieve the requirement to bring the basal areas down to a level at which interception of rainfall is equivalent to the native forest. In areas in which we have clear-felled, it is quite interesting that the ground water table has almost come to the surface. However, the plan is not to



clear-fell but to thin over a wider area and spread the thinning. That plan is being developed in conjunction with the Water and Rivers Commission.

Hon KEN TRAVERS: Other than the fibreboard plant, have any other potential markets for the pine from that plantation been identified by CALM?

Dr SHEA: Mr Chairman, please bear with me. Do not cut me off in the middle of this answer because it is very interesting.

The CHAIRMAN: Certainly, within reason.

Dr SHEA: The maritime pine is an interesting species.

Hon KEN TRAVERS: Is it maritime pine or *pinaster* pine?

Dr SHEA: We call it maritime pine because it sounds nicer; it is a nice, sweet name.

The CHAIRMAN: We will not insist on Latin botanical names, Dr Shea.

Dr SHEA: We call the species we have bred La Mancha maritime pine to distinguish it from the ordinary pine. It comes from the Mediterranean. Maritime pine has not been looked on favourably by local industry for timber products. That is basically because they have had a culture of *radiata* pine. However, maritime pine has a distinct advantage over many pines because it has higher density and therefore greater strength. We have been working for three years with Sumitomo Australia Limited with the objective of achieving a laminated veneer lumber plant in Western Australia based on that resource. When the Sumitomo representatives originally came to look at Western Australia's resources, they were not familiar with maritime pine and preferred *radiata* pine. Their preferred species is now maritime pine because of its density. There are significant problems with *radiata* pine in New Zealand when it is used as a structural veneer because of its relatively low density.

Therefore, the answer to the question is, yes, we have been actively exploring, and we are hopeful that we will be able to obtain a laminated veneer lumber plant in Western Australia. Laminated veneer lumber is an exciting, relatively new product, from which beams 25 metres long can be constructed, which can compete with steel and concrete structures. It also has the added advantage that it comes from a sustainable resource and locks up lots of carbon. I will terminate there, because I was about to go on and I could see the Chairman was worried.

The CHAIRMAN: I am sure you appreciate the importance of keeping the answers as short as possible.

Hon KEN TRAVERS: I still did not get an answer to my earlier question of when do you expect to reduce the level of pines to that required by the Water and Rivers Commission. What is your time line for that?

Dr SHEA: To some extent, as I indicated, it will depend upon the commercial demand, because the alternative is to kill trees and leave them standing. We anticipate that we will meet the schedule within the next five years. We are already having a significant effect on increasing water through flow by our thinning program.

Hon KEN TRAVERS: The final question that must be asked is what effect is the cost and availability of natives as an alternative to the use of pines having on the market demand for pines?

[11.20 am]

Dr SHEA: We have significant trouble fulfilling our contractual requirements for logs to the pine industry. We only wish that we had another 100 000 hectares. Particularly in the case of things like laminated veneer lumber, there is no competition with the native forest. We would like to use some native forest residue in particle board and MDF but unfortunately pine is preferred as the raw material. In general terms, although there is some competition in parts of the industry, particularly with karri for structural timber, on the basis of our contracts, we are having trouble fulfilling the demand for sawlogs from the pine industry.

Hon NORM KELLY: Page 235 of the budget papers shows the amount authorised by the Salaries and Allowances Act as \$159 000 for last year and estimated for the coming year. I take it that is the salary for the executive director?

Dr BYRNE: Yes.

Hon NORM KELLY: Are any other payments or bonus payments paid to the executive director in the current year or to be paid in the coming financial year?

Dr BYRNE: Not that I am aware of. There is the provision of a motor vehicle but I get that also. There is a telephone allowance and minor things like that which are paid generally to public servants but no bonus payments.

Dr SHEA: Not that I am aware of also. Any submission on the part of the member to have this brought forward, I would support!

Hon NORM KELLY: I am checking that no other payments have been made. I understand that a payment was made in lieu of leave that was not taken.

The CHAIRMAN: I am sure that it is possible for Dr Byrne and Dr Shea to investigate that matter and advise the committee if there are other payments.

Hon NORM KELLY: As the executive director is here, I thought it would be quite easy to ask him.

Dr SHEA: I have no problem. Many CEOs have large accumulated, not annual leave, but long service leave. Short of my

taking six months off and not being available to work for the Government and Parliament, the only way we could meet the requirement was to pay that out, and that was done.

Hon NORM KELLY: May I be provided with all payments made to the executive director for the years 1997-98 forward?

The CHAIRMAN: Certainly.

Hon NORM KELLY: That is on notice. I understand that there has been a problem in submitting a performance agreement in line with the Public Sector Management Act. Has that now been complied with; if so, how?

Dr SHEA: It has been complied with and a performance agreement has been supplied.

Hon NORM KELLY: When was that done?

Dr SHEA: Some months ago. I do not have the detail.

The CHAIRMAN: Are you happy to provide the detail?

Dr SHEA: Certainly. That is not a problem.

Hon CHRISTINE SHARP: Has the executive director or any other officer referred to in section 15(3) of the Wildlife Conservation Act or section 133 of the Conservation and Land Management Act since 1 January 1988 issued any licences of the type referred to in sections 15, 23C and 23D of the Wildlife Conservation Act 1950, which would allow for non-compliance with that Act; if so, what was the fee payable for such a licence?

Dr SHEA: We will take that on notice.

Hon CHRISTINE SHARP: Has the minister responsible for CALM issued any similar licences under the same section of the Wildlife Conservation Act?

Dr SHEA: We will take that on notice.

Hon CHRISTINE SHARP: If any licences of that type have been issued, to whom have they been issued, what otherwise illegal actions were permitted by such licences and what conditions were attached to such licences, financial or otherwise? Are any of those licences, if they exist, still in operation?

Dr SHEA: I will take those questions on notice.

Hon CHRISTINE SHARP: I want to expand on the issue of bonus payments. Has the executive director or any other employee of the department received bonus payments from the Government or any other entity in respect of the sale of timber?

Dr SHEA: In respect of myself, I can say categorically no. I assume that would be the case for all other members but I will take the second part of the question on notice and check.

Hon CHRISTINE SHARP: Have there been any bonus payments from the Government or any other entity in respect of financial or any other type of performance achieved by CALM?

Dr SHEA: I will take that on notice. Last year the Treasury had a general incentive payment for meeting targets, which I believe is still operating. If we met a certain target, in the following budget we retained a net appropriation. We will certainly take the question on notice to give the committee the detail.

Dr BYRNE: The Treasury paid an incentive to agencies that stayed within budget and it agreed to provide additional funds. In CALM's case it is about \$100 000. If we stay in the Treasury-approved budget this year, we will receive an incentive of about \$100 000. Other agencies also receive incentive payments. The budget papers specifically mention the Treasury's paying that incentive to agencies.

Hon CHRISTINE SHARP: With regard to the contract of employment, since 1 January 1992 has CALM employed or contracted any of the following: Advertising agencies, market research organisations, polling organisations, direct mail organisations, media advertising organisations and lawyers other than the Crown Solicitor's office?

The CHAIRMAN: I would imagine that question will require some research.

Dr SHEA: We will take it on notice.

Hon CHRISTINE SHARP: When you provide the answer on notice, could you also provide what quantum of payment was made by CALM, to whom the payment was made, when the payment was made and in respect of what services it was made? Will you confirm whether any answers to that have been referred to in the annual reports of CALM?

The CHAIRMAN: That will be on notice.

Hon B.K. DONALDSON: I asked a question last year about paulownia trees. You erred on the side of caution and said you were doing ongoing research. One of the major initiatives of 1999-2000 on page 245 is the commencement of a research program to identify and develop new species and associated products suitable for large-scale, commercial industries in the wheatbelt and another is the coordination of the first Agroforestry Expo in September 1999 with Agriculture Western Australia and the Water and Rivers Commission. What further research has been conducted into the use of paulownia plantations? Given that it is a hard wood, is light and accepts stains and varnishes very easily, although it needs certain

climatic conditions and so on, I see it as an excellent timber. Where does CALM now sit with the use of those trees, given that we do not keep knocking down rainforests overseas?

[11.30 am]

Dr SHEA: I distinctly remember the question from last year. You slightly misinterpreted my response which was that in the case of areas where the private sector is doing work - as you have indicated, there is extensive work going on - unless we are asked to do specific research, our basic philosophy is that if the private sector can do it, we are out of it. We have a lot of things to research.

I have watched with interest the development of the paulownia programs, I guess reverting to my previous life when I was a bit technical in this area. I have some concerns about the climatic conditions required to grow paulownia economically. I also have some mild concerns, as I generally have sometimes, about the projected price of the wood to justify economic investment. The best way for these programs to succeed is for people to put private resources into them, as is happening now, and as we are doing. We all make mistakes and we learn. From a technical point of view, I am a bit sceptical about the economic return from paulownia when it requires so many inputs to cope with the climate. It certainly is a timber that is used and is valuable, although its density is very low, and many products require a higher density. However, that is not to say it does not have a role to play. If we received a specific request to look at these projects, we would respond, but we have not received such a request.

Hon B.K. DONALDSON: Would that species be eligible for carbon credits?

Dr SHEA: Any species that holds carbon in the ground for a number of years has that potential. One of the disadvantages of paulownia is its density. It is a very light wood, and the lower the density, the less carbon it holds. For example, maritime pine has a density of 0.5. I suspect the density of paulownia is in the range of 0.1 to 0.2, so it holds four or five times less carbon per cubic metre. Anything that locks up carbon has the potential to get a carbon credit.

Hon MURIEL PATTERSON: Does CALM have the resources for fire control to cover the vast area under its jurisdiction? Does CALM have on its agenda preventive burning of dead timbers that can light up and create a fire hazard? Does CALM liaise satisfactorily with the farm bush fire brigades in adjoining parks and areas?

Dr SHEA: We are delighted with the cooperation that we are receiving throughout the State from local brigades and shire councils. People underestimate the huge contribution that they make. We estimate it would cost the State an extra \$100m per year if we did not have that volunteer bush fire service. We work very closely with it, and it often fights fires with us. We have a very good relationship. In the areas in the member's region, we recognise its contribution to our planting programs by donating fire trucks, and private companies are also doing that. We have enough resources, although we can always have more, and we have a very efficient firefighting service outside Perth, but I am concerned that because of the constraints that have been placed on when we can prescribe-burn, fuel loads are building up to dangerous levels. Those constraints are primarily because of concerns in the metropolitan area about smoke haze. In some cases, particularly in the northern jarrah forest, we are restricted to very few weeks of the year when we can burn. That makes it very difficult, even if we had the red army, to carry out our prescribed burning program. I have said publicly before, and I will say again, that in places at the back of Dwellingup with which I am very familiar, the loads of fuel are approaching what they were before the Dwellingup wildfire. The community must address this dilemma, because if we were to have a wildfire, not only might we lose lives and property, but also a lot of smoke would hang around Perth for a long time.

Hon MURIEL PATTERSON: Has the radio frequency that is used by the bush fire brigades of the various shires and CALM been adjusted? I believe that was quite a serious problem because various locations use their own frequencies and are not au fait with CALM's frequency. When you go into a location, what frequency do you use?

Dr SHEA: I will take that on notice.

Hon J.A. COWDELL: What is the current CALM debt, and what is it projected to be at the end of the next financial year?

Dr BYRNE: That information is contained in the statement of financial position at page 251 of the *Budget Statements*, which lists the borrowings from the Treasury Corporation for the current year and future years. To get the figure for 1999-2000 you need to add together the two figures for current liabilities and non-current liabilities, which totals \$86.3m. You can see the amount due this year and for the next 12 months, and the amount due after the next 12 months.

Hon MAX EVANS: Dr Byrne is saying that under current liabilities, \$4m will be paid this year and the balance will be paid over the long term. That \$4m plus the \$82m under non-current liabilities totals \$86m for this coming financial year. The CALM debt was about \$129m six years ago, and CALM has been able to reduce that debt. A lot of that debt resulted from buying land and developing forest. Before we came into government, the proceeds from the sale of timber went to Treasury but the debt remained with CALM. Syd Shea has been able to work towards reducing that debt.

Hon J.A. COWDELL: Is it the case that the rate of debt reduction has slowed markedly?

Dr SHEA: One of the agreements made by the Government when the state salinity strategy was agreed to was that CALM would fund that part of it which related to the maritime pine program and associated conservation plantings with a mixture of asset sales and debt reduction, and we have been permitted, while we have had a substantial reduction in debt of around \$40m, to tailor it to ameliorate the rate of decline by paying for the establishment of a new asset of maritime pine.

Hon J.A. COWDELL: With regard to this debt, what assets were sold this financial year and what is the expected yield from asset sales next financial year?

[11.40 am]

Dr BYRNE: About \$4m of land is about to be sold at Technology Park at Como for the new Commonwealth Scientific and Industrial Research Organisation facility for petroleum and mineral resources research. Also, this current financial year we received the proceeds of sale of the pine plantation near Nannup, which was sold last year for about \$3m. We have sold other small parcels of land throughout the State. We regularly receive parliamentary questions about the precise list, and I can provide a precise list of what we sold this year.

Regarding the other part of your question, we are looking at \$8m to \$10m in asset sales in the next financial year. Again, we will provide a precise list. The significant one will be a mature pine plantation at Baldivis planted 30 years ago. It is an urban development site. It was decided that after one rotation it would become an urban development, and about \$6m is the minimum estimate for that return. Another \$1.8m is expected from land at Joondalup. However, that requires revocation from state forest. It has been referred to the upper House and the \$1.8m is dependent upon the passage of that motion.

Hon MAX EVANS: That motion is now in the House.

Dr BYRNE: I could give a list of other minor parcels. It does not take into account the market. We may like to sell many minor parcels, but whether we can sell this year or next year depends upon market conditions.

Hon J.A. COWDELL: Those lists will be provided as supplementary information regarding the next and current financial years.

The CHAIRMAN: It is noted.

Hon J.A. COWDELL: What is the expected return from the leaseholders under the nature-based tourism program by category in the next and current financial years? I assume the question will need to be placed on notice. I note that the variance between the projections for this and the past financial year tended to be modest and at variance with the expected growth of income in this sector.

Dr SHEA: We will take that question on notice.

Hon KEN TRAVERS: What is the current status of the redevelopment plans for the Yanchep National Park? Is CALM still seeking private sector involvement in the redevelopment of the park? What money is allocated in this year's budget to carry out the urgently needed upgrade of the park?

Dr BYRNE: We need to take all of that question on notice. The detail of the planned expenditure is not provided in the budget papers, and I would not like to rely on memory. I will take it on notice.

Hon NORM KELLY: My next questions relates to the royalties referred to on page 243 of the *Budget Statements*. It is listed as a major achievement for 1998-99 that negotiations were finalised on a second-phase increase in royalties. How far into the future are these royalties negotiated? Who was involved in those negotiations? The final part of my question will need to go on notice: What are the new levels of royalties?

Hon MAX EVANS: Most of that question is a policy matter. The minister will make a decision regarding the royalties and contracts. You have asked about the present royalty. The other part is future policy.

The CHAIRMAN: Which part of the question does the minister see as appropriate? It was mentioned in two parts. The future royalties part cannot be answered. So, all parts except for the future royalties can be answered.

Hon MAX EVANS: Some parts of the question can be answered now, but the part relating to future royalties cannot be answered at this stage as it relates to government policy. I do not know whether the decision has been made on future royalties or how far ahead the contracts will extend.

The CHAIRMAN: All parts of the question can be answered except for the reference to future royalties. Is that answer to be provided now or to be taken on notice?

Dr SHEA: I am rather confused. The question of future royalties is government policy.

The CHAIRMAN: I understand that.

Hon NORM KELLY: I thought negotiations had been finalised, so it was not a policy matter. I thought some understanding must have been formed about the phasing in of the royalty increase.

Dr SHEA: We can provide on notice the quantum of the increase. What will happen in the future is a policy decision.

Hon NORM KELLY: I will place on notice the quantum of the increase and the detail which can be provided. Who was involved in these negotiations?

Hon MAX EVANS: Put that question on notice too.

Hon GIZ WATSON: Can you table the coupe maps for the 1999-2000 cutting program?

Dr SHEA: I do not carry the coupe maps with me. We will take it on notice.

Hon GIZ WATSON: Could we also have the coupe summary tables for the same period?

Dr SHEA: Yes.

Hon GIZ WATSON: Page 236 of the *Budget Statements* refers to the establishment of maritime pines and a wide range of tree species in relation to the state salinity action response. What proportion of CALM's budget is directed to alternative species as opposed to maritime pine?

Dr SHEA: We will take that question on notice to give the specifics. As I mentioned earlier, I do not think the member was here at the time, 10 per cent of any area planted on a farm is provided free of charge to the farmer for native species. The program involves 40 native species, including sandalwood. That gives an idea of the proportion. I can provide the specific funding on notice.

Hon GIZ WATSON: Are you referring to the Indian sandalwood rather than the native sandalwood?

Dr SHEA: The Chairman is about to reprimand me for taking the opportunity to talk about this exotic species. It is the native sandalwood, *Santalum spicatum*.

Hon GIZ WATSON: What proportion of CALM's budget is directed to attracting visitors to the various reserves? It may be a policy issue. It is interesting that such activity is regarded not as the responsibility of the Tourism Commission, but of CALM. It is implied in the budget comment that a certain amount of effort was directed to attracting visitors to the conservation estate.

Dr BYRNE: We have no separate budget allocation for marketing or advertising to attract tourists. The facilities tend to attract people themselves by and large. Of course, we have publications, but no separate budget for marketing. The Tourism Commission has an advertising budget, but CALM has no such equivalent budget.

Hon MAX EVANS: The *Landscape* magazine is an important tool in marketing CALM and places to visit. It is related to vehicle licences. People are made aware of the many areas outlined in *Landscape*. Indirect marketing takes place without direct allocations - that is a marketing tool with which I have had a lot to do with in recent years.

Hon MARK NEVILL: Reading the annual report, what is the reason for the decline in the estimated number of red kangaroos since the mid-1980s?

Dr SHEA: We will take the question on notice. The populations go through long-term cycles.

[11.50 am]

Hon CHRISTINE SHARP: Does CALM have any contracts for third grade jarrah saw logs? Does CALM have any other allocation quotas for third grade jarrah saw logs? How are third grade jarrah saw logs and/or residue logs which are cut down accounted for? When the log is sold or removed, how is it accounted for?

Dr SHEA: We will take the question on notice and provide the detail. Our logging system is controlled by the D-note delivery system.

Hon CHRISTINE SHARP: Has the department attempted to save the Government some funds by cutting down on its publication of annual reports? Last year I could only get a photocopy version of the annual report. How many copies were printed in the current financial year and how many do you intend to print for the next financial year?

Dr SHEA: I will refer that to my colleague, who is basically very mean.

Dr BYRNE: Not at all. You should have received a full copy and I will ensure you do in future. There has been no reduction in the distribution of the annual report that I am aware. It is important for our accountability.

Hon MAX EVANS: I should think that Hon Christine Sharp could have made a telephone call to obtain a copy. A few years ago all the annual reports came onto our desks and there were thousands of copies. They cut that back, and most departments send only a handful here. I am disappointed Hon Christine Sharp could not telephone and obtain a copy.

Hon CHRISTINE SHARP: I have a question about a case heard in the Armadale District Court on 25 May last week. Was CALM responsible for the prosecution for removal of timber without a licence?

Dr SHEA: I will take it on notice. I am not aware of it.

Hon CHRISTINE SHARP: If CALM was responsible for that prosecution, why was the charge of transporting timber without a licence withdrawn? What were the grade of the logs involved? Who was the driver working for? What was the destination of the logs? What other prosecutions, if any, of this type have occurred in the past two years?

Dr SHEA: I will take the questions on notice.

Hon SIMON O'BRIEN: Mr Chairman, our policy requires that these hearings are intended to focus on this year's budget papers and on the annual report. The member is possibly straying into areas which are the province of questions to ministers during normal sittings of the Parliament. I am also aware that a huge amount of data is being sought through questions being placed on notice during this hearing. We have a five-day time limit on responses being received from departments and I do not know if they will be able to provide that information within five days.

The CHAIRMAN: I am happy to entertain the member's point. My view on these matters is that almost every area of concern involves expenditure of state government revenue. Where the budget statements might provide generalised categories, individual areas of expenditure are also relevant. For that reason I am happy to entertain the questions I have

heard this morning. I am happy to take guidance from the minister when he believes matters relate to policy, as I did earlier in the hearings. The question asked by Hon Christine Sharp is clear, and it will require detailed research for the answer. My original point is that it should be taken on notice.

Hon J.A. COWDELL: Will CALM lose most of its retained revenue in the proposed restructuring? I noticed that the forward estimates show the maintenance of the level of revenues retained, although I thought that was not the case. If that change does come about, will CALM expect its community grant to be adjusted accordingly?

Dr SHEA: The answer to the last question is, not yet! The budget papers were prepared before Cabinet made its decision about administrative arrangements and funding. The proposal is that timber royalties will be paid to the new forest production commission, but the payment will be made for CALM as a service provider for costs. The residue which is currently retained by CALM we understand and expect would be made up by increasing the net appropriation.

Hon MAX EVANS: The Regional Forest Agreement was announced on 4 May. After the budget papers have been finalised by the department there is a lead time in dotting i's and crossing t's. This has been done before when departments were split up during the year.

Hon J.A. COWDELL: Will CALM seek a debt write-off as a component of any financial restructuring?

Hon MAX EVANS: It might seek it but it will not get it.

Dr SHEA: It had crossed my mind.

Hon J.A. COWDELL: What funding did CALM receive from commonwealth sources this financial year and what is the anticipated funding next financial year?

Dr SHEA: We will take that on notice.

Hon J.A. COWDELL: What funds have been allocated for the management of Yalgorup National Park this financial year, and what will be allocated next year?

Dr SHEA: We will take that on notice.

Hon J.A. COWDELL: Have any funds been appropriated to purchase private landholdings near Lake Clifton within the Yalgorup National Park as prescribed in the Yalgorup National Park management plan for 1995-2005?

Dr SHEA: We have a general land purchase section in our budget. I will take the question on notice and respond to the member about the specifics.

Hon J.A. COWDELL: Have any management funds been allocated in anticipation of the establishment of the Peel regional park in the next 12 months?

Dr SHEA: We will take that on notice.

Hon J.A. COWDELL: Dr Shea mentioned purchase of land. What was CALM's budget for the purchase of land for conservation purposes this financial year, and what lands were acquired? What will CALM's budget for such purchases be in the next financial year? I am not looking at the annual allocation of \$200 000 but from all sources.

Dr SHEA: That is a complicated question. There has been a significant increase in this budget, augmented significantly by commonwealth funding. We will answer in detail on notice.

Hon J.A. COWDELL: You mentioned in other areas that the commonwealth provides funding on the basis of \$2 for every \$1 provided by the State. Could you indicate in that answer the limitation on this sort of funding and whether we have accessed all the possible federal money?

Dr SHEA: We have done an incredibly good deal. We will put that on notice. One of the ways that we continue the flow of commonwealth moneys is that we ensure it gets some of the glory when we announce the land package. When we provide that information I ask that the member keep in mind that in any public statement we want to recognise the Commonwealth.

The CHAIRMAN: Thank you, Dr Shea. Whatever encourages a fair contribution from the Commonwealth is obviously a worthwhile strategy.

Hon NORM KELLY: Given the number of questions that are being placed on notice, it might be prudent for the department to provide more officers to the estimates hearings in future to facilitate more answers.

Hon MAX EVANS: Some of the detail that is required makes it impossible for anyone to answer those questions.

[12 noon]

The CHAIRMAN: My view is that taking questions on notice is entirely appropriate and is a good thing if it maximises the number of questions that can be answered by the hearing. Rather than continually breaking into commentary on the nature of the questions, I ask members to focus on questions.

Hon NORM KELLY: My question relates to page 238 of the *Budget Statements*. Under recurrent costs there are forward estimates for total net and cash costs of outputs but none of the detail. Why is that the case?

Dr BYRNE: I am not sure why there is a lack of detail. I did not notice that until the member pointed it out.

The CHAIRMAN: I am sure Hon Norm Kelly can achieve his objective by asking for further details to be provided on notice. Alternatively, he can ask a parliamentary question on notice.

Hon NORM KELLY: I asked that question because there seems to be a steady decline in the native forest operating revenues in the past few years. In these forward estimates of the total costs there is usually a trend shown, whereas this table shows a decrease for a couple of years and then an increase again in 2002-03. I want more of an indication through the details as to whether the trend towards decreasing revenue from native forests will continue and what will happen to the revenue for plantation forest harvest. I am happy to put those questions on notice.

Hon MAX EVANS: On that point, I make it clear that many of the agencies are structured in this way. When I asked questions when we were in opposition as to why we could not have four-year budgets, the previous Government would not produce four-year budgets. I even have a fight with Treasury to get them myself. Four-year budgets in total really only give an expectation of what one can plan with a degree of certainty. It would be stupid even to try to break down the figures to the nth degree and I would not request anybody to do it. The four-year estimates are not intended to state detailed figures. One would only find errors and there would be even more queries about them.

Hon NORM KELLY: I accept that.

The CHAIRMAN: We are getting into debate again on the nature of questions. I suggest to Hon Norm Kelly that if there is a specific area on which he wants more detail, he should ask about it.

Hon NORM KELLY: I have already put one question on notice and I am happy to leave it at that.

Hon MAX EVANS: On that point, if we are trying to get four-year estimates of those sub-amounts, I doubt whether they are available or whether there could be a commitment to provide them, whether for this budget or another budget. It is the total budget that members should be looking for - \$48m, \$45m or \$47m. If I were doing the financial planning, that is all I would be expecting at this stage.

The CHAIRMAN: My understanding is that Hon Norm Kelly has asked on notice for the further detail which is available. Obviously if it is not available, he will be advised of that as the answer to his question on notice.

Hon MAX EVANS: If it is not there, he will not get it.

The CHAIRMAN: That is right. If it is not there, the answer to the question will be that it is not there and, perhaps, why it is not there.

Hon GIZ WATSON: My question relates to an item on page 236 under "Significant issues and trends" on the need to establish a comprehensive, adequate and representative conservation reserve system throughout the State. In the establishment of a comprehensive marine reserve system, is there information on the time-line of the program of reserves that are expected to be proclaimed and have management plans? What funds are being allocated to progress that program? What staff allocation has been made to establish the marine reserve system? Is there any way that the rate of establishment of such a reserve system can be increased, because we are way behind in having a comprehensive and adequate marine reserve system in this State?

Dr SHEA: We have a very active program and we are delighted with it. It followed a comprehensive study by Barry Wilson, who is a renowned expert in the area. We are progressing with at least two, possibly three, marine reserves. We could go faster if we had more resources; however, it is important to bring the community along with us. I am extremely impressed with the Jurien Bay marine park proposal and the tremendous support that we have across a range of industries and community groups for the formation of that marine park. We must be careful in progressing these things. I share the honourable member's enthusiasm to establish a reserve system; however, we must also ensure that we have proper consultation with community support.

Hon GIZ WATSON: I ask on notice to see the time-lines of that program.

Dr SHEA: I am happy to supply that material on notice.

Hon MURRAY MONTGOMERY: How many overseas companies are in partnership, or are negotiating a partnership, with CALM on farm forestry plantation? Which companies are they? What are their financial arrangements with CALM? What projected plantings would occur with these arrangements?

Dr SHEA: CALM is the agent for a consortium of companies in the Albany region which consists of Itochu Trading House, Oji Paper Company - which is the largest pulp and paper company in Japan - and Sensukai, which is a direct mailing company. CALM is also the agent for Mitsui and Nippon Paper, and Hansol in the Collie region. We are also the agent for BP Australia in the Albany region for a plantation program principally associated with maritime pine and involving carbon credits. There are current negotiations with several companies but because of the delicate stage of those negotiations I ask the honourable member to wait before we make a public statement about that. However, they are the companies with which we are involved. The projected plantings of those companies are in the range of 8 000 to 12 000 hectares a year. I can answer that in detail.

The CHAIRMAN: We look forward to receiving the detailed answer to those questions.

Dr SHEA: We will give a detailed answer to those questions.

Hon J.A. COWDELL: In a similar area I note in the *Budget Statements* the increase in the number of full-time equivalents from 245 to 256 in the area of plantation management. Is this expected to be a continuing trend? Are there any long-term projections for CALM employment in plantation management?

Dr SHEA: They are in response primarily to two things: One is the increases in project areas which are paid for by companies and requires more staff; also the maritime pine program is our major expansion program, and it is scheduled to go to 10 000 hectares. As we increase the scale of that program, which is essentially funded by Government at this stage, we will have a consequent increase in staff. Our preference - and we are doing it wherever possible - is to subcontract or tender for many of these programs. Subject to our being successful, that increase in CALM staff should stabilise once we get to a critical mass level and most of the work will be done by tendering and contract work in the bush.

Hon J.A. COWDELL: Perhaps Dr Shea can indicate the wider employment impact of this program. My question related to CALM employees but Dr Shea has alerted me to a wider impact. Could he provide an answer in those terms?

[12.10 pm]

Dr SHEA: It is a very important question. Not only are there environmental problems throughout regional Australia, but there are also problems because of a reduction in population levels in those areas. I come across it time and again. Many people in the bush work with us on a voluntary basis, but they are virtually exhausted because there are not enough of them. One positive outcome of the existing planting program by the public and private sector is the very significant increase in jobs. The figures coming to me suggest that, together, the public and private programs in Albany have created 217 full-time jobs and 500 part-time jobs. There is real challenge: As the maritime pine plantations, in particular, come on stream, the timber is manufactured in the bush. The best place to manufacture wood is close to the source plantation because it reduces the transport costs. I am optimistic that in 20 years or so, we will see a manufacturing industry in many country towns in Western Australia based on wood fibre. I might say that 50 000 hectares of maritime pine - a large number of jobs are associated with planning, establishing, harvesting and maintaining that plantation - would give rise to a world-class lumber plant and a medium density fibreboard plant. In those plants alone, about 300 to 400 direct jobs would be generated. It is a job-rich industry. Western Australia is perfectly poised to capitalise on the Asian demand for reliable sources of high quality wood. If we are smart, we will manufacture that product in Western Australia, thereby making a large contribution to putting jobs back into the bush.

Hon J.A. COWDELL: I note that on page 244 there is a stated anticipated increase of 10 000 ha in the amount of plantation timber under management. What area of plantation timber will be harvested in the next financial year? How much of it is state-owned plantation? What area of plantation timber will be planted in the next financial year and how much will be state owned? I realise that these questions might have to be taken on notice.

Dr SHEA: Because it is a detailed question, we will take it on notice. We are moving to a very large government plantation project of maritime pine; 10 000 ha is a very large area. Historically, the most that has been achieved is 2 500 ha a year. The vast majority of softwood plantations will be government owned, and we will provide those detailed figures. In contrast, virtually all of the hardwood plantations are funded through the private sector because it is profitable, so no government money is required to do that. We will provide that information.

Hon J.A. COWDELL: In the estimates committee last year, it was indicated that the advent of the voluntary nature covenant scheme under the auspices of the Department of Conservation and Land Management was imminent and that that program was about to come on stream. Has it come on stream? How many covenants have been taken out, if any?

Dr SHEA: No, it has not come on stream, but it is imminent.

Hon MAX EVANS: As a result of assistance from the Lotteries Commission and the natural heritage people, some have come on stream, but I do not know the number.

Hon J.A. COWDELL: I am directing that question to the Department of Conservation and Land Management in this instance. What inducements will be offered to private landowners to participate under this scheme?

Dr SHEA: We have a land for wildlife scheme which provides encouragement and a little publicity for the scheme and recognition of farmers who set aside land for wildlife. At the last count, farmers had volunteered 30 000 ha for this. There is an untapped or latent potential for people to do these things, with the reward being merely recognition and an assurance that this work will be maintained in the future.

Hon J.A. COWDELL: I seek a list of national parks, indicating the date the management plan for the park was adopted or the projected date for the adoption of such a plan. I also wish to know the anticipated expenditure on plan development for the next 12 months. We seem to be proceeding very slowly with the development of plans throughout national parks. I seek some indication of the expenditure for the next 12 months and what we might see in an overview.

Dr SHEA: The rate of management plan formation within the department is infinitely greater than occurred in the previous organisation, which produced none.

The CHAIRMAN: A detailed answer will be provided by Dr Shea.

Hon NORM KELLY: Page 255 relates to the capital works program and shows \$2m allocated in 1999-2000 for tourism road improvement. Is that made up of various pieces of work, or does it comprise one significant program?

Dr SHEA: A variety of projects are involved, and I can provide a list if the member wishes.

Hon NORM KELLY: I put that question on notice. I also seek the same details for the 1998-99 program.

Hon CHRISTINE SHARP: I will ask a couple of questions about *pinus radiata*. One is a small detail. I understand the natural stands of *pinus radiata* in California are very small and are under serious natural threat of infection by pine canker.



Given this serious threat to the last remaining natural stands in California, is it too late to save the province of stands in CALM's supply at the Manjimup nursery? Can the department protect these natural provinces in Western Australia?

Dr SHEA: I will check the detail. My understanding is that given that the tree breeders are incredibly possessive, I am sure nothing would be done to reduce the genetic pool of radiata pine.

The CHAIRMAN: The details will be provided by supplementary information.

Dr SHEA: I am not aware of any reduction in the genetic pool. I am going to Manjimup at two o'clock this afternoon, God willing. I will look at the nursery and ask the staff there. The member is dead right about the canker disease in radiata pine. It is very serious and threatens the plantations. It is fortunate that it is unlikely we will get material from California because of the risk of this disease being introduced.

Hon CHRISTINE SHARP: I refer to section 2 of the Grimwade radiata plantation. Why was that area not replanted with *pinus radiata* when it was regenerated?

Dr SHEA: I am not aware of the area, and will take the question on notice.

Hon CHRISTINE SHARP: Mr Chairman, I seek your guidance. I have a couple of questions of a policy nature which I would like to ask. Am I allowed to put those to the minister, or are they outside the -

Hon MAX EVANS: The member should just put them on notice in the House and we will provide an answer.

The CHAIRMAN: I think that is the most appropriate course.

Hon GIZ WATSON: My question relates to the harvesting of sandalwood and meeting the sustainability criteria for harvesting of it, both currently and in the future, and it will probably have to be taken on notice. I would like to know the criteria that are met for assessing the ecological sustainability, the monitoring that is carried out to assess whether that harvesting is sustainable and the evidence that is available of regeneration of sandalwood, particularly given that the area is very large. On what basis is it claimed that it is sustainable?

[12.20 pm]

Dr SHEA: I will respond in detail on notice but I was in Kalgoorlie looking at sandalwood last week. We are in the process of completing an inventory and the preliminary indications are that there is even more sandalwood than we thought. We are very keen on the regeneration of sandalwood. The principal regeneration problem is grazing by feral animals. That is why we have been involved in a big program of purchasing pastoral stations specifically for the purpose of regenerating sandalwood. We will provide the member with a detailed answer.

Hon GIZ WATSON: What is being done to control feral animals, particularly goats? I understand they have a major impact on successful regeneration but there is a contradiction between that and pastoralists harvesting goats.

Dr SHEA: I can provide the member with more details but we have been involved in goat control programs with regional groups in the pastoral regions and around Kalgoorlie. Funding has been made available from the sandalwood budget for that. Goats worry me. I understand people need alternative ways of making money but the signs are that there may be more activity with goats, including feral goats. They are very destructive. We run major programs in places like Shark Bay which is down to its last 100 goats and we have combined with the Special Air Service to get rid of the last few. When we remove these animals the vegetation response is remarkable. I am concerned that we might see a lessening of the goat control program or a tendency to have more goats in the region.

Hon GIZ WATSON: I understand the Cape Range National Park management plan was due for review last year or this year. When will the review of the Cape Range National Park management plan take place?

Dr SHEA: I think we are involved in that process but I will check.

The CHAIRMAN: That is on notice.

Hon MARK NEVILL: Have you made any progress in eradicating wild pigs in the south west?

Dr SHEA: I think we have made progress with that. In response to letters from Hon Mark Nevill and other members, we linked up with local groups which like shooting pigs, particularly in the coal areas. It is still a major problem although I think we have it under control. There is some circumstantial evidence that some pig control has been a by-product of our fox control program; they seem to be able to take up baits. Like all feral animals, except in rare circumstances, it is very difficult to eradicate pigs and we must maintain constant pressure as we have. We will check formally over the years but it seems that a by-product of fox control is some pig control.

Hon J.A. COWDELL: I refer to the tourism and recreation services section of the *Budget Statements* and note that the number of sites managed is anticipated to rise from 675 to 850. Why then is there a projected reduction rather than an increase in the number of full-time equivalents in a growth area such as tourism and recreation services?

Dr SHEA: The general answer is that we are increasingly trying to use contractors. We are also developing a successful program with the Ministry of Justice which has a very good captive labour force. Our work with the Ministry of Justice on the Bibbulmun track was very successful. We have another program involving the local arboretum in Kalgoorlie and we have been able to remove our staff from that project and replace them with three Ministry of Justice inmates who are doing a superb job. That has freed our staff for other things. There are a range of reasons for that change.

Hon J.A. COWDELL: What is the basis for the reduction of tourism and recreation services recoupable revenues as indicated at page 246 of the *Budget Statements*? At the top of the page a reduction in estimated recoupable projects is noted under "reason for significant variation". What is the explanation for that?

Dr BYRNE: I do not have a simple answer for that but recoupable projects vary from year to year, sometimes significantly. They relate to external demand and we meet that demand.

Hon J.A. COWDELL: Is there an explanation for it being listed as a significant variation?

Dr SHEA: We will provide specific information on notice.

Hon J.A. COWDELL: Could I receive a breakdown of the Department of Conservation and Land Management employees by division? Will there be any significant alternative distribution of staff under the new arrangements? Will the Department of Conservation and Land Management lose staff to the other authorities or commissions which will take over some of the department's functions?

Dr SHEA: That has not been finalised and it requires legislative change. I did not understand the first question.

Hon J.A. COWDELL: Last year you provided a breakdown of how many staff were in corporate services, etc.

Dr SHEA: We will provide information about the functional units.

The CHAIRMAN: I referred earlier to the endangered fauna list. Has there been any change to the endangered flora list? Have any species been removed or added to it?

Dr SHEA: The list has recently been passed to the Minister for the Environment's office and an announcement will be made soon, but I would not like to pre-empt my minister's announcement. The list has informally passed through a process as it does every year and the minister will make an announcement.

The CHAIRMAN: When will that information be available?

Dr SHEA: I cannot be sure but I expect the announcement in two or three weeks.

Hon GIZ WATSON: What objectives of conservation and bio-diversity is the Department of Conservation and Land Management expected to achieve in declaring sanctuary areas within marine reserves? You may need to take that question on notice.

Dr SHEA: I can talk to our technical people but our objective is to remove the pressures on species so they have the capacity to reproduce, breed and maintain their levels in the sanctuaries. I will ask our people for more information.

Hon J.A. COWDELL: What is the anticipated reduction in the native forest available to the Department of Conservation and Land Management for harvesting as a result of the Regional Forest Agreement?

Dr SHEA: Do you want the actual quantity of timber or the harvest?

Hon J.A. COWDELL: The area.

Dr SHEA: It is all summarised in the RFA outcomes. I do not have them before me and do not want to risk making a mistake. We can provide the details. Does the member want information about the RFA?

Hon J.A. COWDELL: Yes.

Dr SHEA: We will give the member an information booklet so he can prepare himself for the next estimates committee and check to see if we have done it.

The CHAIRMAN: We will take that as a request for information on notice. I conclude the hearing by thanking Dr Shea, Dr Byrne and the Minister for Finance for their assistance and guidance.

*Sitting suspended from 12.30 to 2.00 pm*

**Division 10: Office of the Public Sector Standards Commissioner, \$2 495 000 -**

[Hon Simon O'Brien, Chairman.]

[Hon Max Evans, Minister for Finance.]

[Mr D. Saunders, Commissioner for Public Sector Standards.]

[Ms M. Murray, Director of Equal Opportunity in Public Employment.]

[Mr K. O'Neil, Executive Director, Office of the Public Sector Standards Commissioner.]

The CHAIRMAN: On behalf of the Estimates Committee I welcome members to today's hearing. 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, and the committee values that assistance. Members are asked to sit at the front of the Chamber so that witnesses will not have to turn their heads when answering questions. It will greatly assist Hansard if members, when referring to the *Budget Statements* volumes, the consolidated fund estimates or any other document, give the page number, item, program, amount and so on in preface to their questions. If supplementary information is to be provided, I ask for cooperation in ensuring that it is delivered to the committee's advisory/research officer, Mr Michael Smyth, who is sitting on my left, within five working days of receipt of the questions.

An example of the required Hansard style for documents has been provided to ministers' advisers. I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations.

For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and each adviser to please state their full names, contact addresses and the capacity in which they appear before the committee.

[Advisers introduced.]

The CHAIRMAN: I ask each of the advisers whether they have read, understood and completed the "Committee Hearings Information for Witnesses" form.

ADVISERS: Yes.

The CHAIRMAN: Do all advisers fully understand the meaning and effect of the provisions of that document?

ADVISERS: Yes.

Hon MARK NEVILL: I have two questions. First, does the commissioner find problems with the Public Sector Management Act in his day-to-day contact with it and, if so, what are they? Second, is there a lack of knowledge among senior public servants, departments and members of Parliament about the requirements under the provisions of the Public Sector Management Act? What is being done to overcome that?

Hon MAX EVANS: Part of that question relates to policy, but I will ask the commissioner to answer.

Mr SAUNDERS: Firstly, I have no difficulty with my functions under section 21 of the Public Sector Management Act. The major issue is associated with the processes for appointing chief executive officers under sections 45 and 46. Again, I have no difficulty with it myself but policy issues have been raised about that. The Act broke considerable new ground; I have looked around the world, certainly the western part of it, and I do not know of another Act like it. That is not a negative comment, it is a positive comment, and there is evidence already of other jurisdictions copying major sections of the Act. I speak, for example, of the commonwealth's public sector Bill, which draws heavily on our Act. It is an endorsement in many respects, except that the commonwealth Act is written in plain English, which is very good.

The second part of the question was about the level of understanding. That level of understanding is growing, but it needs to increase still further. In large measure it is a problem with the newness of the Act, the creation of the new post of Commissioner for Public Sector Standards, and gaining an understanding of what that means. I have a briefing session for members of Parliament at least once a year to answer questions and to try to interact and build that level of understanding. I also encourage members of Parliament, if they wish to have any explanatory information, to contact me directly. Some have done that. The level of understanding can only improve with experience and the passage of time.

Hon LJILJANNA RAVLICH: I refer to page 1165 of the budget papers and output 1 on compliance monitoring and assistance. I refer specifically to the upward trend in total complaints, breaches, reviews and inquiries from 2 160 to 2 580. Is the commissioner concerned that this indicates declining standards in the public sector?

Mr SAUNDERS: Those are monetary figures and not the number of complaints. That is the amount of the budget allocated.

Hon LJILJANNA RAVLICH: However, they deal with complaints, breaches, reviews and inquiries, so a substantial portion of those figures will relate to that. Is that not the case?

[2.10 pm]

Mr SAUNDERS: To be sure that I have not misled you, Mr O'Neill will elaborate.

Mr O'NEILL: Those figures also incorporate inquiries. The number of breaches and complaints is increasing marginally. Last year the breaches totalled about 390. This year they are likely to be about 250. Last year the breach applications were widely inflated through two claims - one in education and one in the TAFE system whereby about 120 people were involved concerning level 3 teachers. Without those figures, last year's breaches would number about 230 or marginally more than that. We are anticipating about 150 complaints this year.

Hon LJILJANNA RAVLICH: I refer to the second quality output measure concerning satisfaction by members of Parliament with the quality of the commissioner's activities. The rate of satisfaction is 54 per cent. I note that the office foreshadows some improvement. Is the commissioner concerned with that rating, which is low compared with similar ratings in other areas? What does he intend to do about it?

Mr SAUNDERS: I apologise for misleading you previously; I was looking at the numerical figures. Yes, I am unsatisfied with the 54 per cent. The response rate of members of Parliament was low. I have conferred with other colleagues such as the Auditor General and the general view is that members of Parliament are approached frequently to fill in questionnaires. I was told that they are "surveyed out". I have undertaken this survey twice and the latest response rate was notably down on the previous year. The Auditor General said that because this year's sample size was different from that of last year we should eliminate the number of responses that responded this year, but not last year. That reduced the sample size to a very low figure.

Hon LJILJANNA RAVLICH: Surely the sample size would not have much of a bearing on the satisfaction rate. Five members of Parliament could respond giving a very high satisfaction rating, in which event a much higher figure than 54 per cent satisfaction rate would probably be recorded.

Mr SAUNDERS: The statistical significance improves directly with the number of respondents. If there is a small number of respondents it becomes less and less significant.

I am not satisfied with the result. I propose to make improvements through performance, contacting members of Parliament, and answering their questions. If members prefer, I will brief Parliament twice a year. It was put to me that members of Parliament have many briefings and the demands on their time are severe. People such as the Auditor General felt that a briefing once a year was appropriate.

The CHAIRMAN: Does the 54 per cent represent the rate of people who responded positively or that, of those who responded, only 54 per cent said they were satisfied and 46 per cent said they were dissatisfied?

Mr SAUNDERS: The latter. I do not have the total response rate in front of me. Significantly fewer than half the members of Parliament responded to the survey. That is a proportion of the total.

Hon LJILJANNA RAVLICH: My line of questioning relates to the extent to which members of Parliament or anyone else is satisfied with your work in monitoring standards. Is the commissioner concerned that even though 90 per cent of his reports are completed within the time frame there is a perception that not much happens as a result of the work he does? A number of recommendations in the commissioner's reports have changed over time or been dismissed outright by the Government. There is a perception that you are not seen to be an independent commissioner. Do you think that the 54 per cent rating is a reflection of the confidence of members of Parliament ?

Mr SAUNDERS: Possibly. It is my hope that the perception that I am not independent will reverse over time when reports from the commission are read. The question of what action is taken on them is a matter for the Executive and the Parliament. It has often been said to me that the office has no teeth. However, it is essential that it does not have any. I have all the power I need to inform myself. In this respect, the position of the Commissioner for Public Sector Standards is similar to that of Auditor General. It is essential that neither he nor I have any power to make an order or give a direction. The minute that happened we would be entering the realm of Executive government in which we would share responsibility for outputs and outcomes and would no longer be independent. The essential feature of the position is that it must be independent and transparent.

Hon LJILJANNA RAVLICH: On a number of occasions you have retreated from earlier recommendations.

Mr SAUNDERS: I have done that on one occasion based on legal advice.

Hon LJILJANNA RAVLICH: Has the Premier or any of his officers or ministers of the Government ever leaned on you?

Hon RAY HALLIGAN: Mr Chairman, this line of question is inappropriate; it has nothing to do with the budget.

Hon KIM CHANCE: See the second table at page 1165.

Mr SAUNDERS: I am happy to answer it.

The CHAIRMAN: I draw member's attention to our committee's procedures policy, which requires that the estimates committee hearings concern themselves with the consideration of the budget papers and the annual report of the agency being examined. Although there is a tendency in the present line of questioning to ask Mr Saunders about matters of perception in relation to his agency's relationship between the Executive and members generally, one of the outputs recorded in the budget papers relates to members' satisfaction with the quality of the commissioner's activities in monitoring standards in the public sector. I will not rule the line of questioning out of order. However, I remind members and witnesses that we have only one hour and it is not a time to enter into debatable material even if we can relate it back to the budget papers, no matter how tenuously. I ask Mr Saunders to respond to this question, but I am looking closely at the line of questioning.

[2.20 pm]

Mr SAUNDERS: Neither the Premier nor any other minister has even remotely attempted to influence me or put pressure on me at any time.

Hon LJILJANNA RAVLICH: Do you often change your mind on reports?

Mr SAUNDERS: No. I changed my mind once, based on legal advice.

Hon KIM CHANCE: My question also follows the same line, but I was not aware my colleagues would pursue that as well. I am one of the 54 per cent of members who are satisfied. In the one case with which I dealt with you, I was entirely satisfied with the outcome. A residual concern of mine arises from the lack of sanctions within your power and within the Act. After an agency receives an adverse finding from your office, and then proceeds to completely disregard or otherwise dispute your finding - as was the case in the instance I raised with you which concerned the Health Department - do you have any power other than that capacity to mention the instance in your annual report? Do you, for example, have the power to report on that specific issue to Parliament so the matter can be dealt with more immediately, rather than our waiting for the issue to appear in the annual report?

Mr SAUNDERS: Yes, I do. Under the Act I am required to report to Parliament at least annually. I have the discretion to report to Parliament, to the responsible minister of the agency concerned or to both. Early in my appointment period I spoke with the presiding officers about this issue. They said that Parliament receives a lot of reports. They said that they would leave it up to me to decide which matters should be brought to the immediate notice of Parliament and which can be safely left in my annual compliance report, and that is basically what I do. If it is a matter that has been brought to my attention by a member of Parliament, I always respond to Parliament. If it is a matter which is in the public domain and has

some controversy attached to it and has already received some attention in Parliament, in almost every case I would report to Parliament as soon as I could.

The CHAIRMAN: I remind members that time is fairly short for this hearing. I can accommodate all members, but I just remind members of that. I ask members to keep their questions succinct and focused, with limited preamble. We should then accommodate everyone.

Hon MURIEL PATTERSON: The commissioner has a very difficult job, because I am sure no department or agency would like to be told it has been found wanting or has problems. On page 1166, under major initiatives, we are told that it is proposed to place particular emphasis on ethics training and awareness across the public sector. How would you do that?

Mr SAUNDERS: We have developed an ethics training manual. We are in the process of cooperating with colleagues in Queensland on a compact disc and video presentation. Under section 21 of the Act, one of my functions is to assist public sector bodies and employees to comply with the principles, standards and codes. We take the view that we should not be too aggressive in this respect. The responsibility for complying rests with the chief executive officers and the staff of departments. We prefer to respond to requests for assistance, and we get a lot of requests. We hold training seminars and workshops all around the State. We have done a satellite communication link-up with Westlink for people in remote areas, and my colleagues travel extensively throughout the State to hold those workshops.

Hon MURIEL PATTERSON: Perhaps I am a little naive to think that you must teach ethics.

Mr SAUNDERS: It is also the process of developing codes of conduct in an agency, clarifying values, agreeing on values and working from that towards a code of conduct document. I hasten to say that over 99 per cent of agencies now have developed codes of conduct. The process is largely complete. We now need to keep awareness levels up, which is a reinforcement over time issue, and also to build this into the ordinary operating procedures of an agency, especially during the induction process when new employees are brought on board.

Hon HELEN HODGSON: Page 1169 of the *Budget Statements* refers to consultants being engaged to assist in the operations of your office; that is, the process of appointing persons suitable for vacant positions. It is a comment rather than a statistic. What is the cost of that initiative? What functions are being undertaken by the consultants and who are they?

Mr SAUNDERS: Five consulting firms assist us; three have a capacity to do executive search and two do not. The selection panels that I appoint for chief executive officer positions invariably involve senior people. It is an imposition. Although a fee is allowed for it, it is rare that any of them submits a bill. It is felt that we should assist them with the administrative task of the panel's work and, in many other cases, but not all, an executive search is done. A lot of the cost is associated with an executive search. The costs of this process are borne by the agency in question, not by my office. The money is drawn from a Treasury trust fund and is then repaid by the agency when the appointment is made. It can be argued how effective is an executive search. On the whole, we have found that excellent candidates are brought forward that way who otherwise would not be brought forward. It increases the competitive field.

Hon HELEN HODGSON: Are we talking about the CEO-type positions?

Mr SAUNDERS: Yes; they are the only ones with which I am involved.

Hon HELEN HODGSON: Is the figure that is mentioned earlier in the report the average cost?

Mr SAUNDERS: Yes; it is just under \$18 000.

Hon HELEN HODGSON: In how many instances have you produced a negative report? It may be in your compliance report that you tabled, but you have said that there are about 2 500 complaints, breaches, reviews and inquiries. What percentage of those end up in negative findings which you report to the agency? What monitoring do you carry out to see how agencies address the problem?

Mr SAUNDERS: That question was asked in the other place, and we are getting together the information on that. I will get my colleague to put a number on that in a moment. If a breach of standard application is made, a reviewer reviews the selection process and a report is made to the chief executive. Under the regulations, the chief executive must inform the unsuccessful applicant who made the breach application within a certain time, and inform my office. We are informed about the final outcomes. The number of times that a chief executive officer elects not to act on recommendations made by the reviewer represents a very small proportion.

[2.30 pm]

Mr O'NEIL: Probably about one-third of breach reviews identify a breach of a compliance in some respect. Many are not material breaches, but I would say that wherever a breach is identified, in probably about 90 per cent of the cases the agency will act on the recommendation and in another 10 per cent it might come back and query it with us and we will have another look at it.

Mr SAUNDERS: After that process is over, the occasions when the chief executive officer props and digs his toes in is probably more like 5 per cent.

Hon HELEN HODGSON: Do you have a way of identifying systemic issues of a particular agency? If you find a systemic issue, do you take steps to address it?

Mr SAUNDERS: We take steps to review an agency's policies and procedures. We cycle through agencies. We do not attempt to do every agency every year because we do not have the resources. We do probably 40 agencies a year, some big

and some small. We review their processes and procedures and look for systemic difficulties or where agencies have not developed policies and procedures. We do a report on that which is included in my compliance report.

Hon HELEN HODGSON: Do you use breach complaints statistics as one of the indicators of which agencies might need a review?

Mr SAUNDERS: Definitely.

Hon LJILJANNA RAVLICH: On the monitoring of standards and specifically standards in human resource management, in the event that an agency subcontracts a professional employment agency to undertake a selection process, is the government agency then absolved from any responsibility for human resource standards as set down by the Government?

Mr SAUNDERS: No, it is absolved of no responsibility; it remains completely responsible.

Hon LJILJANNA RAVLICH: When there is a breach of a standard in recruitment, selection or whatever, at what point would you decide whether a matter should be investigated and under what circumstances would that investigation be dropped? I specifically aim these questions at the appointment of Bruce Sutherland as project director of the Jervoise Bay development. Did you receive a letter of complaint on 11 January 1999 seeking an investigation into the method of appointment of the project director of the Jervoise Bay development? The appointment was handled by a private consulting company. Did you respond to that letter saying that you were seeking information on the matter from the Department of Commerce and Trade, and on the basis of that information you would decide whether to proceed with an investigation? Did you advise the complainant on 15 March -

The CHAIRMAN: Order! We are possibly straying into an area outside the ambit of our hearing today, which is meant to focus on the budget papers that relate to this agency. I fear that by using the specific example that the member is following up, which may be a legitimate point of inquiry, on this occasion we are seeking to conduct an investigation into this agency's conduct in a specific matter falling under another agency. I think that is outside the ambit of this hearing. I acknowledge that it is a legitimate matter for a member to follow up, though perhaps not in this forum. I ask the member whether she could perhaps ask those questions in another forum of the Parliament. If the member wishes to proceed with other questions to the minister or any of his advisers on another subject, she has the call to do so.

Hon LJILJANNA RAVLICH: Could I seek clarification? The Office of the Commissioner for Public Sector Standards is about ensuring whether government agencies comply with public sector standards in human resources. The commissioner has rightly advised me that in the use of private employment agencies for the selection of CEOs or any other public servant, those standards still hold. Mr Chairman, you also advised that so we can ensure we get these questions on the record, it is possibly suitable for us to read them out so that we do not lose the train of the questions. I ask for your guidance, because I would have thought that this is very appropriate in respect of the whole issue of monitoring standards and the question of at what point the commissioner decides to use the resources of the State to investigate a perceived breach of standards and under what circumstances would an investigation then be dropped because other information might have come to light.

The CHAIRMAN: The thrust of the questions, however, was leading towards a very specific example rather than the question of how this agency allocates its financial resources in conducting its affairs generally. Unfortunately, I do not think that we have time within the parameters of this hearing for me to adjourn briefly to consult with my colleagues on the estimates committee. I want to make it absolutely clear that I have made my ruling purely on technical grounds. I would apply it to all members evenly. I in no way wish to dissuade the member from pursuing this avenue of inquiry. I do not feel that it comes within the estimates committee operations to continue with that process now. Indeed, it could even be argued that the Standing Committee on Estimates and Financial Operations could follow up this matter as a separate line of inquiry. It might fall within its broad terms of reference to do that. However, it does not fall within the policy that the committee, of which I am a member, has laid down for these budget estimates hearings. I am sorry that we cannot accommodate the member, but if there are any questions she would like to place on record, I will do my best to accommodate them. I will allow her time to collect her thoughts and reassess her position and I will come back to her later.

[2.40 pm]

Hon J.A. COWDELL: I was pleased to see as a major initiative outlined on page 1166 of the *Budget Statements* ethics training and awareness raising across the public sector. The Anti-Corruption Commission does not carry out such training, even though it is an area covered in other States by bodies such as the New South Wales Independent Commission Against Corruption. Such programs are needed in Western Australia. Is the current staffing complement of 33 FTEs likely to continue given that a major achievement in the last financial year was the establishment of a range of codes of conduct? That represents a significant body of work. Will the same body of work arise in ensuing years with the consequent need for the same staff complement?

Mr SAUNDERS: It is true that the initial task of establishing a code of standards, code of ethics and assistance for agencies to create codes of conduct was a major hurdle; however, that work is tapering off, apart from the ethics training and awareness raising which will continue. The level of complaints to the office is rising almost exponentially. It is occupying an ever-growing proportion of our total resources. I see over the medium term some potential for reducing staff. However, that depends upon how things settle down with our basic workload. A certain amount of ethics training and awareness raising will be required, but this growth in complaint traffic is likely to level off.

Hon J.A. COWDELL: What level of coordination is there with the Ombudsman's office? I note in the budget papers that the Ombudsman's office has reference to training of a similar nature in administrative practices and so on. Is there any overlap?

Mr SAUNDERS: Coordination occurs between the Ombudsman's office, the Auditor General's office and my office regarding the management of particular cases, which are predominantly of one category or another. The training carried out by the Ombudsman does not have much overlap with ethics. We confer reasonably regularly and try to spot unwitting overlaps, of which there are not many.

Hon LJILJANNA RAVLICH: I understand that I am allowed to refer to the latest annual report of the commission. The annual report advises that seven reappointments were carried out by your office. As the commissioner will be aware, the Act requires that an individual performance assessment be taken into account when reappointments are considered. We know that 13 CEOs did not complete a performance agreement for two years in a row. Of the seven reappointments with which you dealt, two did not have a performance agreement. My reading of this is that they were in breach of the Act, yet they were reappointed. How can somebody who breaches the Public Sector Management Act be reappointed to a position?

Mr SAUNDERS: The two positions to which you refer were, from memory, at the Aboriginal Affairs Department and the former Alcohol and Drug Authority. At the time, they were not really reappointments as new appointments were made. The Act states that a chief executive officer as soon as practicable after appointment shall negotiate and agree to a performance agreement with the employing authority, which is really the Premier and the responsible minister. When a reappointment decision comes to me under section 46 of the Act, the performance agreement is taken into consideration. If there is no performance agreement, I am required to make a recommendation to the Minister for Public Sector Management. If there is no performance agreement, I say there are no grounds for not reappointing this person as there is no performance agreement. It is the Government's policy to conduct a competitive process for all positions where an incumbent's contract is drawing to an end. It is a matter of policy. When I receive the letter from the Minister for Public Sector Management to begin that process, I begin it. If I make a recommendation that it is not appropriate to carry out a reappointment process because the person is complying with his or her performance agreement, it is open to the minister to reject that recommendation, in which case he must place a notice to that effect in the *Government Gazette*. Hitherto, that has been the practice.

Hon LJILJANNA RAVLICH: Are you concerned about this practice? I accept your point that CEOs are to forward a performance agreement as soon as practicable after appointment, but it should be within the time frame of a year. The Act is specific about performance assessments, which should be occurring annually. I am concerned that that assessment is not occurring. We already have evidence from questions on notice that 19 CEOs did not have a performance assessment carried out for two years in a row, and that can be combined with 13 CEOs without performance agreements for two years in a row. Are you concerned that it sets a poor precedent that CEOs break the law, and are allowed to break the law and -

The CHAIRMAN: Questions are piling up. I ask for a response either from the minister or the commissioner to the proposition put.

Mr SAUNDERS: The question of responsibility for performance agreements rests with the Minister for Public Sector Management, the responsible minister and the CEO. It is not something I specifically monitor, apart from in a round about way through section 9 of the Act, which requires CEOs to comply with the Act. The Act does not apply a penalty or a sanction of any kind if CEOs fail to have a performance agreement. The Act is silent on the matter.

Hon LJILJANNA RAVLICH: What is the point of it then?

Mr SAUNDERS: That is a policy question.

Hon MAX EVANS: The Public Sector Management Office and the Public Sector Standards Commissioner's office are two separate bodies that work together. The member might put a question on notice regarding appointments. It brings matters to notice. Some of those persons not undertaking performance assessments may have been the best CEOs - I do not know. I am not in a position to answer that matter on behalf of the minister.

Hon LJILJANNA RAVLICH: Subprogram 1.3 refers to CEO appointments. The annual plan has reduced the allocation to this program from \$477 705 and five FTEs for the year ending in 1997, to \$266 792 with three FTEs for the year ending in 1998. According to page 17 of the annual report, the total cost per output was \$608 139 for 21 completed selections, which was an average cost of \$28 000 per CEO selection. Given that Executive Search was used for five of the 21 positions, was the cost of those five searches by Executive Search calculated into the per-unit cost of the selection cost of approximately \$28 000?

Mr SAUNDERS: Yes, it was an average figure.

[2.50 pm]

Hon LJILJANNA RAVLICH: Was the cost of using the private consultancy firm to undertake some of the CEO selections costed into that figure of \$28 000?

Hon MAX EVANS: The BHPs of this world use companies for executive searches. They may even use three or four different firms to find a better person. They are expensive but necessary in order to get some idea of who might be available. If we tried to appoint only from within government staff we might recycle what is within the government sector. These firms do a good job. A couple of years ago we could not attract anyone in the first round of advertisements and we had to get Executive Search to look again to find someone qualified for the job.

Hon LJILJANNA RAVLICH: A significant issue and trend outlined on page 1163 relates to the Office of the Public Sector Standards Commissioner achieving its target reduction of 10 per cent of leave liability by 30 June this year. The average leave liability for your office per FTE is \$17 655, as taken from the public sector profile. How do you intend to achieve

that 10 per cent reduction over the next month? Do you know what a 10 per cent reduction equates to in terms of days of leave per FTE?

Mr SAUNDERS: The 10 per cent must be achieved over one year. We have had a one-year program of leave reduction. We have a spread sheet on the wall, and people have booked leave and they are expected to take it. We expect to achieve that 10 per cent reduction. Employees must take four weeks plus a proportion of accumulated leave, which varies from person to person, in order to get the reduction. If everybody took only their four weeks' leave we would not have any reduction.

Hon LJILJANNA RAVLICH: That 10 per cent reduction in Agriculture Western Australia meant that each employee had to take 33 days, and that was considered to be difficult. Is that a problem that you are experiencing in your agency?

Mr SAUNDERS: It is a problem, but we are coping. It is not a serious problem, and it can be managed without too much disruption. The figure for our office is probably less than that, but it would be of that order.

Hon LJILJANNA RAVLICH: Has any leave liability been paid out rather than taken?

Mr SAUNDERS: No.

Hon MARK NEVILL: Item 23 of your annual report shows some rather dramatic shifts in the remuneration patterns from last year to this year. Can you explain the shift, firstly, in the higher end?

Mr SAUNDERS: At the higher end, Mr Blight my predecessor retired in that period. The other figure relates to my coming on board. Mr Blight had a higher classification. He was carrying a personal classification. The job was not classified until it was advertised. It was classified when I got the job.

Hon MARK NEVILL: I thought you had a \$200 000 salary cut! What about the bottom end?

Mr SAUNDERS: The pattern looks the same.

Hon MARK NEVILL: Someone has gone below a \$20 000 band.

Mr SAUNDERS: That means we have had a change of staff. That band includes temporary staff, trainees and people operating the switchboard.

Hon MARK NEVILL: What is your staff level?

Mr SAUNDERS: The current figure is 28. That includes the staff of the office of the Director of Equal Opportunities. We are collocated.

Hon MARK NEVILL: The second question relates to reports of special inquirers. Are you required to make public those section 14 reports or are they made only to the head of department?

Mr SAUNDERS: Special inquirers are appointed under section 14 by the Premier, and the reports are prepared for the Premier. My inquiry powers are under section 24. I have the power of a special inquirer all the time. When I conduct an inquiry it is as a special inquirer. As I said earlier, I have a discretion on whether to make the report to Parliament there and then. Every step in every inquiry would in due course be included in the annual compliance report; it would be public eventually. It is a question of whether it is a matter that should be reported immediately to Parliament.

Hon MARK NEVILL: Do you get a response to the inquiries that you undertake?

Mr SAUNDERS: I have had nothing but cooperation.

Hon MARK NEVILL: Is there a requirement for a formal response to your report?

Mr SAUNDERS: No, there is not. If I make a report to Parliament containing recommendations for further action, that is a matter for the Parliament and the Executive.

Hon RAY HALLIGAN: On page 1166 a major initiative is the development and implementation of an effective process to review smaller agencies as part of the monitoring function. That suggests some smaller agencies are currently not being monitored. What are those smaller agencies and why are they not currently being monitored?

Mr SAUNDERS: The Auditor General must monitor every agency every year; my office does not. I have to do sufficient monitoring work in order to form an opinion that I give to Parliament about the status of merit, equity and probity. That is a value judgment. We monitor a sample each year. This year we will monitor about 40 agencies, including some large ones and some small ones. With that sample size one would expect us to visit every agency every four to five years. The larger agencies like Education, Health, Police, Transport and Agriculture will have some aspect of their staff complement done every year. We try to select a fair cross-section of the smaller types of agencies, but there is a large number of small agencies. We will get to them every five years or so.

Hon RAY HALLIGAN: The budget papers mention that an effective process will be developed and implemented. Do you intend to change the current process?

Mr O'NEIL: At the present time we are covering all medium size and larger agencies, but many small agencies employ only a handful of staff. We are talking about anywhere between five and 20 staff. In a normal review a consultant goes into the agency and the review might involve the equivalent of about three days of full-time work which might be spread out over a couple of weeks. There is an imposition on the agency and it takes time and resources, and costs us money too. We have



about 30 or so of these micro agencies which employ a very small staff, and it would not be efficient to send someone in for a number of days. We plan to run a series of workshops. We will probably call in representatives from those agencies in groups of about eight or nine, or maybe a dozen. We will run a half-day workshop for them and go through the processes. We will give them documentation to take away and do a degree of self-assessment within the agency and ask them to report back to us. It is a more efficient way to review what they are doing, bearing in mind that, although there might be 30-odd agencies, collectively the number of staff they employ is small.

[3.00 pm]

The CHAIRMAN: We are approaching the end of this hearing. If members wish to ask any extra questions, they can provide them in writing or electronically to the research officer at the conclusion of the hearing.

Hon KIM CHANCE: Page 1171 makes reference to current liabilities, employee entitlements. How do I relate the intention to reduce the liability by 10 per cent to the \$380 000 estimated actual this year and \$360 000 for the budget? Is the answer that only part of that is accrued leave liability?

Mr SAUNDERS: Yes. This is done on an accrual basis. There are carryovers from the 30 June accountancy date.

Hon MAX EVANS: For some strange reason, government employees accrue four weeks' leave on the day they start work.

The CHAIRMAN: That ends our consideration of the division.

**Division 9: Treasury, \$1 074 135 000 -**

[Hon Simon O'Brien, Chairman.]

[Hon Max Evans, Minister for Finance.]

[Mr J. Langoulant, Under Treasurer.]

[Mr D. Imber, Acting Assistant Under Treasurer.]

[Ms A. Nolan, Assistant Under Treasurer (Economic).]

[Mr G. Hay, Assistant Under Treasurer (Finance).]

[Mr A. Chuk, Director, Capital and Ownership.]

[Mr G. Doyle, Acting Director, Fiscal Policy.]

The CHAIRMAN: On behalf of the Estimates Committee I welcome members to today's hearing. 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, and the committee values that assistance. Members are asked to sit at the front of the Chamber so that witnesses will not have to turn their heads when answering questions. It will greatly assist Hansard if members, when referring to the *Budget Statements* volumes, the consolidated fund estimates, give the page number, item, program, amount and so on in preface to their questions. If supplementary information is to be provided, I ask for cooperation in ensuring that it is delivered to the committee's advisory/research officer within five working days of receipt of the questions. The gentleman on my left is Mr Michael Smyth, our advisory/research officer.

An example of the required Hansard style for documents has been provided. I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. I also ask members to keep their questions succinct, because a number of members have indicated that they wish to ask questions, we have limited time and I want to ensure that all members are accommodated.

For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and for each adviser to please state their full names, contact addresses and the capacity in which they appear before the committee. Has each witness read, understood and completed the "Committee Hearings Information for Witnesses" form and understood the meaning and effect of the provisions of that document? All witnessed have indicated in the affirmative.

Hon MURIEL PATTERSON: I refer to page 1465 of the *Budget Statements*. I recognise that I may be asking for an opinion, but perhaps the officers' opinion would be more informed than that of the public. What level of the economic downturn has Western Australia reached? I refer to the combined impact of the Asian economic downturn and the generally weaker outlook for world economic conditions.

[3.10 pm]

Mr LANGOULANT: Clearly 1999 will be a period of slower growth. We are seeing that now in new business investment and export performance. The growth in our exports in particular is slowing. We anticipated both of those developments. We expect the easing to continue through much of this calendar year. We also expect that towards end of this calendar year and in early 2000 commodity prices will strengthen generally. As a result of that, and the fact that we are coming off a reasonably low base, we expect an improvement in our export performance. We also expect an improvement in investment spending during the early part of 2000. The Asian situation is at a low point. There are definite signs of recovery in Korea.

There are no signs of recovery in Japan, but neither are there signs of any deterioration. The export side of the Japanese economy remains strong, and that is important for the Western Australian economy because we export to that sector. The biggest risk we face is the continued good performance of the American economy. We have been at risk, which has been identified in the past two budget papers. The sustained level of growth in America has been impressive, if not surprising. Our expectations are that that will ease during 1999-2000. If it does, our forecasts showing an improvement in our performance in 1999-2000 will be realised. If the American economy does not perform as well as we think it will, that will cause a reassessment of our economic position.

Hon JOHN HALDEN: I understand that one of the preconditions for the signing of the first intergovernmental agreement on the reform of the commonwealth-state financial relationships was that no State would be worse off. Page 1466 of the budget documents states -

These arrangements will deliver to the States access to a broad-based growth tax and enable the abolition of a range of inefficient taxes. The benefits of this will flow to the State over time but the Commonwealth has guaranteed that no State will be worse off from the introduction of the new tax system.

Did we enter this intergovernmental agreement on that basis?

Hon MAX EVANS: Yes.

Hon JOHN HALDEN: That being the case, if a new intergovernmental agreement were to be struck that did not contain that guarantee, would the State sign it?

Hon MAX EVANS: That agreement related to the first three years and was extended to years four and five for Western Australia because of the mix and match of some of our taxes. In some areas it would be no worse off. The federal Treasurer has estimated what our revenue will be over four years - at least, the revenue we would expect to get - and the expenditures. The funds will be in the projected budgets during that time. If the arrangements covering some taxes are changed - for example, the business conveyancing taxes might not go off for the time being - the figures will be adjusted. We will sign the agreement on the basis that this State will not be worse off. The Federal Government will put more into the amount that will be distributed by the Commonwealth Grants Commission.

Hon JOHN HALDEN: I will hand to the minister page 3 of the revised intergovernmental agreement on the reform of commonwealth-state relations which was produced in the past few days by the Federal Government. This State Government will be asked to sign an agreement from which the condition that "no State or Territory will be worse off" has been removed. Will we still sign this agreement?

Hon MAX EVANS: The Under Treasurer has been over east. This agreement is still subject to negotiation. Many things are still to be negotiated. The new agreement has not been signed.

Hon JOHN HALDEN: I am not asking that. If the State is asked to sign the document, will it sign it with that condition being removed?

Hon MAX EVANS: It all depends on whether this State collects taxes. Before we were going to give up those taxes, so we required the GST to make up of shortfall. If we continue to earn those taxes, it is unlikely we will have a shortfall. At this stage we are not giving up anything. That is part of the equation. As to whether any State or Territory will be worse off, the position will be saved because we will keep those taxes.

Hon JOHN HALDEN: The original arrangement was to be entered into with the guarantee that no State would be worse off. I then presented to the minister a draft document which suggests that there is no guarantee that Western Australia will not be worse off. Is the Government of Western Australia prepared to enter into an arrangement on the basis that there is no guarantee that this State will not be worse off? It is a simple yes or no.

Hon MAX EVANS: I draw attention to the reference and to a transitional arrangement in point 9. It states that in the initial transitional years following the introduction of the GST, the Commonwealth guarantees that the budgetary position of each State and Territory will be no worse off than it would have been had the reforms stated in the agreement not been implemented. It is for a transitional period of three years, but we have been advised that it will go beyond that.

Hon JOHN HALDEN: The ninth point is from the original agreement. A whole range of taxes is not to be removed by virtue of this new arrangement. Those taxes include the financial institutions duty, the debits tax and stamp duty. If there is no guarantee - that is what I am reading into this - that these taxes are to be removed, the minister is correct when he says that the State will continue to levy them. Where is the guarantee that even after the transitional period - we must bear in mind that some of these taxes are to be put in through ministerial agreements - the great reforms promised will be delivered?

Hon MAX EVANS: The transitional period is initially for three years. We have been given a date beyond three years within which the State will be no worse off. Some States - such as Queensland, which has no petrol taxes - may pick up a bigger increase earlier than do other States. It is at our discretion to get rid of the taxes. Some States may do that before others. We will retain the revenue from stamp duty of about \$350m.

Hon JOHN HALDEN: I have understood for some time that it is at our discretion. Western Australian taxpayers could be paying both a GST and the state-based taxes concurrently.

Hon MAX EVANS: We have the benefits of the wholesale sales tax, which is going out, and income tax, which has been reduced. I see that Hon John Halden is racing off to the Press right now.

Hon JOHN HALDEN: No. I am off to ring my source!

Hon MAX EVANS: As I was saying, it will be at our discretion. Originally business conveyancing taxes were taken out before we got to this last stage. The big benefits come back from wholesale sales tax and income taxes, which will be changed.

The CHAIRMAN (Hon Simor O'Brien): I seek a couple of points of clarification. I appreciate that there is uncertainty as to what we will end up with arising out of current negotiations in Canberra; however, when will the GST funds, however much they might be, be expected to flow to Western Australia or to the States generally? On what date is that meant to start?

[3.20 pm]

Hon MAX EVANS: In the July to September quarter of the 2000-01 financial year.

The CHAIRMAN: Is that from the quarter starting July 2000?

Hon MAX EVANS: That is when the first instalment will be paid. It will be one quarter of what the Federal Government anticipates will be the Western Australian yearly share. That may not be the amount collected at that stage.

The CHAIRMAN: On what day will people first pay goods and services tax? Is that also 1 July?

Ms NOLAN: It will vary as to how regularly they pay, and that is dependent on the size of their turnover. Some people will begin paying one month after the commencement of the GST on 1 July 2000, others will start one month after that and still others three months after the commencement of the tax. The time will depend on their turnover and their election of how often they wish to pay the GST.

The CHAIRMAN: When does the wholesale sales tax cease to apply under current arrangements?

Hon MAX EVANS: Wholesale sales tax cuts out on 1 July 2000 and the goods and services tax comes in. The rate at which the States are paid has no relation to the collection rate of the Federal Government. We will be given the money ahead of the Federal Government collecting it.

The CHAIRMAN: Wholesale sales cuts out on 30 June next year and on 1 July the GST will begin accruing to the States.

Hon KIM CHANCE: Page 1471, the second last dot point deals with identifying and progressing further opportunities for privatisation, major asset rationalisation and asset financing. A couple of years ago we went through a process of rationalising the formerly government-owned motor vehicle fleet in the State. In February this year the Under Treasurer wrote to chief executive officers operating large vehicle fleets about the expected huge increase in vehicle leasing costs. The increases forecast in that letter were frightening. I understand that to July 1998 the monthly lease cost of a Commodore Executive had already increased by \$78 a month. It will now rise a further \$96 month from \$156 to \$252 a month and even worse is to come when the GST is applied. I understand that the rate in New South Wales is now \$425 even before the GST has effect. Given that you advised the chief executive officers of that fact in February, in your view do the *Budget Statements* fully take account of these increases as advised? I have been unable to find that in the *Budget Statements* and unable to question any chief executive officers about it due to a shortage of time in the estimates committee. Are you satisfied that the *Budget Statements* take that spectacular increase into account? Would we have been better off sticking with a government-owned vehicle fleet?

Mr LANGOULANT: The agencies are expected to absorb the cost of the motor vehicle fleet just as they are expected to absorb fluctuations in cost and other expenses in the course of the year. The base from which these lease costs are increasing is extremely low, particularly in comparison with other States. The increases reflect movements in the secondary market values of motor cars which have occurred consistently since we entered the lease financing arrangements. They also reflect the expected downward movement in second-hand vehicle prices after the GST is introduced. We recognise the need to do this now because the cars for which we are entering into leases now will extend into the GST period and be sold into that secondary market. Market based factors are driving the cost of motor cars to agencies. The arrangements we have in the leasing facility provide a cost of funds to the State which is cheaper than we could otherwise provide the moneys ourselves. We have a facility which allows us to acquire the cars through lease cheaper than we could do it otherwise. The lease costs going back to the agencies reflect conditions in the market place. Those factors indicate that we are accessing motor cars at a cost cheaper than we could have done had we acquired the cars ourselves and sold them into the same secondary market.

Hon KIM CHANCE: That is very reassuring; but if that is the case, why did Treasury deem it necessary to warn the chief executive officers of the rapidly changing conditions? It seems that Treasury was warning the CEOs of an impending financial problem.

Mr LANGOULANT: We seek to alert CEOs of any significant change in cost of items. We have arrangements with them whereby they are expected to manage that. Those are the financing arrangements under which we operate the Public Service. Treasury now has responsibility for managing this lease and it is only appropriate that it should warn the CEOs of a change in lease costs just as it would have provided the good news if the lease costs had declined.

Hon MAX EVANS: A few years ago the Federal Government changed the way we pay sales tax on members' cars which resulted in a big increase in costs. The basic cost of the car increased as did the interest. The chief executive officers were warned of that increase at that time.

Hon KIM CHANCE: Some of us were caught with fringe benefits tax as well. Is it correct that an additional monthly charge will be levied on vehicle rents to cover two components of costs which had not previously been passed onto agencies? These

are a range of costs which had been met by the Department of Contract and Management Services and the State Supply Commission in addition to the disposal costs which used to be met by deduction from the sale proceeds. These must be paid for separately now. If that is correct, are these additional costs accounted for in the budget?

Mr LANGOULANT: It is correct that we are asking the agencies to meet the cost of operating the fleet. That is appropriate because it sends a proper price signal to the agencies about the full cost of running a motor car. To do it any other way would result in distorted behaviour from agencies. If we underpriced the cost of these cars to agencies, we would run the risk of more cars being acquired. We are trying to reflect the full cost back to agencies so they make appropriate decisions about the size of their fleets.

Hon KIM CHANCE: Do you have any idea of the global cost of this increase over the next few years within the state budget?

Hon MAX EVANS: Because of the GST factor?

Hon KIM CHANCE: Not entirely, because some of the factors are in anticipation of the GST.

Mr LANGOULANT: We did make an estimate of the cost at the time we assessed the increases but I cannot recall the precise figure. I would only be guessing.

Hon KIM CHANCE: Would you take that on notice?

Mr LANGOULANT: Yes.

Hon RAY HALLIGAN: On page 1269, at first glance a few items under output measures suggest some anomalies which I am sure you will be able to clarify. The first is under quantity. It mentions that in 1999-2000 there will be 29 units of strategic policy advice and the cost has increased as the number of units has decreased from the previous year. Under the next item, tactical policy advice, the number of units has increased yet the unit cost has also increased. I notice an increase of nine full-time equivalents. I wonder whether those new people might be employed in that area.

[3.30 pm]

Mr LANGOULANT: Mr Hay can comment more fully, but it reflects the cost of the advice we are providing and the nature of the advice we are undertaking. For instance, we estimate that we will provide less strategic advice, but the complexity of it will increase; that is, we will take on more substantial pieces of advice during the year.

Mr HAY: Another factor in the shift in the type of advice provided is the expectation of the need to implement the national tax reform arrangements. Previously it was advice at a higher, more strategic level and that is shifting down to more tactical types of advice in 1999-2000.

Hon HELEN HODGSON: I refer to the issue that was raised by Hon John Halden in respect of the goods and services tax. I have not yet had the advantage of seeing the new intergovernmental agreement. Does it maintain the arrangement whereby the State receives a fixed proportion of GST collections?

Mr LANGOULANT: The 100 per cent of them?

Hon HELEN HODGSON: Allocated among the States - it still comes back to the States, is that correct?

Hon MAX EVANS: Yes.

Hon HELEN HODGSON: Is it better to have a fixed proportion of a tax that has a growth base than it is to return to the current situation?

Hon MAX EVANS: The present cake is cut up by the Commonwealth Grants Commission. It depends on how much money the Federal Government wants to put in, and the commission splits it up accordingly under a certain formula. There is no guaranteed growth factor. It goes back to 1983-85, when the Federal Government stopped putting in a lot of money and made it harder for the States. The Federal Government was fixing up its own financial problem at the expense of the States. The GST will be a growth tax because it is a tax on consumption, but the distribution will still be done by the Commonwealth Grants Commission. It will have to look at it slightly differently because of the bigger volumes of money. New South Wales enjoyed a higher amount of financial institutions duty per head of population because of the greater financial dealings going on there. The figures were adjusted back on a population basis. We get more royalties than the whole of the rest of Australia put together, so we had ours reduced. The different royalties will still exist. When the other taxes are taken away, adjustments will be done by the Commonwealth Grants Commission. The new Commonwealth Grants Commission formula has just come out, but in 12 months it will be out of date because of the other state taxes.

Mr LANGOULANT: Our assessment of the revised package, which is still before the Senate, is that it provides a level of funds to the State over a 10-year period, which is greater than it would have been if we had remained under the financial assistance grant arrangements. The change from the original AGA is that the amount of benefit the State gets has been significantly reduced by more than half.

Hon HELEN HODGSON: But is it still better than the pre-existing system?

Mr LANGOULANT: Yes, it is.

Hon HELEN HODGSON: In relation to the taxes that were originally to be removed and will remain, I understood that there was a timetable for the removal of some of those taxes.

Mr LANGOULANT: Yes.

Hon HELEN HODGSON: Could you outline that timetable?

Mr LANGOULANT: The financial institutions duty is proposed to be removed six months later than it was going to be, so it will now be 1 July 2001. The bank account debits tax is now proposed to be abolished from 1 July 2005. Stamp duty on marketable securities and the BAD tax, which obviously does not affect Western Australia, will be reduced from 1 July 2001, in accordance with the original schedule. Those are the only two which are sticking to the original schedule. FID has been put off for six months and the debits tax, in effect, has been put off for five years. There is no specific time as to when stamp duties on business transactions will be abolished. That is to be determined by the ministerial council to be established by the agreement.

Hon HELEN HODGSON: Page 1475 of the *Budget Statements* refers to a quality measure based on the proportion of clients who consider that Treasury has provided good or very good quality publications or reports, presentations and consultation on economic and financial issues. The estimate last year was 86 per cent and the target for 1999-2000 is 90 per cent. On what is that measure based?

Mr LANGOULANT: The measure is as a result of a survey of our stakeholders. This year we undertook the survey earlier than normal. It reflects the most recent survey, which was done by a professional surveying firm. About 200 people responded.

Hon HELEN HODGSON: I recall it.

Mr LANGOULANT: It is its assessment of the quality of the documentation that the department is putting out. In terms of the target, it is simply to keep on the pressure.

Hon HELEN HODGSON: Did the quality measure take account of the criticism that was levelled at Treasury last year about the presentation of the budget papers, which many parliamentarians had difficulty understanding?

Mr LANGOULANT: I am sure that other questions in the survey identified that matter. In fact, some of the results concerning budget management issues were substantially less than that figure. I am sure that my colleague can tell you which one it was. The survey addressed that issue. It is an item to which we were sensitive - I must say that we did not expect the response - and I hope that there is the feeling that we have responded to it.

Hon HELEN HODGSON: That was the third part of my questions. A report by the Public Accounts and Expenditure Review Committee in another place spelt out some of the problems that members have had when looking at the new *Budget Statements*. How many of the recommendations have been implemented in the presentation of this year's budget?

Mr LANGOULANT: All of them. My colleague might have the reference in the *Budget Statements*.

Hon HELEN HODGSON: From my perusal of the *Budget Statements*, FTEs are often identified, but there is still an issue about identifying particular programs, and there is still an issue with whole-of-government programs and trying to identify what is happening.

Mr IMBER: The enhancements to budget paper No 2 were made in response to the Public Accounts and Expenditure Review Committee's recommendations. Page iii of budget paper No 2 states that six years of comparable agency level data were provided, which is an increase of one year; that three-year comparable financial data were provided for accrual and cash cost of outputs for each agency, which is one more year; and that FTE numbers by output were provided for the current and budget years. The reporting of major achievements and major initiatives was put in terms of output instead of the agency as a whole. There was a table which reconciled the operating result to the overall change in cash holdings for each agency. Two other points are not mentioned. The first relates to cross-government initiatives. Two things were done about that. At the back there is a new cross-reference index. In addition to that, the budget papers were produced on CD-ROM, with a new indexing facility, and the new indexing facility enables one to put in key words. For example, if one were interested in salinity, "salinity" could be entered as a query, and each place in which salinity is discussed in the *Budget Statements* will come up as part of the referencing.

[3.40 pm]

The CHAIRMAN: Order! I point out to members that there was a briefing on this on 11 May. However, subsequent to that, staff from our estimates committees were available to assist members with using some of these search functions. Did the member want to ask a specific question?

Hon HELEN HODGSON: No. I was just picking up on issues that were raised last year and wondering whether they had been addressed.

The CHAIRMAN: Because of the time constraints, it might be best that we move on.

Mr LANGOULANT: To complete the answer relating to the quality of the budget papers, on page 1473 there is a quality measure relating to the proportion of clients who believe that the budget reporting approach developed by Treasury has been effective or very effective in helping them to better judge the Government's financial performance, and the survey result was 64 per cent.

Hon MAX EVANS: We also made a change that the member might have picked up on the state of the cash flows. I turned it upside down, so it starts off with the cash flow to the Government being the top item; that is, the cash coming in and how it goes out. The net at the bottom is the movement. The bank account at the end was before it, but I had that changed.

Hon MURRAY MONTGOMERY: I refer the minister to page 1464. Under "Administered - *continued*", the second-last item before the heavy print is a payment made in 1997-98 for subsidies to liquor merchants and/or producers on cellar door wine sales. I thought we had taken out the word "subsidies" by legislation, because subsidies was not part of that. However, I also understand that because of the High Court ruling, the funds that were being paid by wine producers at cellar doors and were being collected by the Commonwealth were actually being returned to the wine producer who had cellar door sales. I would have thought that somewhere in that line item there would be an indication that it was being paid through the State back to the wine producer. Is there any line item that does that?

Hon MAX EVANS: I think this \$1 951m was prior to section 90 coming into operation, and we made those adjustments at that stage. The administrative expenses come in elsewhere under state revenue. Refunds are all under state revenue.

Hon MURRAY MONTGOMERY: However, it must show somewhere that it goes back to the wine producer who has a cellar door operation.

Hon MAX EVANS: It is contained in the statement of the Office of Racing, Gaming and Liquor as an administrative expense.

Hon MURRAY MONTGOMERY: Therefore, it comes back through Treasury to -

Hon MAX EVANS: Yes. It is the fuel that goes back through state revenue. It was about \$11m, from memory. It was not as much as expected.

Hon JOHN HALDEN: I refer again to page 3 of the intergovernmental agreement that is currently being negotiated. I will ask the minister a two-part question. Firstly, business support for the goods and services tax was on the basis that the duty paid on negotiable securities, if I can refer to them generally like that, would be abolished from 1 July 2001. I note that in the new intergovernmental agreement there is now no deadline for the removal of those taxes on negotiable securities. Is the minister happy with that situation, or will the State Government be looking to amend or further negotiate this agreement?

Hon MAX EVANS: Stamp duty on marketable securities is from 1 July 2001, which I think we discussed while you were absent from the Chamber.

Hon JOHN HALDEN: Yes, but there is business conveyancing, leases, mortgages, debentures, bonds, other loan securities, credit arrangements, instalment purchases arrangements, etc. You will note that they have been deleted and are now under a heading which refers to debits tax from 1 January 2005, but on a date to be determined by the ministerial council. I am saying that there is now no determination whatsoever. In fact, it is open-ended as to when this tax will be removed. Is the Government happy with that, or bearing in mind business support for this, will it insist that this not be the new arrangement?

Hon MAX EVANS: We are not happy with it, but we will not -

Hon JOHN HALDEN: I am sorry, you are not happy with it?

Hon MAX EVANS: We would like to get rid of it. As to the business conveyancing part of it, it has already been said that we will not do it that way at the present time because some States could not balance the books. It will not be given away early if it affects the overall -

Hon JOHN HALDEN: You will not give it away at all under this agreement. There is no guarantee at all. To be specific, are you happy with this open-ended arrangement, or will you seek to have it nailed down?

Hon MAX EVANS: The Treasurer - not me - is dealing with the Federal Government on this and other matters at the moment.

Hon JOHN HALDEN: I have one more question.

The CHAIRMAN: Before the member continues, I ask a supplementary question from the Chair. Has the Treasurer - that is, the Premier - agreed to these terms?

Hon MAX EVANS: Not to my knowledge, no. I do not know whether there is much room to negotiate, but he has not agreed to them at this stage and no-one has signed them off at this stage. I think they were given to the States on Monday.

Hon JOHN HALDEN: The minister obviously got his copy earlier than I did. I now turn in the same document to the issue of local government, with which I have had discussions in the past 24 hours. I note that reference to local government is deleted throughout all of this intergovernmental agreement. Quite clearly, with the other changes in tax, there will now be additional cost burdens to local government. Local government has provided me with figures on what those cost burdens may be. However, I wonder whether the minister has seen those figures or whether he has produced his own, bearing in mind the importance of local government in our system of government in this State.

Hon MAX EVANS: I have not seen those figures.

Hon JOHN HALDEN: Has Treasury done any work on them?

Mr LANGOULANT: We have not seen the figures, and we are still assessing the impact of the package on entities outside of the Government.

Hon JOHN HALDEN: Do you have any preliminary figures that you might want to share?

Mr LANGOULANT: No.

Hon JOHN HALDEN: I ask a related question on local government. Is my perception right that in fact the federal local government department has been wound back but that now, as a result of this new intergovernmental agreement, the Government will have to start to re-establish that office, or is it envisaged that some of the functions of the previous federal department of local government will be taken over by the State?

Hon MAX EVANS: I do not have an answer to that question.

Mr LANGOULANT: On a technical basis, we see this agreement as being simply a change in funding for local government. In fact, it restores the status quo. Therefore, we would not expect there to be any change in the activities of the Department of Local Government as a result of this agreement.

[3.50 pm]

Hon JOHN HALDEN: There is a local government development commission which has funded local government considerably. I note that in this year's federal budget that has been wound back to \$2m. Is it proposed that the Federal Government will pick up the funding for that, or will the State Government be obliged to do that?

The CHAIRMAN: Order! That is a bit outside the purpose of this hearing. I ask members to move on.

Hon JOHN HALDEN: I am sorry to ask budgetary questions!

Hon MAX EVANS: We believe it is better for local government to deal with the State Government than the Federal Government. We have come full circle. Many local governments thought they would like to deal with the Federal Government, but they have a lot more members of State Parliament with whom they can deal than they have members at the federal level. As the Under Treasurer said, the amount of money is about the same.

The CHAIRMAN: The point I was making is that speculation about the federal budget is perhaps outside our immediate hearing, which is the budget estimates for the Treasury in Western Australia.

Hon KIM CHANCE: The last dot point at page 1471 refers to providing advice to government on whole-of-government expense issues; for example, remuneration. Is the Government wage policy for public servants the same as we have understood it to be for some years; that is, management by a Cabinet subcommittee, and a 3.5 per cent ceiling?

Hon MAX EVANS: The Cabinet Subcommittee on Industrial Relations considers all the workplace agreements, industrial agreements and enterprise bargaining agreements for public servants.

Hon KIM CHANCE: Is the ceiling still 3.5 per cent?

Hon MAX EVANS: It has been 3.5 per cent for the past two years. We have not decided what it will be for the next two years.

Hon KIM CHANCE: How many public sector employees will be affected by the current state wage case? A rough idea would be helpful.

Hon MAX EVANS: I do not know. You could put that question on notice.

Hon KIM CHANCE: The other question that I will also put on notice is what provision has been made in the budget for those employees who will receive wage rises next year as a result of the state wage case? I put that question this morning to the Commissioner of Health, who indicated that the Health Department had made provision, in so far as it could, for its award employees, who are basically the miscellaneous workers union members, with regard to the state wage case. What provision has been made across the board for those people who will be influenced by the state wage case?

Mr LANGOULANT: I expect each agency to make provision within its budget for wage increases generally. We provide funding to agencies for wage increases in each of the years of this budget, and we expect them to manage their wage increases from those funds and from their budget generally. We do not separately identify funding for specific wage increases.

Hon KIM CHANCE: That is the answer, so I do not require that question to be on notice, but I would like the first and second questions to be on notice.

Hon RAY HALLIGAN: Page 1475 states that one of the major achievements for 1998-99 is that the State has regained an AAA rating from the Standard and Poors Rating Agency. In a budgetary context, what do you believe that rating will be at 30 June 2000, and are you aware of any current concerns, either known or envisaged, that may change that situation?

Hon MAX EVANS: You are looking into the distant future. No-one is in a position to make a statement. Standard and Poors and Moodys work independently. The AAA rating has little effect on our finances, because we were not borrowing a lot of money and it was not costing us anything, although as a status symbol it is good. We do not know what will happen.

Hon RAY HALLIGAN: If everything came to fruition that was in the budget, would that situation change? Are you aware of a dark shadow out there somewhere?

Hon KIM CHANCE: We do not want to know the answer to that!

Hon MAX EVANS: I do not anticipate any problems.

Hon HELEN HODGSON: One program deals with the unfunded superannuation liability. Is there any indication of when that unfunded liability will be made good?

Hon MAX EVANS: The unfunded liability has three sections. One is pensions, which is the largest part of the whole; the second is the Gold State superannuation scheme, the lump sum scheme; and the third is the West State superannuation scheme. With regard to the West State scheme, we are looking over a period of time at putting in more money, and that will take a while. This commenced in the second half of 1993 and was backdated to 1 July 1992. We came into government in March 1993. We did not know how much it would be. We put in about \$150m in the first year. We are slipping behind on this, and it will get worse. We are looking at some other ways of getting around it. With regard to the lump sum scheme and pensions, it does not worry me much that the liability is not being funded. However, the Gold State scheme does worry me because I would like to have portability, etc, which is what we are trying to get to.

Mr IMBER: The expectation is that the unfunded liability in the West State scheme will diminish to zero in about seven years.

Hon HELEN HODGSON: The pension scheme has been closed for so long that it is not really an ongoing issue. Is there any indication about the Gold State scheme?

Mr IMBER: About 30 years.

Hon HELEN HODGSON: Is there any proposal to bring the rules for the West State scheme into line with the general standards for portability and market rates of return, rather than the consumer price index plus a 2 per cent ceiling?

Hon MAX EVANS: We are looking at all aspects. I want to try to get some equality down the line to improve it, and that is what we are trying to do with the fund as it goes along. The Gold State people want to move around, and a couple of hundred million dollars has been held back for people who have gone out of the scheme. The Federal Government has also changed the rules with regard to age 55, etc. The West State scheme is of concern to me, because it is up to 7 per cent now, not 9 per cent. We have had to put in all this money - I forget how much it is now - and the Federal Government has not changed the financial assistance grants to compensate us for the money we are putting in to alleviate its pension costs in years to come. Normally we would expect the Federal Government to give us money to run it, because we are all Australian citizens, and there should be some compensation from the Federal Government for putting in all that money, but there has not been, and that is another pressure on us. We have gone from 3 per cent in 1992-93 to 7 per cent in 1999-2000. We are looking at this and there are some other ways around it, which I will not go into today but will discuss outside.

The CHAIRMAN: Last year, some people had a problem with the layout of the budget papers, and that was discussed with our committee. I want to give some feedback from the Chair that most of the members to whom I have spoken on the committee are much happier with the way that the papers have been presented this year, including the use of CD-ROM and other facilities, and I thank the officers for taking that on board and developing those systems, because it has assisted us greatly in going through the papers.

*Sitting suspended from 4.00 to 4.15 pm*

**Division 54: Fair Trading, \$9 835 000 -**

[Mr Simon O'Brien, Chairman.]

[Hon Max Evans, Minister for Finance.]

[Mr P. Walker, Chief Executive Officer.]

[Mr M. Eaton, Manager, Finance and Assets.]

[Mr C. Mitchell, Policy Adviser.]

The CHAIRMAN: On behalf of the committee I welcome members to this afternoon's hearing. Government agencies and departments have an important role and duty in assisting the Parliament to scrutinise the budget papers on behalf of the people of Western Australia, and the committee values that assistance. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount and so on in preface to their questions. If supplementary information is to be provided, I ask for cooperation in ensuring that it is delivered to the committee's advisory/research officer, Mr Michael Smyth, who is sitting on my left, within five working days of receipt of the questions.

An example of the required Hansard style for the documents has been provided. I remind those members of the public in attendance that only accredited media representatives may take notes. However, full *Hansard* transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. The committee also requests members to limit the time taken in preamble to questions and to also keep their questions succinct.

For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and for each adviser to please state their full name, contact address and the capacity in which they appear before this committee. I ask each of the witnesses whether they have read, understood and completed the "Committee Hearings Information for Witnesses" form. All witnesses have indicated in the affirmative. Do all witnesses fully understand the meaning and effect of the provisions of that document? Again, all witnesses have indicated in the affirmative.

Hon MURIEL PATTERSON: I will refer to page 487 of the *Budget Statements*, and to "Outcomes, Outputs and Performance Information". I understand that a report of the review of the building disputes resolution process was presented



to the Minister for Fair Trading on 23 December 1997. A number of the recommendations of the review report required legislative changes to the Builders' Registration Act 1939 and the Home Building Contracts Act 1991. What has the Government done to implement the recommendations of that review?

[4.20 pm]

Mr WALKER: In February 1998 the Building Legislation Changes Implementation Panel was established to consider the recommendations of the review. That panel comprised industry and Ministry of Fair Trading representatives. The panel was also required to consider the cost of funding the dispute resolution system and the recommendations of the statutory review of the Home Building Contracts Act tabled in March 1997, as well as a number of other amendments suggested by the Builders Registration Board. In December, Cabinet approved the drafting of a package of amendments recommended by the panel to improve the building dispute resolution process and also alleviate funding problems associated with that process. In respect of building disputes particularly, some of the key proposals which will provide for a more effective and timely dispute resolution process include: The introduction of a voluntary system of mediation, which does not exist at the moment; and allowing the chairperson or deputy chairperson of the building disputes committee, sitting alone, to hold preliminary hearings and conduct proceedings, if agreed by both parties. There is also allowance for certain dispute resolution powers of the tribunal to be delegated to named employees of the Builders Registration Board. It will allow the tribunal to order one or both parties to pay an amount in dispute into a trust account to facilitate a cooperative approach to the resolution of disputes, and extend the jurisdiction of the tribunal so that it can deal with situations in which a person has engaged in misleading or deceptive conduct in the formation or execution of a home building contract. Obviously, this is subject to the Government's legislative timetable, but it is anticipated that the amending Bill will be introduced in the spring session of this Parliament.

Hon MURIEL PATTERSON: I refer to page 489 of the *Budget Statements*, and one of the major initiatives for 1999-2000 to develop proposals for amending outdated legislation so that it reflects contemporary business practices, such as extending the ability of groups with a common interest to establish cooperative entities. Will the minister explain the reasons for the proposed amendments to the Associations Incorporation Act?

Mr WALKER: The Associations Incorporation Act has been in place for about 10 years and was first adopted in 1988. Although it has worked reasonably effectively over the years, many concerns and issues arise from it. For example, there are no requirements for incorporated bodies to forward annual returns or to have an annual audit carried out of their books. There are a number of practical issues such as that. Following a consultative process, the ministry is working on reviewing that legislation.

Hon MAX EVANS: Before the legislative change in 1988, there was no liability on directors. Some football clubs kept trading for years after they were insolvent. Some of those points were changed. I am trying to get a balance sheet and accounts from a particular organisation at present. I cannot get it; it is crazy.

Hon BOB THOMAS: My question relates to the new legislation that will be introduced. On 11 March 1999 the manager of trade measurements wrote to the Australian Hotels Association saying that the ministry was not proposing to recommend the inclusion of liquor provisions in the new trade measurement legislation. How had the manager established that position?

Mr WALKER: That report has not yet been completed; we are currently working on it and we anticipate that the report will go to the minister in three months' time. Generally, there is uniform legislation around the States, although there are some differences. One State has legislation that measures all spirits and other products, and it is contemplating removing it. We have not registered our conclusions and recommendations to the minister but I can indicate that very few - perhaps one a year - complaints are raised about people's concerns with the liquor industry. That report has not yet been finalised, and I can only contemplate that the manager was echoing what he thought might be the position.

Hon BOB THOMAS: Had Mr Boyce discussed the matter with the chief executive officer before writing to the AHA?

Mr WALKER: No, he had not.

Hon BOB THOMAS: When was it decided to commission a separate discussion paper on this issue?

Mr WALKER: I am not sure. I do not think that information is contained in my notes. Perhaps I can take the question on notice.

The CHAIRMAN: The question will be taken on notice.

Hon BOB THOMAS: Has the discussion paper been completed?

Mr WALKER: No.

Hon BOB THOMAS: What discussions have taken place between the minister and departmental officers about this issue? That question must probably go on notice.

Mr WALKER: Yes, I am happy to take it on notice, but there have been very few offences. I cannot recall any.

The CHAIRMAN (Hon Simon O'Brien): When looking through the ministry's annual report, I noticed a reference to a consumer dealing with a problem of substandard brickwork and building difficulties generally. What services are available to assist individual purchasers in resolving problems they have with substandard building work?

Mr WALKER: This is covered by the Home Building Contracts Act and the Builders' Registration Act. The Builders Registration Board is in place and falls within the portfolio of the Minister for Fair Trading but it is a separate administrative

entity that does not sit within the Ministry of Fair Trading. In building disputes it handles consumers who are dissatisfied with work undertaken by builders, and addresses their inquiries through the Builders Registration Board which administers them. In terms of general building policy, the Ministry of Fair Trading responds through and provides advice to the minister. Consumers are able to take any queries, concerns or issues in relation to faulty building, concerns about the workmanship et cetera to the Builders Registration Board which is not part of the Ministry of Fair Trading.

The CHAIRMAN: If it is not part of Ministry of Fair Trading, which ministerial office is responsible for that board?

Mr WALKER: The Builders Registration Board reports to the Minister for Fair Trading but it has its own administrative support. Mr Nigel Lilley is the chief executive officer, and he has a staff of about 30 people.

Hon NORM KELLY: My question relates to payments under the Salaries and Allowances Act, set out at page 484. Provision is made for the salary of the CEO and I note that in 1999-2000 it is estimated that the amount will increase by 21 per cent on the estimated amount in last year's budget papers. I understand a new CEO has been appointed, but what is the reason for such a substantial increase and on what performance criteria was the increase based?

Hon MAX EVANS: The CEO thought he was worth much more but it came down to that much!

Mr WALKER: The figure represents both salary and superannuation, and the reason for the increase is that I am not a permanent public servant. I am on a fixed five-year term contract and in those circumstances within the public sector there is an additional payment of up to 20 per cent for those on fixed term contracts as distinct from being permanent public servants.

Hon MAX EVANS: The difference is 20 per cent.

Hon NORM KELLY: Why has the CEO not been appointed as a permanent public servant?

Mr WALKER: I understand my option was to be either of those. In my previous positions in local government - with the City of Subiaco and the Town of Narrogin - I was on fixed five-year term contracts, and I am comfortable with that arrangement. I believe that if people perform, their contract will be renewed after five years, and if they do not then it may not. I am not uncomfortable with that.

Hon MAX EVANS: Under the Public Sector Management Act all the CEOs had to re-apply for their own jobs, and a number of them chose to take the extra 20 per cent available under a fixed five-year contract. A number chose to remain as permanent public servants. There are two classifications, but the current CEO came from outside the Public Service and took the 20 per cent additional payment.

[4.30 pm]

Hon NORM KELLY: The broader issue is that the State is looking at paying an extra \$100 000 over that five years for a chief executive officer. I can appreciate why an individual would take that up. However, I am concerned from the taxpayer's point of view that we are paying substantially more. What is the taxpayer getting in return?

Hon MAX EVANS: A saving is made by not paying for long service leave. Contracting in that way is good business practice. As Mr Walker said, he was contracted in his previous job for five years. It is better to have chief executive officers on contract with the capacity for reviewing whether they should be reappointed. That is probably far better value to the taxpayer than paying a senior public servant a higher level of salary after being moved to a lower level due to poor performance. Five-yearly contracts provide a huge financial benefit to the taxpayer in the long term.

Hon B.K. DONALDSON: I refer to output measures at pages 494 and 495 and the number of advice services. The amount allocated for 1989-99 and the amount estimated for 1999-2000 is \$460 500 based on cost per service of \$5, which suggests approximately 90 000 individual inquiries are received. Can the more frequent inquiries be shown separately? I notice under major initiatives that the department is establishing a customer-focused telephone service to provide high quality advice designed to meet the needs and expectations of customers. Can you expand on that service?

Mr WALKER: In general terms we do not have breakdowns of the figures. However, the ministry has a diverse sphere of operation. It administers 45 Acts, responds to 3 500 telephone inquiries every week, between 500 and 700 calls a day regarding the register of encumbered vehicles and 400 calls a day to our business names branch. We also receive 7 500 formal complaints a year. We administer 6 000 licences, regulate nine separate industries and support 12 regulatory boards and advisory committees. The list goes on. We are now trying to map out and measure exactly what the ministry does.

I am pleased to say that we have funding this year with which to replace our telephone call centre. With 3 500 telephone calls every week we are keen to improve the service. We have been buoyed by a recent survey conducted by Ernst and Young which revealed a 93 per cent satisfaction rate; nonetheless we think we can do better. On relocation to new offices in October this year we will be introducing a new telephone call centre which we hope will handle 80 per cent of people who call initially and who will talk to human beings rather than taped voices. We hope to implement a system whereby the 20 per cent who require additional help are transferred to a person with expertise in the appropriate field.

Hon B.K. DONALDSON: I refer to the major initiative at page 489 to establish a code of conduct for finance brokers under the Fair Trading Act. There has been much media hype lately about finance brokers. Is that initiative in relation to some of the problems within the industry? What proposals are you considering that will give greater comfort to people who are investing through a number of those finance brokers? It is of major concern, especially to the elderly, who are not always fully aware of the risks that they will be taking when they make those investments.

Mr WALKER: Like other people, we are very concerned about the activities of finance brokers. Yesterday an application was lodged with the District Court by the Finance Brokers Supervisory Board to have a supervisor appointed to Global Finance. Late this afternoon or tomorrow another application will be made to appoint a supervisor to Grubb Finance. When the legislation was first formulated people dealt with a finance broker on a one-to-one arrangement. As the finance industry has become more sophisticated, its members are working through pooled mortgage investment funds. That means that they gather many investments and lend those investments to individuals. When that happens it travels from the state legislation to the Commonwealth Government's Corporations Law and is captured by the Australian Securities and Investments Commission. We are working closely with ASIC on that.

Cabinet recently endorsed and approved a number of recommendations. The short-term recommendations include a review of the code of conduct, as the member indicated. There was a question mark about whether "client" in the definition of the code of conduct related to the lender or the borrower. We also want to ensure that potential investors receive much better precontractual and post-contractual information. Investors were being encouraged to invest their money and were given assurances about valuations of the property but they were not, as of right, receiving the basis on which those valuations were made. In some cases, the valuations were clearly nowhere near the realisation value of the property.

The board has also requested more frequent audits of the trust accounts, and compulsory professional indemnity insurance, which will be required for new finance brokers and for those who renew their triennial licence.

Hon MARK NEVILL: Does the Ministry of Fair Trading purchase its legal advice from Crown Law or does it receive outside legal advice?

Mr WALKER: We have a mixture. The vast majority comes from Crown Law. The ministry administers about 12 regulatory boards and committees which generally refer to Crown Law advice, although they can seek independent legal advice. Since I have been with the ministry I have obtained legal advice other than from Crown Law on two or three occasions.

Hon MARK NEVILL: Do you pay Crown Law for that advice?

Mr WALKER: No.

Hon MARK NEVILL: Which Bills do you have in almost complete form and on which Acts are you working on amendments at present?

Mr WALKER: The ministry has a large legislative program. We are responsible for 17 national competition policy Act reviews, some of which have been completed.

Hon MARK NEVILL: I am more interested in which Bills you have ready to introduce into Parliament.

Hon MAX EVANS: That is a policy matter.

Hon MARK NEVILL: I do not think it is; it relates to spending by the department. Numerous references are made in the *Budget Statements* about legislation that is being prepared. However, we do not see much in the way of Fair Trading legislation in the House.

The CHAIRMAN: The question relates to provision of funds in the budget papers for this area of work.

Hon MAX EVANS: We will take the question on notice.

[4.40 pm]

Hon MARK NEVILL: What particular expertise did you have to take over the job as chief executive officer of the Ministry of Fair Trading? You said that you came from local government. Because of the immense amount of legal work involved in this department, I thought that the CEO would almost have to be a lawyer.

Mr WALKER: I will try to answer that as modestly as I can. The ministry was looking for a chief executive officer, first and foremost, to ensure an efficient and effective organisation. My most recent experience was as the chief executive officer of the City of Subiaco for five years. Preceding that I was the chief executive officer of the Town of Narrogin for seven years, and preceding that I was the chief executive officer of the Shire of Wickelpin. Eight of our employees are lawyers and we also have access to Crown Law. In terms of my not being a lawyer and leading the organisation, I have not yet seen it as a problem. I recognise that my predecessor, in an acting capacity, had legal qualifications.

Hon MAX EVANS: It comes back to the fact that many of the departments want technical skills. It is a large department with many subsections; that is why it made the change.

Hon MARK NEVILL: There is a perception that the Ministry of Fair Trading is a sleepy backwater rather than a proactive department. That is why I asked the question.

Hon BARRY HOUSE: Hon Bruce Donaldson asked the question I wanted to ask in relation to the actions of Global Finance Group and Grubb Real Estate and Finance. Can you explain exactly what is proposed in appointing supervisors to those organisations?

Mr WALKER: I am happy to answer that to some degree. The only caveat I have is that that action is being taken by the Real Estate and Business Agents Supervisory Board, which is an independent statutory authority and has an independent registrar. As such, I do not get involved in its deliberations, as I should not, and I do not attend the meetings. I can answer

some of the question. Following intervention by the Australian Securities and Investment Commission, and following a period of investigation, liquidators have been appointed to both Grubb Finance and Global Finance. As a result of their findings, we are confident that, when those people report to both ASIC and the ministry, subsequent action will be required in terms of some of the key parties involved with those companies. The board has resolved to apply to the District Court to appoint supervisors. The Act provides essentially a mechanism to do that, and does so generally upon the death of one of the principals of a finance broking company or his incapacity due to ill health or something like that. A provision says that if the Finance Brokers Supervisory Board believes that is appropriate, it can apply to the District Court to have a supervisor conclude any financial transactions and act on behalf of the interests of the investors. One of the challenges is that no such application has been made before, and when there is a trust fund, for example - both companies have trust funds of millions of dollars - the question arises of where the supervisor's role starts and ends and where the role of the liquidator starts and ends. The difference is that the liquidator will assess the company's assets and work out who owes what, when and how. The challenge for the supervisor is that if it needs to clarify and resolve current situations, it needs to balance the trust funds, because both of these companies have intermingled all the money. It is not the normal neat, clean, well-administered company which has had regular audits. The Finance Brokers Supervisory Board has been very anxious about the audits done on one of the companies in recent times. There is a bit of a mishmash; in old accounting terms, it is like a person having a shoe box and throwing in money for a series of accounts. There will be problems and we imagine considerable time will be required from highly competent and professional people. The ministry will be putting a proposal to the minister as soon as we can about the funding required to undertake the supervisory practices effectively. Another issue is whether the supervisor should be the liquidator. There is a legal question about whether that can happen. There is also an administrative management issue in whether it should happen. At this stage, we are not sure whether they will be one and the same. There are some potential savings, but we are unsure at this stage. Legal and managerial issues are involved.

Hon BARRY HOUSE: As I understand it, the Government funds the supervisor's costs; but if a liquidator is in place, how is that funded?

Hon MAX EVANS: By the sale of assets.

Mr WALKER: An approach will be made to the Treasurer for funding in respect of the supervisor's role. The liquidators will pick up their costs in the normal manner. I hasten to add that they will have some difficulty with these companies.

Hon MURIEL PATTERSON: One of the major achievements on page 493 states -

Carried out consultation processes involving various stakeholders regarding adoption of uniform trade measurement legislation which would establish licensing, accreditation and audit processes to allow private industry to certify and verify measuring instruments.

That will interest a lot of business people. Can you explain the reason for the proposed new trade measurement legislation; in particular, how the monitoring of correct weights and measurements will be safeguarded in the proposed new framework?

Mr WALKER: An earlier question touched on this. The new trade measurement legislation is under consideration in Western Australia. It will be based on a uniform model now enacted in all other States except Tasmania. The new legislation is necessary because the current legislation is outdated and does not recognise advances in areas such as transport and technology; in fact, the existing Weights and Measures Act dates from about 1926. The new legislation will also align national trade measuring and packaging laws; therefore, it will reduce unnecessary impediments to trade across State and Territory boundaries. It will also see a shift in emphasis to reflect a greater responsibility on the private sector for ensuring correct weights and measures. At the same time, an accreditation and proactive auditing role will be performed by government. Traditionally, the ministry, with a fairly small number of staff, has tried to audit all of these weights and measures instruments throughout the State. As the State has grown, and these things have increased in number, it has not been possible to do that. Another problem is that because we cover the whole State, and because we have only a few staff, some of our processes of checking are fairly predictable, and so people sometimes understand when we are coming and when we are not. We would rather go more into accreditation and involve the private sector in that; that is, accredit people and have spot audits to ensure standards are complied with.

Hon MURIEL PATTERSON: I understand that the Retirement Villages Act is being reviewed. Will that review address the current overlap between the state and commonwealth legislation governing residential aged care facilities, including hostels? When will the review be finalised?

[4.50 pm]

Mr WALKER: Yes, the Act will address those issues. Members will probably be aware that there was some confusion with state and commonwealth legislation. The reference group which is looking at this legislation began meeting in January of this year and is currently considering options for possible amendments to the retirement village legislation, including recommendations to provide complete exemption from the provisions of the Retirement Villages Act 1992 for residential care facilities governed by the commonwealth Aged Care Act. Those facilities are generally referred to as hostels. The idea is to clarify that overlap and make it simpler.

Hon MURIEL PATTERSON: When do you think it will be finalised?

Mr WALKER: The reference group will report to the minister at the end of this year. It will then be subject to the normal legislative timetable.

Hon RAY HALLIGAN: When the new goods and services tax system is implemented in the near future, one might expect many queries on the retail pricing of goods and services. Have you taken that into account in your forward estimates? Where might that be found?

Mr WALKER: Yes, we have recognised the change. We have been liaising closely with the Australian Competition and Consumer Commission. It has received \$40m from the Federal Government to monitor and control that activity. As from 1 July of this year the ACCC will start to monitor prices to position itself to make sure that some businesses are not taking advantage of some of the changes. In 12 months' time the tax will kick in. The simple answer is that we do not have any additional money in our budget but we will work closely with the ACCC and act as a conduit with the ACCC to make sure that a free-call number is available for advice and inquiries on that.

The other important thing that needs to happen, and this matter will be considered by State Cabinet, is that the commonwealth agencies will need to have some mirror legislation for such things as false and misleading advertising. At the moment this activity is captured by state jurisdictions in consumer and fair trading legislation and it is not part of the commonwealth legislation activity. There would need to be some complementary or mirror arrangements so that the Commonwealth can address people who are undertaking misleading advertising.

Hon NORM KELLY: One of the output measures on page 494 is the number of customers satisfied with the ministry's advice and conciliation services. That shows 93 per cent satisfied customers based on a survey by Ernst and Young. Has that been done subsequent to the Auditor General's report which was quite critical of the way in which customer satisfaction was being gauged? I understood that what was happening was that Fair Trading would decide what customers to call back.

Mr WALKER: Yes, that report was undertaken in February 1999. The Auditor General undertook a performance examination which was critical of the ministry but probably fair. Having had the privilege of attending the estimates committee last year, as an observer, I was aware that independent surveys have some advantages over internal surveys. As one of our measures this year we have engaged consultants.

Hon NORM KELLY: On page 489 the second major initiative is a review of existing provisions to complement new unconscionable measures in the commonwealth Trade Practices Act. I cannot exactly remember what the commitment was from the minister when he was dealing with the Commercial Tenancy (Retail Shops) Agreements Amendment Bill last year. What has been the progress on getting that legislation brought before Parliament?

Mr WALKER: A small business reference committee - I may not have the correct term - has been established and is working at examining whether business in this State should be protected by state legislation which mirrors, I think, section 73 of the Trade Practices Act. That group is still undertaking its work. I have a file reference somewhere.

Hon MAX EVANS: He will provide the information on notice.

Hon NORM KELLY: I would like on notice how progress has been and when we might expect a publicly available outcome.

The CHAIRMAN: We will take that on notice.

Hon BOB THOMAS: In regard to the unconscionable conduct provisions, the minister gave us a commitment to do with the \$100 000 provided in this year's budget for that work. Where is it in this year's budget and how much has been provided?

Mr WALKER: I can confirm that we received \$100 000 in respect of the current year. The good news is that we will receive \$160 000 in next year's budget as well to undertake that work. I cannot specifically point to it now.

The CHAIRMAN: That question is also on notice.

Hon MARK NEVILL: I refer to the hoary chestnut of the Credit Act. Are credit providers now able to comply with the Act? Are you receiving many complaints from consumers about non-compliance with that Act?

Mr WALKER: No, we are not. Generally there is a good deal of satisfaction with the uniform credit code, although it would be fair to say that there is some concern on a national level. Unlike the position in some of the States, legislation was introduced in this State. There is an issue currently before the courts in respect of a company called MLC, which is a normal sort of matter. The simple answer is no, we do not receive a lot of complaints in relation to that piece of legislation.

Hon BARRY HOUSE: There is enormous interest in this question from the gallery. On page 502 the land valuer's revenue in 1997-98 was \$7 000, in 1998-99 the estimated actual was up to \$148 000 and for 1999-2000 the estimate is down to \$70 000. Will the minister explain those pretty wild fluctuations?

Mr EATON: They are because of the recent introduction of triennial licensing. Depending on which group is brought on, if one group is brought on at one time, we will get more in a particular year. Because of the fluctuations, we do not have a huge amount of revenue in one year but it is spread over the three years. There are two-thirds one year, one-third another and basically none in the other.

Hon MAX EVANS: Other licences are also staggered.

Mr EATON: Yes.

Hon B.K. DONALDSON: On page 502 under net appropriation determinations is the education kit for landlords. That is the retention of the moneys received by the department under the Financial Administration and Audit Act. I notice that there was a \$16 000 retention in 1997-98, and it is down to \$2 000 in 1998-99 and \$2 000 in 1999-2000. What is the difference?

Mr EATON: This relates to the landlords' handbook which we developed about two years ago. In the first year we received a significant amount of revenue that covered our costs. That is obviously revenue we have been able to retain. I understand that we are looking at improving and updating that handbook and will probably do a re-release. However, at the time I

prepared these papers I was unable to get any information on when it was to be done. It would not surprise me if it is done in the next 12 months. I may therefore have underestimated that figure.

Hon MAX EVANS: A few years ago this was not a department under net appropriations. It was all under state revenue. It pays to get a better handbook to get more revenue in to cover the costs and so on. Previously the department would spend the money on the handbook and the Treasury would get all the revenue.

Hon B.K. DONALDSON: How do you sell the kit? Do you advertise it on television and say that it is available? What creates the rush to buy it?

Mr EATON: In the past we have entered into deals with bodies like post offices and newsagencies and distributed it in that way. Obviously if we advertised on something like television, it would take up all our profit.

Hon MAX EVANS: I suggest that my valuer general appear on "The Real Estate Program" on channel 9 on Saturday morning. We would get a good quid pro quo on valuation. I suggest that he contact Russell Goodrick, who might be only too pleased to take him on. It would be a filler in his program and it would sell the valuer general's product at no cost.

The CHAIRMAN: That ends our deliberations.

*Committee adjourned at 5.00 pm*

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*Documents incorporated during the proceedings.*

[Hon Bob Thomas.]

Dear Syd

At the Legislative Council estimates hearings next month I intend to ask you the following questions in order to pass the answers on to a constituent who has approached me about these matters pertaining to the Karri forests:

- 1(a) Does CALM manage the forest in accordance with the forest management plan prepared pursuant to the 1994-2003 Forest Management Plan which states: "All areas of forest which are harvested or disturbed by other activities are regenerated with the same mix of forest species which was present prior to the disturbance."?
- 1(b) How does CALM calculate what the pre-disturbance mix was?
- 1(c) Does this only include a comparison of the Karri and Marri trees or does it include other species?
- 1(d) Can you give a number of coupe specific examples of what the pre-disturbance mix was and what that mix is now that the forest has regenerated?
- 2(a) Does CALM leave the stumps of other species (i.e. Marri, etc) to regrow in clear felled coupes to maintain an ecological balance?
- 2(b) How does CALM regenerate other non Karri and Marri species?
- 2(c) What was the percentage of those species in the previous examples (pre-disturbance) and what percentage do they make up now that the coupes have been regenerated?
3. Does CALM destroy all other species of forest when clear felling a coupe to allow the reproduction of only Karri in the manner of producing a plantation effect?
4. Page 17, paragraph (71), of the Regional Forest Agreement for the South-West forest region of WA pertaining to Industry Development states: "The parties agree that State forest outside the Car Reserve System is available for timber harvest in accordance with the Forest Management Plan and the undertakings of this agreement."  
Will CALM manage the forest in accordance with the 1994-2003 Forest Management Plan which states, in part: "All areas of Forest which are harvested or disturbed by other activities are regenerated with the same mix of forest species which was present prior to the disturbance?"
5. How many hectares of Karri-Marri forest have been clear felled from the date of the signing of the 1994-2003 Forest Management Agreement to the end of the year 1998?
6. What is the average size of the Karri-Marri coupes that are clear felled?
7. Page 31 of the summary of comments in the Analysis of Public Submissions refers to attachment 5, clauses 41 and 48. However, in the Regional Forest Agreement, attachment 5 has only 25 clauses. Is there something missing from the Regional Forest Agreement document?

I would be happy for you to provide the answers to me either in writing or verbally at the hearings.

Yours faithfully  
Bob Thomas MLC

REPLY -

Dear Mr Thomas

The following information is provided in response to your letter dated 19 May 1999.

- 1(a) CALM manages the forest in accordance with the Forest Management Plan 1994-2003 as well as the relevant conditions imposed on the implementation of the plan by the Minister for the Environment.
- 1(b) When referring to the mix of forest species which is present on an area of forest pre disturbance, CALM is referring to the major overstorey tree species that are present. No precise estimates of the relative proportional abundance of the species are made as this is inherently variable both in space and time, depending on the position in the forest and the disturbance history of the forest.  
  
The pre disturbance mix of species within a harvesting coupe is determined through ground and aerial photo interpretation. The silviculture requirement with respect to management of the mix of species is defined in Silvicultural Guideline 2/95 page 8.
- 1(c) All major overstorey tree species present prior to disturbance are included in the assessment of the species mix. Besides karri and marri the other major species considered include jarrah, blackbutt and yellow tingle.

- 1(d) Aerial photo interpretation of species and structural composition of the karri forest is available (API maps). This information as well as ground interpretation is used as appropriate to define pre harvesting mix of species. More recently detailed vegetation maps have been produced as part of the RFA process, which could also assist in this process.

In most cases however unless the forest falls into the category of mixed species karri forest as defined in Silvicultural Guideline 2/95 or has yellow tingle included in the mix as defined by the guidelines approved by the Honourable Minister for the Environment in 1997 the mixed nature of the forest pre harvesting is not recorded.

In all clearfelled karri coupes however regeneration surveys are completed following the winter of establishment. This survey broadly measures in a quantitative manner the tree species and amount of regeneration present.

On the basis of the above actual examples of pre and post harvesting species mix are as follows for 3 coupes regenerated in 1998.

*Brockman 12 - Area 34.1 hectares*

Pre harvest mix:

Aerial photo interpretation coding indicates the major species present were Marri and Karri.

Post harvest mix:

The coupe was 100% stocked at optimum (>3000 stems/ha) and adequate (1666-3000 stems/ha) stocking levels. The species mix as measured in the regeneration survey was 99% karri and 1% marri.

*Easter 4/5 - Area 15.8 hectares*

Pre harvest mix:

Aerial photo interpretation coding indicates the major species present were Karri and Marri.

Post harvest mix:

The coupe was 100% stocked at optimum (>3000 stems/ha) and adequate (1666-3000 stems/ha) stocking levels. The species mix as measured in the regeneration survey was 88% karri, 11% marri and 1% jarrah.

*Nelson 2A - Area 10 hectares*

Pre harvest mix:

Aerial photo interpretation coding indicates the major species present were Karri and Marri and Jarrah.

Post harvest mix:

This coupe was 100% stocked at optimum (>3000 stems/ha) and adequate (1666-3000 stems/ha) stocking levels. The species mix as measured in the regeneration survey was 72% karri, 18% marri and 10% jarrah.

To provide some further information based on examples of inventory plots established within older regeneration areas the following information is provided.

*Brockman block*

Pre harvest mix:

Aerial photo interpretation coding indicates the major species present were Karri and Marri.

Year of regeneration-1978

Plot measured 1998

Total stocking of plot 611 stems/hectare, of which 82% was karri and 18% was marri.

*Andrew block*

Pre harvest mix:

Aerial photo interpretation coding indicates the major species present were Karri and Marri.

Year of regeneration-1972

Plot measured 1998

Total stocking was 1311 stems/hectare, of which 59% was karri, 35% was marri and 6% was blackbutt.

*Sutton block*

Pre harvest mix:

Aerial photo interpretation coding indicates the major species present were Karri and Marri.

Year of regeneration-1978

Plot measured 1997

Total stocking was 1322 stems/hectare, of which 51% was karri 49% was marri.

- 2(a) Stumps resulting from harvesting activity in karri coupes are not treated in any way. Regeneration from stumps are excluded from measurement in regeneration surveys as they are not recognised as effective regeneration. They in effect form an additional potential source of regeneration that is not measured.
- 2(b) The regeneration of species other than karri is managed mainly through dormant lignotuber reserves on the forest floor, this includes marri. Where concern exists that the lignotuber reserve is inadequate to maintain the species mix planting of species other than karri takes place.
- 2(c) As previously indicated the percentage of species in a species mix prior to harvesting is not measured in any formal sense. A broad measure of the percentage of species in the species mix post regeneration is obtained in all coupes and examples are given in 1d above.
- 3 CALM's aim with respect to karri silviculture is to achieve following harvesting and regeneration a mix of the species present prior to the disturbance. The aim is to minimise the plantation effect where possible. For example,



where conditions are appropriate CALM's objective is to use natural seed fall to achieve regeneration through the method known as seed tree retention. This avoids for example the need for planting and the potential for straight rows of plants and maximises the naturalness of the regeneration.

4 See 1a.

5 CALM Annual Reports from 1994/95 to 1997/98 inclusive list 7020 hectares of karri forest either clearfelled or cut to seed trees. This includes karri forest which contains other species mixtures besides karri-marri.

6 The average size of karri coupes that were clearfelled in 1998 was 18 hectares.

7 The reference to clause 41 and 48 is in relation to the main part of the Agreement, and not to Attachment 5.

Yours sincerely

Syd Shea  
Executive Director

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