



WESTERN AUSTRALIA

# Parliamentary Debates

(HANSARD)

THIRTY-FIFTH PARLIAMENT  
SECOND SESSION  
1999

LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE B

Tuesday, 25 May 1999

# Legislative Assembly

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## ESTIMATES COMMITTEE B

The meeting commenced at 9.00 am.

The CHAIRMAN (Mrs Hodson-Thomas): For the information of members, the Estimates Committee will be reported by contractors to Hansard. A daily verbatim proof *Hansard* will be available during the afternoon of the following day. Hansard will distribute the documents for correction at that time, which must be returned on the A4 document sent to members. The cut-off date for corrections will be indicated on the bottom of each page. I caution members that if a Minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information which the Minister agrees to provide will be sought within one week. It will also greatly assist Hansard if, when referring to the program statement volumes or the consolidated fund estimates, members give the page number, item, program, and amount in preface to their question.

As has been the practice of previous Estimates Committees members should not raise questions about matters of general concern which do not have an item of expenditure in the consolidated fund. The Estimates Committee's consideration of the consolidated fund's estimates of expenditure will be restricted to discussions of those items for which a vote of money is proposed. We are dealing with estimates of expenditure and that should be the prime focus of this committee. While there is scope for members to examine many matters, they need to be clearly related to matters of expenditure. For example, members are free to pursue performance indicators which are included in the Budget Statements while there remains a clear link between the questions and the estimates.

It would assist in the committee's examination if questions and answers can be kept brief, without unnecessarily omitting material information. It is my intention to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The Minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, would the Minister clearly indicate to the committee which supplementary information he agrees to provide? Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the Minister to cooperate with those requirements.

### **Division 32: Fisheries \$17 235 000 -**

[Mrs Katie Hodson-Thomas, Chairman.]

[Mr House, Minister for Fisheries.]

[Mr P.P. Rogers, Executive Director.]

[Mr P.J. Millington, Director, Fisheries Management Services.]

[Mr B. Mezzatesta, Manager, Financial Services.]

[Mr S. O'Donoghue, Principal Policy Officer.]

Mr HOUSE: Thank you, Madam Chairman. We have to deal with fisheries agriculture, agriculture protection and the Rural Adjustment Finance Corporation and we suggested that we deal with Fisheries, firstly. If that is not the committee's view then please let me know and we will rearrange the officers.

The CHAIRMAN: If that is the will of the committee.

Mr HOUSE: Mr Peter Rogers is the Chief Executive Officer of Fisheries Western Australia. Mr Shane O'Donoghue is my Principal Policy Adviser, fisheries. Mr Peter Millington is Director, Fisheries Management Services.

The CHAIRMAN: Thank you, Minister.

Mr GRILL: At page 567 under Output and Appropriation Summary and, in particular, under Recurrent there does not appear to be any broad estimates for outputs in that appropriation summary. Could you please explain why there are no estimates in that area?

Mr ROGERS: In that summary? Total cash outputs?

Mr GRILL: Yes.

Mr ROGERS: If you go to total cash outputs it is shown there.

[9.05 am]

Mr GRILL: In total? They are shown there in total, yes. There are no actual estimates in there.

Mr HOUSE: Yes. I think the important thing though is that you have got a total output figure and I think you get two...(Inaudible)... in front of that.

[This transcript has been produced by a private contractor.]

Mr GRILL: It would be a lot of work but does it need to be detailed out that far in front of the budget? Almost every other area...(Inaudible)... other areas under your jurisdiction. I am just wondering why it has not been done here.

Mr HOUSE: My understanding of this is in accordance with the agreed Treasury format.

Mr GRILL: Can you just explain that a bit more?

Mr HOUSE: Well, that is the format that Treasury put forward.

Mr GRILL: If you have got a total cash cost of output, that must be made up, I presume, of the elements mentioned above or some of the elements mentioned above, or have I got that wrong?

In the event that I have got it right, if you can come to a total figure, surely you only come to that total figure by adding up the various component parts of it and, therefore, you must know what those component parts are. In that event, why are they not detailed?

Mr HOUSE: They do not need to be. We are dealing with this year's budget. We give a forward estimate that indicates a round figure that might be appropriated for those years.

Mr GRILL: And do you say that that is done pursuant to a Treasury direction?

Mr HOUSE: No, it is a Treasury format. It is not a direction.

Mr GRILL: So you feel that you do not need to give any estimate of the Management of the State's Commercial Fisheries beyond...(Inaudible)...? I think we do really.

Mr HOUSE: There is obviously, as I said, a total output figure there. The detail of that might change depending on the needs of the specific fishery.

Mr GRILL: Does that apply to the whole of the budget; not just your area but every other area?

Mr HOUSE: I am here today talking about fisheries. If you want to question the Treasurer about those issues I suggest you attend the committee hearing at which he is present. I am very comfortable with it. I do not have any problems at all. We have got a generic figure. It indicates that we have got an out year estimate that will cover our needs.

Mr GRILL: I will just go back to the other question then. In the event that you have got a total figure, as I said before, that must be made up of component parts. If you take a figure you must have those component parts. Where are they?

Mr HOUSE: Well, they are basically the figures that you see for this year compiled in an out year format.

Mr GRILL: In that case, if you do have those figures, why can they not be printed here under the recurrent forward estimates?

Mr HOUSE: We are talking about this year's budget. I am delighted that that is the only issue that you want to raise. I would have thought we were talking about this year's budget but if you want to talk about next year's budget, that is fine.

Mr GRILL: We are talking about next year's budget...(Inaudible)... . I just do not see why you have not done it with fisheries. No answer?

The CHAIRMAN: Anything further to add Minister?

Mr HOUSE: No, nothing further to add.

[9.10 am]

The CHAIRMAN: Members, are there any other questions? The member for Vasse.

Mr MASTERS: On page 567, in the budget estimate for the forthcoming year, the estimate of Total Net Cost of Outputs is \$20,843,000 and thereafter there is three years of significantly lower figures. That reflects itself also in the Total Cash Cost of Outputs. The adjustments seem to be one of the major reasons why the last two years and the coming year are significantly higher than the next three years. Could you give a broad overview to allow us to understand that?

Mr HOUSE: Approximately five years ago we started down a path of full cost recovery in the fishing industry and that has been in agreement with the fishing industry. We have been working through not only those issues but the specific fisheries. In some fisheries we have been able to do that more quickly than others. The eventual end result of that will be that all of those sorts of things will be taken over by the licensing fee for full cost recovery so there will not be a need for a CRF allocation as we move through that process.

Mr MASTERS: The CRF allocation is that adjustment for...(Indistinct)... balances in essence.

Mr HOUSE: As much as we can determine them.

Mr MASTERS: Still on the same page, going a little bit further down, under Capital Investments, the figures for the last two years are very high compared with the estimates for the forthcoming year and the following year. Again could you give a broad overview?

Mr HOUSE: Yes. A couple of things have been happening there. We have run a number of vessels in compliance management. For example, we have been investigating sharing of transport and other government agencies, but we are moving to a better management structure in that way, a better government position. Obviously some of those things will not occur for a while as the vessels are going to last for some time, but that is also taken into account in the sense of cost recovery because eventually the fishing industry will be responsible for those things themselves.

Mr MASTERS: Thank you.

The CHAIRMAN: The member for Belmont.

Mr RIPPER: Minister, page 578 of the program statements -

Mr HOUSE: Are we going to move through this? I mean, the normal process has been that we move through this and do not go back. Is that your direction? Or are we going to -

The CHAIRMAN: I would hope that we would do that. Members, are there other questions that you would like to ask on the pages preceding -

Mr RIPPER: That is not suitable for us.

Mr GRILL: That has simply never been the case and should not be the case. There has never been any restriction on the order in which questions are asked. The Minister knows that very well.

The CHAIRMAN: The member for Belmont.

Mr MINSON: Madam Chairman -

The CHAIRMAN: Order, members.

Mr MINSON: Madam Chair, could I suggest that it would be a bit more orderly if we went through it page by page and then at the end of the time, if people think of something else, we might skirt backwards? It is a bit difficult for Ministers and the advisers to be jumping all over the place, so why do we not go through it page by page?

The CHAIRMAN: There have been no other members that have sought the call so in this case I will allow the member for Belmont to ask his question.

[9.15 am]

Mr RIPPER: Thank you, Madam Chair. Minister, on page 578, line 11, under Operating Expenses, there is a figure of \$10.3m for the estimated actual for 98/99 and again a figure of \$10.3m for the budget estimate for 99/2000. Those two figures in each case represent about 25 per cent of the total cost of services. Could you provide a detailed breakdown of the items included under this category for each of those financial years?

Mr HOUSE: Unless I've read ...(Inaudible)...detailed above that figure?

Mr RIPPER: No, my understanding is this, you have got total cost of services in each case is around \$40m and the other category in each case represents in each case \$10m or about 25 per cent of that \$40m can you provide a breakdown of what is in that other category, or should I say category of other? I would not normally ask but it is such a large proportion of the total.

Mr HOUSE: I agree with you, it is a large proportion and it needs an answer and I do not have any problem, I am just having trouble getting information and giving you the answer. I am sorry but I will have to give you an undertaking to come back to you with those figures and give you the breakdown.

The CHAIRMAN: Minister, is that via supplementary information?

Mr HOUSE: Yes, it is and I will provide that to the committee.

The CHAIRMAN: Any other questions, members? The member for Rockingham.

Mr McGOWAN: Page 566 and 567, on page 566 you indicate that there is increasing pressure on inshore fish stocks, overall there is an increasing requirement for some sort of management regulation of fish stocks because of the fact that they are under pressure, yet on page 567 if you have a look at the budget estimates for the amount to be spent in the management of the state's recreational fisheries and development and promotion of the state's aquaculture industry it is in decline this budget, as it was on the last two budgets. So despite the fact that that you are going to promote aquaculture for the purposes of having a sustainable recreational and commercial fishery industry in the future less money is being spent on management and also aquaculture than last year.

If you have a look at page 567 in the output section you spent \$6.594m in 97/98 on the management of recreational fisheries. Last year \$5.676m was spent and in this year's budget you are planning on spending \$5.162m, a decline over the period of approximately \$1.5m. In relation to the development and promotion of the state's aquaculture industry last year \$5.379m was spent, this year you are planning on spending \$4.411m. So that is a decline of \$1m there. Can you explain why that is?

Mr HOUSE: With regard to aquaculture we have had a very progressive plan of encouraging aquaculture and as aquaculture is growing it is becoming more responsible for its own destiny and taking over some of those costs itself. So I think we have had a positive growth in aquaculture which is reflective in the figures that you see coming out of the aquaculture industry and the investment that is now going into it and importantly there has been a large aquaculture project announced at Exmouth just recently and another one at Wyndham but they will be more responsible for paying their own fees and charges and services that it will be necessary to provide them with.

With regard to recreational fisheries it is a very fine line because you are sharing the same resource with the professional fishing industry in most cases and you will be aware we have had two buy out schemes. One that is shared by the commercial fishing industry where we put in dollar for dollar with government. Dollar for dollar with the commercial industry and the other where the government had provided \$2m a year to buy out specific licences where there has been a lot of pressure from recreational and professional fishermen interacting. Now, we have just launched a plan to complete an inventory of the state's recreational fisheries starting in the north of the state and we have progressively worked our way south. All of those things will put us in a better position to understand the needs of recreational fishing. The interaction between professional fishing and recreational fishing in many cases is much the same. For example, in the salmon industry they are taking the same resource and so a lot of the money that is spent by the agency investigating information with regard to that fishery is just as important to recreational fishing as it is to the professional fishing industry. So those figures actually cross across a fair bit. We have a recreational fishing fund and we raise a bit over \$1m from recreational licence fees, from inland? fisheries particularly. That one is applied directly to recreational fishing.

[9.20 am]

The CHAIRMAN: The member for Eyre.

Mr GRILL: Page 565. We are talking about ...(Indistinct)... the risk here and imported diseases and imported species. There was a very well publicised scare in Darling Harbour recently where there ...(Indistinct)... and there has been ongoing debate about the reason for the killing of the pilchard fishery. That has been given as one of the major reasons why an aquaculture tuna farming proposal has not gone ahead down in Esperance. In general terms how real is that risk? Secondly, has it been ascertained as to what virus it was that involved in the pilchard kill? Thirdly, is it known as to whether that was as a result of the use of imported pilchards for tuna farming ...(Indistinct)... Generally, what are the prospects of ...(Indistinct)... the tuna farmer?

Mr HOUSE: First of all, there has been a lot of work done by Western Australia, South Australia and the federal authorities in trying to isolate that problem. It is fair to say that while we know what the disease is, in the sense that it is a herpes virus, that is about as far as we have got so far. The fish kill this time has been much larger than it was in percentage terms when that same disease ran through the pilchard fishery about 4 years ago and that is a concern in itself. There has been a lot of conjecture about whether it was brought in on imported product or not and nobody is prepared to say whether it was or it was not but it did - -

Mr GRILL: A lot of ...(Indistinct)... would be imported product, would it not?

Mr HOUSE: A huge amount; and particularly, for example, in the rock lobster industry, a lot of the bait is imported. For example, the implications of banning the importation of that sort of product would really affect fisheries considerably. We would have to be very careful about considering that but it is a matter of ongoing discussion between the proper authorities. We just have not felt that there was enough evidence to act - for example, to ban the importation of bait at this stage - and that was the subject of a federal inquiry two or three years ago. Bob Collins, when he was the federal Minister for Primary Industry, supported it strongly. The problem for us now is that if it is a virus then it is probably established in our fishery in some way and it could be flare up again at any time, and the implications for that fishery are quite severe. The fishery in some parts of it is in decline in many cases and the ramifications of that are quite serious. I am giving you a layman's version now, talking to professional fishermen right along the south coast, from Esperance to Albany, affecting all of the other fisheries because pilchards are part of the food chain. With regard to the tuna farm proposal in Esperance -

[9.25 am]

Mr GRILL: What research is going on in the marina at the present time into pilchards.

Mr HOUSE: Perhaps I can let the Director of Fisheries answer that if you will agree, madam Chair, because he is able to tell of the detail of that.

The CHAIRMAN: Yes. It is Mr Peter Rogers.

Mr ROGERS: Correct. There is a pilchard taskforce group working under the chairmanship of Gary Morgan, which combines state and commonwealth efforts. There is effectively programs of various sorts of about \$1.8m mostly funded through CSIRO and the National Animal Health Laboratories. The work they are looking at is essentially in four main streams. One is to develop a diagnostic tool so you can test for the presence of the herpes virus in its latent form and that work is proceeding. There is some modern work being done in terms of the disease diagnostics and the way that it spreads in terms of rate of infection, what are the transmission elements and Fisheries WA has been involved in some direct transmission trials at Bremer Bay to try and understand the mechanisms. There is further work in terms of nucleotide sequencing to try and understand with the virus in 95 is exactly the same virus as in 98 going into 99 and at a local level we have done a fair bit of monitoring in terms of the rate of progress of the disease which is fed into the national data and further

stock assessment work will need to be done and a production survey work following the impact of the mortality to re-establish what the stock sizes are.

Mr GRILL: ...(indistinct)... whether there is any evidence that this virus was essentially transported from tuna fish or ...(indistinct)...

Mr ROGERS: No, there is no evidence.

Mr GRILL: Could we then return to the last part of my question?

Mr HOUSE: The tuna farm?

Mr GRILL: Yes.

Mr HOUSE: In the original application Fisheries Western Australia was the proponent and I made a decision to withdraw that and in future Fisheries Western Australia will not be the proponent for an aquaculture venture. I think, and I said this publically at the time, we made a mistake and I said that when I was in Esperance and in hindsight it was a mistake and I think we have now corrected that mistake and the onus will now be on anybody who wants to be a proponent to come forward and put up an application that might be considered. Now I have also said quite clearly that if that happens then the first requirement will be for the proponent to go to Esperance and to gather together the relevant people, that is people like the Shire Council, the Goldfields Esperance Development Commission, the Recherche Archipelago people and come to an arrangement with them about what might proceed and where it might proceed if it proceeds in the archipelago because my personal view is that aquaculture in that area will not proceed unless there is some broad public agreement.

Mr GRILL: Are there any private sector people interested at the moment?

Mr HOUSE: Yes.

Mr GRILL: There are.

Mr HOUSE: The interest came out of a problem that they had in Port Lincoln when the tail end of a cyclone went through there and stirred up the water which created a lot of deaths in the fish and so a number of people who are now located in Port Lincoln got concerned about having all their investment in one area and wanted to disperse that and I only give you that background because I think there is probably two or three but there might be others but we know of at least one and possibly two who are reasonably serious about it.

The CHAIRMAN: I have a number of members who have sought the call and I will call them in the order that I have acknowledged them. The member for Roe.

Mr AINSWORTH: Minister, this is a follow up in fact to the member for Eyre's question about the pilchard mortalities. I see as one of the major achievements the note about the collaboration with other states in the research to identify the source and cause, etcetera.

The CHAIRMAN: What page is that?

Mr AINSWORTH: That is page 569. Could you indicate what your estimate is for funding to go into continued research because I understand the research is not complete? What resources do you expect to put into that for the coming 12 months?

[9.30 am]

Mr HOUSE: I can't speak for the other States in terms of dollars except to say that we have been collaborating with them obviously and that is absolutely necessary. In the last few weeks I have approved an extra \$250 000 on top of the normal research money that would go into that area and, in fact, that research has already begun in the estimates area. Off the top of my head I am not able to give you the figure that was already being used or the amount of money that was already going in there but we have approved an extra \$250 000.

Mr AINSWORTH: To follow that through, if I may, you also mentioned the potential decline in the industry partly as a result of the mortality and partly because of other factors. On page 578 under the costs of services fisheries adjustment scheme buy back, I see the amount forecast for this coming year is only a little over half of the amount estimated for 1998-1999. Going further forward again to the 2001 and beyond years, it is down to \$450 000. Does that indicate the need for the fisheries adjustment scheme to buy licences back is declining? If so, do you feel that there is sufficient funding there to cover contingencies like the sudden decline -and I hope that does not happen - but the sudden decline, say, in the pilchard industry where, particularly at Albany, the whole system is under pressure already. There are too many licences there at the moment. Is there going to be sufficient funding in the next couple of years to cover those sort of contingencies?

Mr HOUSE: I think we are talking about two or three different things. As I explained earlier there are two buy out schemes that Fisheries Western Australia have. One is the dollar for dollar scheme with the professional fishing industry. The other is the \$2m that the government made available over the last four years on an annual basis and I expect that to continue, quite frankly, because I think it is serving a very real purpose. The third is a situation that is more applicable, for example, to the pilchard industry where we have had a specific buy out because of a problem - well, not a buy out but, more correctly, an adjustment scheme - and if there is a specific problem that can be applied.

As you are aware that is currently being worked through by the people involved in that fishery and to make that work there

has to be some broad agreement amongst the fishermen. That is the current position; they are trying to come to some agreement through the management advisory committee about how that scheme might work. There must be a purchaser who is prepared to buy it as well.

Mr AINSWORTH: In light of the negotiations that are currently taking place within the pilchard industry specifically - but I am sure there are other industries which could face similar problems in the future - a drop from \$3.8m 1998-1999 down to \$450 000 in 2001 suggests that either most of the problems are solved or there is not going to be a lot of money to go around. One or the other.

Mr HOUSE: No, I have just explained that. Let me run through it again. The government have provided \$2m a year for the last 4 years and I expect that to continue. It does not show in the forward estimates at this stage because that is a decision that will be made by Cabinet at that stage and I do not expect that that will change.

Mr AINSWORTH: I see. I did not quite appreciate that because when one reads the figures there is nowhere near \$2m, not even \$1m there, but I take the point.

Mr RIPPER: I want to take up, in fact, the same issue. That \$3.8m for fisheries adjustment buy backs is, in fact, \$1.6m higher than the figure for 1997-1998 and more than \$2m above what is estimated for 1999-2000. What is the reason why the expenditure on these schemes has been larger in 1998-1999?

[9.35 am]

Mr HOUSE: We have had three schemes that have been running under the scenario that I have just outlined to you where industry come to us and says we need a special scheme that needs to be triggered by some Treasury involvement and in the past once there has been an agreement in industry always funded those. At the moment we have got Shark Bay, Exmouth and Onslow Prawn Fisheries that are all being adjusted in that way and they wind up in those years that are indicated there. So the adjustments will be complete by then and that is what those figures reflect.

Mr RIPPER: So the extra expenditure as a result is related to those three that you have just mentioned?

Mr HOUSE: The reduction of expenditure in the forward years is a result of those schemes being completed.

Mr RIPPER: The reason for the increase in this current financial year compared to the previous financial year?

Mr HOUSE: I think I might be able to get you some more detail about this but those schemes are not constant in every year, depending on the amount of adjustment that is needed. So, for example, if you need to go down from eight boats to four you might take out one in the first year and two in the second but the key point, member for Belmont, is that they are done with industry agreement those things and the rate of adjustment takes into account the stock that is there and the economics of the fishery.

The CHAIRMAN: Minister, are you going to provide some information supplementary?

Mr HOUSE: Well, if the member wants that.

Mr RIPPER: Yes, I would like to know what outcomes the expenditure for 98/99 achieved in this area.

Mr HOUSE: Yes. We can provide those for Shark Bay, Exmouth and the Onslow Prawn Fisheries.

Mr RIPPER: I have one further question which is related to this issue. Were are all the expenditures under this item for the 98/99 year in accordance with the provisions of the Fisheries Adjustment Scheme Act 1997.

Mr HOUSE: I presume they were but is there a reason for your question so I understand it better? I mean, what are you suggesting?

Mr RIPPER: I am asking you whether all the expenditure was pursuant to the provisions of that Act.

Mr HOUSE: Well, I would presume they would have to be. Why would we go outside the Act?

Mr RIPPER: I do not know.

Mr HOUSE: What are you saying to me?

Mr RIPPER: I am asking you whether it was in accordance with that Act.

Mr HOUSE: To the best of my knowledge, member for Belmont, that is the case.

The CHAIRMAN: The member for Vasse.

Mr MASTERS: Pages 568 onwards for a few pages I wanted to ask questions relating to output measures and one very quick question towards the bottom of 568 the quantity of an output measure was the number of fishing board licences on issue. That is down by 34 from the current year to next year. Is that buy backs or is that just general attrition within the industry or a combination?

Mr HOUSE: Buy back.

Mr MASTERS: Buy back. Okay.

Mr HOUSE: Sorry, there is some fisheries that do not have a continuity, that the licence to fish ceases with the holder either deceasing or leaving so we have a mixture and there is some that do pass on, so it just depends on which fishery you are talking about.

Mr MASTERS: All right. The more substantive question I think is in relation to an output measure that I would like to see which is sustainability measured in terms of individual fisheries. Now I appreciate that that potentially is a very difficulty and even costly task and I am not picking just on the fisheries portfolio but some of the output measures in these Budget Statements, madam Chairman, are pretty rubbery in the sense that they are public servants saying that they are going to talk to 500 people this year instead of 490 and there is no measure of quality in there, whether they are actually talking to one person 500 times or 500 individuals and so on and I think one real measure of the success of the fisheries effort in any year is the sustainability of both the commercial and the recreational fisheries. Am I asking the impossible in that regard? Is there any potential for an output measure in future years to actually say there are 43 commercial fisheries in Western Australia and 26 of them are, to our satisfaction, being managed sustainably, etcetera?

[9.40 am]

Mr HOUSE: We have tried to do that in the annual report, if you have a look at it, and you may well have. It is fair to say that the proof of the pudding is in the eating. One fishery in my time got away from us. That was the eastern gulf of Shark Bay and that is basically a recreational fishery and we had to take some rather drastic action there quite quickly. The thing that changed the diametrics? of that course was things like GPS sounders. When people targeted small areas where fish were aggregating to spawn and they fished it down very, very quickly ...(Indistinct)... In the past there have been areas like the Exmouth prawn fishery that 15 years ago went through a pretty -

Mr MASTERS: 1982.

Mr HOUSE: In 1982, 17 years ago, it went very close to being wiped out, but by and large we have been fairly good at sustainable fisheries management.

Mr GRILL: The commonwealth ...(Indistinct)...

Mr HOUSE: Are you trying to shift the blame? I thought that was the Burke government, 1984.

Mr GRILL: ...(Indistinct)...

Mr HOUSE: That is not my recollection of the facts. My recollection of the facts is that it was your government. You might have been the Minister at the time.

Mr GRILL: I do not think your officers agree with you.

Mr MASTERS: Could I nonetheless try and get our focus back on whether it is possible to include in these documents some statement of fisheries sustainability?

Mr HOUSE: I do not think in these documents but if you look at the annual report put out by the Auditor General you will find that -

Mr MASTERS: I have seen it in the annual reports but these budget statements are estimates of taxpayer funding being expended for the long term benefit of the community of Western Australia. In my view, the best measure is to look at whether those fish stocks are being managed sustainably. Hence I ask again if it is possible, even if it is a direct liftout of the fisheries annual report into this document, for that to be included?

Mr HOUSE: I will consult with Treasury about that. I am not convinced that it can be but I wouldn't say no without having a look at that.

The CHAIRMAN: The member for Greenough.

Mr MINSON: There is an item on page 569 which I was very interested in and it relates to the effectiveness of pot reduction and review. I know it was instituted but I did not ever pick up the results, which is probably my fault, not anyone else's. Could one of your officers give us a quick idea as to the results of that because over the years there has been talk of pot reductions, which we have used to great effect; varying the season length, which has always been one talked about as an alternative, changing the size at which you have to throw them back, protection of habitats, throwing task? pots back, quotas, both in terms of numbers and weights, that sort of thing. I notice that the review was about the effectiveness of pot reduction and other management initiatives. I am just wondering if we could get a flavour for how the future will go. Will we continue to use money in pot reductions, which seem to have been very effective, or do you think there is going to be a shift to perhaps varying lengths of season and that sort of thing?

Mr HOUSE: By monitoring puerulus we can graph out the estimated available stock. That has been very accurate over the years and we have adjusted the input measures to measure the take in terms of availability. There has been a lot of debate in the industry, for example, about quota management as opposed to input management. The combination of input management is pots, length of season, times of pull, size of boats, and by and large it has come down to pot reduction as being a pretty effective means and a tool, along with the seasonal - The other thing that affects the seasonal decision is the reproductive cycle. If you push out the number of weeks or months, you are going to run into the reproductive cycle and it may affect the fishery down the line. So I believe it is broadly accepted that the decision that was made four or five years



ago to reduce the pots - in fact it was a second reduction; the first was made prior to us coming into government, of 10 per cent, and we made another reduction of 18 per cent has been pretty effective and the catch sustainable is kept pretty well in line and as you are well aware because it affects your electorate we have an annual tour of the main towns in the rock lobster industry area every year, while I think there is always a bit of debate about it, there is pretty broad agreement that we should continue on the same path.

[9.45 am]

Mr MINSON: You would be aware that there were a couple of pressure groups in particular when the last reduction went through that were talking about all sorts of weird and wonderful things. So I gather from what you are saying that the outcome of that review was really to confirm that the pot reduction method was really the most effective and that that would really remain the main stay of how it was run?

Mr HOUSE: That is pretty right and quota management was rejected by something like 90 per cent of the people who attended the meetings. It was as high as that.

Mr MINSON: I think that is good. I knew about the first one and obviously the second one but if we have now seen two lots of quite strong opposition to pot reductions but they are still shown to be effective by scientific review I do not know that if it comes to a third time around that you will see quite as strong a reaction as we did last time because all the prognostications they make about dire, death and destruction never seems to happen. It seems to survive and get better and better.

Mr GRILL: Page 566, it is the third dot point, significant community interest and tourism potential exists from the development of high quality recreational fisheries and low-impact eco-tourism experiences in some regions. Minister, I am just wondering what you are getting at there. I know that - or at least I understand that in the Northern Territory barramundi are preserved for the recreational/tourist industry - and I am just wondering whether you are hinting that we might bring in a similar sort of regime in the Kimberleys and if so has your department or any other department done any estimations of the economic benefit that might apply to that and any sort of cost benefit analysis of such a move?

Mr HOUSE: I will let Peter answer the second part of that question but the first part of your question the answer is yes and already in the Kimberley - and I have visited the particular farm - they have already got ponds where people go and pay and they can fish barramundi and they have also got a plantation there so they do other things as well but that is part of it and there is at least one farm in the Williams area where the dam is stocked with trout and people go and fish or are allowed to catch a certain number of fish for a fee and I would think that you could use that same model for koonac fishing or marron fishing or other types of fishing. So I think that is going to be very much part of the future but with regard to the economic -

Mr GRILL: In the Northern Territory it is the wild stock, is it not, that is preserved or reserved for the recreational/tourist industry?

Mr HOUSE: Yes, but they are two different things. Also you are talking about encouraging people to have things like barramundi in dams that people can catch or other types of fish but in the north in the Kimberley we have only got four professional fishermen left now in the barramundi fishery in the Kimberley region. Anyway it is quite a low number and we have been trying to reduce that - rivers I am talking about now - in order that there might be more of the resource for recreational fishing.

Mr GRILL: So specifically then you are looking at the Northern Territory model?

Mr HOUSE: Yes. We have kept our bags limits and things of that nature, similarly we try and make sure that we have the same rules as near as we possibly can with the Territory so that people who come across the border or are travelling are not confused by different standards.

Mr GRILL: So you are phasing out professional fisheries? Is that what you are looking at?

Mr HOUSE: I would not say we are phasing it out. In fact, if an opportunity comes along for us to buy a licence - -

[9.50 am]

Mr ROGERS: Can I just explain that? There is always going to be a need for some professional fishing in those areas because a lot of people want to go to the Kimberley and buy a big barramundi. There will always be a need. This is a sea based barramundi industry as well.

Mr GRILL: So you would not go as far as the Northern Territory, would you, to buy one?

Mr HOUSE: Have they taken them all out, have they?

Mr GRILL: My understanding is they have.

Mr HOUSE: No, my personal view is I would not go that far.

Mr ROGERS: Some rivers.

Mr GRILL: What was that?

Mr ROGERS: It is only in some rivers, I think. Not in the entire Northern Territory at this stage.

Mr GRILL: I see. ...(Inaudible)... certain river?

Mr ROGERS: Yes, I think so.

Mr MASTERS: In a similar vein, in years to come I would suggest that the salmon fishery in the south west corner, because of high tourism potential, might go the same way and I would support that in decades to come. Is that a fair reflection of that third dot point on page 566?

Mr HOUSE: No, I do not think so at all. The salmon fishing in the south west ranges from about 2,500 tonnes to 4,000 tonnes a year. In fact, the year before last it was over 4,000 tonnes and the recreational take of that would be 10 per cent, I would say, at least.

Mr MASTERS: Let us say you do take out a lot of the professional fishing in the north west on the same subject, then where would you get barramundi for the tourists to catch.

Mr HOUSE: I would not do that. I do not think - - but to take professional fishing out of some of the rivers where they are used by tourists in large numbers, I think, is a reasonable compromise but I think there will always be a place for professional barramundi fishermen.

Mr MASTERS: Can we get to the last question I put up; that is, the cost factor analysis?

Mr ROGERS: The only cost factor analysis that I can recall is one done by the Regional Recreational Fishing Advisory Committee where they employed the services of an economist out of the Northern Territory. I think we funded it and that has provided some information.

The CHAIRMAN: Minister, are you going to provide that by way of supplementary information?

Mr HOUSE: I think so. Yes.

The CHAIRMAN: Minister, if you are uncertain of that, then you should not provide it by way of supplementary.

Mr HOUSE: Just that my officers are uncertain as to whether it is a public document. If it is, then I am more than happy to provide it, but if it contains material that might be sensitive, then that could be a difficulty. If the member for Eyre is prepared to accept the fact that I will - if it is at all possible - I will provide it to him. If there is sensitive material in it then we might have to take some of that out.

The CHAIRMAN: Okay. Thank you, Minister. The member for Belmont?

Mr RIPPER: Minister, on page 578, the Financial Statement, right at the bottom of the table the ...(Inaudible)... of accrual accounting produced a 2.1 million negative change in equity resulting from operations. I would read that as a deficit resulting from operations in 1999-2000. What is the cause of the significant variation in equity for the 1999-2000 year? It is the only negative result in all of the financial years listed in this table, and what events or programs are related to this change in equity?

Mr HOUSE: Madam Chair, can I seek your indulgence. I have an officer here who knows the answer to that question which I do not know the detail of the answer to. Would you allow him to answer the question for me?

The CHAIRMAN: Certainly, Minister. Would you like to invite him up to the table and introduce him, please, Minister?

Mr HOUSE: Bruno Mezzatesta.

Mr MEZZATESTA: Yes, the member was quite right. It is one of the intricacies of accrual accounting that causes that problem. What it actually results from is a reduction in our cash balances as a result of some of the initiatives that have carried forward into this financial year being actually completed this year, so it is actually a drop in cash balance. If you look at the balance sheet - one of the operating statements - you will see that the cash balance drops by about that amount.

Mr RIPPER: I suppose the follow up question, Madam Chair, if I may is, what have the cash balances been spent on? They must have been, perhaps, spent on services. If they had been spent on assets there would not be a change in equity.

Mr MEZZATESTA: No, they have not been spent on assets. The fisheries adjustment initiative is one of the cash balances that we have drawn down, the aquaculture initiative that the Minister spoke of earlier and some recreational fishing fund expenditure that was actually expended in 98/99.

Mr RIPPER: Minister, are you saying that the mistake that fisheries made in this aquaculture venture has resulted in the decline in cash balances and the reduction in equity?

Mr HOUSE: Good try.

The CHAIRMAN: Member for Belmont, do you have any other questions?

Mr RIPPER: Not right now.

The CHAIRMAN: Okay. The member for Vasse?

Mr MASTERS: Thank you, Madam Chairman. Page 575, the first of the tables, the second line, "Less operating revenues",

there is a very significant increase in the current year's estimated income for \$21,000 and next year's budget estimate \$463,000." Is this money coming from tourism related charges?

Mr HOUSE: It is federal research and development funding and NHT grant funding.

Mr MASTERS: Could I continue with just a couple of little questions? Further down on the next column under "Quality" - remembering the outcome is conservation and sustainable development of the State's fish resources and, in particular, output for management, conservation of fish and fish habitat - a land based nature conservation system talks in terms of a goal of 10 per cent of the land area being protected in some form of conservation reserve and all eco-systems being protected in appropriate areas. Again, is it possible to put those sorts of output measures that are commonly used on land and apply them to submarine?

[9.57 am]

Mr HOUSE: I will let the Director of Fisheries just enlarge on that in a minute but you will remember that the Parliament passed the Marine Reserves legislation which received all parties support. I think it is a very good piece of legislation and as a result of that there have been groups of people now working and looking at where and how those marine parks might be established and what the rules and regulations might be. You recall the legislation had four categories of marine parks so that is currently being worked through. That does not answer your question about the percentage but in general terms we are moving in that direction in the same way that we have on - -

Mr ROGERS: I think you need to look at the context of land management versus the at sea management of resources. For the most part in terms of land, there has been significant clearing of habitat both in cultural pursuits and pastoral activity. The converse applies in the sense that the marine habitat is largely intact. In fact, if you look at the whole of the sea in Western Australia you are talking about four or five percent that may have been modified by the impact of fishing and perhaps the environment. So, the case to set aside really large areas of wilderness is probably not as strong - I am sure it is not as strong as in the case in terms of land, in terms of a preservation type of ...(indistinct)... Certainly the marine parks legislation and the directions that that has taken are addressing the questions of sanctuary size and the relatively value of sanctuary sizes versus areas of non exploitation.

Mr MASTERS: You mentioned the word "wilderness" which is a concept that some people in the Green movement use to stop development rather than protect the environment. I do not want to suggest that I am in any way, shape or form a supporter of wilderness but what I am saying is that the interference with the habitat that you mentioned, where you said four or five percent, nonetheless the point remains that if that four or five percent is concentrated on a particular marine eco system and there is none of that left in an untouched form then clearly that is a conservation issue. What I am asking for is just as occurs on land that there is an assessment of what eco systems are left untouched, in good health and so on and then you make an assessment as to what percentage of those areas are protected or unlikely to be impacted upon by fishing activities etcetera. Now, is it possible that in years to come, those same sort of principles could be applied to the marine environment?

Mr HOUSE: I think there is plenty of evidence to suggest that the effect on those areas is not coming from fishing activity but coming from pollutants of other sorts. You know, there is serious concern around the world about that.

Mr MASTERS: On page 577 the top paragraph relates to the development of draft By-catch action plans. Can I commend the Minister and his department for having the courage to proceed with those action plans. I think it may well be a very sensitive issue in the fisheries industry. If you could provide some background as to timing and what sort of consultation may occur with the fishing community.

Mr HOUSE: I am absolutely delighted for your support and I will invite you to the series of meetings with the fishermen to stand up on the stage with them explain it to them and anybody else who would like to come too. I hold the view, as I think a lot of fishermen do, frankly, that By-Catch is an issue that we just cannot ignore; that it has been going on for some time and it is significant depending on the fishery we are talking about but it does affect fish stocks considerably. For example, in the prawn fishery they have been doing a tremendous amount of work - that is the licensees themselves - to try to eliminate By-catch as much as is possible. We have just been working with them and encouraging that and trying to help them through that but making it abundantly clear that By-catch is not a licensed product.

Mr GRILL: Referring to page 578 the FTEs for the next year rise by 30. If you look down the bottom of page under (a) "Full time equivalents for 1998-1999 estimates actual and 1999-2000 estimates are 329 and 359 respectively." The FTEs for next year rise by 30 but the budget amount for salaries and allowances only rises by \$324 000. Is this a realistic prediction since it imputes a net reduction in salary across the proposed 359 FTEs.

Mr ROGERS: Budget papers were not clear in terms of previous years both primary FTEs and some external funded positions which were not built into that 328. What we have done in terms of presentation for these papers is tried to bring in all the external funded FTEs which were not covered in the previous years into the figures. So, in reality there is not much change as you correctly point out.

Mr GRILL: In last year's budget it was indicated that FTEs for the three out years - that is 1999-2000, 2000-2001, 2001-2002 - would be 328 but it is apparent that we have already blown that figure out by 31. What has caused this?

Mr ROGERS: I believe I answered that question.

Mr McGOWAN: I refer to page 569 the third dot point from the bottom which indicates that during the last financial year you have initiated mediation processes for resource sharing in Cockburn Sound crab fishery. Can you please explain what activities you have undertaken because I have experienced in my electorate office some of the people who are concerned about the crab fishery in that area and I have not seen a great deal of mediation going on in relation to that in that area but particularly in relation to recreational fisheries I have the feeling that they have been cut out and there is a diminishing resource and prospect of improving. So what steps are you taking in relation to those issues?

[10.05 am]

Mr HOUSE: So are you suggesting that we should have less professional fishing?

Mr McGOWAN: I am just asking you what steps you are taking? I do not know what the answer is but I want to know what you are doing in terms of ...(indistinct)...

Mr HOUSE: We have been working through all of the issues in Cockburn Sound with both professional and recreational fishermen and are trying to resolve the problems but if you have got a specific example of this.

Mr McGOWAN: I have written to you about two of them but I just want to know what ...(Inaudible)... mediation processes you are undertaking.

Mr HOUSE: As I said already, the department and fishermen are trying to address the problems as they arise and they bring to us and obviously there are issues that you have rightly pointed out about resource sharing and issues relating to the crab fishery in Cockburn Sound but as I said if you have got a specific problem then we will try and deal with it.

Mr McGOWAN: I suppose, Minister, you are saying you have had meetings and you are addressing the issue but what are you doing? That is what I am asking?

Mr HOUSE: Well, exactly that. If you have got other suggestions - -

Mr McGOWAN: What does that mean? You are having meetings and you are addressing the issues, what does that mean?

Mr HOUSE: It means what it says.

Mr McGOWAN: What are you doing in respect to addressing those issues? I mean, anyone can say they are addressing issues.

Mr McGOWAN: I saw ...(indistinct)... Prime Minister last night and it sounds very familiar what you are saying. What are you actually doing in relation to those things?

Mr HOUSE: Well, as I explained to you we are trying to address each of the issues. I mean, I am asking you if - you are the local member - you have got some suggestions I am more than happy to try to put into practice some of the things that you might suggest to us but it sounds like you have not got any ideas.

Mr McGOWAN: Well, I have actually. I have written to you on at least a few of those but obviously you have not taken them up.

Mr HOUSE: When did you write to me?

Mr McGOWAN: Three or four months ago. Well, you have not responded I do not think but in any event is there anyway you can provide me by way of supplementary information when these meetings took place, what were the outcomes of these meetings and all that sort of thing?

Mr HOUSE: Yes, sure. No problem.

The CHAIRMAN: The Minister will provide by supplementary.

Mr HOUSE: Yes, no problem at all. I would be delighted to receive from the member some ideas that he might have about anything he thinks we ought to do ...(Inaudible)...

Mr MINSON: On page 576 there are two items which are of great interest to me. One is under major achievements for 98/99, the release for public comment of the sustainable tourism development for the Abrolhos Islands and the other one under major initiatives for the coming year of the establishment of the Independent Abrolhos Islands Management Authority and there is a lot of people watching that, as you know, with a great deal of interest. I will just ask a few questions on that if I may. Is the draft structure or the final draft, if I could express it in that clumsy way, in place for that management authority? Have you finalised who will be involved in that?

Mr HOUSE: In the general sense it is outlined in the report and the general thrust of that report is the establishment of an authority and that the evolution of responsibility be to the specific agencies. For example law and order becomes an issue for the proper authorities, etcetera, on the islands but the authority will be the manager. We have committed to a legislative process for that and that legislation is currently being drafted. I would hope that we would have it at least introduced to the Parliament by the end of the year and then it would have some period of months while there would be some good public debate because it is obviously an issue that the public will want to get involved in. I would not rush it from that point of view, I would rather make sure that there is support and agreement for everyone to see.

Mr MINSON: Would I be able to get at this early stage the proposed structure as it now is? I guess there would have been some changes from when you released the report to what the department is thinking now with respect to the structure of the authority?

Mr HOUSE: No, it is pretty much as it is outlined.

Mr MINSON: There are a couple of questions I do want to ask and you may not be able to answer them, I do not know, but is it proposed - I guess this may be part of the consultation process with respect to the legislation when it is tabled - that there be a majority of local people on the authority or can you see it becoming one of a couple of local representatives and the rest being head office type nominations of various government departments?

Mr HOUSE: Well, bearing in mind that the legislation has to go through the Parliament so at the end of the day Parliament will make the decision but the proposal is that there will be an expert-based committee. In other words that it will have the relevant people on it for various issues. For example, the Abrolhos has some very historical significance and those sort of people.

Mr MINSON: The other one I had to ask on the same structure was with respect to the industry specificity. I mean, as you would know there is a growing tension, it has been mounting over the years, between the fishing industry and all those other people who would like to have access to the island, and I am very well aware as you are that the fishing industry wants to keep control of the islands and therefore will be looking to this authority to have a majority of industry specific people involved reporting to the Minister, whereas other people would want to see the influence of the fishing industry watered down and confine it to various representatives but without a majority. In other words I suppose I am asking is there going to be any attempt to make it industry neutral rather than industry specific because I am starting to get a lot of questions now about where it is going and I cannot answer them.

Mr HOUSE: Well, the facts are that the rock lobster fishery on the Abrolhos is the main industry and therefore holds a pre-eminent place because of that. The Abrolhos also is a very unique place for a whole lot of reasons and it will be accessed in the future by tourists and I think we should accommodate all of those views and broadly your report that was released last December in Geraldton outlines that, acknowledges that and the regime being set up under the legislative process will allow those sorts of things to happen.

[10.13 am]

Mr MINSON: You have given some dates and some aims but do you have a date in your own mind as to when we are likely to see these authorities take over, in other words?

Mr HOUSE: I would like to see it happen as soon as possible because in fisheries we acknowledge that we do not have the expertise that is necessary in planning that needs to happen. We would encourage those sorts of things; rubbish disposal, historical sites that need looking after. They are all areas that are not part of fisheries management. As far as we are concerned the quicker all of that is devolved to the proper authorities the better.

Mr MINSON: You said that you would like to see the legislation get into the parliament by the end of the year and then presumably the public consultation over the summer.

Mr HOUSE: Yes. That is correct. I would like to see it go through the parliament this year.

Mr MINSON: Now it is nearly June. Realistically, you are looking at 12 months from now before it would become operational.

Mr HOUSE: Yes.

The CHAIRMAN: The member for Belmont.

Mr RIPPER: Thank you, Madam Chair. Minister, on page 583, under the Capital Works Program, there are two references to the Abrolhos Islands airstrip upgrade. I can see from the first reference that \$200,000 has been spent in 98/99 and it is proposed to spend in 99/2000 \$50,000. In the budget papers for 97/98 an expenditure of \$553,000 was estimated to be expended in financial year 97/98 or to be completed by the end of 97/98. Can you clarify whether the \$553,000 projected to be spent by the end of 97/98 was actually spent? Can you also clarify whether the figures of \$200,000 and \$50,000 and are in fact part of the \$553,000 or whether they represent additional expenditures?

Mr HOUSE: By the end of 97/98 was that actually spent?

Mr RIPPER: Yes. Did you spend \$553,000 by the end of 97/98 as projected in previous budget papers? Is the expenditure of \$200,000 part of the \$553,000? In addition, is the \$50,000 projected for 99/2000 part of the \$553,000 originally projected or is it additional money?

Mr HOUSE: My recollection is that we actually spent \$353,000. There was a bit of difficulty. It is not that easy to do that sort of earthworks at the Abrolhos and there was a bit of difficulty in getting equipment and material over there and that sort of thing, so we did as much as we could. There is still a figure in this year's budget and not all of that has been spent either for the same reasons.

Mr RIPPER: Your budget papers say you expect to spend \$200,000 by the end of this financial year.

Mr HOUSE: Yes, and I am not convinced that we will be able to do that, quite frankly. We might. We are attempting to do those upgrades but it is a combination of weather and availability of equipment. If somebody had to shift heavy equipment over there to do those upgrades, it would just blow out. What we have tried to do is coordinate that with a road-building job that is going on on the mainland close by or something of that nature to get sensible value for our dollar.

Mr RIPPER: My interpretation of what you are saying is that there has been one \$553,000 upgrade project which has taken longer than expected rather than several upgrading projects.

Mr HOUSE: Yes. That is correct.

Mr MINSON: With respect to the Abrolhos airstrips, I must say the money has been expended with maximum value because there is no gravel on the islands and gravel has been bagged up and taken across there. You have to work in with the fishermen because they do a lot of voluntary labour. It is not a matter of saying to someone that it will be done tomorrow or next week. The way it has been done, for \$500,000, is the best possible value you could get out of it. I am not trying to speak for the Minister but I know that that is the way it is going.

Mr RIPPER: Thank you for that commercial.

The CHAIRMAN: Member for Belmont, do you have any other questions?

Mr RIPPER: I might at a later stage.

The CHAIRMAN: The member for Roe.

Mr AINSWORTH: Minister, at page 575, under Management and Conservation of Fish and Fish Habitat, if you go down to Output Measures, Quality, there is an estimated 15 marine species at risk or severely depleted as a result of habitat degradation for 98/99, the same is the target number for 99/2000. At the same time you have got the number of species areas managed to address those issues going up from eight to 12 and I see about a 12 per cent increase in the cost of doing that work as well. Could you give some indication of what you expect to achieve in the next couple of years beyond those years that are actually on the budget papers? Are we looking at seeing a reduction in the number of marine species that are going to be categorised as severely depleted or at risk? Do you see some progress?

Mr HOUSE: I will read out the names. Would you like the scientific name or the common name?

Mr AINSWORTH: All I want are the raw statistics. Thank you.

Mr HOUSE: Let me read out some of the names; the salamander fish, the trout minnow, the western mud minnow, the black-striped minnow, the Balston pygmy perch, the blind cave gudgeon, the blind cave eel, the Fortescue grunter, the Drysdale hardyhead.

[10.18 am]

Mr AINSWORTH: They are very interesting names and I am glad you are not mentioning these in the Chamber because some members might take offence. The point I am really getting to, Minister, is that whilst it is a relatively small amount in the whole of your budget - \$89 000 projected for 1999-2000 year - it would be nice to know that there was actually going to be a decrease in those figures.

Mr HOUSE: They are fish that are not managed species. They are not commercial species, most of them, and they are not managed species.

Mr AINSWORTH: I see. Yes.

Mr HOUSE: They are things that largely over which we do not have very much control.

Mr MASTERS: Most of them are actually terrestrial wetlands rather than marine.

Mr AINSWORTH: Thank you for that because it was not clear in the documentation exactly what ones they were.

Mr HOUSE: No; and I do agree with you. I mean, that sends a very false signal and I think that probably comes back to the point that was made by the member or Vasse about some of the explanatory notes. If you picked up the budget papers you would think it was pretty poor.

Mr AINSWORTH: That is exactly the point. Given the nature of the species you have just outlined I would imagine that it would be less likely that you would be in a position to say that by the year 2001-2002 that number is expected to drop to 10 instead of 15.

Mr HOUSE: We do not have formal control over the management of those species.

Mr GRILL: At page 578 of the operating statement, operating revenues, it is apparent from the stability of this revenue source that the user pays principle is now mature and fully established. Is that a fair comment? Could we say the fishermen are now unlikely to experience any sudden and large increases in ...(indistinct)... and other charges?

Mr HOUSE: Actually, this year we paid some back and so we have done an adjustment and actually paid some fisheries back so they will have less to pay overall. When we got down and nailed down the absolute costs ...(indistinct)... It is a case of establishing the true cost and establishing one cost applicable to each fishery but I do not imagine that we are ever going

to be in a position where we do not have to justify - and so we should justify - the cost that is applied in each case. I think that is fair enough. I think there will always be some argy bargee between the fishermen about what that exactly ought to be. I do think now it has reached the stage where we understand the rules both with the agency. and with the fishermen and we are making pretty strong progress.

Just two other things about that. First of all, cost recovery still is not included in the sense that it does not take into account those things that I indicated earlier - long service leave and all of those things - which have been agreed to by industry but is yet to be ...(indistinct)... Secondly, some fisheries have not started down this course so some of the smaller fisheries, particularly the estuarine fisheries, have not started down the course that this should happen.

Mr GRILL: Under cost recovery principles is the cost of professional licences to catch salmon, for example, calculated on the average value of the catch for that season?

Mr ROGERS: In relation to the development and better interest component of the charges applied to the salmon industry it is calculated on the previous year's catch and the previous year's best estimates of the average value in relation to that component.

Mr HOUSE: That is only - -

Mr ROGERS: - - point 65 per cent.

Mr HOUSE: - - of the total.

Mr ROGERS: In relation to the other component which is the contribution to cost recovery - which works out for most of the small fisheries at a very small component of the total value - it works out at, on average, I think, 1.35 per cent being the total value to a uniform approach of the cost to smaller fisheries.

Mr GRILL: 1.35 per cent?

Mr ROGERS: Yes.

Mr GRILL: Which then made it up to what? The last part of that question is this, and again talking about the salmon fishery. How was the calculated figure for salmon in the 1998 season of 56 cents per kilogram arrived at because industry sources have assured us that the highest price paid for the season was 45 cents a kilogram.

[10.26am]

Mr HOUSE: I cannot answer that question off the top of my head but as I explained to you if those figures are correct we have been making that adjustment to repay fishermen. ...(Inaudible)... an agreement with fishermen about how the cost recovery ought to operate, that is then put into practice and the system that we use is that if there is a differential in that price then we would do a refund system which we have already done in a couple of fisheries this year when we recalculated. So if that was the case then the salmon fishermen would get an adjustment this year that would take that into account.

Mr GRILL: So is there any prospect then that in respect of the salmon fishery that once this situation is reviewed there could be some form of repayment there?

Mr HOUSE: Yes, absolutely. I mean, that is the very basis on which costs recovery was established, that we would try and establish the very true cost and that obviously we were not going to take any more but in going in then you obviously have to have an estimate and figure to work on and from what you are saying the going in figure has been too high.

Mr GRILL: Well, that is what has been alleged. It was 56 cents a kilogram whereas the highest price paid for the season is 45 cents.

Mr HOUSE: Yes. Can you just explain that to us, Mr Millington.

Mr MILLINGTON: The agency puts a series of bulletins which have been tabled to the commission which explains how the fees are calculated for the non-commercial fisheries of which salmon is one and I draw your attention to the table at the back where it is already flagged that the fee for the south coast and South West Salmon Fishery will be subject to revision.

Mr GRILL: So that document primarily ...(Inaudible)...

Mr MILLINGTON: It has, yes. We will have circulated it to every fisherman in the state.

[10.41am]

**Division 29: Agriculture, \$91 019 000 -**

[Mrs Hodson-Thomas, Chairman.]

[Mr House, Minister for Primary Industry.]

[Mr M.J. Marsh, Executive Director, Corporate Services.]

[Mrs A. Murrell, Principal Policy Officer.]

[Dr G.A. Robertson, Chief Executive, Agriculture, Western Australia.]

Mr GRILL: Minister, in yesterday *The West Australian* at page 30 it is reported that the government has put \$7.5m towards

the ...(Inaudible)... by the Interim Board of the New Farm Cooperative to buy Metro Meat, Katanning and Moonee Valley operations. Has this amount of money actually been transferred to the cooperative already, the sum of \$7.650m is shown as a 1998/99 estimate actual expense at page 105 as a cost to the WA Meat Marketing Authority. Is this the same sum?

Mr HOUSE: No, the amount of money has not yet been transferred. The discussions between the Interim Board and Metro Meats or CITIC, who are the principals of Metro Meats, are still continuing and we have been negotiating over the last few weeks but the amount of money has not yet been transferred from Treasury to the cooperative. Yes, they are the same amounts of money, \$7.5m quoted in the figures is a rounded off figure but the actual figure is \$7.65m.

Mr GRILL: Just on that same subject if I may, with reference to that \$7.65m on page 105 it is shown as an administered transaction expenditure. How has this been brought to account in the operating statement of page 99? Would this sum be a component of line 9 of page 99, that is grants, subsidies and transfer payments, which rose by almost \$10m in 1998 from the 1997 actual?

Mr HOUSE: You are asking me for some technical detail that I am not specifically familiar with but can I ask Mr Marsh who controls corporate services.

Mr MARSH: That is incorporated in the figure for 1998/99. I am not too sure which one you are looking at in particular but the numbers dropped away for 99/2000 by that amount.

Mr GRILL: If we look at line 9 under grants, subsidies and transfer payments we see that in 1997/98 there was a figure of \$14.608m and then in 1998/99 there is \$24m and this year it comes up to \$25m. Is that where you found that money?

Mr MARSH: Can I draw your attention to page 72, item 45 the administered grants and transfer payments, the amount is shown as \$8.902m.

Mr GRILL: Right. Okay. So it is shown there but it is a larger figure.

Dr ROBERTSON: That is the figure on page 72 as well. That includes payment for the Western Australian Meat Marketing and the Meat Commission. The Meat Commission closed down in 1995 and the payment is covering the debts associated with that operation prior to its closure.

Mr GRILL: I can see where it is now in those appropriations and forward estimates. Does it also recur on that page 99?

Mr MARSH: Well, the other place it is shown is on page 104 where it is listed within operating activities receipts from appropriations.

Mr GRILL: Yes, I can see that. All right, then. Just going back to that item on page 99 then, grants subsidies and transfer payments, if that increase there of approximately \$10m does not reflect those other payments we were just referring to what does it reflect?

Dr ROBERTSON: It is mainly the increase in National Heritage Trust funds that came through at the beginning of last financial year, that is, grants to the community for which Agriculture Western Australia largely acts as a post box or transfer station for that one.

Mr GRILL: So that is a Commonwealth arrangement, is it?

Dr ROBERTSON: That is Commonwealth funds that are paid to Agriculture, Western Australia and there is also the commonwealth/state grants projects for better business and farmers coming through that same pathway for grants to producers. Again a Commonwealth associated program.

Mr GRILL: Most of that is actually passed on, is it?

Dr ROBERTSON: Yes.

[10.48 am]

Mr GRILL: Passed on to individual land users or groups, catchment groups?, land conservation districts, local councils for employment of catchment coordinators, those sorts of expenses. I do not think this has been answered but it may well have been. Why is the \$7,650,000 shown as an allocation for the WA Meat Marketing Corporation if it is to be transferred to a grower cooperative for the purchase of the Metro facilities? Does this mean that the WA Meat Marketing Corporation will be the corporate vehicle for the purchase?

Mr HOUSE: No. When the budget papers were drawn up the proposed recipient did not have a legal entity. In other words, the legal arrangements to make it able to receive moneys were not in place so all that was being done as quickly as we possibly could.

Mr GRILL: So is that cooperative now incorporated in it?

Mr HOUSE: I do not think it is finalised yet. It is close to being finalised but I could not say that it is finished at this stage.

Mr GRILL: If it had been incorporated, you would have - -

Mr HOUSE: Can I just answer that question? There is a bit more than a nuance in that. We have satisfactorily been



negotiating with CITIC for the extension of the contract if that is needed and whether that is done by way of them facilitating or whether it is on them undertaking the kill, is something that will still have to be finalised but there will be a facility.

Mr GRILL: That is reassuring then. I am sure that is going to be of some relief to a whole range of people in the industry. If that entity or cooperative had been incorporated at the time it would have shown that in the - -

Mr HOUSE: That is right.

Mr GRILL: The WA Meat Marketing Corporation. On the same subject, if I may - -

The CHAIRMAN: Yes, member for Eyre.

Mr GRILL: I note on page 102, under Operating Statement, there is allocated under Grants, subsidies and transfer payments the sum of \$7.5m. This amount seems to be a one off expense. In page 103 the same figure appears under the heading of Administered Current Assets. Are we talking about the same figure and, if so, what is the purpose?

Mr HOUSE: The answer is they are the same amounts.

Mr MARSH: You need to be careful. There is another item there dealing with the loan liability associated with the former Meat Commission.

Mr GRILL: Is this the same \$7.5m that we have been referring to for acquisition of these abattoirs?

Mr HOUSE: All the way through.

Mr GRILL: Because there is a loan liability you express the difference - -

Mr MARSH: The reason why I am differentiating is that the loan liability of \$9m is associated with the WA Meat Commission closure which is a different transaction. That has to do with the closing of the Meat Commission in 1995. They were debts taken over Agriculture WA and we are paying those debts. If you go back to 102, next to the figure of \$8.9m there is a figure previously of \$1.3m approximately and another amount for next year of \$1.185m. That is associated with the payment of that debt from the former Meat Commission.

Mr GRILL: I have further questions on the subject but I will leave them until other people have had the opportunity to ask questions.

The CHAIRMAN: The member for Belmont.

Mr RIPPER: Minister, on page 106, under Capital Works Program, there is the statement that the option of private sector funding has been explored for the development of the new facilities at Katanning. Later on that page there is provision for planning of regional accommodation. I am interested in pursuing the question of agriculture in Western Australia negotiating for the purchase of the Heartland site in Katanning and I note that the Minister for Lands wrote to you on 19 February 1998 in the following terms:

It is disappointing to note that DOLA's normal services were not utilised in this instance and as a result a price that is some 285 per cent above the Valuer General's valuation and a private valuation has been negotiated by your agency.

Minister, why did Agriculture WA negotiate the purchase of the Heartland site in Katanning?

[10.56 am]

Mr HOUSE: The shire and a few other people had a fair bit of input. We have now selected another site. It is probably not nearly as good. I personally would have thought the Heartland site was a better site but the site that is now going to be built on is very satisfactory.

Mr RIPPER: Minister, was not the Heartland site pursued against departmental advice and really on your direction? I will quote from a briefing note to you on the 15th of December, 1997 and it reads as follows:

A second valuation was received on Friday, the 12th of December, 1997 from Albany Valuation Services indicating the value of the site at \$49,000 and therefore confirming the value of the general valuation of \$46,000. I have therefore ignored these valuations and proceeded to acquire the site in order to fulfil your requirements for the construction of this office.

Is it not the case that you were driving this Heartland's acquisition - -

*Point of Order*

Mr AINSWORTH: Point of order, Madam Chair. I think this is probably a very interesting line of questioning from the member but I question whether that relates directly to anything in the budget statement because, as the Minister has outlined, the sale of this particular piece of land has not gone ahead so it is really a question of history as to what might have happened but not what is in the budget papers.

Mr RIPPER: On that point of order, Madam Chair, the budget papers provide money for planning for regional accommodation. I think we need to explore how this department actually uses that money and what sort of planning processes go on.

Mr HOUSE: Madam Chair, can I say that I know that the Labor Party accessed the papers in regard to this issue. I am also aware of the presence of The West Australian. It is obviously a very political issue and I want to say that I do not have any problem at all in answering these questions. In relation to the member's question, we are the first government for many years that have had a regional building program throughout Western Australia and we have put a lot of money out there in the regions to accommodate our staff. I make no excuse whatever in having driven those issues hard in every region and the same can be applied to Geraldton, for example, where we have had to work very hard to try to get a new office site established. We have had exactly the same sort of difficulties associated with valuations, associated with the fact that the youth club occupies part of that site and we have the same issues in Albany where we had a preferred site and we had to accommodate other points of view.

The issue here, Madam Chair, is not what the member is trying to point out. We are talking about, as I said, a fairly low valuation in terms of total dollars if you compare it with the cost of a project and the amount of money that we have been spending out there to try and accommodate our staff properly and to service farmers properly.

The CHAIRMAN: Members, in relation to the point of order, I will just remind you about my Chairman Statement which I read at the beginning of this estimates. As has been the practice of previous estimates committees, members should not raise questions about matters of general concern which do not have an item of expenditure in the consolidated fund, so I would like the member for Belmont to move on.

Mr GRILL: Madam Chairperson, I really do think that if you do not allow this line of questioning, you are really making a traverse to the estimates process. The whole of the estimates process is designed to ensure that the financial dealings of government are transparent and open for the public and if you endeavour to prevent or censure a line of questioning which actually opens up that process to a potential loss making situation for the government, then I think that the whole process does not have a meaning at all, so I would caution you to be very, very careful to go down that particular trap.

The CHAIRMAN: I note your caution, member for Eyre, and I agree with you but unless the member for Belmont can show specifically where you are referring to in the consolidated - -

Mr RIPPER: Madam Chair, I am referring to the statement on page 106 that the option of private sector funding is being explored for the development of the new facilities at Katanning, but the owners of this land were associated with tenderers for the development of the facilities so I think there is an association.

In addition, of course, there is provision in the budget for regional accommodation. There is provision in the budget for planning for regional accommodation and there was expenditure in this last financial year in the budget for the Katanning Agriculture of WA Centre. So, there are budget issues related to this and we need to know how well the Agriculture of Western Australia handles these matters and whether they are allowed to get on with their job or whether the minister comes in over the top and for unknown reasons, against departmental advice, forces his agency to negotiate a payment well above valuation for the purchase of land and was only stopped by another minister.

Mr HOUSE: It is not a question; it is a statement and it is incorrect.

Mr RIPPER: Madam Chair, I would like to ask some more questions on this.

Minister, you have said that it was an ideal site but is it not the case that departmental advice was really against the purchase of the site? I quote from a memo from Mike Marsh, Executive Director, Corporate Services to Alan Stirling, Manager, Capital Assets and Infrastructure and under the heading, "Katanning", it says:

It would appear that the Katanning site known as Heartlands is favoured by the minister. There are, however, several issues that need to be resolved before we could proceed with this site, irrespective of the outcome of the tendering process. The hydraulity, flooding and salinity concerns with respect to the site must be resolved. Will the site fit with the proposed Katanning ring road? Can the required facilities fit on the Heartland site? Will sheds be allowed by the local authority?

The memo goes on to raise questions about whether the site is satisfactory or not.

Again, there is another memo from Alan Stirling to Graeme Robertson and I quote from that:

To provide for suitable building placement and have sufficient circulation area, it will probably be necessary to go to a two storey building if we are to use the Heartlands site. This will add to the overall cost of construction which will no doubt be reflected in the subsequent leasing cost.

Is it not the case that you were driving the acquisition of this site despite departmental advice?

[11.04 am]

Mr HOUSE: Madam Chair, I have already said that I make no excuse for having driven the fact that we needed facilities in the country for our people and I make no excuse for the fact that I had a preferred choice for where the site is in Katanning. Now at the end of the day on the advice given to me it was accepted then. We did not proceed with that purchase, we proceeded with another site.

Mr RIPPER: When you got advice from the Minister for Lands.

Mr HOUSE: No, not at all. Let me just add, there was no regional capital works program built under the previous government.

Mr RIPPER: Minister, was not your choice of this site not only against departmental advice but also against the outcomes of the local consultative process? I again quote from the memo of 6 November to Mike Marsh from Alan Stirling:

The other two options were examined in great detail and involved consideration by the local chapter of the Farmers Federation and extensive liaison with the staff and the shire. In the end there was unanimous support from all parties for the GSARI town site and this was incorporated in appropriate documentation. This was endorsed initially by the executive, however just prior to advertising the ERA for private sector developers, I was instructed to vary this to allow for other sites to be considered. The EOI was amended accordingly and this caused considerable angst amongst the members of the planning committee in Katanning.

So you have got your department saying use the GSARI site, you have got the local consultation saying use the GSARI site and you want to spend 285 per cent above valuation for another site which has engineering and salinity and space problems. So why?

Mr HOUSE: I have already answered that question and I make no excuse for it but let me say that what you are quoting from is a number of opinions. There are equally as many opinions that did not favour those sites that have been put forward and I might tell you for example the Shire of Katanning was the main supporter of the Heartland site. They are of the view that we should redevelop that part of Katanning and they wanted to build a new Shire office, they wanted that to be part of a complex and they also wanted some new CALM offices in town. So there was a whole another agenda being run by the shire and I think even you would acknowledge you should take notice of the Shire Council and when the Shire President and the Shire Councillors make representation then that is something I will take notice of but at the end of the day you have got to come back to the point that what you are quoting from is part of a wide range of advice to any Minister during the course of any decision making process. At the end of the day it is a decision that was made that is important. That decision was made against purchasing that site after all the evidence was considered and you are trying to inject into it a sense that because all that advice was there at certain times there was something wrong with that. I think it is very proper that all that advice was gathered and at the end of the day the decision was made not to purchase that site and another site was purchased. A very proper process indeed and supported by the Shire.

Mr RIPPER: Minister, why is it that when I look through the documents I can find advice from you to the department to purchase the Heartlands site but I cannot find advice from the department to you to purchase that site?

Mr HOUSE: Well, I am just telling you all that advice comes through to a Minister from a whole range - and you have been Minister at one stage, you know how that advice is gathered together by people and at the end of all of that you make a decision about it. It is a very proper process.

Mr RIPPER: Well, it was actually the Minister for Lands that made this decision, was it not? He stopped you doing it?

Mr HOUSE: No. No. That is the third time you have said that and the third time I have told you you are wrong.

Mr RIPPER: I have got some more but we will let some others have a go.

Mr MINSON: Minister, I'd like to go back to page 74 and it relates to the dot point right at the top regarding the wool prices and the decline and I notice that there is a comment there that the likely elimination of the wool stock pile, both private and commercial, is expected to happen and we will see stock numbers recover and wool prices recover. I am becoming increasingly concerned as I travel out into particularly the Murchison area - it is not in my electorate but it is adjacent to it - that we are looking at some very, very serious and I always hoped that wool prices would come back but I am beginning to get a real grip on the extent of the private wool stock pile and I am getting quite alarmed about it.

Now, what concerns me, particularly as a former Minister for the Environment, is that if wool prices do not recover and do not recover in the next few years we will see a real problem in terms of management of range lands, that you simply will not be able to say to the current leaseholders to fix it because as you know they just will not be able to and I know quite a few people up in those areas who really are existing from day to day. Whereas they used to have several people on the property, they now exist by themselves. They and their wives fix up the windmills and they still cannot make ends meet and it cannot go on for that much longer. That is by way of introduction. I ask the question is agriculture - and I would suggest if you have not, you should, perhaps be working with CALM to work out some sort of a back up plan in case these wool prices do not recover because I can see an environmental disaster out there that we just will not be able to control.

Mr HOUSE: If you are talking specifically about the Murchison area we launched last year a program that is \$40m plus - about \$45m, \$48m total - that acknowledges all of the things that you have said and the consequence of what occurred if that area is not looked after specifically, indeed a real concern. That program, the Gascoyne Murchison Strategy as we called it, is designed to get some readjustment, trying to update some of the technology. For example replacing mills with solar pumps, putting this new visual technology where people can sit in their homesteads and through the computer system view their windmills and their troughs to cut down costs. So there is a number of those things that we are trying to do through that program. It is a large injection of finance. It was supported by the Federal Government and it is being used as a bit of a pilot scheme to make some decisions about other areas of Western Australia, particularly the pastoral and the more far flung areas. I share your concern and my view is that if wool prices do recover you are not going to see huge increases in the prices. You might see, sort of, lifts of perhaps 50 cents a kilo; that sort of thing. After nine years now of depressed

prices you would have to be with the school of thought that we are more in a long term trend rather than a short term trough and that long term trend indicates that wool has to compete with other fibres and to do that it will have to be priced correctly.

[11.10 am]

Mr MINSON: If there is going to be a real turnaround you would have to see a huge blow out in the cost of crude.

With regards to the greenhouse issue, there is mention of carbon trading and I believe there are going to be considerable benefits, particularly for Western Australia, if we can pick up on what I think are the Commonwealth Government's initiatives although they do not seem too clear to me at this stage as to just what those carbon trading and carbon credits are going to be. I am talking about things in other portfolios. So, you might be looking at solar energy, wind power and those sorts of technologies to split water and harvest the hydrogen ...(indistinct)... and all those sorts of things. Is any serious policy work being done within agriculture with respect to how we can harness up that carbon trading?

I have always been a bit bemused, if you like, at the insistence by people that trees are necessarily the lungs of the earth. If you sit down and do the balance sheet about what happens in a mature forest - about how much carbon dioxide is actually diverted and then as it rots away - - and white ants and ...(indistinct)... blow out carbon dioxide, how much actually in net terms comes out of it. I often hear that unless we re-forest Western Australia we are all going to die of carbon dioxide poisoning. I would like to see, it has not been done, someone do a really serious balance sheet on CO<sub>2</sub> to oxygen conversion, and the other way around, and something like a rapidly growing crop like lupins where, if you compare it to the scrub that it replaced, the scrub sat there and really did not do very much. When you are looking often at stuff that is about to 2 metres high and nothing more, it just simply sat there, it is not in the metabolic sense a very active sort of environment. If you take that away and put a rapidly growing crop there - something which will reach the height of, say, a metre or even over a metre, a huge amount of foliage in three or four months - and there is a huge amount of carbon dioxide conversion. Some of it goes to protein, gets carted away, and the rest of it, you know, heaven knows what happens to it. Sheep eat some of it. It rots away and so on.

The question really is twofold. One is are we doing any really serious policy work on how we can harness up what should be a plus from the Federal Government's carbon credit system, and the other one is, do we do any serious work to really defend agriculture in terms of saying just because we take the scrub away and replace it with something like lupins we are actually better off even though it is only green for six months of the year. We are better off with a rapidly growing crop than one which is really a very static thing that just sits there even though it is, sort of, green all the year round. So, it relates to something that is in the budget but not a line item. Can you comment on that?

The CHAIRMAN: I remind members to keep their questions brief.

Mr HOUSE: The answer to the first question is that we have been working in conjunction with CALM to try and establish the parameters of what the members of industry wish to achieve I might say, it is not that easy to come to terms with but we have been trying to. The second question is annuals were not included in the list of acceptable plants under the greenhouse world arrangement and we try to argue strongly that how many hectares of crop we put in in Western Australia each year should be included because it does perform the same functions for a certain period of time which is, I think, what you are trying to allude to. That was not accepted.

I mean, a whole lot of other issues with regard to those arrangements - -

Mr MINSON: Who would not accept it?

Mr HOUSE: It was not accepted by the world convention that they had in Kyoto. Subsequently, they had another one in Buenos Aires, I think, in October last year. So, it was not accepted by them. I mean, if you look through that document you will see there is a whole lot of anomalies and some countries were treated differently than others, for example, and that is probably the greatest problem. Only some countries in the world are signatories anyway.

I think there is an opportunity for us in agriculture and in Ag Western Australia as an agency to take advantage of what is offered by carbon credits and that is what we are working towards to see if we can get something. Just as a quick example, if companies are prepared to pay the cost of planting trees, as an example, on farmland and they get some credit for it then that is one way that we solve two problems. It solves the cost to the farmer. He gets the job done. Lower the water table from a salinity point of view, and the company itself can get the carbon credits.

Mr MINSON: I am just getting a little sick and tired, I suppose, of people being brainwashed into thinking that if you clear land that it never ever is involved in the conversion process of CO<sub>2</sub> back the other way. In fact, it is a very, very complex system, as you know, and I think there needs to be a bit of work and some facts put out to public that that is just not the case. Just because you clear some land that does not mean that it is taken out of the enclosure. It is, sort of, when I talk to my kids and others around the state no one has ever pointed it out to them at all.

[11.19 am]

The CHAIRMAN: The member for Vasse.

Mr MASTERS: Thank you, Madam Chairman. Out of the mouths of babes come some very profound statements and the member for Greenough said something very important in relation to a paragraph on page 74 when he referred to a global expansion - explosion, I believe the word was - of the oil price. Minister, there has been something like a 40 per cent drop in the price of 21-micron wool as is stated there and I question whether the following statement is correct:

The main cause of the price fall has been the economic circumstances in Asia, and particularly in the major wool consuming regions of Japan and Korea.

I would be grateful for your comments on whether in actual fact it is the very low price of oil that has caused people to switch from wool to synthetics and until either we run out of oil in 50 years time or wool sells itself on its peculiar or particular properties the price of 513 cents per kilo clean will probably, in my estimation, go down rather than up. I seek your response because clearly it is a major export and there is a major amount of taxpayer money going into wool.

Mr HOUSE: The pipeline from either the sheep's back to the purchaser's back or from the well head to the purchaser's back is about 18 months and so an immediate drop in oil prices does not affect the immediate consumable value. But the consumable value is affected by the economic circumstances. The fact is that garment purchase in those major countries just dropped off dramatically when the so-called Asian crisis arose, so the statement is based on that. It is a huge problem in the clothing. There are now around the world not only stocks of clothing that, as I understand it, are being binned because they have gone out of fashion - they were designed for last year or the year before - but there is also in the case of the wool industry large stocks of tops waiting to be made into cloth which is another problem.

Mr MASTERS: You said that we suffered from low wool prices for nine years and that nine year period only included two years of the economic problems in South-East Asia. Again I would just seek your advice on whether you believe there are forces far more important than just regional or economic downturn affecting the price of wool.

Mr HOUSE: There are two issues in this matter. The price of 21-micron wool at the start of that nine year downturn was over 1000 cents per kilogram. It was closer to 1200 in fact, if my memory serves me correctly. What we are talking about here is the fall in the price from 720 to 513 or thereabouts, so we are talking about two falls.

Mr MASTERS: Is not the rise to 720 from whatever it was previously, then down to 513, just a blip in a temporary upward movement in a trend that is almost certainly heading downwards?

Mr HOUSE: You are probably right.

The CHAIRMAN: The member for Roe.

Mr AINSWORTH: Minister - -

The CHAIRMAN: I am sorry. It is actually the member for Eyre. I apologise.

Mr GRILL: I want to return to this vexed question of the acquisition of the Katanning and Linley Valley abattoirs which seems to be running up against something of a time line at the moment. I have received a copy of a press release from the Land Producers Action Committee dated 10 May. It is critical of the attempts that have been made so far to secure the two works from the briefing that we had; that is, myself and the Honourable Kim Chance - - we had from your office and from the chairman of the interim board prior to the passage of the Meat Marketing Amendment Bill, it would seem that this purchase is central to the success of the government's whole future strategy in the lamb industry. Are you still confident that the purchase will proceed as planned?

Mr HOUSE: Yes, I am. The purchase has not been straightforward. Let me explain a couple of the difficulties involved in that purchase; things like arrangements for workers at those plants who are currently employed by Metros and the employees who are currently employed by the Western Australian Meat Marketing Corporation. They have to be satisfactorily resolved and those people looked after in a proper way. The EU quota and whether that goes with the sale of the plants or how much of it was critical - - because it is no good getting product and then not having access to a market. There were also things that CITIC term consumable, things like packaging, etcetera. There was an issue with Katanning. I am sorry to be a bit long-winded about this but it is important in the context that people understand that you cannot just do these things in five minutes. Katanning had its EU licence surrendered and the indicative figure to get back to EU standard was approximately \$400,000, so that is the responsibility at the moment for CITIC, how that was transferred if the abattoir was purchased was important. There were a number of things that needed to be resolved and they have taken a lot of working through, as you can imagine. This is not a \$5 deal, this is a multi-million dollar deal. That, coupled with the concern for the work force, needed to be addressed properly and everybody needed to be satisfactorily comfort that all those people would be looked after properly, that we would then be able to move forward with a bankable proposition, that it had some viability; in other words, that they could proceed when they took over to have an economic organisation. Now, I am still quite confident that all that will proceed satisfactorily and I can say that all negotiations are proceeding satisfactorily. I do not believe there is a problem.

Mr GRILL: Metro have made it clear, publicly at least, that they will not be continuing operations beyond the end of the current contract; that is, 30 June. Can we be certain that there will be a seamless transition from Metro's operations to that of the new corporation?

[11.26 am]

Mr HOUSE: Yes, I think so and I qualify that by saying that the discussions have revolved around question - - I do not know that they have actually said that they would just cease operations, what they have said is that is the date that they would like to have that happen. I might stand corrected in the nuance of the terminology but can I say that all of the discussions - -

Mr GRILL: I am just suggesting they might be saying one thing and putting something else together. I just do not know.

Mr HOUSE: Well, can I say that all of the discussions, and I have met with Mr Zhang who is the principal of CITIC on a number of occasions - they have indicated to us clearly that they have no desire to disrupt the slaughter capacity they want to have a satisfactory outcome and they have been very cooperative and it has been a matter of argy bargy about those arrangements and I am pretty comfortable that all that is in order.

Mr GRILL: Minister, could I ask you what contingency arrangements have been made with Metro Meats in respect of the redundancy claims liability that could arise if the workforce at Katanning and Linley Valley were to be displaced? I understand that this liability could amount to several million dollars. If this is correct, if it is becoming an issue due to a lack of seamless transition, could it ruin the whole strategy?

Mr HOUSE: In what way?

Mr GRILL: Well, you have already referred to the problems relating to these redundancy payments.

Mr HOUSE: No, I did not say that. With respect, I did not say they were problems, I said that they were issues that had to be worked through in a proper manner and that the workforce needed to have proper understanding and respect for their position and that has been done and when you say the effect - -

Mr GRILL: Could it jeopardise the whole transaction?

Mr HOUSE: I do not know about jeopardise. We are trying to come to a satisfactory arrangement about those things. I acknowledge that there are proper processes that have to be adhered to but some of the workforce will come across, some of them might not want to come across, so whatever has to be done needs working out in detail.

Mr GRILL: Well, in the event the sale does not go through by 30 June and you have already contemplated that it may not, what plans does the government have to ensure that the spring kill actually goes ahead?

Mr HOUSE: The discussions with Metros with CITIC as the principal are that there will be an interim arrangement put in place to allow that to happen.

Mr GRILL: Could you give us some details on that?

Mr HOUSE: In what way?

Mr GRILL: Well, what are the terms of the interim arrangement? How long would it last for, what payments would the government have to make in that sense?

Mr HOUSE: No, I am sorry I have not got all that detail, except that in a general principal it has been agreed that the kill would continue.

Mr GRILL: Under whose auspices? Would it continue under the ownership and auspices and direction of Civic or under the new interim board or the new board that has been set up? Who is actually going to take control?

Mr HOUSE: That is one of the issues that we are obviously working through. If ownership has not transferred then it may be that the contract kill just continues for a few weeks until the day that ownership takes place. It has to be a due diligence that is done now and after that the money has to transfer and ownership along with that transaction takes place. Now if there is an interim period after 30 June one of two things will have to happen. There will either have to be a contract kill continued after 30 June when the current contract expires, or CITIC may allow us to take over and start operating as we would once the final payment is made.

Mr GRILL: So we are only four or five weeks away from this deadline of 30 June and there appears to be a lot of loose ends there. What assurances can you give the industry that there will be a seamless handover at the end of the day and what assurances can you give to the stock owners that their lambs will be killed in the normal fashion?

Mr HOUSE: Much has already happened. I think those discussions, as I say, have been friendly, and productive. There is obviously some discussion on all of those issues but as much as I am able I do not have any concern that they will be a problem.

Mr GRILL: What potential additional costs might the government be up for in relation to this?

Mr HOUSE: None.

Mr GRILL: You say that quite definitely? There will be no additional costs even if the transaction does not go through by 30 June?

Mr HOUSE: I am not sure what you mean by additional costs in that case.

Mr GRILL: There is a whole new set of arrangements that would need to be put in place, even if a contract kill did go ahead. Who would pick up the contingency costs relating to that?

Mr HOUSE: Well, the contract kill was part of the arrangements we already have in place.

Mr GRILL: In the event that Civic keep this operation open you are not going to tell us, surely, that they are going to do it without charge?

Mr HOUSE: That is what I say they already do it with a contract kill, it is a price per head.

Mr GRILL: Do they not have the whip hand? Are they not going to say, "We will do this but we would want to extract this additional payment from the government"?

Mr HOUSE: What I am saying is that all of these negotiations have been done in a very open and friendly manner. I do not have any problem that that will be case.

Mr GRILL: Are you giving us an assurance that there will not be additional costs in the terms that I have just asked?

Mr HOUSE: To the best of my knowledge, no, I do not think there will be. As I say I do not have any fear about the way these negotiations - - -

Mr GRILL: I find that hard to believe and we did warn you initially that there could be all of these problems that would crop up in relation to this tight time line.

Mr HOUSE: We have been operating a very tight time line, that is true, but I do not think that you would expect that you should do anything improper or rush a transaction.

Mr GRILL: So Civic have not suggested that they would charge any additional fees in the event that they kept these works open beyond 30 June?

Mr HOUSE: No, there is no additional fees to be charged. There is a base line fee that we pay per head on a contract basis.

Mr GRILL: So what do you mean by that? That that might go up?

Mr HOUSE: What I mean by that is that there is a base line figure on a contract basis that will not change.

Mr GRILL: It will not change from previously negotiated?

Mr HOUSE: I do not see why it should, although as I said I can only repeat for about the fifth time that these negotiations have been done on a very productive basis.

Mr AINSWORTH: Minister, going back to page 72 and 73, if I may under significant issues and trends. At the bottom of page 72 the dot point there which talks about continued globalisation and integration of world food supply chains and the need for WA to have closer linkages with markets, etcetera and then the bottom dot point on page 73 which I think is very closely associated with the previous dot point which talks about the application of biotechnology to crop improvement. I see a potential there for producers in this State to perhaps be disadvantaged in some respects if the commercial opportunities for multi national corporations in the control of gene stocks and that sort of thing combined with this globalisation that the first dot point refers to. I see that some of the smaller producers who perhaps want to have...(indistinct)... varieties, perhaps specific niche markets for what they produce - all that sort of thing - if this continued globalisation goes ahead in the way that some people believe it is, which would basically mean that it would benefit large corporations, large chemical companies who are associated with the agricultural industry, what funds are being put towards both developing our own areas of expertise in biotechnology but also ensuring that in doing that, and looking at this globalisation of the world market, that we are not going to see a lot of the perhaps specialist producers marginalised in the process.

[11.33 am]

Mr HOUSE: I will get the Chief Executive Officer to just enlarge a bit. In a general sense, all of what you have alluded to was behind our push to establish a grain centre in Western Australia, which is a joint project with GRDC and others, and we share that concern; that Western Australia, because it is a small entity in the world sense could get shut out of some of that technological advancement and I think when you look at what we produce we are just minuscule. In fact, Australia is compared with some other countries. So, it is vitally important that we get a foot on the ladder and we are attempting to do that by providing the best possible facilities that we can. Specifically, I think, there will always be a place for targeted marketing and, for example, organic products are a good example of that - hydroponic products are another example of it - and I think that will continue. There will always be some of that sort of availability. Biotechnology though is going to be a huge issue and I think there is a lot of perhaps misconception about biotechnology. What you are doing really is splitting up a natural process. It depends then whether you want to alter that process and, for example, it can be altered in a positive way or a negative way or developed in a positive way like cotton is by the injection of the BT gene which meant that you have less sprays on cotton and they have just this year put in a second gene which is going to cut down the amount of sprays that are used on cotton. So, from an environmental perspective there is huge advantages in that genetic manipulation.

Something like, I think, 90 per cent of the soya beans that are grown in the world now - -

Dr ROBERTSON: About 60 per cent.

Mr HOUSE: Sixty per cent are now genetically manipulated and so you have, in some areas, quite a lot of manipulation. I think where people are getting concerned now is about genetic manipulation in animals. That is going to be a huge issue and I think some people like dairy farmers are going to argue that you ought to be allowed to do that in order to increase your production per cow. They are issues that we are going to have to deal with and I do not think - - the globalisation is not going to reduce and our ability to supply specific markets and our targeting of specific markets needs to be increased not decreased. The large supermarket chains around the world now want contractual supply and they want to know that the

product has got some certification in the sense of environmental sustainability. All of those are becoming requirements that we just have to meet. It might be hard but unless we do it we are not going to be in the business. There is just too much competition.

Dr ROBERTSON: We spend in the order of \$11m on breeding programs which is funded by the State Treasury, Grains Research and Development Corporation and some royalties and each of those programs has biotechnology aspects embedded in it; whether it be double gene or gene markers or gene insertion technology. The real challenge for us in Western Australia is to develop appropriate linkages with the key research centres that provide that technology. For example, just recently GRDC, the Wheat Board and CSIRO announced a \$7m program for molecular biology focusing on wheat and biotechnology focusing on wheat and CSIRO advertised, I think, for 14 positions in last weekend's paper for the molecular biologists working just on wheat breeding activities. So, our strength is our field based breeding program and the challenge is to develop those close relationships with CSIRO and those other people who have internationally renowned expertise in that area to make certain we get priority use of that technology. So, it is really going to be Australia Incorporated taking on the international biotechnology companies.

Mr RIPPER: Minister, my reading of the budget papers and other documents indicates that the Katanning Office was a pilot project for the involvement of private sector financing in the construction and design of new agricultural premises. It is also clear that you were driving it fairly hard. I quote from a handwritten note from, I think, Dr Robertson - because that looks like his initials - on 18 November 1997 to Mike Marsh regarding the Katanning project.

This was discussed with the Minister on 29 October and 14 November. The Minister's clear preference is for the Heartland site. Please progress as discussed. The Minister is concerned at the slow response to the issue.

Now, Minister, this is a pilot. You were obviously closely personally involved. The Heartland site is owned by members of the Ladyman family and Agriculture WA was negotiating with Mr Rob Ladyman, who is also part of Nova Castris Nominees, one of the tenderers for the development of the new office. What is the nature of your association, if any, with Mr Ladyman?

Mr HOUSE: I have known Mr Ladyman for I had better say most of my life. I do not know what else you want me to comment on. I have known him for a long time.

Mr RIPPER: Would you describe him as a friend or a political associate?

[11.40 am]

Mr HOUSE: As a political associate yes. I think and I would suggest that he is a member of the National Party if that is what you mean. I would not describe him as a friend in that sense. I have known him a long time and I know his family generally. They are an old family in that area just as mine are and we have had family associations for three generations. I would not describe him as a particularly close friend, nor would I describe him as not a friend either, I might say.

The CHAIRMAN: Member for Belmont, can I just seek some clarification which page you are referring to for *Hansard* and for myself as well?

Mr RIPPER: I am referring to page 106. Madam Chair, I have a couple of other questions on this matter. Minister, you indicated that an alternative site has now been purchased. Where is that site and how much was the purchase price for that site?

Mr HOUSE: The site is just down behind the railway station. Once again with your knowledge of the centre of Katanning you know it probably, so after you cross the railway line at the main intersection if you turn to the right it is just down there behind the old railway station. I do not know what the purchase price was? \$60,000.

Mr GRILL: That compares to your proposal to pay \$132,000 for the Heartlands site.

Mr MARSH: The acquisition of the site at Katanning had taken some four years by the latter part of 1997. The process had been somewhat protracted because in the tendering process the determinant of whether the result of the tender was the control of the land and in Katanning there was some limited number of sites. Two sites that were considered suitable were the Gsari town site and the Heartlands site. The Gsari town site had distinct disadvantages, not the least of which was the residual risks associated with the development of that site. I considered it too high. In addition it required the demolition of three houses to gain adequate access and the removal of a high tension power line.

Those factors were considered by me to be a major delay in development. There were problems with the Heartlands site as well. One in particular was the engineering test had not been completed and the second was that the site was restricted in size. In order to overcome restrictions in size discussions were held with the Shire Council to determine their willingness to close the adjacent road if we acquired the adjoining two houses. Acquiring the additional two houses would have allowed us to demolish an asbestos iron house and acquire a brick and tile house and increase the size of the lot to something in the order of 1.7 hectares. The engineering testing also indicated that the construction of a double storey building had a price advantage.

As you are aware from the freedom of information material, the acquisition of that site got held up. We had, however, paid a \$2000 non-refundable deposit to provide access to the site for the engineer. At that stage we knew that the Heartlands site was suitable in size and in engineering characteristics but was not in the centre of town. At the same time as those



negotiations were being conducted an opportunity came up to acquire a site in the central commercial area of Katanning that had a primary advantage in that the residual risks associated with the funding of that development would be much, much lower being in the centre of the commercial facilities of Katanning and therefore we moved to the railway site. Bear in mind the first set of proposals that came forward were canned by CAMS because they were not competitive. If you think about the controlling factor of the land, the tendering process restricted that competition dramatically and therefore that was stopped because it was not competitive. The process we are going through now is that we own the land, we will transfer that over to the successful tenderer. The three tenders closed yesterday. So we are actually making some progress. The office at Katanning is currently on four sites, with this development it will contract to create a town office and a research station nearby.

Mr RIPPER: Minister, I note the involvement of Agriculture WA in negotiating for the acquisition of land. I also note that the Minister for Lands wrote to you in the following terms:

The Department of Land Administration provides an acquisition service in accordance with the provisions of the Land Acquisition and Public Works Act 1902 free of charge to government departments who do not have the statutory powers or staff to acquire land for public work.

I understand that the Agriculture department does not have statutory powers to acquire land. Given that DOLA provides this free service are there any funds in this budget for Agriculture WA to continue with the process of negotiating for the acquisition of land and why would there be funds in this budget for that when DOLA offers a free service?

Mr HOUSE: There are none.

Mr RIPPER: So you are saying that Agriculture WA is going to desist from the practice it has followed in the attempted Heartlands site acquisition?

Mr HOUSE: I think you can link most things together. We had a progressive program which is outlined in the budget of acquiring areas in order to build facilities. We will continue with that.

Mr GRILL: Will you use the DOLA service or will you try and do it using your own staff and consultants that you have contracted?

Mr HOUSE: If you look at any negotiation that takes place you have to get to a certain stage before you can drop the hammer and what you are outlining in this process - and it applies to every other process where we have been involved - is going through the stages of that until you can get to the point where you can say to DOLA that is what we want to do. Agriculture Western Australia own land all around the site in various parcels. We have research stations, we have facilities where we provide services and we sell some advice depending on the need. It is just part of that process that would normally happen.

Mr GRILL: Then why would the Minister for Lands write to you and point out that you have not used the free service and the professional service which they offer?

Mr HOUSE: He probably thinks I should have taken more notice of it.

[11.48 am]

Mr GRILL: He had the power to knock off your proposal and he used it. Madam Chair, I have one other question on this matter. Is Mr Ladyman? and/or his company, Nova Castri? Nominees, still in the running to build the new district office at Katanning?

Mr HOUSE: I honestly do not know the answer to that. As the chief executive officer said, tenders closed yesterday, so I do not know whether Mr Ladyman or one of his companies would get - - I have no idea. It is not something that - -

Mr GRILL: Can the department indicate?

Dr ROBERTSON: I do not know at this stage.

The CHAIRMAN: The member for Vasse.

Mr MASTERS: Thank you, Madam Chair. I would like to refer once again to this issue of output measures, pages 78 and 79, Output 1: Industry and market development, under the general heading of Increased market competitiveness and profitability of agri-industry. When you look at page 79 and the actual output measures that are there, they actually measure what the department does in its dealings with people but it does not actually measure the achievements that those dealings with people are able to obtain. I would have thought that the best output measure under Outcome, as I have read out, would be that there would be increased exports of agricultural products and increased farm profits. If you then turn over a few more pages, to pages 84 and 85, the title is Outcome: Improved ecological sustainable development of agri-industry. I would have thought that the output measures there would have been topics such as reduction in soil loss, reduction in salinity, greater efficiency in the use of fertiliser and so on. Whilst the output measures that are listed in those two sections relate to Agriculture Western Australia's actions, it does not actually give an indication as to whether those measures are more successful in one year than another. Again, is there any way in which output measures could actually include what happens once Agriculture WA does their work?

Mr HOUSE: Madam Chair, can I ask the chief executive officer to just outline that process please?

The CHAIRMAN: Dr Robertson.

Dr ROBERTSON: The framework for the budget as laid down by Treasury this year is that we needed to identify the quantity of outputs and the cost of those outputs and in total they would add up to the total cost of our budget, so that is a process we have followed. The member is correct in that they do not indicate outcomes at all and that is not the request or guidelines of Treasury on this. Quite separately we report in the annual report on the outcomes that we have achieved and the examples that the member gave are exactly some of the examples that are in the annual report. So while Treasury have framed the budget in terms of output measures against costs, it is not possible for us to include outcome measures in those performance indicators. I believe that area is very much a state of flux and debate for the public sector at the moment and I would expect that we would continue to make progress.

The CHAIRMAN: Member for Vasse.

Mr MASTERS: Madam Chair, I understand and appreciate the comments. The difficulty is that it makes it more difficult for members of parliament to actually use two different sets of documents that are produced a year apart almost, one comparing the Treasury requirements, statements of output measures, with the measures as you have just described, actually contained in Agriculture WA's annual report. To the Minister I ask is there any sense in trying to combine those two together in some form of document so that we actually know - - for example, looking at page 85, the average cost per information product released may drop by \$3500, but is it actually achieving the changes on the farm that are going to put extra money or extra product in the farming pocket?

Mr HOUSE: So is the question, should we do it in the budget papers or outside the budget papers?

Mr MASTERS: Or combine the two at both budget time and annual report time.

Mr HOUSE: It is a good question and I will talk to Treasury about that. If we came to it in the budget papers, and I can see some difficulty with that, there is no reason why we could not try to get some documentation that might at least show you the direction that we are moving in. If you leave that with me, I will talk to the executive and we will see if we can come up with something that answers your question.

The CHAIRMAN: Members, it is 10 to 12 and I will just remind you that we have three divisions to look at before one o'clock and I have two other members that have sought the call, so the member for Greenough, for now.

Mr MINSON: Madam Chair, on page 80 there is a mention of work with the Australian Olive Association to identify future directions for the WA olive industry. I have developed quite an interest in this question of olives and their production in Western Australia because I believe there is a huge potential. I also see there is a great zeal of planting but I do not know what market research and development has taken place. A lot of it seems to me to have been promulgated on the fact that we would be much more efficient in terms of being able to lay out our plantations ...(Inaudible)... the very old and traditionally planted plantations of Europe and their resistance to pulling down ...(Inaudible)... that are established. I just question whether we are doing any meaningful work with the development of markets or whether we are leaving this to purely and simply the Olive Association. I am concerned that there is quite an area going into olives, that in four or five years we are going to see an exponential increase in the yield from those olives and it will be sustained. As you know, it is not something we can turn on and off. Olive trees live for many years and, if they are looked after, they produce at a very high level. I do not like seeing industries just develop in one way and not the other, so I am interested in what we will do in terms of marketing. My understanding is that we still import a huge amount of olive oil into this country and the target really is to replace that imported product with locally grown product.

[11.55 am]

Mr HOUSE: A lot of the olive developments have been driven by people in the wine industry, interestingly enough, and they see themselves, in my discussions with them, using them for some sort of marketing techniques, not only for olive oil but for olives themselves.

There has been some new varieties that have been developed at a much higher yielding and you are also right about the planting and the way that they will be able to be adequately harnessed. I think they are probably moving in the right direction. As you are aware, a lot of olives have been planted on land that has got a tendency to go stale on it as well so it has an increased benefit. There has been a lot of investments but I do not know whether it is big enough to replace local product. That is what we are up against.

Mr MINSON: I am just wondering whether we are moving towards us forming joint ventures with established olive growers because I see it difficult for us to break into the traditional market because they have their traditional suppliers and perhaps joint ventures need to establish European brands is possibly ...(Inaudible)....

Mr GRILL: I would just like to return to this question of the Katanning Linley Valley abattoir acquisitions.

The CHAIRMAN: Is that page 106?

Mr GRILL: Yes. And page 102 and several other pages. In your commentary to us you indicated that there is an issue in respect to redundancy payments, I presume in relation to the acquisition of those abattoirs and possibly in respect to the WA Meat Marketing Corporation employees.

Mr HOUSE: No, the other way around. WAMCO will be wound up and there will be a transference so there is an issue there, and with regard to the current employees, if the Metro Meats assets are purchased then there is an issue of transferring some staff to the new owner.

Mr GRILL: Yes. Could you tell us what the nature of that issue is?

Mr HOUSE: Yes. I think it is an issue that we all need to be concerned about. It is an issue dealing with human beings and their work and their future and I am determined that that has got to be handled in a proper way, so the issue is making sure that all the proper arguments are in place to do that properly if that sale goes ahead.

Mr GRILL: How much money is involved in that sale?

Mr HOUSE: I cannot answer that question.

Mr GRILL: ...(Inaudible)... millions of dollars?

Mr HOUSE: Yes.

Mr GRILL: In the event that the government has got to pick up part of that, has there been any budgetary allocation for that?

Mr HOUSE: In the transference of assets, remembering the legislation allowed for the transference of all the assets from the existing corporation to the new ...(Inaudible)... and if you take those figures then add to it the government injection of \$7.5 million, all that is accounted for.

Mr GRILL: But the \$7.5 million is simply going to buy the abattoirs hopefully?

Mr HOUSE: No.

Mr GRILL: No?

Mr HOUSE: I am sorry but this has been a complicated deal and it is a package deal. We could buy the abattoirs without the staff, for example, but that might not be fair on the staff in my view. That is what part of the negotiation has been about. Buying a physical asset is only part of the ...(Inaudible)... . Frankly, the physical asset does not have a lot of value. When you boil it down to the physical asset, it does not have a heck of a lot of value.

Mr GRILL: Well ...(Inaudible)... .

Mr HOUSE: I might tell you I have got both hands tied behind my back and if I say things publicly now that would jeopardise those negotiations ...(Inaudible)... that would be in the best interests of either the meat industry or the employees. You will notice that despite constant harassment by the press in the last couple of days, I have made no comment at all because I do not think that would be the right thing for me to do. There will be a time when I can comment and it will be within the next few days but I am not prepared to at this stage to jeopardise those negotiations.

Mr GRILL: All right. We will handle it with discretion then and I will not pursue you on figures there.

There was a question that arose in an article yesterday in The West Australian about whether the employees from the Meat Marketing Corporation would treat it the same as other government employees and offered either other jobs in the event of them not needed or redundancy payments. Has that been sorted out yet?

Mr HOUSE: Those employees will be subject to exactly the same conditions as any other redundancy payment; that is, they will be entitled to - -

Mr GRILL: You mean any other government employee?

Mr HOUSE: Yes. Or they will be entitled to transfer if they want to transfer but some might take - -

Mr GRILL: Well, that question was open yesterday but you are now saying definitely?

Mr HOUSE: It was not open. As usual, the press thought it would make a nice little headline other than what the accurate facts were. You could not do anything less than offer them proper redundancies or transference to a new organisation if that is what they wanted to do.

Mr GRILL: All right. Firstly, thanks for clarifying that because I think they will get relief here. Secondly, you are telling us that the \$7.5 or \$7.65 that is being allocated will, in fact, encompass the acquisition of the abattoirs, all of the other necessary bits and pieces and ancillary equipment that would go with the abattoirs and here, in fact, are including redundancies and other payments and the like?

Mr HOUSE: I am quite happy to give you and the honourable Kim Chance and anybody else who wants to do a full briefing. There is nothing to be hidden in this transaction except for some commercial confidentiality that I just have to adhere to at the moment. All of that will be very public as it probably ought to be and no need for the government moving from a government enterprise to private, so it has got to be public at some stage or other, but until the Is are dotted and the Ts are crossed there is just some sensitivity in some of the final figures, that is all.

[12.02 pm]

The CHAIRMAN: The member for Belmont?

Mr RIPPER: Thank you, Madam Chair. Minister, on page 105 of the budget papers there is a reference to the interest burden of the Western Australian Meat Commission which was wound up from 3 March 1995. Looking at the forward estimates you can see that that estimate continues unchanged. Does the government have any intention of eliminating this debt rather than simply continuing to pay the interest throughout the forward estimates period?

Mr HOUSE: Not to the best of my knowledge. It was a decision we had to make when we closed Robbs Jetty which, as you know, was a bit of a problem. That was the way we decided to do it at the time. Do you want to add to that point?

Mr MARSH: The answer is yes.

Mr RIPPER: You will continue to pay the interest rather than eliminate the debt.

Mr MARSH: The interest and principal is being paid over the life of the debt. I believe it has another seven years to run.

The CHAIRMAN: The member for Rockingham.

Mr McGOWAN: Thank you, Madam Chair. Minister, I refer to dot point 1 on page 75. It talks about salinity and the salinity in the southwest and in particular I suppose the wheatbelt and some of the rangeland areas. Now, as you know, Minister, it is probably the number 1 environmental and farming issue in the state. In that particular part of the budget papers it indicates that the commonwealth Government's Natural Heritage Trust will deliver up to \$30m to the state over the trust's five year life span to assist in this regard and with the state also matching it on a dollar for dollar basis. Does that mean that over that period, the next five years, the Commonwealth's budget period, the Commonwealth will be spending \$30m and we will be spending \$30m in relation to the salinity problems - -

Dr ROBERTSON: Madam Chair, the program is now starting in its third year, but that five year period was the \$30m invested in salinity, so it goes back two years and forward three years.

Mr McGOWAN: Madam Chair, if I could just clarify that, that means that the Commonwealth will be putting in over that five year period approximately \$6m per year and you will be putting in \$6m per year. So in total in terms of the agriculture budget you are just spending \$6m on salinity.

Dr ROBERTSON: Yes. Madam Chair, in fact in this financial year there is \$8m from the Natural Heritage Trust going into salinity programs and \$11m from the state consolidated fund, so it is an average of \$6m but it does go up and down and it tapers off towards the end of the budget.

Mr McGOWAN: Madam Chair, if I could just clarify that, in terms of what the state is actually doing, you are saying that in total the state is spending \$11m, the Commonwealth \$8m. What other moneys are we spending? Are you just talking about ...(Inaudible)... and no other budgets or what?

Dr ROBERTSON: This is just Agriculture Western Australia's budget. In addition to that, there is approximately \$700,000 a year that is coming through a combined investment of the Grains Research and Development Corporation and the Land and Water Resources Research and Development Corporation into high water use farming systems, but in addition there is expenditure in the budgets of the Water and Rivers Commission, CALM and the Department of Environmental Protection, focused on managing the salinity of the southwest of Western Australia.

Mr McGOWAN: I know it is slightly outside your reference, but I know this is an extremely important issue in terms of your portfolio. Can you outline what the total expenditure is and what we are doing with that money?

Mr HOUSE: Are you talking about Waters and Rivers budget, the CALM budget, the whole ambit? Is that your question?

Mr McGOWAN: Yes, I am.

Mr HOUSE: We have a State Salinity Council which is chaired by the Deputy Premier which brings together the relevant Ministers and the relevant chief executive officers. We coordinate that program to deliver the best possible service.

Mr McGOWAN: Can you off the top of your head outline to me what they are spending?

Mr HOUSE: Off the top of my head there are a number of programs, like the maritime pine program, the bluegum plantation program, a number of ecological programs. We have other services that we run to help people design water flow. There is a whole range of those things. We get involved in most of them.

Mr McGOWAN: What exactly is the culmination of all this? How many hectares are you replanting over the year?

Mr HOUSE: Remember that we are only part of the equation. Private enterprise is the larger part of the equation. What we try to provide is some of the technical advice that goes with what is actually being done on the land by farmers and landowners themselves.

Mr GRILL: I just have a comment there. Some of the prognostications in the paper and the CSIRO just recently have been very gloomy indeed in respect to overcoming the salinity problem. Are your officers that gloomy about it?

Mr HOUSE: I might just say in a general sense, if you will indulge me, Madam Chair, we have had a number of debates about this and I think some officers are driven by a desire to see the problem highlighted for the reason that they are seeking research funds sometimes but in other cases, yes, there is a very real problem out there on the ground. It is a very genuine and difficult problem to deal with and it is not going to be resolved quickly by any stretch of the imagination and I have said

a number of occasions publicly that government will not resolve this problem on its own, all government can do is offer some technological advice, but the real change comes about by a change of farming methods.

[12.09 pm]

Mr HOUSE: For example, no-till farming, which is putting crops in the ground and it soaks up water, which has not only been beneficial to the farmers but actually ...(Inaudible)...

The CHAIRMAN: The member for Vasse.

Mr MASTERS: Thank you, Madam Chair. On page 89, two-thirds of the way down, there is a dot point which starts "Establishment of the South West Catchments Council as a regional coordinating body for natural resource management". Minister, you might recall that about 18 months ago Dr Bruce Hamilton from the Swan River Trust was seconded by Waters and Rivers Commission to look at the overall issue of land care, salinity management and other things. The draft report that he put out, and which I have had a look at, when you actually analysed the nature of the problems, one of the problems was communication. At the moment there are 17 different levels or layers that the farmer at the lowest level has to go through in order to get to you, for example.

Mr HOUSE: How did he get to me?

Mr MASTERS: I am talking in general terms. What I am trying to say is that there are many levels and to get from the grass roots to the person who makes the ultimate policy decision - - it may not be yourself in all instances, but 17 layers is the worst case, and even to get to the Cabinet subcommittee on salinity could be layer number 16. What I am leading up to is a specific question in relation to the South West Catchments Council. My understanding is that it formed initially in an attempt to try and get Federal Government funding for regional employment initiatives. I am concerned that it may now be taking on a greater role and adding therefore to the 17 layers that already exist. Could I be advised as to the total budget allocation coming from Agriculture WA to allow the South West Catchments Council to operate? Are you able to give me any advice on what the council sees as its role, whether it has expanded beyond just acting as a mechanism to facilitate funding coming from the Federal Government into Western Australia?

The CHAIRMAN: Dr Robertson.

Dr ROBERTSON: Madam Chair, the Agriculture Western Australia does not directly support the South West Catchments Council but through the Soil and Land Conversation Council there is an allocation of \$20,000 which is used to facilitate meetings of those groups. The government is moving towards a natural resource management strategy which better defines the relationships between the various layers that might exist. In particular, the chairman of that group has been very firm in his view that they were certainly not looking for a formal statutory structure which they felt would add to the complexity rather than facilitate the actions.

The CHAIRMAN: The member for Eyre.

Mr GRILL: Thank you, Madam Chair. I refer to the ...(Inaudible)... budget figures on page 72 and to the Smartstream? financial information software package. You might remember last year that the Attorney General very severely qualified the accounts of the - - the Auditor General, to say the least, and the Minister indicated then in the house late in the year that there were still problems in respect to that software package. I have a number of questions. Can I read them out to you? Then you can probably answer them all in one. Has the department rectified all problems associated with the introduction and implementation of the agency's Smartstream financial management package? That is the first one. What are issues as yet to be resolved as a result of the implementation of the package? There were difficulties in the introduction of this package. Did these difficulties lead to a loss of data? If so, what data was lost and how did this affect the agency's ability to report this year? We already have the Auditor General's opinion on last year. Did the Smartstream financial management meet the agency's requirements as specified in the tender process? If it is not the case, did the government meet the cost of upgrading the software to the specifications that were tendered for or did the contractor meet those costs? Lastly, could the Minister let us know what those costs were?

Mr HOUSE: I believe I know the answer for all those but I will let Mr Marsh deal with them because he has been dealing with the detail of it.

The CHAIRMAN: Mr Marsh.

Mr MARSH: Thank you. The year that the Auditor General qualified the accounts for the failure of the Smartstream system was 96/97 and for the 97/98 year he noted that the control environment throughout that year did require additional work to meet his standards and that the comparators used for the 97/98 year to the 96/97 year were not appropriate because they used 96/97 data. The point I am trying to make is that the accounts have been audited subsequent to the Auditor General's report and they have been found to be adequate. There were only two things outstanding; the controlled environment which was the earlier part of the year and the comparators to the previous year. Again the system did satisfy requirements of the Auditor General, but there is still work to be completed in the original contract. An example of that is that the budgeting module is not yet implemented, it is planned to be implemented this year. There was no loss of data, so question 4 is not applicable. The system does meet the specifications but there has been work subsequent to the original implementation and a series of upgrades. It is upgraded from version 3 to version 4 and now to version 6 and we are planning to implement version 6.1 in the not too distant future. There has been a sharing of the costs between agriculture and the contractors. The

original contract costs were covered by the contractor but there are enhancements and upgrades that we have to fund because of the passage of time and we have to pay for those costs ourselves.

[12.16 pm]

Mr GRILL: How much are they?

Mr MARSH: I am unable to give you the details precisely what costs were involved but they would have been somewhere in the vicinity of half a million, the contract was 1.1 million and we spent \$60 000 in addition to their contract costs on travel and accommodation expenses.

Mr GRILL: Yes. I seem to remember a figure of 1.2 million from last year. That would be the contractor's costs on top of that.

Mr MARSH: We agreed to fund \$60 000 extra to the contract for travel and accommodation over and above that.

Mr GRILL: So you decided to pay the \$560 000?

Mr MARSH: We paid the \$500 000 on our own activities to enhance and develop the system.

Mr GRILL: I see what you mean.

Mr MARSH: But not in addition to the contract. The contractor is actually honouring the contract.

Mr GRILL: You say the budget package is not yet in place?

Mr MARSH: There are modules still to be implemented. One in particular that we are working on is the budget module and the purchasing module is three quarters in place. There is also an inventory module and a billing module, supplies of which we just develop those as time permits.

Mr GRILL: I would not have thought that anyone with any confidence within the department would have purchased new technology like this without having a budgeting package involved or a purchasing package involved. Am I right?

Mr MARSH: There is a budgeting package, a purchasing package, an inventory package and a billing package incorporated in the system but the restriction is not in the contract. The restriction is in our ability to implement those within a reasonable planned approach with the existing resource team and the existing time frame. The pressure is on the budgeting system and the budgeting process takes the resources. We should expect to do that in September.

Mr GRILL: So the current budget papers we are looking at now will appear independently of the budgeting package?

Mr MARSH: The budgeting package is not Smartstream here.

Mr GRILL: Right.

Mr MARSH: But we do have other systems operating.

Mr GRILL: Now, you mentioned the billing situation. I think there was an indication from the Auditor General that he had concerns about billing. Is that in remedy?

Mr MARSH: No.

Mr GRILL: They have not?

Mr MARSH: We have reviewed the revenue collection systems, documented those systems and then applied solutions and we expect to have those in place within the next 12 months.

Mr GRILL: It is an obvious question but how can you be sure then that you are collecting all of the accounts that deal with the department and the future government?

Mr HOUSE: One of our problems is that we have got so many collection points around the state in trying to provide a service to people and then we have staff across the State from corner to corner where we provide a service. We try to collect revenue at the site where we are and we charge them \$2 or something and in getting that system it has been hugely expensive but it is complicated. I forget exactly how many billing points we have got but that has been part of our difficulty. We are looking at whether we rationalise that or whether we put up with the cost of that and then try to make the bottle fit.

Mr GRILL: I see. You have mentioned that before, I must admit, but the short answer is, I presume, that you cannot be certain that you are, in fact, collecting all the money that is due from the public?

Mr MARSH: We are confident we are collecting what is required.

Mr GRILL: But you cannot be sure?

Mr MARSH: No. It is not possible with any system to be absolutely certain. What we do is have a system which is then checked and cross checked then you go through a process of audit and internal audit to verify independently the appropriate collections are occurring and then that internal audit process is reviewed by an external audit process. In addition to that we have our own teams of people working on the development of the system to ensure that the appropriate controls are in place.

Mr GRILL: When this matter last came up in the assembly as I, remember, the minister said that there was someone coming to have a look at - - actually in AgWest looking at the operation of this - - is that still the case? What came out of that?

Mr MARSH: The person that was seconded to us has now joined our staff.

Mr GRILL: From the Auditor General?

Mr MARSH: From the Office of the Auditor General, yes.

Mr HOUSE: Can I just say that I was meeting with the chief executive officer, Mr Marsh, and the Auditor General, and there was one other member of his staff, about once a month on the basis to make sure that we got these issues sorted out properly as much as we are able to.

Mr MARSH: Perhaps also in answer to the question in the annual report the Auditor General made special mention of the control environments during the period of 97/98 and did point out that the control environment was adequate from the commencement of 98 so there were control problems early in the 96/97 period but those controls were corrected and put into place and operated and have been operating since then. So when you ask the question, you can be 100 per cent certain, the answer is no but the appropriate control environment is in place.

Mr GRILL: Is now in place and has been in place since the end of 1998?

Mr MARSH: Since the beginning of 98.

Mr GRILL: All right.

Mr MARSH: Those control environments will continue to be developed with the Smartstream systems.

Mr GRILL: If you had your time over again would you purchase the Smartstream financial information software package?

The CHAIRMAN: Order, members. Before I give the member for Belmont the call I will just remind members that we have 35 minutes in which to deal with division 29 and to complete division 30 and 31, so you can continue to ask questions of the minister but that will really give you limited opportunity to ask any questions in division 30 and 31. The member for Belmont?

Mr RIPPER: Thank you, Madam Chair. Minister, on page 108 of the budget papers there is a table headed, "Net appropriation determination", and I notice that there are retained revenues from the Rural Adjustment and Finance Corporation. The estimate of those retained revenues for 99/2000 is about 20 per cent above what was retained for 98/99 and the 98/99 estimated actual is more than 25 per cent above what was retained in 97/98. Could you give an explanation for the changes in these figures?

[12.24 pm]

Mr HOUSE: Are we talking about Rural Adjustment & Finance Corporation?

Mr RIPPER: It is there under the net appropriation and determination. If the Chair asks me, I will ask it in the subsequent division, but the figure that I am referring to is actually in this - -

Mr HOUSE: As I understand it, it is the money that has been taken from the trust funds. The Rural Adjustment & Finance Corporation operates a number of different funds. Some of that money has been held in trust for funds and we have been expending it where necessary on things like Better Business programs.

Dr ROBERTSON: Perhaps I can add to that.

The CHAIRMAN: Dr Robertson.

Dr ROBERTSON: The Rural Adjustment & Finance Corporation trust funds are basically related to Commonwealth Government programs, as they have been in the past, and there has been moneys recovered for programs that are ongoing at the moment. Under arrangements with the Commonwealth, those funds are being applied to a number of new programs in Western Australia, the Better Business program which is part of the Rural Adjustment program nationally, and programs such as the South Coast initiative program and the Gascoyne Murchison. So it basically represents an expenditure of funds from trust funds that are controlled by the Minister for Primary Industries at the national level and the state Minister for Primary Industry.

Mr RIPPER: If I may clarify, Madam Chair - -

The CHAIRMAN: Member for Belmont.

Mr RIPPER: Are you then saying that it is a discretionary decision as to how much is taken into the Agriculture department budget from these trust funds each financial year?

Dr ROBERTSON: Madam Chair, "discretionary" is not the right word. Basically the Rural Adjustment scheme nationally is going to terminate at the end of the year 2000 and Western Australian farmers have actually paid back a number of the grants that were made in the past and those moneys have been sitting in trust funds in Western Australia. Because the Rural Adjustment & Finance Corporation WA has money in the bank in these trust funds, the Commonwealth has not been funding

directly the programs from its Commonwealth Treasury. It has been requiring the state to expend trust funds which it believes it has some control over, as well as the state having some control. So with new programs such as Better Business, the Gascoyne Murchison and the South Coast initiative program, joint Commonwealth-state programs, the Commonwealth Minister has indicated that those programs should be funded from those trust funds, the result of nationally agreed Commonwealth-state programs, not discretionary expenditure.

Mr RIPPER: Can I ask how much remains in those trust funds?

Dr ROBERTSON: I believe it is 18 million.

Mr HOUSE: It was published in the annual report of the Rural Adjustment & Finance Corporation which was tabled in parliament. Madam Chair, can I seek the committee's indulgence just to respond to the member for Eyre's previous query?

The CHAIRMAN: Yes, Minister.

Mr HOUSE: I have just been advised that the chairman of the interim board of the cooperative, David Smith, has just put out a press statement that is embargoed till 4 o'clock this afternoon, but I understand that the press have it, saying that a preliminary agreement has been reached between the cooperative and Metro Meat International but predominantly the agreement includes the sale of Metro Meat International abattoir assets at Katanning and Linley Valley, however the terms of the agreement are confidential. I believe the basis is that an agreement has now been reached on all of the issues that we have talked about in this committee previously and that due diligence will now take place as to getting a final figure.

Mr GRILL: That is very reassuring and we look forward to seeing the detail. Thank you very much.

The CHAIRMAN: The member for Greenough.

Mr MINSON: Thank you. With respect to new grain and horticultural crop varieties, at page 81, I just wish to ask a question in two parts really. I notice that Tanjil, which I knew had been released, which is a highly anthracnose resistant lupin - - whether Agriculture West believes that is going to result in a very worrying problem. The other one was ... (Inaudible)... resources both in terms of effort and finance put into trying to contain an anthracnose outbreak two or three years ago. Is that regarded now, in hindsight, as a success or a waste of time? Is it wise to try to pick the eyes out of this diseased area and plough it in? We would just be perpetuating the problem. Has that been regarded as a success? Is Tanjil thought to be as a result of the whole issue of anthracnose?

The CHAIRMAN: Dr Robertson.

Dr ROBERTSON: Madam Chair, there are two issues there. The first one is that Tanjil was released as a resistant variety with moderate resistance. It was really a rapid screening program that was undertaken in New Zealand where the disease is endemic. It has got quite a lot of resistance. It was fortunate that there was a variety that was in the production system. Work is ongoing and we believe that we will get varieties with significantly more resistance in the future.

Mr MINSON: Did we cross one of theirs with ours to come up with Tanjil or is it just a straight strain?

Dr ROBERTSON: No. Tanjil was something that we had and when we took several thousand lines to New Zealand to test them. It had significant resistance but it is not totally resistant and we can do better and we have better material from places like Ethiopia it will be virtually totally resistant. It certainly will significantly reduce the disease in a sweet lupin crop. I believe, with the benefit of hindsight, the disease was much more widespread than anyone knew initially. Certainly the initial ploughing in got rid of the very highly diseased crops but if we had had a better understanding as to how widespread it was we probably would not have taken that action.

Mr MINSON: Thank you.

The CHAIRMAN: The member for Eyre.

Mr GRILL: Thank you, Madam Chair. Minister, I refer to the milk vendors and licenses that took place pursuant to the new legislation. I draw your attention to the fact that in the last sitting of the Legislative Council there was a motion carried without a single dissenting voice to the effect that it endorsed the recommendation of the public administration committee in its third and sixth reports. As those reports recommended that full compensation should be paid to the former milk vendors would you be taking a submission to Cabinet to enable that payment to be made?

[12.31 pm]

Mr HOUSE: As you are aware there were originally approximately 255 milk vendors involved in the scheme which was started some years before we came into government. My understanding is that there are seven milk vendors who currently feel aggrieved by the final payment that they have received. There is an outstanding offer to those people at the moment that they have not responded to that would increase that payment and I am still waiting to hear from them about their response to that. I am currently considering looking at all the aspects that are involved with regard to the Legislative Council decision that was made the other day, as I think is rightly proper for them to have to do, and looking at all the effects that that might have.

Remembering that there are approximately 255 milk vendors involved that are going into this, to change the way that the scheme has been constructed at this stage would involve revisiting not just the seven that are involved but all of those. So,



there is quite a detail of numbers to be worked through. Until that is completed I cannot respond further except to say that an offer has been made to each of those individual so-called aggrieved vendors, or the people that feel aggrieved, and I have not had a response from them at this point of time.

Mr GRILL: So, you will be looking at and reviewing those reports and considering the recommendation that has come up, or the motion with the Legislative Council?

Mr HOUSE: Yes. I have already started to do that. I think that is proper. Not that I have had any official communication. It is an interesting problem because there is no official communication for that sort of motion. It is something that members of Parliament give their support to but obviously I am aware of it and I have instructed my people to look the issues that are raised here in the debate. I have read the debate myself so I am aware of what was said by all the people involved in that debate. Some of it inaccurate, I might say, but serving the political purpose of it which I accept is part of the politics of the day.

I am reviewing all the issues that were raised. I have asked a couple of people to look at the effect that would have on the total scheme but I cannot ignore the fact that it would affect all the people involved, not just the people who still seem to be aggrieved.

Mr GRILL: I appreciate that.

Mr HOUSE: I repeat again that there is still an outstanding offer to those people that they need to consider. I might say, just for those six or seven - I think it is seven - there is potentially about \$600 000 or thereabouts, half a million.

**Division 30: Agriculture Protection Board, \$12 043 000 -**

[Mrs Hodson-Thomas, Chairman.]

[Mr House, Minister for Primary Industry.]

[Mr R. Delane, Executive Director, Agriculture Protection.]

[Mr B. Annen, Senior Trust Administrator.]

[Mr B. Thorpe, Manager, Agwest Farm Business Development.]

Mr HOUSE: Madam Chair, I introduce Mr Rob Delane to the committee. He is the senior person in Ag WA dealing with agricultural protection matters.

The CHAIRMAN: Member for Eyre.

Mr GRILL: On page 115, on line 1, this year's 1998-1999 estimates actual for services and contracts were \$7.658m. This blew out from an actual \$5.68m in the preceding year. Why has this item been so expensive?

Mr HOUSE: The actual figure for 1997-1998 was \$5.68. The estimate for 1998-1999 is \$7.6m.

Mr GRILL: Yes.

Mr HOUSE: Your question is? You are talking about an actual and then an estimated for this year?

Mr GRILL: Yes. Well, let me ask a question as to why it blew out last year so badly?

Mr HOUSE: Why there is \$2m difference?

Mr GRILL: Yes.

Mr DELANE: Madam Chair, I believe that is due to the increase in costs for skeleton weed program including industry funding.

Mr GRILL: So that would take account of most of that \$2m?

Mr DELANE: That would. There was a large increase in grain production in recent years as you know. The skeleton weed control program - eradication program - is largely industry funded to the tune of between \$1.7m and \$2.7m depending on the funds available and the scale of the program. So, I believe that the largest part of that variation is, in fact, the skeleton weed program.

Mr RIPPER: On page 115 there is an item for user charges and fees. Looking across to forward estimates revenue from user charges and fees is expected to decline. Is this because the agency expects a lower level of utilisation of its services.

[12.38 pm]

Mr HOUSE: - - - a lower utilisation of its services.

Mr DELANE: Madam Chair, Rob Delane.

The CHAIRMAN: Mr Delane.

Mr DELANE: The principal change there is that to date Agriculture Western Australia has operated a bait production

facility which is actually owned by the Agriculture Protection Board and all revenue from that facility accrues to the Agriculture Protection Board. We are just in the process of moving to the final stage of arrangements whereby that facility would be operated by the private sector rather than by government, hence the change in charges and fees which includes revenue from the sale of baits to other government agencies and the private sector drops off from this year.

Mr AINSWORTH: Minister, page 109, under the second dot point, the nearest I could get to the reference anyway, which was barrier quarantine - - my query relates to the border checkpoint at Eucla.

Mr HOUSE: The border checkpoint, let me correct you, is not - -

Mr AINSWORTH: I beg your pardon. Yes. We have had this argument before; the border checkpoint at Border Village then. Regardless of where it is located, could you outline any improved effectiveness of the checkpoint through its relocation and any additional expenditure that it might have incurred in the ongoing budgetary implications of that particular checkpoint because I think it is serving a very vital role.

Mr HOUSE: In principal, what it has done is pick up those roads that people were using as alternative ways of getting around the then existing Norseman checkpoint, so we are now picking up all the traffic coming along that highway rather than just a proportion of it. Yes, it has been more expensive and I believe that is one of the costs of proper protection that we must bear. It is difficult to make sure that all the accesses covered but I believe now with the border checkpoints and the import surveillance that is in place we are doing a reasonably good job. There are other ways of getting into Western Australia of course and we just cannot man every one of them but I believe it has served a good purpose.

The CHAIRMAN: The member for Eyre.

Mr GRILL: No.

The CHAIRMAN: The member for Vasse.

Mr MASTERS: Thank you, Madam Chairman. Page 115, the Operating Statement, the first section which is Costs of Services. Minister, I must say that whenever there are figures with lots of zeros in them I become suspicious that someone somewhere has rounded off in such a way that they are purely estimates and not particularly accurate assessments. There are so many zeros in the top few lines that I believe it is plucking of numbers out of the air rather than estimates, but my real concern is that when you look at Total Cost of Services admittedly there was a big increase from the 97/98 actual but from 98/99 onwards the number basically bounces around the \$16m figure. I would have thought that when you look at the increase of the agricultural products that have come out of Western Australia, the increase in small holdings, the pressures on areas like Vasse, where we have actually increased the number of people doing things - - I mean, the total cost of services is actually not keeping up with inflation, let alone with what I see as the need to expand an area like Vasse. I just wonder how you would equate that with what I see as an increase in pressures.

Mr HOUSE: Two years ago we injected \$3.5m directly into protection and quarantine services, which had quite a beneficial effect, but our strategy now, given so much coastline and so much border and so many individual landings of aeroplanes that are not controlled by normal air space - in other words, people coming in from the territory in private aircraft, things of that nature - Rapidscan at the airport, people going through the green line, not having declared things, technology for example with regard to skeleton weed discovery - - with new technology, we hope we will get away from the eyeball type searching that we have had to do which involves thousands of man hours and people. Our only hope really of getting on top of these things is with technology advancement. So hopefully our people input will drop. When I say "hopefully", I mean there are solid signs of things happening and achievements that we have made that indicate that that is the way we are going quite clearly. Sorry. I do agree with your point about small landowners. That is a serious problem. The degree of control we have is quite difficult. I understand that there are 2000 small landowners just in that Avon Valley region alone. That is a huge number of people for us to service and the only way we are going to get over the top of it is by technological advancement and by education.

Mr MASTERS: There are 1800 small land holders in the electorate of Vasse alone; not all farming of course, many are rural residential lifestyle type lots, nonetheless potential sources of weeds and pests.

The CHAIRMAN: Members, any further questions? The member for Greenough?

Mr MINSON: Just one, if I may, a direct question through the Minister to Rob Delane. You may recall a few years ago that ... (Inaudible)... and two or three things happened. One was that the weaknesses in the vermin-proof fence in that northern area showed up and then there is, I think, ... (indistinct)... people are negotiating and trying to get the State to provide ammunition. If my memory serves me correctly the Minister for the Environment has actually got an issue ... (indistinct)... to destroy a certain number of ... (indistinct)... and by the time this whole thing gets marshalled there is a disaster on our hands. On page 113 we talk about animal pest control programs. I seek an assurance that we have a plan bearing in mind that it will happen. It won't happen this year, obviously, because ... (indistinct)... through that northern area. It will happen again and I am concerned that now that we have got these ... (indistinct)... gun controls throughout Australia a lot of our weapons are not there, that the Minister's office will be able to give an assurance that ordnance ... (indistinct)... made available and that, I think, we ought to do something - some dialogue between the Minister for Primary Industry and the Minister for the Environment - with respect to giving extraordinary powers under those circumstances to the Minister for Agriculture.

[12.45 pm]

The CHAIRMAN: Any further questions, members?

Mr McGOWAN: Madam Chair, I have got one or two but they are under division 31.

The CHAIRMAN: Well, in that case I will put the question that the vote for division 30 be recommended. Move to division 31.

**Division 31: Rural Adjustment and Finance Corporation of Western Australia, \$176 000 -**

[Mrs Hodson-Thomas, Chairman.]

[Mr House, Minister for Primary Industry.]

[Mr B. Thorpe, Manager, Agwest Farm Business Development..]

[Mr B. Annen, Senior Trust Administrator, Agwest Farm Business Development.]

Mr HOUSE: Madam Chair, can I introduce Mr Bruce Thorpe and Mr Bryan Annen to the committee, please.

The CHAIRMAN: Thank you, Minister. The member for Rockingham.

Mr McGOWAN: Minister, on page 448 and 449, I refer to the assets held by the corporation and if you have a look at the last line on page 1248 you will see that the total equity of the corporation during this financial year is \$18 366 000. Two years ago it was \$37 000 621 and by the year 2002/2003 it will be \$3 535 000 which is a very major decline. If you have a look at page 1249 in the second last line, you also see a decline in the amount of reserves held by the corporation. Can you explain why there is an enormous reduction in the cash reserves of this corporation over such a small time frame?

Mr HOUSE: Madam Chair, across government, across the states, across the political parties there is a broad agreement that Rural Adjustment and Finance Corporation in that form should be wound up. It was started by the previous Labor Government federally. It is a position that I agreed with. Bob Collins was the minister and we have been heading down that path and changing the whole direction of the way this organisation operates ever since then. In general terms, the thrust was to get away from direct assistance to an organisation that talks about better business schemes, gave management advice to farmers, tried to update their skills in business and management practices, and that is the reason for the decline and I think it is a positive way we have gone to bring agriculture onto a business-like footing.

Mr McGOWAN: When are you planning on winding up this particular corporation?

Mr HOUSE: I think the Federal assistance finishes next year. Is that correct? Given that, we will just run out the reserves but we are targeting them, as I said, at business management practices and getting farmers skills up to speed.

Mr McGOWAN: So when the reserves run out how are you going to carry out those functions you are referring to?

Mr HOUSE: I think that will depend on the demand and there is a lot of private enterprise involved now in farm management and that is a growing area. I expect that that will take over most of those roles, however, there probably will still be a function for AGWEST in Australia. That is yet to be determined and defined about just how specific that role is.

We are going to bring new legislation into Parliament later this year to be debated some time next year. That just re-models the existing legislation in a different form so we will probably finish up with one budget item across agriculture and it will have specific areas like it does now but without being specified in the budget.

The CHAIRMAN: The member for Vasse.

Mr MASTERS: Thank you, Madam Chairman. Page 1245, again, "Output measures", I am sure the fact that the number of applications for grants is actually smaller than the number of grants advanced, does not mean that everyone who applies actually gets a grant, irrespective of the quality of their application. If you could explain to me how you can actually have more grants than there are applications?

The other question I would ask is, again, there is no qualitative assessment as to how effective these grants are. In other words, when you are providing a farmer with some form of money to assist them to do their job better, how does one measure whether they actually take on board the recommendations of the consultants and have greater productivity from their property and produce more, and so on? Is there any qualitative measure that is available?

Mr ANNEN: When the grant is approved to a farmer it can be paid not in one amount, it can be paid in two or three instalments. So, therefore, the number of grants is not the number of instalments.

Mr HOUSE: You make a reasonable point with regard to your second question. I am not too sure how we are going to quantify that. I mean, it is a genuine question, I accept, and I guess the only answer is to look at the productivity of Western Australia compared with the other States and when you benchmark us in the sense of production, returns, capital inputs, efficiencies we come out pretty well.

Mr MASTERS: I appreciate that but I believe there is a need for taxpayers' funds to be equitably understood and dealt with.

Mr HOUSE: Can I just say in a general sense that I think most taxpayers would be pretty well accepting of the fact that we

are trying to move agriculture from a hand out mentality to a business based footing and that is going to save taxpayers money in the long run as well as make farmers more efficient and, as I say, business like.

Mr McGOWAN: At page 1246 under major initiatives for 1999-2000 under the second last dot point the natural resources adjustment scheme which is shown as a major initiative for this year coming. I understood that it was already an operational type organisation. Is that correct?

Mr HOUSE: What is?

Mr McGOWAN: The National Resource Adjustment Scheme. Is that already operating?

Mr HOUSE: It operated in a sense but in my discussions with farmers and farming organisations their view is that it is perhaps not broadly based enough and so we did a review to have a look at how we might achieve what they want.

Mr McGOWAN: When did it begin operation? How many applicants has it had? How successful was it? How much was paid out? What was the amount on average of each payment?

Mr HOUSE: I think about 18 months ago, from memory, just give or take a month or two. It has had approximately 40 applicants.

Mr McGOWAN: How many were successful?

Mr ANNEN: Basically, we had about 40 inquiries. It is a long process of where you bring people to a certain point to see whether they accept the offer or not. We have had about a dozen people who have accepted the offer and we are working along those lines. The rest of them we are still negotiating with. Probable total expenditure to date, \$30 000, \$40 000.

Mr McGOWAN: How much did each person on average receive? It was between the 12, I think you said.

Mr ANNEN: Yes, 12.

Mr McGOWAN: So, they split \$30 000 or \$40 000.

Mr ANNEN: Yes. About \$3 000 on average for some of them used for surveying costs and for land subdivision\ costs.

Mr HOUSE: I will just make a point about that. Sometimes when people get into the process they do not want to continue so they decide that there are different alternatives that they want to pursue.

The CHAIRMAN: Any further questions, members?

Mr McGOWAN: Can I just ask one last question, Madam Chair?

The CHAIRMAN: Yes.

Mr McGOWAN: On page 1246, dot point four, under major achievements you are indicating there that you have established a support scheme specifically targeted at farmers affected by fire, cyclone and flood. What kind of schemes are they and what sort of assistance have you provided?

Mr HOUSE: Most of those are in conjunction with the Commonwealth. You could use, for example, the two most recent ones. The Exmouth example and the Moora example. We responded very quickly in the Exmouth region and provided quick assistance for basic things, as an agency, and I think the total of that was about a couple of hundred thousand dollars. Each farmer in a catchment area of the Moora flood damage area - and I think there is about 35 of those - will get the \$10 000 equivalent that other people in business will get as well.

*Sitting suspended from 1.00 to 2.00 pm*

**Division 40: Transport, \$760 575 000 -**

[Mrs Holmes, Chairman.]

[Mr Omodei, Minister for Local Government.]

[Mr M.L. Harris, Acting Director General of Transport.]

[Mr R.E. Carleton, Acting Chief Finance Officer, Transport.]

[Mr A.W. Hubbard, Executive Director, Regional and Policy Coordination, Department of Transport.]

[Ms W. Payne, Manager Financial Planning, Transport.]

The CHAIRMAN: I now ask the Minister to introduce his advisers to the committee.

Mr OMODEI: Thank you, Madam Chair. My advisers for this section are Mike Harris, the Acting Director General of Transport, on my left; Ron Carleton, Acting Chief Finance Office, on my left; Alan Hubbard, the Executive Director, Regional and Policy Coordination, on my right; and Wendy Payne, Manager Financial Planning, on my right. Madam Chair, with your indulgence, I will introduce the Main Roads advisers when we get to that section. If I may, could I begin by making some opening comments for two or three minutes?

The CHAIRMAN: You may.

Mr OMODEI: Madam Chair, if I could just give an overview of the Department of Transport, the Department of Transport aims to achieve the best transport system for Western Australians. It strives to ensure that the transport system is integrated, safe, accessible and environmentally sustainable. It does this in six distinct ways. Firstly, through policy development, Transport determines future directions by developing and implementing policies and strategies for an integrated state transport system. Through planning, Transport develops and monitors integrated service and infrastructure plans which meet the needs of the community and industry. Through securing and coordinating resources, Transport ensures the implementation of integrated transport system plans, by coordinating the public and private sectors to achieve an integrated transport system and also by establishing standards through education and regulation where necessary and by producing transport infrastructure services, preferably to providing funds to others. The sources of funds, Madam Chair: The Department of Transport is funded primarily from the consolidated fund. In 1999/2000 Transport will receive from the consolidated fund an estimated \$760.575m comprising \$746.175m in recurrent funds and \$14.4m for capital projects. On an accrual basis the total cost of services will be \$466.311m less operating revenues of \$174.986m. The net cost of services is therefore estimated at \$291.325m. Transport's financial responsibility involves expenditure for recurrent and capital items including the payment of transport subsidies for the collection of revenue and the disbursement of motor vehicle licence fees. Transport also acts as a collection agent for state revenue by collecting stamp duty and Insurance Commission of Western Australia in the collection of third party insurance premiums. Transport aims to implement a comprehensive program to improve transport infrastructure and services throughout Western Australia. Some major highlights are in public transport the introduction of 130 new buses into the Transperth system by the end of the financial year. The South West Metropolitan Railway master plan has been released for public comment. Following this process, construction will commence. Implementation of new System 21 bus services will be introduced between Marangaroo and Perth. These high quality train-like services will substantially lift the image of bus travel. The commencement of master planning for the extension of the northern suburbs transit system, expansion of Murdoch bus park and ride facility, a program to upgrade all Transperth bus stops by installing bus stop information modules will gradually be implemented and the introduction of the Travel Smart program, an innovative travel demand management initiative to encourage travel choices that reduce the growth of car usage through voluntary change by the community. School buses services will benefit from the improvements resulting from a review of the transport assistance to students. Maritime Services will continue to be enhanced through improvements such as the upgrading of Point Sampson Boat Harbour, provide an all tide and cyclone facility, and continued upgrading of small boat harbours and navigation aids. There also will be ongoing implementation of E-commerce for licensing and registration payments for convenient payment options. In road safety, this year's budget allocation will allow us to continue the important work of reducing the road toll by improving education, research, coordination and traffic enforcement. These road safety initiatives will contribute to the government's goal of 33 per cent reduction in road deaths and serious injuries by the year 2001. The government is pleased to be able to deliver such an ambitious program of transport improvements that will make a major contribution to improving the quality of life for all Western Australians.

The CHAIRMAN: Thank you, Minister. As members are aware, we are dealing with divisions 40 and 41 and we are starting with division 40. As we have four hours, I will remind members when it gets near to two hours that if we are still on division 40 we may need to move on to division 41.

Mr OMODEI: Madam Chair, if I could, as you would be aware, I am the Acting Minister for Transport and much of the detail in this portfolio is sometimes a little beyond me. With the indulgence of the meeting, I will when necessary refer to officers for them to answer some of the questions.

[2.08 pm]

The CHAIRMAN: I am sure you will do as good a job as the Minister. Members, we will now start dealing with division 40. Member for Armadale.

Ms MacTIERNAN: Thank you. Yes. I note here that we are looking at some \$36m to be lopped off the amount provided to Transport for this year. At 1434, the opening page, we see that the amount provided to fund the outputs for this year are in fact declining from \$313m last year to \$277m for this coming financial year. So it goes down from \$313m to \$277m, a drop of some \$36m over this year. Now, I understand that part of this reduction of \$36m to Transport will be funded by renegotiation of the price that you pay Westrail for the provision of urban passenger services. I am wondering if you can (a) provide an explanation as to how this piece of creative accounting works and (b) explain to us where the other savings will be coming from?

Mr HARRIS: You are right. The bulk of the savings to be achieved come from rearrangement of financial arrangements between Transport and Westrail. We are looking at actually moving assets and liabilities which currently sit within Westrail across to Transport. As a consequence - -

Ms MacTIERNAN: Can you say that again?

Mr HARRIS: We are examining the possibility of moving assets and liabilities which currently sit in Westrail, attached to the urban rail network, across to Transport so that they become part of our balance sheet. What that will do is change the accounting arrangements that currently apply and a number of items which we fund at the present time which are outside direct contractual arrangements to do with passenger services would no longer be necessary.

Ms MacTIERNAN: Can you give us some idea of what - -

Mr HARRIS: For example, depreciation payments which we would not have to fund if the assets sat on our balance sheet in the way that we fund them at the present time and we are also looking at re-financing the debt associated with a number of the Westrail activities and those savings would accrue and therefore the amount of money we will have to pay. We are also looking at renegotiating the alliance agreement which we currently have with Westrail which is the direct agreement covering the provision of passenger transport services as part of this renegotiation.

The CHAIRMAN: Before we go on, could I just ask members if they would be kind enough to direct the questions through the Chair?

Ms MacTIERNAN: I am sorry, Madam Chair.

The CHAIRMAN: Member for Armadale.

Ms MacTIERNAN: I would just like that expanded upon a little. So we have got three things. We are going to see some things moved around the balance sheet so that you will not have to give an account for depreciation amount.

Mr HARRIS: No. We will still account for depreciation in our books as we currently do but I do not have to pay myself cash for depreciation whereas under the current arrangements I pay Westrail cash for depreciation purposes.

Ms MacTIERNAN: In relation to the second part, Madam Chair, the changing of the arrangements in relation to borrowings, can you explain what you are doing there?

Mr HARRIS: It is a simple exercise through Western Australian Treasury Corporation of re-financing debt from its current levels where the average interest payable is probably of the order of 9 per cent to take advantage of the current low interest rate environments where we can borrow money at interest rates around 5 and 6 per cent.

Ms MacTIERNAN: So you will be paying debt back at a lower level?

Mr HARRIS: Yes, renegotiate the loan so that we pay interest at the current interest rate as opposed to the interest that was applicable when then loans were originally taken out, which is a function that Treasury Corporation do on behalf of government, either individual organisations or government-wide on a regular basis.

Ms MacTIERNAN: Madam Chair, can you put a rough dollar value then against the savings that you will make in relation to all of these three; (1) the movement of various capital items onto your own budget, (2) the renegotiation of loans, and (3) the renegotiation of the alliance agreement?

Mr HARRIS: The answer to the first one is of the order of \$25m, but yet to be determined until we understand the accounting arrangements, but not less than \$20m; the second, of the order of \$6m but in a range between \$5m and \$6m. The answer to the third is probably no saving in the current amounts which are paid for directly for passenger services which are of the order of \$46m. We do not see there being significant scope to reduce that amount.

Ms MacTIERNAN: Just following on as part of the same question then, although this is actually adding up here to some \$31m, I did understand that you were proposing to make savings, for example, by not - - there is some general directive, particularly perhaps in the licensing area, not to replace staff that are going on leave. Is there no - -

Mr HARRIS: Not true.

Ms MacTIERNAN: Is that not accurate?

Mr HARRIS: The balance of the \$36m will be general savings across the department through normal budgetary processes; that is, somewhere between \$5m and \$6m, which is an activity that happens all the time. We just contain cost increases. There is no directive to not replace staff.

Ms MacTIERNAN: On leave?

Mr HARRIS: Any staff. The normal employment processes that apply within the departments still apply.

Ms MacTIERNAN: But that would obviously be something that the managers of each area will have to take into account in terms of trying to contain those costs?

Mr HARRIS: Yes, but that is something that happens in the normal budgetary process in any case. We always actively look at staff replacements, in the timing of staff replacements, on a case by case basis, but there is no directive to cease staff replacements - - -

[2.16 pm]

Ms MacTIERNAN: I have got some more questions on the first page but they are not precisely on that issue but they are on the first page.

The CHAIRMAN: Member for Armadale, can you direct us to which part of the budget you are talking about now?

Ms MacTIERNAN: Yes, page 1434 and I just want to look at these contribution to the Transport Trust Fund which is item 60. I note you have got an item of \$250m there. Now, am I correct in assuming that comes entirely from the fuel levy which is now gathered by the Commonwealth Government on behalf of the State Government?

Mr OMODEI: Yes.

Ms MacTIERNAN: Now I note that in fact when we go to the Treasury documents we see that there is something in the order of \$457m that has in fact been collected or is anticipated to be collected for this year from the fuel levy. I do also note that when we go to the State Revenue part of the budget we see that there is \$163m to be repaid to the diesel fuel rebate. My question is what has happened to the other \$44m from the fuel levy?

Mr HARRIS: It is certainly correct, the \$250m that transfers through our books is in respect of fuel levy contributions collected by the Commonwealth Government now rather than State Government. I would have to take on notice the mathematics between the Treasury's books and our books. I am only accountable for this \$250m. We do not collect fuel levy directly these days as you would well appreciate.

Ms MacTIERNAN: So you have been told \$250m is what you will get?

Mr HARRIS: Yes.

Ms MacTIERNAN: Can I ask that that information be provided as supplementary?

Mr OMODEI: Yes, we will do that.

The CHAIRMAN: The Minister agrees to provide supplementary information.

Mr OMODEI: If the member for Armadale and the members are happy we, the officers, can provide the information as supplementary.

The CHAIRMAN: Supplementary information will be provided. Member for Armadale.

Ms MacTIERNAN: Just one more question on this. We note also on the Road Traffic Act which we understand, and if you could just confirm that this \$212m, that is coming out of vehicle registration money?

Mr OMODEI: That is right.

Ms MacTIERNAN: The entire sum of vehicle registration will go into that pot?

Mr OMODEI: That is correct.

Mr MINSON: Thank you. Page 14, 36 Chairman. The bottom line with respect to vehicle immobiliser scheme expansion there has been some talk in the media recently, Minister, of the quality of some of the immobilisers available and whether or not they are as effective as we think they are. I know that there was the boast by the industry that no car fitted with an immobiliser had been stolen and no sooner had that been made than a couple were stolen. So I would just ask officers perhaps if he cannot provide the answer, are we constantly reviewing the quality of those things? Secondly, what percentage of vehicles are now covered and are we now getting a measurable effect so we can gauge whether this is becoming a cost effective expenditure of public funds or not?

Mr OMODEI: I can only give you the information given to me. We have had 89,000 people having approved immobilisers installed since the scheme was introduced in 97. We are still very mindful about the vehicle theft and we have developed an action plan to significantly increase the number of vehicles fitted with immobilisers. As you would be aware there is an Act that has been passed. It is planned that from 1 July 1999 an immobiliser of a type approved by the Director General of Transport must be fitted to any motor car, motor wagon or omnibus up to a specified weight at the time of the application for a licence. Inclusion of business vehicles including utes and vans will help to protect not only the community, etcetera. In relation to the quality of immobiliser Mr Harris would you like to answer that?

Mr HARRIS: The quality of immobilisers remains high. Government approved immobilisers are extremely effective. The instance that I think you were referring to was an instance where a particular person had particular knowledge about all matters to do with that particular immobiliser and how, in effect, to bypass it. The same issue arises with locksmiths, for example. If you know your way around a lock then you can break any lock that is in front of you in the space of about four seconds or shorter. I guess the point at issue is that the general individual who might want to try and bypass an immobiliser neither has that expertise nor the equipment necessary to do so and generally speaking not the time to do so. So the instance that derives significant publicity is not typical of what would be happening out on the street. We remain confident that the immobilisers that we approve are the best quality that are available.

Mr MINSON: The other part of the question was are we getting a measurable effect, do you know, with respect to reductions? That was the hope and I am just wondering whether it has been in place long enough now. It is nearly two years.

Mr HARRIS: I do not have figures available but we can certainly find some and provide them for you.

Mr MINSON: I would just like to see if the graph is starting to go down a bit.

Mr HARRIS: It is certainly the case that the number of reported incidents of vehicle theft is decreasing as I understand it but we can provide those figures.

The CHAIRMAN: Minister, are you happy to accept that as supplementary information?

Mr OMODEI: Yes, madam Chair.

The CHAIRMAN: Supplementary information will be provided. Are there any further questions on 1436?

Mr OSBORNE: My question, Minister, relates to page 1439 and I am interested in the road safety program. There has been a lot of talk about improving the level of road safety in Western Australia since the report of the Select Committee and the establishment of the Road Safety Council. Can I just ask a few questions about that? Does the department have any proposals for all of the money from speed camera funds to be dedicated to the road trauma fund?

[2.23 pm]

Mr OMODEI: At the moment it is only partial.

Mr HARRIS: That is true. One third of revenue from red light cameras and speed cameras goes towards the road trauma trust fund. I guess two things are true. It would always be possible to spend more money on this issue, the question is effectiveness of spending money. We believe we have a sufficient budget to do the things that are necessary bearing in mind that other parties also contribute to the road safety campaign, including the Insurance Commission, the RAC and a couple of others. We do not have any proposal in front of government as a department at this point in time to change that mix. However, the Road Safety Council as I understand it have proposals to change that mix.

Mr OSBORNE: It is quite a small amount of money in dollars though, is it not?

Mr HARRIS: Expenditure this year is of the order of \$12m to \$13m which is not an insignificant amount of money.

Mr OSBORNE: The total amount of money from the speed cameras is \$41m or something, is it not?

Mr HARRIS: Of that order this year, yes.

The CHAIRMAN: \$54m.

Mr OSBORNE: It still seems to me, Minister, that it is a relatively modest amount of money and it would be a significant gesture on the part of the government for all of the money from the speed cameras to go to road trauma. It just seems to me that it would be a good gesture. Road trauma costs to Western Australia are \$1b a year, another \$1b for future loss ... (Inaudible)... It seems that whatever it is, \$54m, \$41m or \$30m, it is not an awful lot for the government to spend on road safety especially when the money comes from ... (Inaudible)... in any event.

Mr OMODEI: I think the point is well taken.

Mr OSBORNE: My question is why is the principal not being entertained? Why is it something that is not being discussed?

Mr OMODEI: Well, I think it has been on a number of levels and the issue of funds going from road trauma to spinal research, adult disabilities and I am sure the Health Minister would like to see some going towards acquired brain injury. They are all injuries the member for Greenough would be well aware of. It is just a question of priority and at the moment it is certainly a matter that I will take on board and raise it as a member of that Standing Committee.

Mr OSBORNE: Does the government plan to expand the speed camera program?

Mr HARRIS: There are proposals under consideration for expansion of the program. We have at the present time, and it is one of the reasons for the increase in the revenue, increased the time that the current number of cameras that we have actually spend out on the roads by quite a significant degree. We have also introduced significant efficiencies within the processing section of this activity so that these days an infringement notice will be on your doorstep within a week. Now a combination of those two factors is a significant reason for the increase in revenue that is reflected in the budget papers.

Mr OSBORNE: The member for Armadale I believe, Minister, holds the view that speed fines ought to be means tested and presumably she also believes that the Road Traffic Act is a bit racist, ... (Inaudible)..., etcetera. Does the government plan to as well as introducing discounts for people with low incomes also plan to introduce discounts for people who are black, homosexual, ... (Inaudible)...

Mr OMODEI: Point of order, Madam Chair.

The CHAIRMAN: There is no point of order.

Mr OSBORNE: Can I just ask one more serious question? On page 1441, Minister, I am referring madam Chairman to the column headed quality and the sentence there, "Percentage awareness achieved in road safety education and promotion program target groups". You are estimating 75 per cent of 98/99 but 70 per cent. Now if there is an increase in work going into road safety education programs why are you predicting a decrease in the effectiveness of the campaigns?

Mr HARRIS: The answer to that question is directly related to the nature of the programs. A number of the educational programs and awareness programs for next year are targeted at very specific groups. As a consequence you tend to get much lower awareness ratios because of the very narrow nature in which you are targeting and the way in which the advertising is conducted also mitigates against broad acceptance of awareness. For example, if you are doing a campaign on drink driving then you do a blanket television, radio campaign and you get to a lot of people and you get a very high awareness level as a consequence. If you are targeting a particular young male group for a particular activity then it is much harder to focus the message and it is much more difficult to get broad awareness of your programs. The reason for it going down is because there are more of those types of campaigns planned for next year than was the case in 98/99.



Mr OSBORNE: So it sort of refers to your effectiveness in the group that you are targeting?

Mr HARRIS: I would have to say it is not a precise measure and it is one that we are continually working on to try and refine but you are right. If you are targeting a small group of people who might be difficult to target then a good acceptance ratio might be something like 30 or 35 per cent whereas where you are doing a major drink drive campaign anything less than 90 per cent is not acceptable and your general awareness target is about 95 per cent. So there is a great deal of fluctuation and this is an average across all of the programs.

Mr MINSON: My questions are really in the same area.

The CHAIRMAN: Can the member please refer to the page?

[2.30 pm]

Mr MINSON: It is page 1439 with respect to the question of safety and going back to the previous comments on Multanovas and so on. With regard to speed cameras, I am beginning to become a little concerned that we have now got ourselves entranced in a manta of speed kills whereas, in fact, inappropriate speed is what kills. I am prepared to accept as a member of Parliament the use of these things insofar as they are shown to be effective.

I just want your assurance - watertight assurance - that there will be some measurement as to the effectiveness and when the effectiveness ends that we will then not increase the effort to create more revenue from this particular source. In saying that, I would like to make the comment that I think we are verging on the point of having so many of these wretched things. We are constantly assured that these things are put on black spots but there are so many of them around now, used so often, I do not think there is that many black spots. I see them in places where I know darn well they are not black spots. They always happen to be behind bushes half way down hills, or even if you have got your cruise control set and you are confident that you are doing 63 kilometres an hour, you suddenly find yourself doing 73.

The point I am making is that as a member of Parliament I back this thing but I am now at the point where I am questioning the effectiveness of getting more of them. I am questioning the effectiveness of where you are putting them and I think it is high time we had a look at it and perhaps started to look at whether or not there are not some more effective ways to reduce the road toll. If you have a graph that is going like that and it continues to go like that, despite the fact that you are doubling and trebling the take from the public in terms of fines, then you have to ask yourself the question, "Am I doing what is effective?" So, I am asking for an assurance that that will be done because next year I am going to be back here asking the same question.

Mr OMODEI: Madam Chair, the decision to increase the number of cameras has been taken under consideration. We have a Road Traffic Council that consults with the community and comes up with suggestions to the group of Ministers who are on that standing committee and government makes the decisions. In the end, I think the challenge made by Mal Hay when it comes to cameras, you know, "Send us broke. Send us broke." I must say I do not have a lot of sympathy for people. They know the laws. They know that there are speed cameras and if you are above the speed limit you get booked. It is as simple as that.

Mr OSBORNE: Well spoken.

Mr OMODEI: In the end we are trying to get the number of fatalities down through a whole range of things and one of them - just one of them - is speed cameras.

Mr MINSON: I hear what you say, Minister, but you have not actually answered the question. We did not set out to raise money. We set out to lower the road toll. The question I am asking - and I am seeking assurance - if it is shown that we reach a plateau, we are not reducing the road toll any more, will we react accordingly? I find such comments as, "Send us broke" as being totally inappropriate in this particular matter. We did not set out to raise all this money. We set out with my concurrence, as I recall, to try and lower the road toll. As a father of four children I have no problem with that. I mean, I took up flying so that I did not have to go past these things any more. That is the assurance I am after. I mean, I think we have got ourselves entranced with this thing that speed kills and we are so sure that slowing people down in some form or another, or attempting to, is going to fix the problem. Now, the assurance I want is that if we show that we are not on the right track that we will back off and do something more appropriate.

Mr OMODEI: Madam Chair, if I can respond and say I think speed is one of the things that kills. Fatigue is another one. Drunkenness is another one. Recklessness is another one; and so on and so on. I think you know all of the answers. I think as far as the question, "Have we decided to increase the number of cameras?", that decision has not yet been taken. As far as measuring whether they are effective or not I have figures at my fingertips - and maybe Mr Harris might be able to help me - but I would say we are reducing the road traffic toll in real terms if you take into account population growth and the numbers of vehicles and so on.

Mr HARRIS: It is certainly true that the statistics show that we are slowing drivers down, generally, across the board. The road toll itself, it is fair to say, I think, has plateaued at this point in time. It is certainly not going up but there is some evidence to suggest that it has plateaued. The effectiveness of these programs is reasonably long term and the current range of programs has been in place for just 2 years. So, there is an argument to suggest that its effectiveness might take a little longer to flow through the system.

In answer to your question about reviewing the programs that are in place, that happens every year. In fact, there has just

been a review of the major programs in place and they are always critical reviews. The Road Safety Council commissioned those and they take account of the results of those surveys when they are formulating their programs into future years.

[2.38 pm]

The CHAIRMAN: Minister, I have a question relating to page 1439 on road safety. We always hone in on slowing people down and on dealing with drunken drivers. This is, of course, correct and no-one wants them on the roads any more than we want reckless driving. From my personal point of view, I believe that the actual driving standard, overall, in Western Australia is very low and this has always led me back to the question of where things start, and they start with the trainer. I would like to find out what standards we have for the people that actually teach people to drive. I would not be alone in being a person that is driving along a road with no traffic in front of me and nothing behind me and, all of a sudden, someone jumps out of a side turning in front of me, driving at about 80 kilometres an hour, and then slows right down, almost to a stop. The whole thing boils down to the fact that training people is like having an animal. If you do not train it properly in the first place it will not do what it should do. Therefore, I believe the question goes back to training the trainer. I read in The West Australian a few weeks ago about a brand new, innovative idea, of the police actually giving a road commentary whilst driving to train and increase their driving awareness. Having been a policeman's wife in London for 15 years, I know that this is what my husband was doing when he was trained to drive a police car 20 years ago. All of a sudden we are coming out with it as being a brand new initiative.

I do have a question about that and also believe that we need to look around at training in other States over east, where the standard of driving appears to be a lot higher than ours. We do need to be a lot more aware of what is going on around us when we are on the road, but we also need to train people to stop them jumping out from side turnings, etc. There is also a very bad driver attitude at traffic lights where, instead of actually driving away, people what I call "dribble" away from the lights. That often means that hardly anyone gets moving before the lights change again. In the UK we were taught to drive away from the traffic lights at the speed that the road you are on allows. So, my question is, is there any money on the budget, or any provision financially, for us to raise the standards of driver training in Western Australia?

Mr HARRIS: We have two initiatives embodied within our general budget. I cannot give you precise numbers because it is simply part of what we do that are aimed at increasing the capacity of drivers. We are deliberately targeting new licensees with our graduated driver training program which is a combination of factors but it primarily allows people to obtain a learner's licence at a younger age than is currently the case, but the offset for that is they have to go through a longer training program in order to get a full licence and they have to commit to log books. There is a program of instruction in different road conditions which has to be gone through before they can get a licence. As an adjunct to that we are progressively going through with our trainers, those that run driving instruction, a form of accreditation course which is bringing them up to speed with a new graduated driver training program. The combination of those two things is aimed towards improving the standards of driver trainers and also improving the processes that young drivers, in particular, go through before they actually get a licence by giving them practical on road experience with a combination of formal tuition and also tuition from parents and related family members because that is a significant part of improving driver skill.

The CHAIRMAN: Just as a supplementary on that could you advise me where we actually get our standards from because that is where it really comes back to down to? It is okay accrediting someone but what is the basis for the accreditation because I believe that we need to look at the people that are actually devising these accreditations because maybe we need to look around the world a bit more. If you have got someone in Western Australia who has been taught to drive in Western Australia to the standard that I am talking about and then they are teaching other people, how are you going to get anywhere? I would like to know about the actual accreditation side relating to the funding that you spend?

Mr HARRIS: Perhaps, Madam Chair, it might be beneficial if I was to arrange for a briefing for you from the people that are involved in that program and then they can take you through the various aspects of it.

The CHAIRMAN: That would be very much appreciated.

Mr HARRIS: Okay. I will arrange that.

The CHAIRMAN: Member for Armadale.

Ms MacTIERNAN: If I could just go back to the traffic camera issue seeing that has been raised.

The CHAIRMAN: What page are we on please?

Ms MacTIERNAN: A combination of 1439 and 1461. It is picking up the traffic fines. It is estimated that the revenue earned this year will be some \$54 million from camera fines. I am just wondering if you could explain to us why it was that the Minister for Transport got it so wrong? Presumably he was getting advice from the same people that prepared this budget, but in October 98 he told the Parliament that it was expected that the revenue from speed and red light fines would decline in 99/2000 to approximately \$29 million because of a predicted drop of 17 per cent in the numbers of people that would be triggering the speed cameras. Why, in six months, has that projection gone completely in the opposite direction? Rather than dropping it has, in fact, doubled.

Mr HARRIS: The majority of people when they are travelling along the road do not actually consider the Minister's view when they travel at 70 kilometres in a 60 kilometre zone.

Ms MacTIERNAN: This was an announcement the Minister had made after there had been 10 months experience of the

finer at the current levels. Are you saying to us that the Minister made that statement in Parliament without reference to what, in fact, was happening?

Mr HARRIS: No, not at all. When you look at the revenue on a month by month basis the revenue was of that order and had the trend continued, then the number he quoted was a realistic expectation. The fact of the matter is that the trend did not continue. Revenue has gone up significantly in the latter part of the year.

Ms MacTIERNAN: So what would seem to be the case, the early predictions about the impact of doubling the fines did not appear to be accurate and, in fact, there has been a substantial change since the middle of 1998.

[2.46 pm]

Mr HARRIS: I think there are multiple effects at play here. There is a combination of, as I mentioned before, cameras being out on the roads for a longer period of time than was previously the case.

Ms MacTIERNAN: When did that policy change?

Mr HARRIS: That has been in place now for probably all of this year but as I said there are a number of factors at play. The second factor at play is the improved efficiency with which photographs are actually processed in the back room, if I can use that terminology. If you increase the number of infringement notices that actually get processed and get put out into peoples mailboxes then you get an increase in revenue and there has been a considerable amount of work between ourselves, police and justice in improving the efficiency of that process. Now those two factors have combined to provide an increased hit rate, for want of a better term, which has led to an increase in the number of fines being processed and the revenue going up accordingly.

Ms MacTIERNAN: The idea that you get your speed fines out earlier would seem to me to only actually increase revenue in the short term while you had an actual catch up period. Basically if you were having the same number of people being caught each month it should not in fact increase the amount of revenue that is generated. If your sales are effectively the same the fact that you are getting your money in earlier will not increase the amount of revenue that you are actually generating.

Mr HARRIS: Except that you are widening the catchment area all the time because the cameras are going for longer periods of time in more places.

Ms MacTIERNAN: There just seems to be some contradiction in what you are saying compared to what you said a bit earlier on. You said that initially there did appear to be a drop in the number of drivers triggering the cameras and then at some point after presumably the Minister made the statement that changed.

Mr HARRIS: There was a drop in the revenue, that does not necessarily relate to the number of drivers triggering a camera. There are more photographs taken than there are infringements issued always because some images are not prosecutable images. Now I suspect that what will happen is that you will find another plateauing of revenue at around about its current levels or these levels that are predicted here and then a fall off again and in fact over time that is what the numbers are projected to do. The unknown factor in this exercise is the actual driver on the road. Now we have no idea of knowing whether that person is going to stay at 59 kilometres an hour or whether they are going to go to 68 kilometres an hour.

Ms MacTIERNAN: So we do not know how effective these are going to be in other words. Can I just ask too if we can get some statistics? Do we have any idea of what the breakup is of offences? Are we actually catching people that are going in excess of 15 kilometres, are we catching people that are speeding by nine to 14 kilometres? Do you keep statistics that would show us what the actual break down is? What is the basic behaviour that is being targeted and infringed upon?

Mr HARRIS: Yes, I believe we do but I would need to take that as supplementary information.

The CHAIRMAN: Is the Minister prepared to provide supplementary information?

Mr OMODEI: Yes, I am intrigued as to why and what is - -

Ms MacTIERNAN: Well, it would be - - -

Mr OMODEI: - - in the end they are breaking the speed limit.

Ms MacTIERNAN: In the end they are breaking the speed limit, I think it would be instructive to know and important to know whether or not in fact we are finding people that are making modest breaches of the speed limit and whether or not that is the bulk of people or whether or not we are in fact seeing that the bulk of the people that are caught with these speed cameras are making major violations. I think that is important.

The CHAIRMAN: Is the Minister prepared to provide supplementary information?

Mr OMODEI: Yes, madam Chair.

The CHAIRMAN: What page are we on please?

Ms MacTIERNAN: It is on the same issue that I was dealing with. I want to ask a question that picks up something that was mentioned by the member for Greenough in terms of the placement of speed cameras. Are you aware of the very different policy that is in place in Victoria in terms of placement of speed cameras?

Mr HARRIS: In broad, yes.

Ms MacTIERNAN: Can you tell us what you understand to be the difference in the policy?

Mr HARRIS: Well, I do not want to speak for Victoria but certainly in Western Australia the location of those cameras is determined by a separate group of people. It is not determined by me, it is not determined by police. If that is what you are getting at.

Ms MacTIERNAN: No, no, I am asking about the location of speed cameras and the different - - you said you were aware that Victoria had a different policy.

Mr HARRIS: In the broad, yes. My information about Victoria would not be sufficient for me to discuss that in the Estimates Committee.

Ms MacTIERNAN: Now can I ask then about monies that are expended by the Road Safety Council? Do we have figures here on how much is spent on the annual salaries of the Road Safety Council?

The CHAIRMAN: Can you just repeat the page please, member? What page is it?

Ms MacTIERNAN: 1461.

Mr HARRIS: The Road Safety Council is not a creature of the Department of Transport.

Ms MacTIERNAN: You do not keep any information on that?

Mr HARRIS: The Office of Road Safety within the Department of Transport certainly - - I do not have the exact number off the top of my head - - but I can certainly provide you with the budgetary allocation for the Office of Road Safety within the Department of Transport.

Ms MacTIERNAN: If I could ask if that could be provided on supplementary?

Mr OMODEI: Do you want the total budget or do you want the budget of the officers?

Ms MacTIERNAN: Well, I would certainly be interested if we can get the total budget of the Office of Road Safety.

The CHAIRMAN: The Minister will provide the information by way of supplementary information.

Ms MacTIERNAN: One final question on that, the Office of Road Safety, I understand is actually having a major upgrade of its computer system to provide for the enhanced traffic enforcement program and I understand that that computer upgrade is actually being paid, not out of Department of Transport funds, but out of road trauma trust funds. Can you confirm that that is correct?

[2.53 pm]

Mr HARRIS: No, it is not correct. Transport's licensing computer system and the Office of Road Safety computer system. So we would have a major upgrade program that provides a number of things, one of which is enhanced traffic enforcement, another is the NEVDIS? program which is a national driving licensing exercise, and there are three or four other upgrades attached to that which provide easier access for people to pay their licences, for example, and easier access for information purposes. The enhanced traffic enforcement program is one part of that and the Office of Road Safety and Police and Justice will gain benefits as a consequence of that. It is not being funded out of the road trauma trust fund.

Ms MacTIERNAN: There are no monies coming from the road trauma trust fund for that.

Mr HARRIS: No. They may be some that the Road Safety Council have allocated as a consequence of their desire to have particular road safety aspects embodied in the system but the bulk of the money, better than 90 per cent of that, is coming out of general departmental funds, not out of the road trauma trust fund.

Ms MacTIERNAN: Have you any idea of how much is in fact coming out of the road trauma trust fund for that?

Mr HARRIS: I cannot quantify that number for you. Two things are true though. Decisions about expenditure from the road trauma trust fund were made by the Road Safety Council, they are not made by Transport, so any decision to spend money from that source is based on their determinations about road safety issues, not by the department in determination of its own budgetary activity.

Ms MacTIERNAN: These are monies that you will be getting so presumably you would know about them.

Mr HARRIS: Yes, and certainly I can provide that information.

Ms MacTIERNAN: Yes. Could we have that provided as supplementary information?

The CHAIRMAN: Is the Minister happy with that?

Mr OMODEI: Yes, Madam Chair.

The CHAIRMAN: Supplementary information will be provided. Minister?

Mr OMODEI: Can I suggest that as we go through these we go through them page by page and refer back rather than go forwards and backwards?

The CHAIRMAN (Mrs Holmes): I am very happy to accommodate that but I would just like to say that we have not done that at this current time and the member for Armadale had a question just now which related in two parts to 1449 and 1661? so I am going to be accommodating and the members be flexible so that they can ask their questions. I would like to ask a question myself on page 1448, under dot point 2, under Major Initiatives for 1999-2000. As I am the member for Southern River and the South West Metropolitan Railway master plan has very large implications for my seat, I wonder if I could ask the Minister to let me know - - under this major initiative that we are going to facilitate the implementation, could you tell me what the budgetary allocation for that facilitation of implementation is and what exactly are we going to be facilitating during the next year; page 1448?

Mr OMODEI: We are looking at South West. Madam Chair, the notes that I have, the Rockingham access options, the master plan presents three options for evaluation. A task force has been appointed under the Honourable Barbara Scott, conducted community consultation at Rockingham and a series of information evenings will commence in June, a report will be presented in parliament. The funding and the timing of the railway itself: Cabinet has endorsed the master plan and noted work was continuing by the Director General of Transport under the Treasury to identify the funding sources and the government signified its intention to complete the railway line by 2007 and to fund the project within the proceeds of asset sales. The railway precinct at Thornlie is a difficult site. It requires a full consultation with local government authorities and the community. That includes a resumption of some houses in the area. Consultation with local authorities is reaching a final point and the Western Australian Planning Commission has been approached with regard to the resumption of the housing requirements. The proposed changes between Victoria Park and Kenwick are potentially contentious. Currently the railway tracks between Kenwick and Perth are only 40 per cent utilised. The South West Metropolitan Rail will bring services and track utilisation to 100 per cent. This will involve the amalgamation of Victoria Park and Lathlain stations on the new site, closure of Welshpool station, construction of grade separated crossings of railway at Kent? Miller Road, Oates? Street, Welshpool Road and Gerard Street. Existing level crossings will be closed at Bishops Gates Street and Crawford Street and all other level crossings will remain including the Mint-Archer? Street. The Mint-Archer Street level crossing issue will remain contentious as there are some local groups requesting grade separation. The potential for public opposition to the iron ore freight issue can be linked with the passenger rail along Canning Vale. There is no connection between the issues. They are the notes that I have, Madam Chair. Do you want to add to that?

The CHAIRMAN: Just as a supplementary, have you any details of the actual Kenwick to Jandakot link? Not being rude to the member for Rockingham, we are talking about what is happening down in Rockingham but we have not yet got the railway from Kenwick down to Jandakot. If it does not get there, it is not going to go down to Rockingham. So I would like to know if there is any - -

Mr OMODEI: I have the quantum so far as the total project cost and I will ask Mr Harris to comment on the question.

The CHAIRMAN: Thank you, Mr Harris.

Mr HARRIS: In terms of 1999-2000, in our budget there is an amount of \$3m for railway work associated with the Kwinana freeway. Works in progress as far as Kenwick to Jandakot are concerned, there is another \$1m for that work, with significant works to be done in both of those places, as you well know. Project costs for those particular works are in the order of \$19.5m.

The CHAIRMAN: Thank you very much. Member for Rockingham.

Mr McGOWAN: Madam Chair, through the Minister, you just indicated that in total in this budget you are going to be spending \$4m on the railway project. Is that in total?

Mr HARRIS: That is correct.

Mr McGOWAN: There are no other funds apart from that in this project.

Mr HARRIS: There is some recurring funding for continuation of the master planning work and the consultation processes that are going on and some preliminary planning for implementation of the project but no major construction work other than that that I have identified.

[3.00 pm]

Mr McGOWAN: So in terms of a few thousand, maybe \$50 000 or \$100 000 in terms of planning plus the \$4m you have outlined, so slightly over \$4m?

Mr HARRIS: That is right.

Mr McGOWAN: I just want to ask a few questions in relation to that. First of all in the Premier's budget speech he said - and the Minister said it a moment ago - this project will be completed. I will see if I can find his budget speech but he indicated this project will be completed subject to the asset sales of the - - -

Mr OMODEI: The object to complete the railway line by 2007 and to fund the project with proceeds of asset sales.

Mr McGOWAN: The Premier said on page 4 of the budget speech that those asset sales would include Alinta Gas and Westrail. Is that correct that you would need to fund these projects by the sale of Alinta Gas and Westrail?

Mr OMODEI: The alternative would be to fund it either by borrowing or by revenue and the government has decided that the best option is to do it by the sale of assets unless you have got any other better ideas.

Mr McGOWAN: Can I just read it out to the Minister, page 4 of the Premier's budget speech -

The successful sale of Alinta Gas and Westrail would allow no increase in net debt and substantially fund the Perth to Mandurah railway.

So you are saying both those assets need to be sold before the railway is constructed?

Mr OMODEI: We have tied the railway project to the sale of Alinta Gas. That has been made very clear by the government right from the first announcement.

Mr McGOWAN: The Minister for Energy is not quite so clear.

Mr OMODEI: The other alternative is massive borrowings or shifting authorities from one budget to another.

Mr McGOWAN: Why was the Premier referring to the sale of Westrail as well?

Mr OMODEI: They were the two projects the government has indicated it is proceeding to sell.

Mr McGOWAN: Are you saying the Premier is incorrect when he says that we need to sell both of them?

Mr OMODEI: The Premier is never incorrect.

Mr McGOWAN: It is an important point. It is an important point for people living south of this city. Do we sell Alinta Gas and Westrail or just Alinta Gas?

Mr OMODEI: The intention is to sell both.

Mr McGOWAN: Is the railway contingent upon the sale of both?

Mr HARRIS: No, it is not contingent on the sale of both. You have got a series of revenues coming in and a series of expenditures going out. The fact of the matter is the government has on the books for sale two assets at this point in time. It has on the books for project delivery a major railway. The two facts. The sale of Alinta Gas will facilitate or Westrail or whatever else will facilitate the debt position of the state and make it easier to build a railway but it is an unreasonable proposition to directly tie the construction of the railway to one or other of the assets.

Mr McGOWAN: It is an unreasonable proposition to do that?

Mr HARRIS: The point of the Estimates is to go over the ...(Inaudible)...

Mr McGOWAN: As far as I knew the point of Estimates was to go over what the government is going to be spending its money on and what its intentions are in regards to its budget. Now I am asking a straightforward question I still have not got a straightforward answer on. The Premier said, "The successful sale of Alinta Gas and Westrail will allow no increase in net debt and substantially fund the Perth to Mandurah railway". Do we have to sell both of those things before we get a railway? It is a very straightforward question.

Mr OMODEI: I think I have already answered that. The sale of either would go part of the way to funding the railway line but of course the big ticket item will be Alinta Gas and the government has made it very clear that the funding of this railway their preferred option is to fund it through the sale of Alinta Gas.

Mr McGOWAN: In the case that neither of those asset sales takes place what is your intention on when the railway link would be built?

Mr OMODEI: The government then would be faced with a decision as to whether it funds that project through revenues or through borrowings.

Mr McGOWAN: When would the railway link to Rockingham and Mandurah be built?

Mr OMODEI: If by some unforeseen circumstance that those two assets are not sold then the government will be faced with that decision at that time.

Mr McGOWAN: I am just asking for a straight answer from the Minister. If the sale of Alinta Gas and/or Westrail do not take place and you said it is an unforeseeable event, I would put it in the realms of very foreseeable events that that would not happen, do you have a plan on when the link would be constructed and if so when would it arrive in Rockingham and when would it arrive in Mandurah? It is a very straightforward question.

Mr OMODEI: I have just asked for some advice from Mr Harris and he says the construction time for the railway line is seven and a half years so really it is a hypothetical question. If the funds are not available through asset sales then the government will be at a decision making point as to whether they borrow those funds or fund it out of revenue and if I could just add the most favourable arrangement would be to fund the railway line out of asset sales.

Mr McGOWAN: Just so I can clear up this point, in terms of the cost I want to just ask a series of questions. In terms of the cost of the railway link to Rockingham and Mandurah, excluding the tunnel proposal through Rockingham, what is the

total cost of the link to Rockingham and what is the total cost of the link to Mandurah and what is the net value that you will receive from Alinta Gas following the sale?

[3.07 pm]

Mr HARRIS: The total cost of the railway including rolling stock is of the order of \$1 billion of which something around \$650m is currently estimated for construction of tracking stations and associated infrastructure. The majority of that cost is from Perth to Rockingham. I would need to confirm my numbers but my recollection is the cost to get from Rockingham to Mandurah is of the order of \$100m.

Mr McGOWAN: Because it is a major part of your costings in terms of funding mechanisms what is the net estimated value? It should be a matter of public note.

Mr OMODEI: I do not think it is and it would be inappropriate to speculate about what we might receive from the sale of an asset. It is not common to do so.

Mr McGOWAN: There must be an estimated value. Cost of the value of Alinta Gas. You put a house on the market you know your estimated value. What is the estimated value of Alinta Gas?

Mr OMODEI: I suppose the same argument could be put against the sale of a pipeline.

Mr McGOWAN: But you must have - -

Mr MINSON: Ask the Minister, not this one. Wrong Minister.

Mr OMODEI: Madam Chair, it is very relevant - -

Mr MINSON: It is the wrong Minister.

SPEAKER: No. He is representing. It is a whole of government approach. You cannot wheel him up here as the Minister and then say you cannot ask him questions.

Mr MINSON: Point of order, Madam Chair. The point of order is this. It is no good asking the Minister representing the Minister for Transport questions to do with the Minister for Energy. I mean, we came here to ask some questions. You are wasting our time.

The CHAIRMAN: The point of order I can understand from the member for Greenough but I do believe that because the sale of the asset relates to the provision of this item in the budget, I can see there is a correlation between it but if the answer is not available at this current time maybe it might be able to be provided at a later stage through the Minister for Energy.

Mr OMODEI: Madam Chair, it is a matter that I should not be speculating on as the Acting Minister, let alone the Minister for Transport, but I would have thought it may affect the value of that asset if we were to speculate on its value. It is well known that it is worth many hundreds of millions of dollars. It certainly would go a long way to assisting in the construction of the railway line to Mandurah.

Ms MacTIERNAN: Can you tell us if there are any monies at all for construction that are placed on the forward estimates?

Mr HARRIS: For railway construction?

Ms MacTIERNAN: Yes.

Mr HARRIS: There are a number of projects on the forward estimates to do with construction of works associated with the railway, particularly to do with Kwinana Freeway.

Ms MacTIERNAN: Are there any monies on the forward estimates, which I understand are for the next 4 years. Is that correct? The forward estimates? Are there any monies at all for the actual construction of the rail link itself?

Mr HARRIS: At this point, no, other than the money that I have already referred to.

Ms MacTIERNAN: No money for the actual construction of the rail; only for associated works? So, if the sales do not proceed there is no provision currently for the funding of this rail?

Mr HARRIS: As the Minister has already said if the sales do not proceed then the Government will examine its position.

Ms MacTIERNAN: But no provision made to date.

Mr NICHOLLS: On the same issue, Minister, is the planning for the rail line to go down the freeway under way and when is it likely that a contract will go out for tender?

Mr OMODEI: I understand it is intended that the railway line go down the middle of the freeway and that planning is advanced and Mr Harris may be able to give you some more definitive time lines.

Mr HARRIS: It is true that the plan is to put the railway down the middle of the freeway from the current freight line to round about Anketell Road and that requires some adjustment to tenders which are in the province of Main Roads. They are dealing with that. Those tenders are yet to be let but are imminent as I understand it. There is a link between the two, quite clearly, but responsibility for the tenders is with Main Roads.

Mr McGOWAN: Minister, you said a moment ago the Government has no other plans as to how to fund this. What other plans have you investigated in terms of funding options apart from that? Have you done an assessment of land sales along the route or issues such as that; what those sorts of things would bring in?

Mr HARRIS: I do not know that it is quite correct to say that the Minister said Government had no other plans. In dialogue between myself and the Under Treasurer as to the options available for funding various parts of the railway the question of asset sales along the route is not one that we have actively considered, I would have to say. I suspect there is limited scope for that given the nature of the route.

Mr McGOWAN: Madam Chairman, I want to go back to page 1442. Minister, can I ask a simple question about major achievements 1999-1999, dot point two, development and implementation of a code of practice for the commercial drivers. The management of fatigue for commercial vehicle drivers; truck drivers. One of the problems we have had in the past with this has been the lack of co-operation between the states and the difficulty expressing oneself in drivers coming into Western Australia and going out of Western Australia and log books, for example, being different standards. The driver, for example, might come into Western Australia, drive for a very long period of time and satisfy log book criteria within the state, then go out of the state and then the other state's jurisdiction has not been aware of how many hours he has driven in Western Australia. Was the code of practice that is talked of here developed in co-operation with other state jurisdictions?

[3.15 pm]

Mr OMODEI: I will ask Alan to answer.

Mr HUBBARD: Chairman, the code of practice is quite distinct from the regime that applies in other states, apart from the Northern Territory, in that it is not a log book based scheme. The scheme is an attempt to not follow down the path of other states where log books are relied on as the principal means of governing driver fatigue. It is a much broader concept that we have adopted here, so it does not rely on enforcing a log book regime. We believe that that has not been effective in the other states.

The issues that are raised about facilitating drivers moving from one regime to another are real issues that we need to assist drivers with because, as the point was made, if you are moving from Western Australia into a regime with log books, one has to have a record in the log book before you move across the jurisdictional boundary.

The Western Australian regime is really quite distinctly different from the regimes in the other states and I think it is generally seen as to have a number of advantages over those regimes. For example, the Northern Territory which did not have a log book regime has now introduced a regime; a code of practice very much modelled on the Western Australian regime.

Mr OSBORNE: How then are these cross jurisdictional differences or interpolations coped with? How does one jurisdiction read what has happened in another one, given that we do not use log books?

Mr HUBBARD: It is essentially a matter for the drivers that are crossing the jurisdictional boundaries. A driver who is leaving Western Australia and moving through South Australia and Victoria where log books are required has to begin filling in that log book whilst he is still in Western Australia to provide that boundary. The onus lies on the driver but, as I said earlier, the important point in the Western Australian approach was not to go down the same path as the other states with a scheme which is generally regarded as not being very effective in managing driver fatigue.

The CHAIRMAN: Member for Mandurah, did you have a question relating to this issue?

Mr NICHOLLS: On page 1442, I have a question in respect to the third dot point, "Commenced implementation of the Graduated Driver Training System through the implementation of driver competency standards." Can you indicate whether or not this will involve driver training in schools from Year 9 or Year 10 and, if so, in what form will it take?

Mr OMODEI: Madam Chair, I think we partly covered it before you came in, member for Mandurah, but as far as training at school, some schools already have training schemes.

Madam Chair, can we come back to you on that with some supplementary information.

Mr HARRIS: I did make an offer earlier on to provide a briefing for the Chair on all matters to do with the graduated driver licence training scheme and I would be happy to have other members attend that briefing if that answers your question.

The CHAIRMAN: Thank you very much.

Mr NICHOLLS: Madam Chairman, in respect to community education targeting motor vehicle owners installing immobilisers, can you tell me whether or not the attitude of the department has changed given the recent publicity about a person who overrode immobilisers in less than 30 seconds on television recently?

Mr HARRIS: We have already covered that one too.

The CHAIRMAN: We have actually dealt with this.

Mr NICHOLLS: I will read Hansard if you have already mentioned it.

The last point on that page, my understanding is that the registration of payments for Department of Transport will become



more common from electronic transfer. Will this actually see a reduction in the number of licensing or traffic officers in regional areas or is this just seen as a more convenient access for people in regional and remote areas?

Mr OMODEI: There is no intention to reduce the number of personnel in regional areas as a consequence of this activity. In fact, what generally happens is a transfer of duty because there is still a recording process that has to go on and much of our staff time in regional areas is taken up with matters to do with the computer system and other things. This is a convenience issue for the public by broadening the ways in which they can deal with the Department of Transport either over the phone using their credit card, using the internet for internet payments or the post office or others. It is just a question of making it easier for people to do business with us.

The CHAIRMAN: Has anyone got any other questions on this particular issue?

[3.22 pm]

Mr MINSON: I have one more question on the road safety aspect. Could I seek your indulgence to go back to finish that? The question was really pretty simple. That was I am concerned that a group of road users that to me appear to be running pretty much riot and that is the people who ride motorbikes and they are statistically I understand the cause of a number of accidents that they do not actually get involved in, in other words they have left the scene by 100 metres before the result is seen, and that is a direct result of inappropriate speed and driving behaviour. They hit pedestrians with monotonous regularity and the reason for this I understand is the fact that there is no front number plate on a motorbike. They have a rear number plate and all the speed cameras and so on and all the lasers and all that sort of thing all concentrate on the front of the vehicle and not the back. So I ask the question are we doing anything about trying to get some sort of a numbering system and it should not be beyond the wit of 1999 science to come up with some sort of identification process that will show up on camera because I did refer earlier to inappropriate speed and I live on the Boulevard in Floreat and I reckon some of them are doing 150 kilometres an hour at times and it really is quite extraordinary. So I think it is something you need to address and I ask the question is it being addressed?

Mr HARRIS: The answer is yes it is being addressed. We have got a project team within the department working on that at the present time.

Mr NICHOLLS: I am interested in respect to the research that is undertaken that is used by the Road Safety Council and by Transport to make conclusions about what is safe and what is not safe. Can you indicate to me the basis of the research that is used for fatigue, for speeding and for the other, if you like, negligent driving, the other causes of road trauma? Who collects that data and what is the source of that data? Is it from police or is it from other source?

Mr OMODEI: I will ask Mr Harris to assist me in responding but I think it is important to remember that the Road Safety Council actually advises the ministerial committee and the government finally makes the decision so I think it is not fair to shoot any accusation or argument back to the Road Safety Council. They are the ...(Inaudible)... purpose, they consult with the community and come up with recommendations. In the end the government makes the decision but Mr Harris will respond. We have had similar questions along these lines in relation to speed from the member for Greenough but in relation to fatigue I do not think we have covered those.

Mr HARRIS: The Office of Road Safety attempts to collect research information from as wide a spectrum as is possible so that they have always got up-to-date information. I cannot off the top of my head give you a list of sources and publications but I am happy to provide an itemised list of sources of data that they use.

Mr NICHOLLS: Minister, I asked the question and I appreciate your comment although it would seem to me that the Road Safety Council is not backward in coming forward and making public statements about what should or should not be happening and definitely trying to set the agenda for government and hence the reason for my question. I would like to know whether or not we have undertaken any research specific in Western Australia and Western Australian driving conditions and the competency of Western Australian drivers in respect to these issues and road trauma?

Mr OMODEI: Madam Chair, I will give an undertaking to get that information.

The CHAIRMAN: Supplementary information to be provided.

Ms MacTIERNAN: A question from 1443 and it is to do with the heavy haulage driver licensing and indeed the graduated driver training licensing system. *Hansard* has recorded that as early as 1994 the former Minister for Transport had made a undertaking to introduce a new driver's licensing system for heavy haulage vehicles in the wake of the Greenmount Hill tragedy. Now I note also that by 1997, three years later, the Minister had signed a national agreement to introduce the national heavy vehicle licensing laws but that WA is the only state still not to have complied with that agreement. We note that in last year's budget papers Department of Transport lists as one of its major initiatives for that year its intention to implement the national vehicle drivers licence scheme and heavy vehicle registration module. Now can you tell us given that the Minister has signed off on a national agreement in 1997 and given last year you told us that in fact this was going to be the big achievement for the 98/99 year why it is that we still have not seen any action on this and can you tell us exactly what steps were put in place since 1997, once the agreement was signed, to actually give effect to this new drivers licensing system.

Mr HUBBARD: Madam Chair, the national drivers licensing scheme consists of a number of modules. Basically there is a change in classes. There will be compulsory photographs and signatures required for heavy vehicle licences. There will

be enforcement of a one driver/one licence principle. There is new experience criteria to move through different classes of licence for different classes of vehicles. You will need to have experience in other classes and so on. Now the government is committed to the introduction of this scheme. A lot of work has been done to work out in particular how the current drivers will be transferred from their current drivers licence classifications to the new classifications in the national scheme which are different and there has been fairly extensive industry consultation within the road transport industry as to how that will work. So the ground work has been done. The fundamental requirement now is for a legislation change to put the scheme into place and the fact that it is not in place at the moment is essentially due to the need to get necessary legislation passed through the Parliament.

[3.30 pm]

Ms MacTIERNAN: This sort of consultation work has been taking place since 1994. The agreement was signed off in 1997. Why was the legislation not put in place as it was? In fact, in other places around Australia it was actually put in in 1997. Why did we not see any legislation on this important road safety initiative come up in 1998? I mean, given that it has been planned for 4 years, in 1998 why did we see no action?

Mr OMODEI: Madam Chair, I am sure there is a very good reason for that and I will raise that with the Minister and I will certainly provide that advice through supplementary information.

The CHAIRMAN: Supplementary information will be provided.

Ms MacTIERNAN: I understand that the national drivers' licence reforms are actually linked to national competition policy payments to the States and that these will be adversely affected if these reforms are not implemented. Now, I would like the following information. Can you detail the degree to which these payments to the States are linked to the implementation of the national drivers' licence reform? Can you quantify the amount of money that is involved and has any of this money yet been taken from Western Australia as a result of their failure to implement the driver licence reforms?

Mr OMODEI: I have to say, "No", to the last one but I will ask Mr Hubbard to respond.

Mr HUBBARD: The linkage with national competition policy payments is a linkage to the implementation of the agreed package of national road transport reforms. So, it is linked to a whole suite of measures to be introduced over an extended period of time as part of national road transport reform. Taking the third question now, to date there has been no loss of payments to Western Australia due to the linkage between competition policy payments and national road transport reform. In other words, the State's progress to date has met the assessments and has not resulted in any loss of payments.

The assessment process is quite complicated. It involves, firstly, defining what the agreed program of national road transport reforms are, and that is somewhat of a moving feast because ministers periodically meet and review what is a feasible program of implementation. Secondly, there are other parties involved in that assessment. The National Competition Council, for example, has a role in judging whether or not there has been satisfactory progress in implementing the national competition policy reforms.

The question as to the amount of money that swings on this assessment I cannot answer off the top of my head but we could provide that as supplementary information.

Ms MacTIERNAN: In September of last year, I think, the Department of Transport was handing out cards which it had printed of the new drivers licensing system and the advice that was being given to people at the time that you were distributing these cards is that this was going to come into play very soon. I understand those cards have now been withdrawn. Is that correct?

Mr HUBBARD: I am not aware of the cards that are being referred to. As I said, there was public consultation to explain how a person with a current category of licence what their options would be or how they would be migrated to the new classification. So, there has been information used with public consultation to explain to people how they were moved from one category to the new national category but I am not aware of any particular cards.

The CHAIRMAN: The question before that was asked by the member of Armadale, there was an undertaking for supplementary information.

Mr OMODEI: Yes, Madam Chair.

The CHAIRMAN: Would you just confirm what that supplementary information was, please?

Mr HUBBARD: The supplementary information that was offered is what is the amount of payments to the state of competition policy payments that are linked to effective implementation of a national road transport reform.

The CHAIRMAN: Thank you. The Minister confirms that that supplementary information will be provided.

Ms MacTIERNAN: I understand that there are various driving schools that are opposed and have been lobbying the department and the Minister to delay the introduction of this new licensing system.

Mr HARRIS: I am not aware.

Ms MacTIERNAN: You are not aware?

Mr HARRIS: It does not surprise me but I am not aware of particular examples.

Ms MacTIERNAN: So, the department is not aware of representations that have been made by various driving schools seeking a deferment and a delay?

Mr HARRIS: I personally have had no representations made to me.

Ms MacTIERNAN: Are you aware of whether or not the Minister has had representations made?

Mr HARRIS: I am not aware.

Ms MacTIERNAN: Can you now tell us, after five years, firstly, has the consultation phase of this program finished and, secondly, what timetable are you now setting for the implementation of these reforms?

Mr OMODEI: Madam Chair, I am advised that it would depend on the timing of the legislation.

Ms MacTIERNAN: Look, when are you proposing then to introduce the legislation? I mean, it is in your hands.

Mr OMODEI: I will advise you accordingly as soon as I speak to the Minister.

The CHAIRMAN: So, you will provide that as supplementary information?

Ms MacTIERNAN: Just let me get this right because the department must have some idea. You have listed it here as one of your major initiatives for 1999-2000. On what basis did you list that as one of your initiatives? Did you have any understanding that that would be introduced into Parliament. Were undertakings made to you?

[3.37 pm]

Mr HARRIS: Certainly. The minister has a view of progressing this issue.

The CHAIRMAN: Where we implement National Road Transport Commission's recommendations for vehicle driver licensing schemes across the whole of Australia, when you go to get a licence for something you normally have to meet a criteria so it does go back, in a way, to what I said before. Are we going to have uniform driving training and uniform driving laws throughout the whole of Australia, otherwise how would you get the national licence?

Ms MacTIERNAN: They have got them everywhere else except here. That is the reality.

Mr OMODEI: I will ask Mr Harris to respond.

Mr HARRIS: I am not really sure we know.

Mr OMODEI: Madam Chair, I will take that on notice.

The CHAIRMAN: Thank you. Members, I would just to say that it is now 20 to four and afternoon tea is available in the Cabinet dining room if members wish to go there to have a cup of tea. I am very happy that we can continue the committee or if the members wish, we could adjourn for 10 minutes and come back into the committee. I will go along with the wishes of the committee.

Mr OSBORNE: I think you should leave the Chair, Madam Chair.

Ms MacTIERNAN: Madam Chair, I certainly have quite a lot more questions in this division so I would be concerned if -

The CHAIRMAN: Can the members indicate to me by the show of hands if they would like to adjourn or not? We will reconvene in 10 minutes.

*Sitting suspended from 3.39 to 3.53 pm*

The CHAIRMAN: The time is up for the 10 minutes and we have got a quorum so I intend to recommence the committee and in doing so I would like to remind members that we have had our two hours on one division. We have one other division to go. I just want members to be mindful of that. I am open to questions. The member for Armadale. What page are we on please?

Ms MacTIERNAN: Page 1456. I note that the increase in estimated actual expenditure of the subsidy to the private bus operators has gone up from \$101m to \$115m. Can you explain the almost 15 per cent increase in the cost of providing the services? Can you confirm whether this increase is in addition to the fare increases and have you actually calculated the increased revenue that is expected from the increase in the bus fares?

Mr OMODEI: Mr Harris can answer that question, Madam Chair.

Mr HARRIS: The answer is essentially to do with the introduction of new services, particularly the circle route, and a range of new route services introduced as part of a reorganisation of the bus routes has been progressively happening over the last three to four months. There has been some adjustment to base funding but largely new services, as I said, in the circle route, new services in Ballajura, System 21 services Fremantle to Rockingham and new services in Cockburn.

Ms MacTIERNAN: It is very difficult in these budget papers to actually compare one year with the other in that regard because the figures you show show an actual fall in the metropolitan service passenger place kilometres, going down from

5.4b to 5.31b. Then you note that you cannot really compare these two because the unit of measurement has changed. Can you provide us with some data which is actually comparable? You talk about new routes and I know there have been some new routes but I also know that there have been routes that have been withdrawn. What we need to know is what is the net difference in the passenger service kilometre - -

Mr HARRIS: That is true. We have changed the method of calculation. It is now based on revenue per kilometres rather than total route kilometres. It is difficult to do a direct comparison, however the average cost per passenger place kilometre on the basis of last year's method of calculation was of the order of \$40. If you did that same calculation this year that number would have gone down to around about \$37.

Ms MacTIERNAN: Can you say that again?

Mr HARRIS: If we recalculated the 1999-2000 figure on the same basis as the 98-99 number was calculated then the average cost per passenger place kilometres would have gone down this year compared to last year.

Ms MacTIERNAN: On your assessment last year you had estimated that that would be \$34 a kilometre. Using that same assessment that you used last year, what is the expected cost for this year?

Mr HARRIS: Thirty-four, a figure I do not have information about.

Ms MacTIERNAN: That is in the estimates that you gave last year.

Mr HARRIS: Yes, but we are actually looking on actuals now, coming off this year's budget papers, not last year's budget papers, when I quote comparative numbers. You have gone back to last year's budget papers to derive your \$34 number.

Ms MacTIERNAN: So are you saying you got that massively wrong, it was in fact \$40? It was \$40, was it?

Mr HARRIS: If we recalculated the number in 1999-2000 on the same basis as the 98-99 number then the average cost per passenger place kilometre will go down.

Ms MacTIERNAN: To 37?

Mr HARRIS: Of that order.

Ms MacTIERNAN: No, no, but you actually said at the beginning of the year it would only be 34.

Mr HARRIS: That is what you are telling me. Yes.

Ms MacTIERNAN: So you do not actually monitor what you do from one budget year to the next?

Mr HARRIS: Yes, we do, but there is a difference between an estimate and an actual.

Ms MacTIERNAN: Yes. Can you tell us then why there was a big difference then between your estimate and your actual?

Mr HARRIS: I do not have that information readily available but we could provide that information, assuming the Minister is happy to do so.

The CHAIRMAN: Is there a request for supplementary information?

Ms MacTIERNAN: Yes, if you could explain why it was that at the beginning of last year you estimated the kilometre - -

Mr HARRIS: One factor behind that is the fact that the estimate last year was based on the net cost of providing the services, so it discounted for the revenue taking within the network. The numbers this year, the numbers that I have quoted you, the 40 and 37, are based on a total cost of providing the service, so it includes revenue.

Ms MacTIERNAN: Where does your 45 come in then?

Mr HARRIS: Forty-five is on the basis of the changed method of calculation across revenue earning kilometres as opposed to total kilometres in the network. That is a smaller number. Therefore the cost goes up.

Ms MacTIERNAN: Yes. Can I ask if we can get a series of comparisons on these important indicators from last year to the expected this year because what we have clearly is a whole range of figures that all claim to be based on - -

Mr OMODEI: Madam Chair, I am prepared to provide those figures as supplementary information.

The CHAIRMAN: Supplementary information will be provided to the member for Armadale. Member for Armadale.

Ms MacTIERNAN: Would that supplementary information also include for us an equivalent of the number of passenger kilometres provided last year and the number projected to be provided this year?

[4.01 pm]

Mr HARRIS: We will provide the information on the basis of last year's method of calculation and this year's method of calculation so you will see it in both forms.

Ms MacTIERNAN: Thank you. The issue I raised before about the fair increases, with this extra \$14m that is going to the private bus operator, is that in addition to the increase in the fares? I mean, I understand that the private operators retain the fare box. Is that correct?

Mr HARRIS: Yes. That is correct.

Ms MacTIERNAN: Have you got any calculations of the projected increase in revenue for fares for this year over last year?

Mr HARRIS: Yes, we have but I do not have it with me I do not believe. We can provide that information.

Ms MacTIERNAN: So the increased fares will go to the private operator, so the private operators will be getting the extra \$14m in subsidy plus the increase in the bus fare?

Mr HARRIS: Well, we are talking about extra costs for additional routes, yes.

Ms MacTIERNAN: Well, some of it is additional routes and some of it is an increase in base costs. Do you know what proportion is an increase in base costs?

Mr HARRIS: About 50/50.

Ms MacTIERNAN: So 50 per cent of it is an increase in base costs. What does that arise out of? On what basis has the base costs been increased to the private operator?

Mr HARRIS: A myriad of items that are provided for in the contract for cost adjustment as is normal in contracts. There are a number of ways in which costs are adjusted.

Ms MacTIERNAN: I note that the Auditor General when he commented on these contracts and noted that they were effective low cost plus contracts did indicate that there was going to be a problem in managing costs, it would depend very much on the negotiating skills of the Department of Transport to keep the costs down in the annual negotiations.

Mr HARRIS: That is a fair observation.

Ms MacTIERNAN: We see approximately an extra \$7m at least has gone into just the base costs.

Mr OSBORNE: Minister, can I go to page 1446 major initiatives 1999/2000. The department will facilitate the sale of Westrail Freight Business. One of the benefits to my electorate from the sale of Westrail Freight Business will be an accelerated upgrade of the Australind train service. I am on the first dot point, the point which relates to the facilitation of the sale of Westrail Freight Business, page 1446. Minister, the department has a program to revise the timetable of the Australind, to upgrade the track and safety equipment, to purchase new carriages and to relocate the Wollaston passenger rail terminal and I expect this information will need to be provided by way of supplementary information, can you give me a breakdown of what years those four components will happen with the sale of Westrail country freight and without the sale of Westrail country freight?

Ms MacTIERNAN: Where is the business about the - -

Mr OSBORNE: I am seeking further information about the - -

Mr OMODEI: Madam Chair, it really is a Westrail issue and it is predicated on the sale of Westrail and we have already said that until that occurs we do not know. We can give you the information that is available on supplementary but it is not part of this.

Mr OSBORNE: It is not. Okay.

Mr OMODEI: I am being advised that we cannot really give you that information because it is presupposing. It is really a hypothetical question that if the sale takes place or if it does not take place, we really do not know.

Mr OSBORNE: Well, if the sale does not take place my understanding is that the department does have in hand plans to do those four projects that I mentioned. That is to revise the timetable, to purchase new carriages, to relocate the rail station for Westrail.

Mr OMODEI: Again, those would be Westrail.

Ms MacTIERNAN: I just seek clarification because there is a whole range of questions, so no doubt you will support me in public accounts when I want to bring Westrail in.

Mr OSBORNE: My mistake. I understand now that it is the department's role to facilitate the sale but if I want to get details on the sale then I need to talk to Westrail.

Mr NICHOLLS: I would like to ask on the same page 1446, third dot point, bus acquisition program. Can I just ask, Minister, is there any plan in place to acquire double decker buses as part of this acquisition of 129 buses? I am talking specifically in reference to the 107 express service from Mandurah to Perth which is currently uses double decker buses because of the number of people wanting to use that service and the inability of the single level coaches to be able to accommodate those numbers. My understanding is that to address the growing number or the continual growth in passenger numbers that double deckers are the best option. However, what I would like to know is whether or not there are any double deckers included in the 129 buses that are being acquired as part of this program?

[4.08 pm]

Mr OMODEI: Madam Chair, I will ask Mr Harris to answer that question.

Mr HARRIS: The short answer is, is it part of the 129, no. 129 is the first block off the replacement program. My understanding is that there are no double decker buses in the contract at this point in time but I will check that for you.

Mr NICHOLLS: Can I then ask whether or not there has been any consideration given to date as to acquiring double deckers as was done originally to allow that service to carry the number of passengers that are wanting that service? I understand they were sourced from inside Australia and put on that run. From memory, I believe they were sourced from the eastern states. Can you tell me whether or not there are any plans or provisions for a double decker to be sourced until such time as it can be provided for within that contract?

Mr HARRIS: I would need to provide you with that information. I just need to check our replacement programs before I answer that question.

Mr OMODEI: Madam Chair, we will provide that information on supplementary.

Ms MacTIERNAN: Can you tell me how many buses had been purchased under this program in the 98/99 financial year?

Mr HARRIS: I cannot tell you off the top of my head precisely how many buses we will take delivery of this year, although I can find out that number.

Ms MacTIERNAN: It is May now. How many have you bought so far?

Mr HARRIS: As I say, I cannot tell you off the top of my head how many we have taken delivery of. There are anything up to 15 or 20 chassis in the factory as I understand it. There are at least four of those that I know of that have come off the production line but I would need to check precisely how many we have taken delivery of as of today and how many we intend to take delivery of as at the end of June.

Ms MacTIERNAN: Given that this is an important initiative, why is it that you would not have information like that?

Mr HARRIS: We do. I do not have it in front of my mind at this particular point in time.

Ms MacTIERNAN: What sort of information did you bring to estimates? What sorts of things have you actually got answers on?

Mr NICHOLLS: Point of order, Madam Chairman. I think we are here to ask questions.

Ms MacTIERNAN: It makes a bit of a mockery on a basis question.

Mr NICHOLLS: I guess that is true but to ask a question about what information has been brought, can I suggest that you have made your point and it is really a matter of whether or not that information can be provided.

Mr OMODEI: The information that I have, Madam Chair, is that the intention is to initially allocate 28 buses to the circle route. This is a high usage service, operating production of four service providers. By July 1999 low floor accessible buses will be in use on the circle route. After that time new buses will gradually be introduced. By the end of 1999 there will be approximately 80 new buses in the Transperth system but it still does not answer your question.

Ms MacTIERNAN: No, it does not. The difficulty we have got is like all the other things in this portfolio; it just constantly moves.

The CHAIRMAN: Member for Armadale, which part are you referring to?

Ms MacTIERNAN: I am on 1458, attempting to make some sense of what is going on with this bus acquisition program. For six years we have not had a single bus bought. At the beginning of last financial year we were told there would be 133 buses bought in the 1998/99 financial year. The best guess we have got to date is four.

Mr OMODEI: Actually, it says 80.

Ms MacTIERNAN: No, four that have actually been bought. I am not talking about what we are going to do.

Mr OMODEI: Madam Chair, can I ask Mr Harris to answer that question.

Mr HARRIS: It is certainly true that there will not be 133, if that is the number that the member quoted, buses acquired during 98/99. There are two reasons for my hesitancy in specifying a number that will be taken delivery of by the end of June. In a start up factory phase we were unsure as to when delivery would commence and we were unsure as to when full production would be achieved. I understand the factory is now in full production.

The second point is there is a distinct difference between turning a full bus off the factory floor and us agreeing to acquire the bus and take possession of that bus. It may well be that there are 15 or 20 buses on the factory floor. That is not to say that we will take delivery of 15 or 20 buses. We will take delivery of those buses as and when they meet our requirements and not simply because they have been produced. I am hesitant to quote a number because I do not know the number. I have undertaken to find out two things; firstly, how many we have taken delivery of as of today and, secondly, how many we expect to take delivery of as at the end of June now that the factory is in reliable production, and until it gets to a point of reliable production, it would be unreasonable of me to actually quote a number.

Ms MacTIERNAN: So you are aware of around four buses that have actually been delivered to date?

Mr HARRIS: I have seen four.

Ms MacTIERNAN: I note at the beginning of last year that there was an estimation that you would spend \$40 million but this year the estimate for this current financial year has actually gone back to \$10.5 million.

Mr HARRIS: Because we have not taken delivery of buses.

Ms MacTIERNAN: It would be fair to say then that the bus acquisition program is considerably behind what was projected at the beginning of the financial year?

Mr HARRIS: That is clearly the case - - -

[4.15 pm]

Ms MacTIERNAN: - - - so initially we had the bus acquisition program as originally announced at the beginning of last year had 133 buses for this year plus an added 60 buses each year thereafter.

Mr HARRIS: That is right.

Ms MacTIERNAN: Which would have meant on that basis by the end of the financial year 2000 we would have had 193 buses. I gather that that is no longer being proposed that we have 193 buses?

Mr HARRIS: Well, we are proposing to catch up over time certainly. The capacity of the factory is such that they can turn out more than 60 buses a year. The current projection for next year is 130 buses, from memory, which is significantly in excess of the 60 that you have referred to. So there will be a catch up process involved. So we will have 130 plus whatever number we will take delivery of between now and the end of June.

Ms MacTIERNAN: So you are hopeful that it will go better than it has in the first year where you have got four out of 133?

Mr HARRIS: Yes.

Ms MacTIERNAN: How will the purchase of these buses be funded? How will you be funding the 129?

Mr HARRIS: The current proposal is using borrowings.

Ms MacTIERNAN: Is that through the Treasury corp?

Mr HARRIS: Yes.

Ms MacTIERNAN: What level of borrowings then is projected for this year?

Mr HARRIS: Of the order of \$50m.

Ms MacTIERNAN: Has the contract for the purchase of these buses been signed yet?

Mr HARRIS: It is with Mercedes for ratification.

Ms MacTIERNAN: Can I just put that sort of more simply? Do we have a contract that has been signed by Daimler Chrysler and by the Minister? Have we actually got a signed contract yet?

Mr HARRIS: No.

Ms MacTIERNAN: We have not got a signed contract but we have actually bought buses to date?

Mr HARRIS: We have taken delivery of buses, yes.

Ms MacTIERNAN: Not under a contract, under an understanding?

Mr HARRIS: We have a scheme or arrangement with Daimler Chrysler to provide for the delivery of buses. We have a number of contractual discussions that have been going on over a series of months. We have completed those discussions from our point of view and given the company a document which we would be prepared to sign. We are waiting for their response.

Ms MacTIERNAN: The announcement of Daimler Chrysler as the successful tenderer was made in April 1998, 13 months ago. When questions were asked in June 98 and again in August 98 and again in September 98 as to the signing of the contract we were told it was imminent. What has actually been the cause of the delay that it has actually taken a year and a month after the announcement of Daimler as the successful tenderer? What is the problem?

Mr HARRIS: It is simply a case of a complicated contract that requires significant amount of work to ensure that both parties are protected in the contract and that has been going on. Both parties are intent upon achieving a contract that is not only fair to both parties but is administrable over a 12 year period. We are talking about a very long term bus acquisition program here which requires considerable amount of work to ensure that the contract is up to that time frame.

Ms MacTIERNAN: What details of this contract are you proposing to make public?

Mr HARRIS: So long as we are protecting the commercial and confidence aspects of the company's arrangements I should imagine that the Minister would be prepared to table significant amounts of the contractual arrangements.

Ms MacTIERNAN: Could I perhaps ask the Minister has there been any discussion as to what details the public will be allowed to know of this contract that is entered into?

Mr OMODEI: I would have to ask the Minister.

Ms MacTIERNAN: Could I ask if that could be provided by way of supplementary information? What sort of information would be provided.

Mr OMODEI: Madam Chair, can we take that question on notice?

The CHAIRMAN: The question will be taken on notice.

Ms MacTIERNAN: Of the four buses that have been delivered to date - -

Mr HARRIS: I would prefer if you did not quote the four because I said I have seen four but I cannot guarantee that we have taken delivery of four.

Ms MacTIERNAN: I can tell you I have had four quoted from other sources so you are probably right on that one.

Mr HARRIS: They are not here being recorded by *Hansard*.

Ms MacTIERNAN: Do you know how many of these are gas buses?

Mr HARRIS: None.

Ms MacTIERNAN: None. Okay. When do you expect that we will have delivery of a gas bus?

Mr HARRIS: I cannot give you a definitive date. We are in discussion with Daimler Chrysler at the moment on the timing of that. It is our intention to bring gas buses into the program though.

Ms MacTIERNAN: Have you any idea of what sort of time frame we might be looking at?

Mr HARRIS: No, not at the moment.

Ms MacTIERNAN: How will we then run this comparison? I mean, apparently the expert reference group said it was important that we run a comparison between the gas buses and the diesel buses so that we can make a determination for future orders, whether or not to go gas or diesel. Now if you do not have any gas buses how are you going to be able to do that comparison?

Mr HARRIS: Well, we will have gas buses.

Ms MacTIERNAN: You do not know if they will be in this first lot?

Mr HARRIS: I cannot tell you that at this point in time, no, and they may well be a separate delivery lot to the ones that are coming off the production line. That is a matter we are still discussing with Daimler Chrysler.

Ms MacTIERNAN: So we will be some time off even starting the comparative study of the diesel and the gas buses?

Mr HARRIS: We already have gas buses in the system.

Ms MacTIERNAN: Not especially designed gas buses.

Mr HARRIS: No, that is true and it is our intention to bring special design gas buses into the network at the most expedient time so that we can undertake those detailed comparisons.

Ms MacTIERNAN: I do appreciate that but I think we have a right to know when that time frame is because given the public concern about the very questionable decision to purchase diesel and the fact that the government made an undertaking to do a comparison - -

Mr HARRIS: We are committed to doing that comparison.

Ms MacTIERNAN: You cannot say if that will be done in the next financial year?

Mr HARRIS: At this point in time I cannot say that, no.

[4.23 pm]

[Mr B. Bloffwitch, Chairman.]

Ms MacTIERNAN: Have you got in place the number of buses that we have bought to date, can you give us some idea of whether or not you have installed the provision for the low sulphur diesel?

Mr HARRIS: They will all run on low sulphur diesel. Their entire fleet will run on low sulphur diesel.

Ms MacTIERNAN: Can I just say that I am not interested in what will happen; I am interested in what is happening. With regard to what will happen, we hear many great promises. I am interested in what is happening. In relation to those buses for which delivery has already been taken, what provision has been put in place to provide storage, for example, for the low sulphur diesel?



Mr HARRIS: We are converting all of our fleet to low sulphur diesel. All of our buses will run on low sulphur diesel.

Ms MacTIERNAN: I am asking what has happened to date? What is now happening? Are the new buses running on low sulphur diesel?

Mr HARRIS: Yes.

Ms MacTIERNAN: They are? So, you have installed storage tanks for the low sulphur diesel?

Mr HARRIS: It is not a question of installing new storage tanks. We can use the existing storage tanks. It is a question of running out the existing stocks of diesel and replacing them with low sulphur stocks as they come on stream.

Ms MacTIERNAN: Have any of the outlets currently got low sulphur diesel in them?

Mr OMODEI: Mr Chairman, the notes that I have got say that on 9 March 1999, as a result of the expert reference group recommendations, diesel fuel with a sulphur content of 0.05 per cent, 500 parts per million, was introduced into the Transperth bus fleet.

Ms MacTIERNAN: What I want is confirmation that that has actually begun.

Mr HARRIS: It has begun. The reason for my hesitancy is that I cannot tell you whether every single bus in the fleet and every single storage tank - -

Ms MacTIERNAN: No. I want to know if it has begun?

Mr HARRIS: The conversion has begun. So, run down of the old fuel and the introduction of the new fuel began in March.

Ms MacTIERNAN: Can I ask that we provide by way of supplementary information a timetable for when that is begun and when it will be completed?

Mr OMODEI: Mr Chairman, I am prepared to provide that supplementary information.

The CHAIRMAN: Thank you.

Mr NICHOLLS: In respect to page 1459, the Park-N-Ride facility of \$2.2m in Mandurah, can you indicate whether or not that work will be completed this year and, if it has been completed, whether or not there is any further upgrades planned?

Mr HARRIS: Given that there is no expenditure in 1999-2000 then it would presumably have been completed.

Mr NICHOLLS: Even though there is no funds for the next financial year, can you confirm whether or not there is any work that is likely to continue into the next financial year?

Mr OMODEI: Mr Chairman, we will provide that by way of supplementary information.

Mr NICHOLLS: With regard to page 1460, the northern suburbs rail link, can you give me information in respect to the actual cost of running the northern suburbs rail link and/or the subsidisation; how much we receive in fare revenue and what sort of subsidisation or loss that service incurs annually?

Mr HARRIS: I would need to check as to whether the ticketing system actually breaks down revenue by rail line. I know what the numbers are across the whole of the network but that is not your specific question.

Mr NICHOLLS: Can I then delete the part about the revenue. What I am interested in is how much does it cost the taxpayers to run the northern suburbs rail link and, effectively, what is the subsidisation? I mean, not only for the cost of running the rolling stock but also the interest paid on the line and so on.

Mr HARRIS: The detail of that information is held within Westrail's books, not within my books. What I pay Westrail is something of the order of \$46-\$47m to provide further passenger rail services. Again, I would need to go back and talk with my people to find out how far down into the system I can go to actually answer your specific question. I would prefer not to deal with that by way of supplementary information because I am not certain I can provide it within 14 days.

The CHAIRMAN: I can put that on notice.

Mr OSBORNE: On page 1448, major initiatives for 1999-2000, the third dot point from the bottom, mentions the private sector development of a multi function port at Naval Based/Kwinana. Can you tell me what stage the government is in negotiating with the preferred tenderers, the construction of this port. What is the government's general intention that there should be a dedicated live sheep export facility at this port? Can you confirm that such a facility is included in the concept?

[4.31 pm]

Mr OMODEI: Mr Chairman, if I could read from my notes, the port at Kwinana private multi-function - - the expressions of interest and request for proposal process has been completed and James Point? Pty Ltd have been awarded preferred tender status. James Point Pty Ltd is a local company established to pursue the new port project. Its shareholders are Western Stevedores 1997, Sunseekers Pty Ltd, Sea Structures? Pty Ltd and the Italia Limestone Co. James Point Pty Ltd will need to obtain all the necessary approvals, including environment approval, for each stage of the port development. The government is currently negotiating heads of agreement and draft contract details with James Point Pty Ltd to ensure

state interests are met at all stages of the project development and operation. James Point Pty Ltd will fund the development of the port facilities by equity raising and borrowings from the private sector only. Navigation channels, together with road and rail access, water supply and power already exist to the proposed port site. Government expenditure on infrastructure will therefore be limited to improvements to road and rail arrangements which will enhance access to the new facilities and enable industrial development of adjacent land parcels. Improvements to the road and rail connections if required will be the subject of detailed negotiation with the preferred tenderer. Consultant's estimates for infrastructure improvements associated with the 50m stage 1 of the private port are approximately \$3m for road improvements and \$2m for rail improvements. The improvements to the road and rail system for long term port development have been estimated at \$9m for road and bridgeworks, \$6m for rail and bridgeworks, \$1m associated works and \$5.8m for land. At this stage these estimates have not been broken down between those required for full operation for industrial land development. These estimates are including the Treasury forward estimates commencing 2000-2001 as the access improvements works are not expected to be required until the first stage of the new facilities is in operation.

Mr OSBORNE: My second question is still unanswered. Can I ask one matter that comes from the information you have just given us? You are currently negotiating a heads of agreement with the preferred tenderer. Can you give an idea of how long those negotiations will take?

Mr OMODEI: Mr Chairman, I am prepared to provide that information by way of supplementary information.

Mr OSBORNE: Mr Chairman, the second part of my original question was is there provision for a dedicated live sheep export facility in the proposed - -

Mr OMODEI: Can Mr Harris respond to that?

The CHAIRMAN: Yes, Mr Harris.

Mr HARRIS: In essence the activity that would occur at that point is a matter for the proponents. There is no arrangement whereby we could, or would wish to, dictate what sorts of facilities might go to that port. The other aspect of that is that whatever clearances, environmental or otherwise, are necessary for that activity is a matter for the proponents, first, to determine and, second, to take through the approval process.

Mr OSBORNE: You said that part of the negotiations will be to ensure that the government's requirements are satisfied and it is my understanding that the government or the Minister for Primary Industry has a report several years old now on the export of live sheep from Western Australia which indicated that it was the industry's intention that live sheep exports be concentrated out of a Cockburn facility and, as far as the company goes, from Geraldton and Albany. So is this not an instance of the government's requirements perhaps, that the government would seek to see it satisfied as a result of these negotiations with the preferred tenderer?

Mr OMODEI: Mr Chairman, Mr Harris.

Mr HARRIS: It is certainly true that the most desirable outcome would be that live exports, sheep or cattle for that matter, were moved to that part of the coastline rather than Fremantle or other places.

Mr OSBORNE: It appears that I am not going to get anyone to say that this is a requirement the government seeks to have satisfied by the preferred tenderer.

Mr OMODEI: Mr Chairman, we are prepared to give the information by way of supplementary information.

Mr THOMAS: Minister, the statement you read out in relation to the James Point proposal, did I understand you to say that there is no provision for that in the budget for government capital works associated with that project?

Mr OMODEI: What I said was that these estimates are included in the Treasury forward estimates commencing 2000-2001 as the access improvement works are not expected to be required until the first stage of the new facilities is in operation.

Mr THOMAS: In fact planning approval has not yet been obtained.

Mr OMODEI: I think earlier on I said that it needed all government approvals.

Mr THOMAS: Referring to that, is it the department's understanding that they will require an amendment to the Metropolitan Region Scheme to implement that proposal?

Mr OMODEI: Mr Chairman, I asked Mr Harris. He suggested I re-read the second point which says "James Point Pty Ltd will need to obtain all necessary approvals, including environment approval, for each stage of the port development".

Ms MacTIERNAN: But what are the necessary approvals? Have you had advice of what MRS require?

Mr OMODEI: He asked specifically about an MRS - -

[4.38pm]

Mr THOMAS: The question I asked is, is it the department's understanding that it will be necessary for the Metropolitan Region Scheme to be amended for that project to be implemented? Now if you put it out to tender and asked people to tender presumably you have got some sort of idea. The department should have some sort of idea as to whether or not an MRS amendment is required for it to be - -

Mr HARRIS: It is certainly a potential outcome.

Mr THOMAS: Say that again.

Mr HARRIS: It is a potential outcome.

Mr THOMAS: It is a potential outcome that they will need to get an MRS amendment?

Mr HARRIS: Well, until the proponents have actually flushed out their proposal then it is a speculative question and I would only be able to give a speculative answer.

Mr THOMAS: It is not speculative.

Mr HARRIS: I do not know what their proposal is.

Mr THOMAS: If you are going to build a port in a place where there is not currently a port, the question arises do you need to re-zone that land or water or do you not. Now, has your department had a look at that or not?

Mr HARRIS: Until I have seen the proposal that the company intends to put forward I cannot answer the question.

Mr THOMAS: So you are telling me, no, you have not.

Mr HARRIS: Until I see the proposal that the company puts forward I cannot answer the question.

Mr THOMAS: Have you considered whether or not it is necessary to amend the Metropolitan Region Scheme to build a port in an area where there is not currently a port...(Inaudible)...

Mr HARRIS: Well, I am not building the port.

Mr THOMAS: I know you are not but the government is asking the private sector to put in proposals for it. Now, presumably that thought would have crossed your mind.

Mr HARRIS: The government has also said that the proponent needs to consider all of those issues, not the government. It is the proponents responsibility not the government.

Mr THOMAS: So you are telling me the government had not thought about it?

Mr HARRIS: I am not telling you that at all, I am telling you it is the proponents responsibility.

Mr OMODEI: Until we have got a proposal - -

Mr THOMAS: If you are saying that there might well be a port put in a particular place and you are asking the private sector to come along and put in proposals, I will ask you again have you thought about whether or not it is necessary that the MRS would need to be amended, given the government in fact has a very substantial role to play in the amending of the MRS? Now has there been consideration given to that aspect of it?

Mr HARRIS: I can only repeat my answer. Until I see a proposal that it is a speculative question and it would be a speculative answer. I have not seen a proposal.

Mr THOMAS: Mr Chairman, I have got to say I think that is a most unsatisfactory answer. It is quite clearly avoiding the question. The government, the Minister and his colleagues, have invited the private sector to put in proposals. You must know or I would surmise if you are doing your job properly, would have thought about what approvals and environmental planning are necessary for that to be implemented within the very range of possibilities of what various proponents might put forward. Now what I am suggesting is it is a matter of enormous important to people who are concerned about this and to the Parliament because the Parliament has got some involvement in it, as to whether or not the MRS needs to be amended. All I am asking you or the Minister is to say has consideration been given to that aspect of the proposal and it is not an answer to say it will of course be the proponent who puts in the application. Of course the proponent puts in the application but a responsible government would surely have considered that aspect of it.

Mr OMODEI: As the Acting Minister I am not aware of any consideration but obviously the department would have to have a proposal before them.

Ms MacTIERNAN: You have awarded a preferred - -

Mr OMODEI: The whole scale and scope of the operation.

Mr THOMAS: It could be anything from a jetty, I suppose, with a couple of cranes on it to a breakwater enclosing a fair amount of water.

Ms MacTIERNAN: They have submitted a proposal.

Mr THOMAS: In considering the range of possibilities I would find it difficult to imagine that a responsible transport planning authority would not have considered what sort of statutory planning approvals would be necessary for that project to go ahead. In fact, it would be irresponsible to invite the private sector...(Inaudible)... to submit proposals, to spend \$1000 to get a copy of the tender documents, without having considered that aspect of it.

Mr OMODEI: I think the question has been ...(Inaudible)... Mr Chairman. The answer is that nothing has been done and it will be when they enter into final negotiations by the proponent.

Mr THOMAS: Is that the answer that nothing has been done?

Mr OMODEI: Well, that is what I have understood. Mr Harris has said quite clearly that until a proposal is brought forward we will not know whether it is necessary for an MRS amendment or not.

Ms MacTIERNAN: Just another question on the port, the request for proposal document included a very specific requirement that the successful proponent engage in direct employee/employer relationships, ie undertook workplace agreements rather than collective bargaining. In light of the Federal Court action against the Geraldton Port Authority for a similar provision is it your intention to continue to insist upon that requirement?

Mr HARRIS: The inference that that particularly implied I think you said workplace agreements is an inference and not part of the tender documents as I understand it.

Ms MacTIERNAN: A direct employee/employer relationship, what else might that mean?

Mr HARRIS: I do not know and I would not care to speculate. That is for the proponents.

Ms MacTIERNAN: Were you involved in writing the tender documents then?

Mr HARRIS: No, I was not. That is surely for the proponents to deal with with their workforce.

Ms MacTIERNAN: No, sorry, what I am referring to is provision which the government put in the tender document? The government put a provision in there which has been widely interpreted and indeed commented on by the government as meaning that the successful proponent would be required to insist on workplace agreements. Now does the government intend to persist with that requirement which it put in the tender document?

Mr HARRIS: That requirement is part of the tender document and that is the basis upon which negotiations have proceeded to date.

Ms MacTIERNAN: So you are saying that the proponent then would have to, in your view, comply with that provision?

Mr HARRIS: Yes.

Ms MacTIERNAN: Can you tell us whether or not in their request for proposals that they in fact indicated that they were going to conform with that provision?

Mr OMODEI: Mr Chairman, my advice is that it would not be advisable to get into discussion on what is in the tender document and what is in the tender document and what is not in the tender document at this stage.

[4:45 pm]

Ms MacTIERNAN: We know what is in the tender document. Is what is in the tender document going to be included in -

Mr OMODEI: Including detailed negotiations.

The CHAIRMAN: Member, it appears that he is not familiar with the tender document.

Ms MacTIERNAN: Page 1459, if I may, on the CAT buses. In September last year, somewhere between 13 and 16 of the 16 CAT buses were withdrawn from service and each of those CAT buses was taken back to Scania or Scania's agent for modification and the chassis were re-welded. Can you now provide us with any information of how many buses have subsequently been taken off the road for work of this nature? We understand that since the general recall in September that each of the CAT buses has, in fact, or the majority of the CAT buses has again been taken off for this process of re-welding.

Mr HARRIS: All of the buses have had the problem rectified.

Ms MacTIERNAN: Though there was a recall in September when they were taken off. They then went back into operation and I understand that subsequent to that they have each been taken off and re-welded and had various modifications made to them.

Mr HARRIS: That is part of the one program if that is the case.

Ms MacTIERNAN: Yes, but it was subsequent to the September withdrawal.

Mr HARRIS: But part of the same process. Initially, we did a check on all of them for safety reasons, obviously. We have had ongoing negotiations with Scania about how we fix the problem and the problems have been progressively fixed. It is not a case of a subsequent failure. It is part and parcel with the one exercise.

Ms MacTIERNAN: Absolutely. I understand that. Can you tell us what has been the total cost of the repairs, not just of the withdrawal during September, but the total cost of the repairs and presumably income foregone?

Mr HARRIS: There is no income foregone because it is a free service.

Ms MacTIERNAN: But then you have had to put buses from there on from somewhere else?

Mr HARRIS: Yes, we have. Spare buses have picked up the passenger issue but Scania repay the cost of those repairs. Off the top of my head I number of \$68 000 in my mind but I would need to check the precise number, however, it is a warranty issue and Scania's cost, not ours.

Ms MacTIERNAN: Can we get an idea of the amount of down time from those buses since September?

Mr HARRIS: Yes, we could provide that.

[Ms Holmes, Chairman.]

Mr OMODEI: Madam Chair, we will provide that by way of supplementary information.

The CHAIRMAN: Supplementary information will be provided.

Ms MacTIERNAN: I noticed in the budget you list for the 98/99 completed works a \$1 million item on expenditure of the CAT buses. Am I to presume from that that there have been more CAT buses bought?

Mr HARRIS: We intend to extend the CAT bus service into East Perth.

Ms MacTIERNAN: I am interested in actually what has been done. In the budget papers under completed works there is an item of \$1 million and I wonder if you could - -

The CHAIRMAN: What page are we referring to, please, member?

Mr HARRIS: Page 1459.

Ms MacTIERNAN: Page 1459, on the second row, you have got under, "Completed works", things that have already been done, the fact that you have spent in the last year \$1 million on CAT Buses.

Mr HARRIS: The reason for my hesitancy is because the expenditure could well be on network enhancements like bus stations and information booths and that sort of stuff. It could be on the buses themselves.

Ms MacTIERNAN: So you are not aware of whether or not you have actually bought any new CAT buses?

Mr HARRIS: We have not bought any new CAT buses during this current financial year. We intend to but we have not as yet. It may well be that the \$1 million was set aside for acquisition of buses during 98/99 which has not occurred. It may all occur next year.

Ms MacTIERNAN: Well, you have not got anything in the budget for this year and you have got it down as completed works. I would imagine if the department had not done something you would not have listed it as completed.

Mr OMODEI: Madam Chair, can we supply that by way of supplementary information as to the \$1 million.

Ms MacTIERNAN: So you do not have any reference in your papers there as to what the completed works area?

Mr HARRIS: No, I do not.

The CHAIRMAN: The member for Armadale will require that as supplementary information. The minister has agreed to that.

Ms MacTIERNAN: You have then now said that you are proposing to actually buy some new CAT buses. Where is that listed in the budget?

Mr HARRIS: Those buses will come out of the existing Mercedes Benz contract so it is part of the loan funding that we talked about earlier on.

Ms MacTIERNAN: What is the cost per kilometre for the routine maintenance of Scania buses? Have you got that figure?

Mr OMODEI: Madam Chair, not off the top of my head.

Ms MacTIERNAN: Who is paying for the routine maintenance; do we know that?

Mr HARRIS: The Department of Transport and the City of Perth through the funding arrangements that provide for the service.

Ms MacTIERNAN: It is not a cost to the private service provider as indicated from time to time.

[4:52 pm]

Mr HARRIS: Funding for that service comes through this joint funding arrangement between the department and the City of Perth.

Ms MacTIERNAN: Yes, but does the service provider not have an obligation to provide maintenance?

Mr HARRIS: I would need to check the detail of that as part of the contract.

Ms MacTIERNAN: Right.

Mr HARRIS: My presumption would be, yes.

The CHAIRMAN: Can I just go back because we have got supplementary information which is required.

Mr OMODEI: Do you want that supplementary information?

The CHAIRMAN: Yes.

Mr OMODEI: Madam Chair, we will provide that.

The CHAIRMAN: You wish to add that to the previous list.

Mr OMODEI: Yes.

Ms MacTIERNAN: Also to add what is the total sum paid for this routine maintenance in 1998-1999?

The CHAIRMAN: Is the Minister happy to provide that information?

Ms MacTIERNAN: With regard to road safety initiatives, I understand that the government had proposed to introduce legislation requiring at some future date the introduction of roll cages.

The CHAIRMAN: Can the member for Armadale please tell us what page of the budget we are referring to?

Ms MacTIERNAN: It is page 1443.

The CHAIRMAN: Which particular document on that page?

Mr OMODEI: The question of open load space project; the regulation changes which would prevent people travelling in open road space of a vehicle were due to be finalised in May of 1999. The changes are expected to save between four and eight lives each year in Western Australia and prevent 90 serious injuries. Some coalition members have expressed concerns about the need to regulate on this matter. As part of the consultation phase of this project expectations have been raised in the community and failure to proceed may meet opposition from the community. I presume that means to meet the proposal and I think the community would be well and truly divided on that issue as has already been shown in the media.

The CHAIRMAN: Is that covered in dot point one on page 1443?

Ms MacTIERNAN: Yes. We know that the backbench has revolted on numerous of the road safety issues.

Mr McNEE: Madam Chair, I want to know what this has got to do with the budget. When Labor were in government we were not allowed to ask those sort of questions and I think it is a nonsense that the member is asking that.

SPEAKER: You are still not.

Mr OMODEI: To my knowledge, I do not think it has been debated.

Ms MacTIERNAN: Point of order, Madam Chair. As you would know from the questions that you yourself asked, which were very broad ranging questions, on vehicle licensing and driver training, that you are taking a very broad interpretation of the matter.

Mr McNEE: I am suggesting the Chairman does not do that.

The CHAIRMAN: I would just like to direct the committee's attention to the fact that we are talking about a line item on the budget. I would ask the member to direct her question to that and I would also remind members it is now nearly 5 o'clock and we have not finished yet with Division 40.

Ms MacTIERNAN: Minister, can you tell us then what is the government's intention now? Is it the proposal of the government to introduce this legislation at any time or in the next session? Can you give us some idea of where the government actually stands on this issue.

Mr OMODEI: To my knowledge a formal decision has not been made on that issue.

The CHAIRMAN: Thank you, Minister.

**Division 41: Main Roads, \$43 314 000 -**

[Mrs Holmes, Chairman.]

[Mr Omodei, Minister for Local Government.]

[Mr G.S. Martin, Acting Commissioner.]

[Mr R.D. Giles, Acting Director, Budgeting and Programming.]

Mr OMODEI: Madam Chair, my advisers for the Main Roads section are Greg Martin, the Acting Commissioner, and Rob Giles, the Acting Director - Budgeting and Programming.

The CHAIRMAN: We are now dealing with Division 41 on page 852 in Volume 2.

Mr NICHOLLS: In respect to the extension of the Kwinana Freeway from Thomas Road to Safety Bay Road, page 865, under major initiatives for 1999-2000, could the Minister please indicate when the contract for this portion of work is likely to be let and also indicate when the work is likely or expected to be completed?

Mr OMODEI: Madam Chair, the Kwinana Freeway, Safety Bay Road and Thomas Road, the widening of the Narrows Bridge, the reversible bus lane at Mount Henry Bridge - - we will also replace five traffic signals with interchanges and upgrade the Safety Bay Road. It is intended to improve the transport efficiency, improve road safety, reduce bus travel time to Perth. The estimated expenditure in 1998-1999 is \$11.77m. Estimated total project cost \$161.77m. The estimated year of completion is 2001-2002.

Mr NICHOLLS: Minister, I would like to refer specifically to the \$30m expenditure of the extension from Thomas Road to Safety Bay Road. Can you tell me whether or not that contract will be let separately or is, in fact, the department's or government's intention to let the contract as one total contract and, if so, could you indicate why that extension could not be constructed separately from the flyovers on the Narrows Bridge?

[4.59 pm]

Mr OMODEI: Madam Chair, I will ask Mr Martin.

Mr MARTIN: Thank you. Can I just clarify - -

Mr NICHOLLS: Page 865, dot point 5.

Mr MARTIN: Yes, construct and seal, \$30m. That is right. Yes. I must confess I cannot answer that question in detail. I would be very happy to provide that in supplementary information.

Mr NICHOLLS: Further to that question, can I ask - -

Mr OMODEI: Yes, Madam Chair. I am prepared to provide that information.

The CHAIRMAN: Supplementary information will be provided. Member for Mandurah.

Mr NICHOLLS: Further to that information, Minister, could you provide the current estimate of extending that freeway from Safety Bay Road through to Pinjarra Road which is the foreshadowed extension of the freeway? Could you provide me with an estimate, if you have it, and also indicate whether or not any provision has been made for the engineering and environmental planning aspects of that extension?

Mr MARTIN: With the Minister's agreement, I would like to provide that by supplementary information.

The CHAIRMAN: Supplementary information will be provided.

Ms MacTIERNAN: Well, it is a separate issue. Have you - -

Mr NICHOLLS: I have finished.

Ms MacTIERNAN: I would like to ask a question of a rather general nature.

The CHAIRMAN: Relating to what item?

Ms MacTIERNAN: It appears at a number of spots, page 877 for a start, but it affects the entire process so it is probably important to ask it early on.

The CHAIRMAN: Which particular item is that?

Ms MacTIERNAN: I am referring to the total costs of the capital works program. Perhaps I can just set the question up. On page 877 you indicate that the cost of the capital works program will increase from \$417m to \$564m in 99-2000. That is an increase of \$147m. Then at the same time, if we actually go and look at your borrowings rate, we note that there was \$67m borrowed in this current financial year. In the coming financial year you are proposing to borrow four times that amount, \$221m - - well, three times the amount, three point something. So we see a massive increase. We see then in your forward projections that these borrowings will drop right back. In fact I have done a bit of a graph of what these borrowings are. You will see they move up here from nought for a very minimal amount in 97-98 to 60 in 98-99 and all of a sudden there is this huge blow-out to 221 and then, presumably post-election, it drops right back to below 50, then virtually disappearing. It just seems a very odd sort of plan for borrowings. Can you explain why it is that we get a configuration like that?

Mr OMODEI: Madam Chair, I ask Mr Martin to respond.

Mr MARTIN: Thank you, Madam Chair. The reason for the large increase in borrowings is as a result of the Transform WA program that the government launched last year and with the major projects, particularly the metropolitan projects, there was a need with the timetable that was announced by the government to fund very expensive projects very early in that program. That is the reason for the high level of borrowings in the first year.

Ms MacTIERNAN: We are correct; that it is actually quite clearly a major pre-election pork barrel.

Mr McNEE: What about your pie in the sky thing you had down at Kwinana? What was it? For God's sake, they ought to talk about money.

The CHAIRMAN: Order. I would like the member for Armadale to kindly direct her remarks to the budget.

Ms MacTIERNAN: Yes. As I understand, Transform WA was a 10 year program. It was announced as a 10 year program. Now, why is it that we see so much of the works congregated in this one year, 99-2000, an absolutely disproportionate amount of the work, and what impact is that in fact going to have on the quality of services delivered? What impact is that going to have? Presumably there is going to be the same number of engineering companies around, the same number of construction companies around. Is this in fact good transport planning to be bringing so many of your projects on in one year?

Mr NICHOLLS: Are you suggesting we should not? Are you suggesting we should not?

Ms MacTIERNAN: No. I am asking if this is good transport planning. Is this how you plan a 10 year transport program?

Mr OMODEI: Madam Chair, it is a decision of government to proceed with these projects, the same as the previous government proceeded with the northern corridor railway line and the Dawesville Cut.

Ms MacTIERNAN: Yes, but quite clearly - -

Mr OMODEI: Are you trying to tell - -

Ms MacTIERNAN: We have got projects - -

Mr OMODEI: We dug the channel over 10 years.

Ms MacTIERNAN: We have got the project - - I would like to ask, can you tell me whether or not there are problems from a planning point of view in doing this? Obviously you are bringing an enormous amount of work forward in one particular year. Now, given that we are a fairly isolated market, we have a certain range of plant and equipment, we have a certain number of road construction companies, are we actually going to see a boom and bust go on within our construction companies because of this configuration?

[5.07 pm]

Mr OMODEI: I do not think so, and maybe you should be indicating which roads you do not want done.

Ms MacTIERNAN: No, I am asking you. I could tell you the Northbridge tunnel and the - -

Mr OMODEI: About three months after we came into government Transport already had, or Main Roads already had, a model of the Northbridge tunnel. The reason you never proceeded with it when you were in government was because you did not want to lose a vote. It has been planned for 30 years.

Ms MacTIERNAN: I know it has been planned for 30 years.

Mr OMODEI: Madam Chair, I think I have answered the question.

Ms MacTIERNAN: Can I just ask though, has you considered what the implications might be for the construction industry in trying to complete that amount of work in that time and then having in the following years very little work to actually undertake? Has any thought been given to the impact on the industry?

Mr MARTIN: I think what we have been talking about is the amount of borrowings which are high for one year but it against a base workload which is still quite high. In fact the program is something like two to three times what it was some four or five years ago and I do not believe there is any difficulty with the industry in providing that infrastructure.

Ms MacTIERNAN: In relation to a particular project, there is information coming forward that suggests that there have been concerns expressed within the Main Roads Department and within the industry as to the haste with which the duplication of the Narrows Bridge is proceeding.

The CHAIRMAN: Excuse me, member, I do not really believe this is relevant to a budgetary item.

Ms MacTIERNAN: It is actually, because it is relevant to the amount of borrowings because the amount of borrowings that have been introduced here are to fund capital works within a particular time frame. The question is why are major works like the Narrows Bridge being brought forward to operate within that time frame? So it is very relevant to this question of -

The CHAIRMAN: So we are still talking about the same question?

Ms MacTIERNAN: We are still talking basically about these borrowings and the impact of those borrowings.

Mr OMODEI: The Narrows Bridge in particular was a pledge under the \$1.3b over 10 years Transform WA program. We are really talking about borrowings here. The activities as far as Main Roads are concerned I think in our period of government funding of roads has gone up from \$200m to \$700m, significantly more than the previous government, who funded all of their capital works out of borrowings which is in stark contrast to what this government has done. This is the first year there are significant borrowings against the budget and again in stark contrast in the period of the previous government the funds for capital works was about \$500m a year, this year I think this government's credit is going to be \$3.3b. Significant increase on activity of the previous government.

Ms MacTIERNAN: Minister, can I take it then that you do not wish the representatives of Main Roads Department to discuss whether or not there were concerns within the department as to the timetable of the Narrows Bridge?



Mr OMODEI: I do not think it is relevant to the budget.

Mr McNEE: What has that got to do with the budget, Madam Chair?

Ms MacTIERNAN: I have explained that.

Mr McNEE: A bit of scuttlebutt they have kicked up around the place, let us talk about the budget.

Ms MacTIERNAN: I am talking about the budget.

Mr McNEE: You are not really, you are talking about scuttlebutt and that is not on.

The CHAIRMAN: The actual capital works obviously is a budgetary item but I do not believe that what goes on in the Main Roads Department bears any relevance at all to the question.

Ms MacTIERNAN: I just want to confirm then that there is an increase of \$147m in your capital works program but there is an increase in your borrowings of \$153m. Is that correct? So more than all of the increase is in fact a result of borrowings?

Mr OMODEI: Major projects.

Ms MacTIERNAN: Major project borrowings, that is correct. The government has been very hesitant and indeed critical of suggestions that they should fund rail infrastructure by way of borrowings, could you explain to me why it is acceptable to borrow sums of this magnitude to fund a road building program but it is not acceptable to borrow those sorts of funds to actual build a rail?

Mr OMODEI: I think it would be fair greater than that. When you said the railway line are you talking about the Mandurah railway line?

Ms MacTIERNAN: Well, we are talking about some railway line, whatever it is.

Mr OMODEI: Are you indicating that a future Labor Government would borrow the \$1b plus?

Ms MacTIERNAN: I am asking you, Minister. I am asking you to explain the difference why it is acceptable to borrow to build roads but not to borrow to build rail?

Mr OMODEI: I think the scale is a far lesser scale.

Ms MacTIERNAN: You could certainly build some railway link for \$153m.

Mr OMODEI: It is a decision of government.

Ms MacTIERNAN: We know it is a decision of government. Is there a difference as to why you are prepared to borrow very substantial sums to build roads but not to build rail?

Mr OMODEI: Well, final decisions have not been made on the rail, so again it is a hypothetical question. I presume you are talking about the Mandurah rail.

Ms MacTIERNAN: I am talking about statements made by the Premier that it is irresponsible to consider borrowing.

Mr OMODEI: We prefer not to borrow any money at all.

Ms MacTIERNAN: You are prepared to borrow it for roads?

Mr OMODEI: For very important road projects under the 10 year program. I am advised that the revenue we will gain from roads will pay off the borrowings over the relevant period.

Ms MacTIERNAN: Revenues you will gain from roads? Are we having a toll on them?

Mr TUBBY: Minister, is it not true that the money that is being used for the roads is coming from the increased registrations and the fuel levy that is being refunded to us from the Federal Government and we have a 10 year program of road construction and a lot of that work has been brought forward because there are major works that have to be brought forward and the whole 10 year program is going to be funded from the increased registrations and the fuel levies? So it is actually over 10 years there is no cost to the taxpayer for this road program, it is just that they are major projects that have to be built up front in order to connect the Narrows in with the tunnel and they have to be brought up front.

Mr OMODEI: The member for Roleystone is quite correct. It amazes that the Opposition Spokesperson, the member for Armadale, could not come to the same conclusion.

Ms MacTIERNAN: The member for Roleystone is absolutely right. What you have done is you have put the state in hock for 10 years and you have decided to build all the - - -

[5.15 pm]

Mr OMODEI: No. That is not correct.

Ms MacTIERNAN: You are desperate to get re-elected and you have decided to build all the roads in that one year and so

any future government will not have a dollar to spend because you would have spent it all. I have another question just on that. I am wondering if you could tell us about your loan arrangements because I do find them of great interest. I note that notwithstanding the fact that we are going to see a significant increase in cumulative borrowing - -

The CHAIRMAN: What page are we dealing with please, member?

Ms MacTIERNAN: If we look at the borrowings page, page 869, three-quarters of the way down, can you explain why the repayment rates remain exactly the same notwithstanding the fact that the borrowings have increased dramatically? The repayment rates set for 98-99, which is I think is some \$6m, that figure actually remains constant. We have the figure of \$6m basically, \$6.8m remains constant over 98-99. I would really like the name of your bank because if I could get my bankcard on one of those arrangements I would love to do it. Can you explain why the repayments are in fact the same each year notwithstanding a massive expansion in the level of debt?

Mr OMODEI: Madam Chair - -

The CHAIRMAN: Through to Mr Martin.

Mr MARTIN: Thank you. Yes, I believe that that is the basis of our forward projection, of making those payments in those amounts each year. That is a conscious decision in conjunction with the total budgeting program over the next 10 years.

Ms MacTIERNAN: So that means that you are only going to pay 6m even though the debt in fact goes up to about 370m? So you can just do that? You can just say "That is all we are going to pay" no matter how much you borrow?

Mr MARTIN: What we have is a budgeting program which gives us the flexibility. We know that we have a revenue stream and it is a matter of how much of that revenue stream we spend on new works or maintenance works or repay borrowings. We have that discretion.

Ms MacTIERNAN: What interest rates are you expecting to pay on these borrowings?

Mr MARTIN: I do not have a detailed schedule of those. I am happy to provide that information but as you heard from Transport it is our intention to seek to have those borrowings re-established with more contemporary interest rates. That will indeed save us some funds.

Ms MacTIERNAN: Like they have calculated that into their figures, these have been calculated into your figures?

Mr MARTIN: Once we re-establish those loans on a new basis these funds that are allowed with in effect repay more of the interest and principal over and above the rates that we are currently liable for.

Ms MacTIERNAN: This figure of 6.8m, are you saying that this is going to actually pay both the interest and the capital?

Mr MARTIN: It can do either of course. It can pay capital or interest and it is a matter of how it is deployed, how it is used.

Ms MacTIERNAN: Do not tell me it is going to actually pay off Main Roads. It is going to build railways left, right and centre and it is going to go off and pay Main Roads' debt. This is just getting extraordinary. This 6.8m does not seem sufficient to pay the interest and also pay capital. What is the - -

Mr MARTIN: That is correct, the right interpretation of this. This is the allowance that has been made in forward estimates. Each year the budget is reconsidered and the budget and the program will be balanced and it may well be that those numbers change next year.

Ms MacTIERNAN: But on the current forward estimates there are no plans to actually repay the capital that has been borrowed.

Mr MARTIN: I do not believe that that is so. I believe that there is an intention over the period of the whole program, and we are talking 10 year programs, to repay capital.

Ms MacTIERNAN: But there is nothing in the figures that are before us, when you look at the level of debt, that could reasonably be said to cover interest and capital.

Mr MARTIN: On the basis of the 6.8m, I agree.

Mr NICHOLLS: Minister, I would like to touch on an issue, and it is on page 872, road use program. I would actually like to raise the issue of upgrade of roads through the Mandurah area and Dawesville down towards Bunbury and the issue of the Peel deviation. My understanding is that there is a plan to duplicate what is known as the new Mandurah bridge and to upgrade the roads through Dawesville, south towards Bunbury. I would like to ask if you have any information based on the costs of doing that as opposed to the construction of the Peel deviation around the eastern side of the Mandurah Estuary.

Mr OMODEI: Madam Chair, I have a feeling that I answered part of this during either a grievance or question on notice.

Mr NICHOLLS: You gave that answer. I want to know what the plans are.

Mr OMODEI: Madam Chair, I do not have the information before me. I will provide that by way of supplementary information.

The CHAIRMAN: Yes. If you are prepared to accept the supplementary information - -

Mr NICHOLLS: I am. I would seek some further information. Just so that you know the actual line item, it is on page 874, second from the bottom, under Perth to Bunbury Highway. Are you able to find that?

Mr OMODEI: Yes. I believe that what we have there is clearly a small amount of money that is most likely related to planning and environmental studies but I would be happy to give you a fuller briefing with supplementary information.

[5.21 pm]

The CHAIRMAN: Minister, are you prepared to provide that?

Mr OMODEI: Yes.

The CHAIRMAN: Supplementary information will be provided.

Mr NICHOLLS: Additionally on that same road there has been a foreshadowed installation of traffic signals at the intersection of Murdoch Drive and the Mandurah bypass. Could you indicate whether or not that expenditure is provided for in this budget and if so when those traffic lights will be installed?

Mr MARTIN: I am afraid you are asking me a level of detail I am not conversant with. I would be happy if the Minister is agreeable to provide you with supplementary information.

The CHAIRMAN: The Minister is agreeable, supplementary information will be provided.

Mr NICHOLLS: The final question and I have a feeling it is going to end up the same place, and that is the Peel deviation plans, can you give us an estimation of when that project is likely to be undertaken and in that time frame whether or not there are any estimated or future allocations being provided for, whether it be in the 10 year program Transform WA, or in specific budgeting allocations out of the south west or general Main Roads?

Mr MARTIN: Currently the Dawesville deviation is unfunded. There are no funds provided for the Dawesville deviation at this time. One of the factors that I mentioned a little earlier is that in each year we have to revise the budget and the program and obviously there are things changed from year to year but at the current time there is no funding for the Dawesville deviation.

Mr NICHOLLS: Could I ask you what would be required to change the funding that is currently allocated to duplicating the new Mandurah bridge and upgrading the coastal road through Dawesville down to Lake Clifton, to transfer that funding to actually constructing the Peel deviation?

Mr OMODEI: I understand, madam Chair, the Peel deviation is in excess of \$100m project, it is about 39 kilometres and once you start it you have to finish that project. So it is one of those major projects the member for Armadale was talking about previously but certainly traffic flows and congestion would be amongst some of the issues that would bring the project forward and maybe you can add some comments, Mr Martin.

Mr MARTIN: I believe that the questions are being asked are quite specific and I regret I am not in a position to answer them in detail but once again if it is agreeable to the member I would be happy to give him a briefing specifically on those subjects.

Mr NICHOLLS: I just wish to make a point here in Estimates that with funds allocated to upgrade the current road system through Mandurah and Dawesville, which in my view as the local member, is not the best option. I believe we should actually be providing a Peel deviation, even if it means the new bridge at Mandurah does not get duplicated and the roads do not get upgraded because ultimately I believe it is going to be far safer and far better for the state to have a Peel deviation than to go down a piecemeal path of duplicating a bridge and trying to upgrade that road that is, I believe, going to become congested within probably the next 10 or 15 years and I would like to see the information you provide in supplementary and I would also like to have a briefing.

Mr OMODEI: Madam Chair, I am more than happy to provide the briefing and the supplementary information for the member for Mandurah. The point is noted.

The CHAIRMAN: Thank you. Supplementary information and a briefing will be provided.

Mr OSBORNE: I think most of us in the south west, for what it is worth, would agree with that statement just made by the member for Mandurah too about the Peel deviation. The questions I want to ask are a couple of questions on page 853 to do with the subject of Term Network Contracts. In this section here on road preservation at dot point 2 the papers talk about savings of between 15 and 35 per cent as a result of the letting of TNCs based on what is called here benchmark estimates based on current practices and my questions relate to these savings. The first question is how reliable are those estimates, those estimates of savings of 15 and 35 per cent and how were the estimates arrived at?

Mr MARTIN: Those estimates are assessments and the means by which they will be tested, of course, is with the tender prices we receive. The point of talking about benchmark estimates is that some of the record of money spent for maintenance of roads is based on basically the budget that is allowed for maintenance of roads. Under these new Term Network Contracts there is a requirement for the contractor to maintain the road at a particular standard, particular level and under those circumstances if we applied current work practices to maintaining the roads at that level that becomes the benchmark estimate. Not the amount of money we are spending on roads at the present time in maintenance but what would be required

under current practices to get them to that level. We believe that that is the benchmark estimate and that has been done for each of the Term Network Contracts that are out for tender or have been tendered already. Our assessment is based on the experience that has been had in New Zealand, Tasmania and New South Wales that we expect to get prices are in the order of 15 to 35 per cent less than that benchmark estimate which was the estimate of cost of doing the work with existing practices.

Mr OSBORNE: You will not know that until the tenders are signed?

Mr MARTIN: That is exactly right, until the market has been tested.

Mr OSBORNE: The second question is was consideration given to the idea of running an actual comparison between the new Term Network Contract system and the existing system? So in one of the Term Network Contract areas leaving the existing method of letting the contracts in place as an actual benchmark and running the new system parallel to it rather than going to a complete new system across the whole of the state was consideration given to that course of action?

Mr MARTIN: I am afraid I have been in the position for three months and at the time when these Term Network Contracts were decided as a means of going ahead. Maybe that was considered but I am unable to say whether that was the case or not.

[5.29 pm]

Mr GILES: The term network contracts; there are eight of them across the state. The conditions vary wildly across the State and so do maintenance costs. Running a benchmark across two different regions would be different and I believe that the approach that we would take is going to give us the best result.

Mr OSBORNE: Can I have supplementary information on whether consideration was given to adopting that course of action?

Mr MARTIN: I could make some inquiries to establish whether that was considered. I do not happen to know personally.

Mr OMODEI: Madam Chair, I am prepared to give that.

The CHAIRMAN: Supplementary information be provided.

Mr OSBORNE: The third question relates to monitoring the savings. Is there going to be an independent process put in place or will that be done internally?

Mr MARTIN: I believe there are some arrangements in place. Clearly the initial tender price will tell us whether there is savings over and above the budget estimate and that would be the basis for making recommendations to enter into a contract. There is a management board proposed to oversight the ongoing activity of the contract. In terms of independent monitoring, I am not aware that we have that in place but clearly we have concern that we do retain those benefits and we do not lose the value of those savings. Having said that, of course, we do have to acknowledge that there will be certain escalation factors allowed for materials, labour and so on in the negotiated contract. It is unreasonable to expect that prices would not change over a 10 year period but it will be very important for us to manage it to make sure we do not lose the advantage of those savings.

Mr OSBORNE: When the decision was made to go to a term network contract method of operation did the department take into account the impact on any existing local road making companies? Was there an impact analysis done on local contractors?

Mr MARTIN: Can I answer that in two parts, please. I do not know whether an impact analysis was undertaken. I know it was an issue of concern. I can make an inquiry and provide through supplementary information whether such an impact analysis was made. We are concerned in assessing the tenders - in fact, in calling the tenders and assessing the tenders - to establish on what basis the contractors propose to use local or regional businesses and employment and that is part of the negotiated outcome of the tender in terms of the final contract and that performance will be monitored.

Mr OSBORNE: Part of this question also is the size and the length of the contract. It has implications for locally based businesses and having decided to have contracts of such a long period of time, and of such a large size, some people would argue that it makes it unmanageable for small locally based companies to tender for that work. So, was that part of the consideration in the impact analysis; a decision about 10 years duration or 30 years, 15 years, 5 years, and how large an area.

Mr MARTIN: Once again I cannot testify to what the considerations were in the development of the strategy and the approach to the term network contracts but I would believe that the consideration is that by going for a sufficient period of time it allows a contractor to establish themselves, to establish where they will have depots and their modus operandi. Also, I think it protects the State in terms of maintaining that standard on those roads. The difficulty with entering arrangements for maintenance on a very short term basis is that there is no obligation or not accountability on that contractor for maintaining that standard by giving a sufficient length of time - - and you can establish that he get the asset to a particular specified state and maintains it in that state through to the end of the contract.

So, the advantages in the long term are that the contractor can gear up and plan to do work in the most efficient way over that period of time and it is sufficiently long and he is accountable for the standard of the assets that he leaves at the end of the contract.

Mr OSBORNE: Yes. I fully understand the advantages for a large city based contractor but that can also be viewed as a disadvantage for a smaller locally based contractor.

Mr MARTIN: Yes. I am aware of the fact. In the period I have been Acting Commissioner I have had representations from various parties concerned about the future for local businesses, local employment. There is an alarm in the industry about the possibility of large contractors monopolising and squeezing small businesses out. We are very conscious of that but I am not sure that we can guarantee that that is going to be the outcome. In fact, many of those businesses in regional areas have been very effective in doing the work.

Mr OSBORNE: What outcome are you not sure that you are going to be able to guarantee?

Mr MARTIN: That regional businesses are squeezed out of business. I would just like to say that we are sensitive to the issue and are discussing it with a number of parties and we will do everything we possibly can, in conjunction with the development commissioners, to ensure that regional businesses continue to get a share of the work.

The CHAIRMAN: I would just like to go back because there was an indication that supplementary information would be provided on an impact analysis. Is that correct?

Mr MARTIN: Yes.

The CHAIRMAN: Just so the clerk can get it straight.

Mr MARTIN: Regional impact analysis.

The CHAIRMAN: Thank you very much.

Mr RIEBELING: There is one road that I am particularly interested in and there is a series of questions that I am happy to accept supplementary information on, in relation to page 874 the Karratha Tom Price road. As the Minister is no doubt aware during the 1996 election campaign the then Minister for Transport, the Hon Eric Charlton, promised the people at Tom Price that this road would be completed in 4 years. This is, in fact, \$100m road. In your budget documents it states that it is now a \$33m road. That is, in fact, one third of the total cost of that particular one. In your document in relation to a 10 year investment program there was permitted that one-third of this road would actually be completed or started in this financial year, so many people in my area expected, incorrectly, that there would be some sort of commitment to the road this year. I notice there was a \$500 000 commitment to this road. That will take us some 200 years to completely build this road. There probably will not be too much iron ore at the end of it by the time it is finished. It is a very serious matter that this particular road is currently being used as Hamersley Iron's road. It is an access road to Tom Price. Hamersley are very concerned about the safety of the public utilising that road and at various stages that road becomes very unsafe to use. The first point is why is there not a greater amount of money allocated and why has the promise of this road being completed in four years been totally done away with and the best I can see from documentation now is that the second third of this road will not start until after the year 2008.

[5.37 pm]

Mr OMODEI: Madam Chair, I understand what the member for Burrup is saying and I know the member for Moore and I have roads in our electorates that we see as high priorities as well and from time to time the priorities do change. The advice that has been given to me was \$1.5m there.

Mr RIEBELING: \$500 000.

Mr OMODEI: Sorry, \$500 000. The start has been delayed seven years to 2006/2007. The planning study needs to be completed. The route alignment needs to be clarified. The projected cost of the project is now approximately \$250m. That is the information I have before me.

Mr RIEBELING: Can I get a copy of that? That is a summary of the opposition, is it?

Mr OMODEI: Yes, this has got a whole range of roads on it and we can provide you with the information if you require it as to what the program is going to be.

Mr RIEBELING: I just want to confirm then that you will not be starting this project for seven years.

Mr OMODEI: Until 2006 or 2007.

The CHAIRMAN: I have an order of members here. I have the member for Moore, the member for Mandurah and the member for Armadale. The member for Moore.

Mr McNEE: Thank you, Madam Chair. I just want to share the comments made by the member for Bunbury. I know a quarry where blue metal has been started by Main Roads and Westrail. I understand the metal is up to your standards so I will have more than a passing interest in making sure that those contracts do not discriminate in any way against those people in the bush.

The other thing is that there is some money in there for the Great Northern Highway and I do not suggest that it is not necessary and I am glad to see it there. What I want to know is when can I expect some funds to be spent, for example, on the Great Northern Highway from Bindoon Hotel to the bottom of Bindoon Hill? We need passing lanes and, generally,

that road from Bindoon Hotel to Pithara needs some money and it needs to be made safer. When can I expect those funds to be made available?

Mr MARTIN: Can I respond to that, please, Madam Chair?

The CHAIRMAN: Yes, Mr Martin. Can I first say that we are talking about page 874. It is point two, Great Northern Highway. Thank you, Mr Martin.

Mr MARTIN: The broader question is when can more funding be applied to Great Northern Highway? We recognise that Great Northern Highway could well do with some expenditure. Great Northern Highway is a national highway and hence it is funded by the Commonwealth. It is my intention to try and work with the Commonwealth over the next few months to establish a long term strategy for Commonwealth funding on national highways. Up to the present time, national highways funding has generally been in fairly small lumps or fairly infrequent lumps. I do not think that serves the national highway network very well so I have to answer that it is really dependent on Commonwealth funding but it is our intent to work with the Commonwealth over the next few months to try and establish a strategy for the long term funding of those improvements.

Mr NICHOLLS: Minister, the first question is in respect to page 859 under "Roadside maintenance and minor modifications" and it is dot point three, "Railway crossings, guardrails and noise barriers." This is specifically in reference to noise barriers. Where traffic control signals are put in and there is a concern about the noise that emanates particularly where large trucks are carrying goods along a major thorough, is it the practice for those noise barriers to be provided where noise levels reach a certain level and, if so, is that funding part of the normal maintenance funding or does it need to be part of capital works?

Mr MARTIN: I think the answer to your question is where there is a need to provide those sort of barriers then we would be looking to put them in. It would be worked on a case by case basis and just how serious the difficulty was and those fundings come out of the fundings that we show here. In other words, we have five output groups that our funding is broken into. One of the output groups is this roadside maintenance and minor modifications and noise barriers come under that heading and hence in that 36.9 figure we would be providing those sorts of features.

[5.45 pm]

Mr NICHOLLS: On the Mandurah bypass where there are plans to put traffic control signals at the corner of Murdoch Drive and Mandurah bypass, is there a decibel level that is deemed to be the level at which a noise barrier is required and, if so, can you indicate - whether it be by supplementary - what this is. The concern has been that because of the large number of trucks that will be moving along that road that the stopping and starting at that point will actually cause significant impact on residents that live alongside that road. So, I would like to know whether or not that is contained within the budget.

Mr MARTIN: I understand the question and I would like to provide, through supplementary information, some specifics about that particular intersection.

Mr OMODEI: I am happy to provide that information.

The CHAIRMAN: Supplementary information will be provided.

Mr NICHOLLS: Thank you very much. The other question is in respect to the safe and efficient networks and road systems and I really want to make reference generally to pedestrians although I cannot find a specific reference to provisions for pedestrians gaining access across the roads. I am assuming that is part of the traffic signals and regulatory signs and the crossings.

Mr MARTIN: That is right.

Mr NICHOLLS: I want to ask questions specifically in reference to a current pedestrian access across the Mandurah bypass where the public are invited to cross a road on a bend where there is vegetation. On either side of the road there is no lighting facility and where the speed limit is currently 90 kilometres per hour. Having raised this issue I am told that the Main Roads plan to put a crossing in some metres further south where they believe the road is a little straighter. However, requests to undertake work to enable a decision about whether or not an overpass should be provided or not has been rejected. What I would like to know is where in this budget is there a provision for the construction of pedestrian crossing such as overpasses on major roads where there is deemed to be a safety requirement for that overpass?

Mr MARTIN: I do not know the specific details of the locality you are talking about but our view is that if there is a safety need we deal with it. We had the situation with regard to Wanneroo Road, for example, where a safety issue came to light and we have taken action to deal with that and there is some money in this budget for it. We have a budget which gives us some flexibility. If there is an urgent need for something we can deal with it. Perhaps what I should do is seek some additional advice from you about that locality and perhaps we should talk with you about specifics.

Mr NICHOLLS: Could I ask if you could provide by way of supplementary information the criteria by which Main Roads deems that an overpass is necessary or that pedestrian crossing at ground level is, in fact, unsafe unless it has control signals or other management mechanisms.

Mr MARTIN: If there is no difficulty we would be pleased to provide that information.

Mr OMODEI: Madam Chair, I know the situation very well and will provide the information.

The CHAIRMAN: Supplementary information will be provided.

Ms MacTIERNAN: I have two different issues I want to raise here. The first concerns the Tonkin Highway.

The CHAIRMAN: Which page are we on please, member?

Ms MacTIERNAN: Page 875. The extension to Tonkin Highway was promised in 1997 largely because of concerns about the heavy haulage that was coming through Armadale. Having made that promise in 1997 can you explain why it was decided not to proceed with the works in 1999?

Mr OMODEI: I am told the start has been delayed 3 years. It is to be completed by a committed date of 2007-2008 and one of the reasons for the delay has been to balance the budget or the amount of works with the budgets provided.

Ms MacTIERNAN: So, what is the start date now?

Mr OMODEI: So, the construction is planned for commencement towards the end of 2004-2005.

Ms MacTIERNAN: 2004-2005?

Mr OMODEI: The timing is being modified to commence construction with the cash flow.

Ms MacTIERNAN: Thank you.

Mr OMODEI: The Government and Main Roads will continue to examine ways for the project to be brought forward. Community consultation is still required.

Ms MacTIERNAN: It is certainly a sensitive one. So, what are you then proposing to do in relation to road trains? I understand that we are about to see longer road trains enter into the area as of June. There was an announcement there would be a trial as of June this year. Is that still proposed?

Mr MARTIN: I believe that is still the case that those trials are proposing to go ahead and I think a 6 month trial is proposed.

Ms MacTIERNAN: That will start when?

Mr MARTIN: I think it starts in July. I would need to check that.

Ms MacTIERNAN: Could you give us the details by way of supplementary information? The proposals for the road train trials?

Mr MARTIN: Certainly. I can provide that information.

Mr OMODEI: Madam Chair, I am happy to provide that information by supplementary.

The CHAIRMAN: Supplementary information will be provided.

Ms MacTIERNAN: My second question picks up the member for Bunbury's question but rather than the term network contracts I want to deal with the engineering design term contracts. I understand that you have decided to divide the State, basically, into three sections and to farm out all the engineering design work on term contracts. Can you confirm that that is the case?

Mr MARTIN: That is the intent.

The CHAIRMAN: Can I just relate to the page please, member?

Ms MacTIERNAN: Yes; page 855.

Main Roads has been moving towards full delivery of major projects by the private sector.

Mr MARTIN: The intent is to have three consultancy contracts.

Ms MacTIERNAN: How far down the path have you proceeded?

Mr MARTIN: I have to admit to not being absolutely sure of that. Mr Chairman, I am sorry, I am not sure at what stage we are in that process. I would need to come back and provide supplementary information. I am not sure whether we are at the expression of interest stage or whether we have actually called tenders or whether we have received tenders for those particular three contracts. I would be happy to supply that information subsequently.

Ms MacTIERNAN: Thank you.

The CHAIRMAN: Supplementary information will be provided. Member for Armadale.

[5.53 pm]

Ms MacTIERNAN: I have just got a series of questions just on that same point. Can you explain why this step has been taken?

Mr MARTIN: No, I am not able to explain why that step has been taken because that decision was made before I assumed

this position. I would understand that it is on the basis of getting a regular team of people available to provide services and to have those people available basically at call.

Ms MacTIERNAN: So you are not aware of what the cost impact of this might be?

Mr MARTIN: I would expect that it is being proposed on the basis that it produces savings but I am unable to say just what those savings are expected to be.

Ms MacTIERNAN: Can we get more information then on this by way of supplementary information? Any papers that have been done that analyse this.

Mr MARTIN: I would be happy to provide information about the decision to go with the term consultancy contracts.

Mr OMODEI: I am prepared to provide that information.

The CHAIRMAN: Supplementary information will be provided.

Ms MacTIERNAN: Currently when an engineering firm competes for a design job they tender a fixed price to design that particular job. That obviously is not going to be possible once you have got a term situation and you have got a firm that has got a monopoly in relation to a particular area. How will they cost those jobs?

Mr MARTIN: I am not aware that those consultancies are necessarily exclusive. That is a point that I will need to check. I am afraid I cannot answer that immediately. If they are not exclusive I can provide the details of how many are expected to be in each contract or under each panel contract arrangement. If they are exclusive then I will endeavour to provide information to answer that question.

Ms MacTIERNAN: You confirmed earlier on that there was basically going to be three, and as I have been advised there will be three companies that are given that work and this picks up the point made by the member for Bunbury in relation to the term contracts. Do you accept that the scale of these contracts basically mean that any WA firm is ruled out of the picture altogether and that the only companies that will be in fact getting the design work from the Main Roads Department now are in fact large multi-national companies and some of the big interstate firms?

Mr MARTIN: I do not believe that that is correct. In both the term network contracts and the term consultancy contracts they do not have exclusive rights to all the work. There is still the opportunity for Main Roads to obtain those services using other sources.

Ms MacTIERNAN: Well, how would that possibly work? Can you explain how that works?

Mr MARTIN: Can I just explain in terms of the term network contracts the opportunity exists for a certain proportion of the work that could go to the term network contractor is still to be tendered separately.

Ms MacTIERNAN: Is that going to be written into the contract?

Mr MARTIN: Yes, it is.

Ms MacTIERNAN: What about with the engineering design work?

Mr MARTIN: I do not know the specifics of the consultancy, I would have to check the terms of that tender document.

Mr NICHOLLS: I have a question just to pick up on the Kwinana Freeway project that did not ask and it is to do with the flyovers as you go down the freeway. I understand that the inclusion of the rail line down the centre has caused a reconfiguration or at least the delay of tendered decisions but it relates to 865, Kwinana Freeway and it is to do with bridge construction and I would like to know first of all when those bridges are likely to be constructed and the lights removed? Secondly, do we have an estimated time when that work will be completed as part of the contract or is the contract simply going to be let as a total entity and it is up to the contractor to determine the best timing and the completion date?

Mr OMODEI: Madam Chair, the member is right. There has been a change of plans as far as the railway line going down the centre of the freeway and that has affected the contracts in relation to tendering for the overpasses and maybe Mr Martin if you could get some more details?

Mr MARTIN: Yes, the tender process was aborted because of the decision to put the south west metropolitan rail down the centre of the Kwinana Freeway. At the present time tender documents have been revised to make that provision, also to allow the overpass bridges to be longer to accommodate the rail line and also to provide for the tunnels for the rail to enter the freeway median and exit the freeway median. The tender documents are available. Tenders will be called as soon as arrangements for the financing of the railway component of those works is established and currently Transport, Westrail and Treasury are looking at providing the funds for those rail works that are going to be built in conjunction with this tender. It is expected that that will be resolved quite soon and as soon as that is the case then that tender will be called again from those five proponents who previously tendered. So it is expected within a matter of weeks to have that tender underway again.

Mr NICHOLLS: Is it up to the contractor to determine at what stage those flyovers are built or is that something that is likely to be specified in the contract?

Mr MARTIN: I am afraid I do not know that detail. I can provide that information as supplementary information.



Mr OMODEI: Madam Chair, I am happy to provide that information.

The CHAIRMAN: That information will be provided.

Ms MacTIERNAN: Page 877, thank you. I want to get to this very vexed question of corporate overheads. I know that you have employed a consultant who said to include the corporate overheads in every project and when that became politically embarrassing another consultant was employed to say do not include corporate overheads. I understand that the listings that we have this year in the capital works program do not include individual corporate overheads. So the cost per project has had the corporate overheads deleted.

[5.58 pm]

Mr MARTIN: Yes, I understand that last year in the estimates hearings there was some concern about prices of projects because overheads had been loaded on to the physical cost of the project and as a consequence of that I believe a decision was made, and it is represented in these papers, that the project costs only include those overheads that are directly related to the project. Overheads of a broader nature are not included in the project costs reproduced in these budget papers. However, they are included in the program and output figures that are in these program documents.

The CHAIRMAN: We are dealing with page 872.

Ms MacTIERNAN: Last year you said the corporate overheads would be 12.1 per cent. Now what are the generalised corporate overheads for these projects this year?

Mr MARTIN: I cannot say what the overheads associated with each of the individual projects are.

Ms MacTIERNAN: The generalised ones?

Mr MARTIN: The generalised ones that go over the program and the outputs is 15 per cent.

Ms MacTIERNAN: It is 15.

Mr MARTIN: That is what has been allowed in this year's budget.

Ms MacTIERNAN: If I wanted to compare last year's budget estimates with this year's budget estimates in relation to specific projects I would have to actually add 15 per cent on to the price that is listed for this year to get a comparison with last year?

Mr MARTIN: That would seem to be a reasonable way of reconciling the two.

Ms MacTIERNAN: 877, the entity operational and other costs of \$37m, can you just tell us what this is about? Sorry, it is \$46m for this year up from \$37m. What are those costs? Half way down page 877 you have got entity operational and other costs. Is that your overheads costs, is it?

Mr GILES: Entity costs relate to costs associated with various branches and directorates of Main Roads not directly related to road building. The Commissioner, financial service, planning and practice, human resources, budgeting programming and some of the outlying offices and housing. The operational costs relate to management costs at the directorate level for rural roads, urban roads and major projects which are the delivery arms of Main Roads.

*Sitting suspended from 6.00 to 7.00 pm*

**Division 78: Local Government, \$8 320 000 -**

[Mr Osborne, Chairman.]

[Mr Omodei, Minister for Local Government.]

[Mr J. Lynch, Executive Director, Department of Local Government.]

[Mr L. Nagy, Finance and Administration Officer, Department of Local Government.]

[Mr S. Tweedie, Policy Adviser, Office of Minister for Local Government.]

The CHAIRMAN: Before proceeding, members, I have been asked by Hansard to ask you to state your name before you speak. This committee room is new and these microphones are live. The experience we have had today is that the microphones are picking up all sorts of conversations so for the purposes of Hansard it is necessary that you identify yourself and advisers, particularly, before the question is asked so that we can make some sense of the transcript of proceedings at a later date.

Are there any questions? We are considering Division 78, Local Government.

Mr OMODEI: Mr Chairman, could I make some very brief comments?

The CHAIRMAN: Yes, Minister.

Mr OMODEI: Mr Chairman, I would like to report to the committee that the local government sector is generally performing very well. The highlights this year and more recently has been the local government elections, the first held, of

course, for two years and postal voting elections continue to be successful. We intend to dispense with the special majority provision for a decision of council to go to postal voting so an absolute majority is required. This year some 480 000 people cast their vote by postal vote, whilst that was about half the number of people that could vote. It represented 34 councils that took on postal voting with an average turn out of about 43 per cent with highs of up to 70 in places in Albany and from very lows with attendance problems in the metropolitan area.

The continuing enrolment provision for non resident owners has worked well. We want to examine arrangements for non resident occupiers to ensure maximum registration of electors. The members may be interested that Exmouth and Moora elections were deferred until this Saturday because, of course, the cyclone and flood. The Wanneroo election is likely to be held in December. Any decision to go to a postal vote would be initiated by commissioners. The Cockburn election for councillors is a result of the suspension of the council. The Cockburn inquiry is currently under way and the inquiry will report to me in due course.

Local Government Department is continuing a high level of monitoring the local governments through visits, assessing its actual compliance, some analysis of budgets, audits, statements and a number of ways of intervention including council advice programs and supervisory panels.

In relation to structure reform, the government has decided not to initiate any further proposals in this term of government to allow local government to settle down. The Albany City proclaimed in July, a new council sworn in a couple of weeks ago in May, is proceeding very well with the commissioners setting the council up very well over the period that they were there with policy staff and generally codes of practice, providing the council with the option to choose their CEO after a search by Morgan and Banks for that position, providing the council with six people to choose from.

In relation to legislation, I intend to introduce animal welfare legislation this year and an integrated building bill in the Spring session as well and hopefully have a review of the Dog Act later this year.

In relation to GST, the jury is still out on GST as members would know. It is not clear what guarantees have been given by the Federal Government on that matter and we will have to wait and see.

In relation to grants, Safer WA, the third round of funding cheques is currently being presented. The fourth round opens in June and for the community facilities grants program the next funding round is about to open.

Mr Chairman, that is a thumbnail sketch of where local government is. It is operating fairly well considering there are 142 local governments under my responsibility and we also assist in the control of Christmas Island and Cocos Island.

The CHAIRMAN: I presume there are questions. The member for Rockingham.

Mr McGOWAN: Minister, page 844 of the budget papers details at the second dot point that the Local Government Advisory Board assessed 33 proposals for local government boundary changes during this financial year, at least the period leading up to this budget. On the 1st of July last year the Albany situation was resolved but we had the situation in Northam, Narrogin and Geraldton where you put the amalgamation proposals to referendum as you were required to do under the Act. All of those failed. They failed dismally in terms of any sort of change of the boundaries. In the light of that, you have here that you have got 33 proposals left for local government boundary changes or, at least, assessments going on throughout the state. Is it now a bit of a dead duck, considering the fact that these things were heavily rejected by the public, certainly in the format that is being pursued at the moment? Would it be better to start again and come up with a new process which might provide more incentive for local governments in the way that the process is operating at the moment because it certainly seems to me that the Albany situation was a bit of an inception. In the case of Wanneroo and Perth you did it via a legislative instrument, but in terms of regional areas it is very, very difficult to get some sort of change through. I would just like to know what your intentions are in that regard.

[7.08 pm]

Mr OMODEI: Mr Chairman, in relation to the major regional councils you would be aware that Victoria went down the path of quite a radical change as far as local government boundaries are concerned. They had 210 councils in an area the size of the south west of Western Australia and in the end result they reduced those numbers to 78. It could quite well be argued that there should have been some gradual change in that state over a period of time, rather than create a situation where you got to a sledgehammer type approach. It was not our intention to pursue a similar proposition to Victoria or some of the other states. We put in place a structural reform advisory committee to recommend on possible boundary change. They recommended changes to the major regional councils around the state and the City of Stirling and the City of Wanneroo. Those changes were put in place at Stirling and Wanneroo by recommendation to the advisory board. You have to understand that there are 33 proposals and many of them have been approved and are just minor changes to boundaries for local governments.

In the case of the major regional councils - Albany, of course - there is the capacity for people to petition for a referendum with a petition of 10 per cent or 250 people, so in most cases there was a referendum. I do not know whether you are aware of the old legislation but the old legislation had a section that was known in local government circles as the Dadour amendment that had a 30 per cent requirement for turn out to make it a valid vote and could reject a boundary change. The government and the opposition decided to put in place a 50 per cent criteria and I must say that that criteria is quite easy to achieve, particularly in small local governments. In the case of those councils you mentioned, they were vetoed in Greenough, Northam and Narrogin.

To my disappointment, I might say, to suggest that it is a dead duck from this point on, I think there are still a lot of cases where these councils are resource sharing. In the case of Narrogin, for example, they already share the same works depot and have very strong ties. In Northam they also share some resources. The shire office and the town office are in the same street, and in the case of Greenough, of course, the airport is in Greenough and that begs the similar question to the Albany question.

As far as incentive is concerned in a different approach, the Local Government Development Fund which is state monies out of the national competition monies, some \$830 000 was handed out to local government this year. To that extent quite a bit of structural reform is going on around the state where councils are sharing resources in relation to planning, environmental health and also, in some cases, metropolitan councils are doing the rate notices and the payroll for some remote councils around the state, so there is significant resource sharing already.

The government is not making any formal proposals for any further boundary change between now and the election. That does not mean that if local governments decide to get together to change boundaries that they cannot put a proposal up to the Local Government Advisory Board. That is a long answer to the question but it is quite an important question.

Mr McGOWAN: Thanks for that comprehensive answer, Minister. It was certainly a good answer in terms of the question I asked. Can I just go over one point with you? You indicated that you did not think it was a dead duck, however, in relation to the councils that we have dealt with, two of them were donut councils which I would have thought are the most glaring examples and I think in each of those it was an 80 per cent plus vote rejecting of the proportion people that voted rejecting any sort of amalgamation.

You indicated also that you thought resource sharing was a good solution so on the basis of those two factors that you base your answer in relation to resource sharing and also the fact that these councils have been addressed as the most glaring examples of councils that should be amalgamated, are you saying that you think that boundaries might be dead as an issue and you are looking more at encouraging councils to use one another's resources, and maybe if one council does not have a planning officer and shares it with another council and vice versa, as a better solution in addressing the boundaries issue any further?

Mr OMODEI: All right.

Mr McGOWAN: If I could just add to that because certainly I do not have any costings on it. I might ask for this as supplementary information. I know the Local Government Advisory Board travels the state and examines councils and does reports for you and so forth. I would have thought that would be an expensive process and in the light of what has happened it is quite a wasteful process under the current regime existing under the Act because it does not seem to me there is any prospect of these things taking place.

Mr OMODEI: I do not think the Local Government Advisory Board wastes money at all. As a matter of fact the work undertaken by them is very important work. In the cases that were put forward, bearing in mind the only ones that have been rejected are Greenough, Northam and Narrogin - a lot of the others have been - they are the ones that had referendums.

Mr McGOWAN: They were the amalgamations. They had to have a referendum.

[7.16 pm]

Mr OMODEI: No, they do not necessarily have to have a referendum at all. I think some fundamental mistakes were made by the representative for local governments in that area. If you look at the Northam situation there has been an ongoing history of the old guard being prepared to do almost anything to stop any boundary change, in the case of Geraldton/Greenough unfortunately the City of Geraldton adopted an aggressive approach and some unusual strategies to try and get the amalgamation progressed. The question of recommending that people not vote in the election, I think served to antagonise the people of Greenough and that is why they got such a large turn-out. If you contrast that to what happened in Albany where the city council - bear in mind that the council that is in the middle is usually seen as the predator by councils surrounding them, in that case the City of Albany handled themselves, I think, quite appropriately and the issue was not raised. Therefore the referendum trigger never rejected, bearing in mind that most of the people that are going to vote in a referendum on boundary change are going to vote in the negative. The important thing then is to get a big voter turn-out.

I suppose it begs the question as to whether that referendum capacity should be in there at all. After all, your boundary and my boundaries of our election districts change every eight years. There is no referendum as far as that is concerned, so our constituents do not get a say on that. As far as the advisory board is concerned, as far as their travels are concerned, they only actually react to formal proposals. So they only actually travel to where they need to travel.

As far as the resource sharing, I said quite plainly when we adopted the structural form of the advisory committee report and I tabled it in the Parliament, I expected that if the amalgamations were not effected I would expect local governments to embark on significant resource sharing and I think that's what they do.

Mr McGOWAN: Just to complete this issue, minister, in light of what has happened and all that you have said, which seems reasonable, are you looking at a different process? I know South Australia and Tasmania went down a different process in relation to these issues. Are you looking at adopting a process like that rather than the one that is currently existing?

Mr OMODEI: Tasmania adopted an approach by legislation. So did Victoria. The South Australian model seems to have worked well in that the government said to local governments, "You will reduce your numbers from 118 down to 68", or

something like that, and said "If you do not do that within eighteen months, we will legislate to do so." Now we adopted a different approach in that we thought we had very mature local governments in Western Australia. I am not suggesting they are not mature, by the way, but we do have a large range of local governments from very large local governments to very small. I threw down the gauntlet to them, saying "Look, the ball is in your court. Be master of your own destiny. Work out where you want to be within twenty years and talk to your neighbours and come up with proposals." Some of them have reacted appropriately and some have not reacted at all. Interestingly, when I travel around the state, and I have only got about six local governments to go to, to visit all the local governments in the state, every time I move up the road somebody has put the compass on their town and swung the arc and said "We will have these." Then you go up the road and they have done exactly the same thing. So there is no doubt there is an awareness that some of the units are not viable units.

It will just be a question now of what strategy we approach. A lot of them are going down the regional council type modelling, in other words resource sharing; some of them very very successfully. You would know the East Metropolitan Regional Council, the South-West Metropolitan Regional Council are working very well, as are some in the country. Long answer again. Sorry.

Mr McGOWAN: I take it from that you do not intend to try and change the Act or anything?

Mr OMODEI: No. It intrigues me that boundaries that were set for local governments a hundred years ago by a government a hundred years ago are still so appropriate in this day and age. It just defies logic that our forebears, and knowing the reputation that members of parliament have, could have been so right a hundred years ago. I think you would have to admit that there are some obvious boundary changes that could occur. It is just getting local government into the mood to do that.

Mr McGOWAN: Page 837, the second dot point, you indicate:

Subject to Government priorities the Department will be facilitating the passage through Parliament of the Animal Welfare Bill.

Minister, I will just phrase my question in the light of last year's budget. At page 694 you indicated:

It is envisaged that the Animal Welfare Bill will pass through Parliament.

That was in terms of initiatives for 1998/99. Can you explain to us why you have not put an Animal Welfare Bill through the Parliament as you indicated you would in last year's budget and where it lies in terms of your priorities, because you very much couch this year's budget in terms of Government priorities which indicates to me that it might not be high on your list of priorities in the lead-up to an election?

Mr OMODEI: You want it to be, do you?

Mr McGOWAN: Yes, I do.

Mr OMODEI: Mr Chairman, I probably said the same thing the year before as well. The Animal Welfare legislation has been around for a while, about seventy odd years as a matter of fact.

Mr McGOWAN: Prevention of Cruelty for Animals Act.

Mr OMODEI: Sorry, yes. Very good. There was an animal welfare advisory committee in place when we came into government. It had been set up by the previous government. We set about a round of consultations at that time and we further expanded the consultation last year because there was increasing feedback about animal welfare legislation. We have now, as at the end of April, I think, received final submissions from the local government sector and the general community out there on animal welfare. It is now with the department to recommend possible amendments to the legislation. It went out as a Green Bill so we tabled it in parliament. We are really at that stage now where I would expect we can bring the legislation into the Parliament in the spring session.

Of course that depends in the Parliament itself as to what happens with the legislation when it gets into the Parliament whether it will be progressed through the Parliament quickly but my intention would be to have that legislation progressed and you would know only full well that there are some contentious issues in that legislation, the licensing of scientific establishments, the licensing of inspectors of scientific establishments, things like codes of practice for animal husbandry, that will receive differing viewpoints from various people in the community. For example, battery hens are going to be normal practice as far as poultry producers and the animal liberationists will not want to have battery hens but the idea in the legislation is to set those things up under codes of practice, if necessary where there are already national codes of practice we will do it through national codes of practice. The intention is to bring the legislation in in the spring session.

[7.24 pm]

Dr TURNBULL: On this issue of the green paper would you say that there has not been any other attempt to amend the Act...(Inaudible)... green paper or in the consultation that you have held with them?

Mr OMODEI: You mean the original Prevention to Cruelty of Animals Act? No, there has not been any attempt to amend it that I am aware of. The director says that he is not aware of any, so therefore other parties have had that option but we have certainly had more than an adequate consultation period for this bill and as I said I think that there are some issues there that never the twain shall meet. There will be some people in the community that agree with them and some that will not. I dare say we will have to just see what happens to it when it gets into the Parliament but I certainly will not be shirking my

responsibility as far as introducing the legislation into the Parliament just because it is before the election.

Mr McGOWAN: Are you giving us an assurance, Minister, you will put it into the Parliament this year?

Mr OMODEI: It is in the Parliament as a green bill now.

Mr McGOWAN: You will put a bill into the House?

Mr OMODEI: That is the plan.

Mr TUBBY: Minister, how many investigations have been undertaken into local governments during this financial year and what benefits will flow from these investigations?

Mr OMODEI: There have been 119 investigations. In relation to a breakdown of those breach of financial interest provisions, 37; investigations into decisions of councils and planning and building and meeting procedures, 34; actions of staff, 12; actions of individual councillors, 7; tenders, processes and decisions, 17; others, financial reporting, business plans, etcetera, 12. The majority of the matters investigated related to deficiencies in processes and procedures. The investigations will result in improvement in management processes and ultimately this will lead to fewer investigations.

Dr TURNBULL: I would like to ask a question which is not in the budget papers here and it may actually appear in the Treasury budget papers but that is would you be able to provide me with the amount and the departments involved? Now local government rates are paid by government instrumentalities which have been corporatised such as Western Power and those local government rates are paid not to the local government, they are paid to the Treasury. Do you have any idea how much that is and do you have any idea as to what corporate bodies they are, the amounts and if you do not could you please provide it? Corporate bodies do not report through the budgeting system.

Mr OMODEI: No, they do not and they do pay those rate equivalents as you mentioned to the Treasury in most cases and in some cases parts of those corporate entities are leased premises to the private sector, therefore they receive lease arrangements and then they pass those rate equivalents on to the Treasury. It has been an issue that has been discussed between myself and the West Australian Municipal Association and has been part of ongoing discussions between the department, the Municipal Association and the Treasury. Bearing in mind that local governments themselves do not pay some government charges and therefore it is quite a complex issue. It is a matter that the Western Australian Municipal Association has been keen to pursue. We have been willing to do that and are currently still in discussion between the association, the ministerial office, the department and Treasury.

Dr TURNBULL: Would you be able to provide how much money...(Inaudible)... in total the Treasury receives in rates equivalents, how much it is per corporatised body and how much it is according to the varying local governments? I trust Treasury knows which section it comes from.

Mr OMODEI: They may not know the extent of those payments. The executive director is saying that WAMA has done an estimate so I will look at that estimate and provide that to you by way of supplementary information. In those discussions we are looking at reciprocal arrangements between the state and local government as far as payment of rates and the payment of some taxes in particular to the state. It may well be in the final analysis that local government would be worse off under some kind of reciprocal arrangement so we want to get hold of all of the information first before a final decision is made.

[7.30 pm]

Dr TURNBULL: I really cannot see how they could be worse off because if you take a shire such as the Collie Shire where we have the very large Western Power facilities they are actually paying it is just that it is diverted to the treasury. Now, the reason given is that that is to help pay for the facilities within that area but, of course, it is totally erratic because a shire like Collie forgoes a very large amount whereas a shire like Upper River would not forgo anything, or virtually nothing. So, it is a totally erratic way of dealing with things and it would be far fairer to just allow it to be paid to the shires involved.

Mr LYNCH: Yes. The agreement between the states and the Commonwealth in relation to the GST contains within it a requirement that the states look at reciprocal taxing arrangements between state and local government. Whilst there is no question that the issue of GTEs paying rates to treasury rather than to local government is a hot topic for local government and has been raised on a number of occasions. It is certain, I feel, that that will be addressed in the context of the required discussions between the state and local government over reciprocal taxation. The caveat on reciprocal taxation, from my understanding, Chairman, is that it be revenue neutral, the impact, and there have been figures done which would show that if full reciprocal taxation was applied between the state and local government, local government would be worse off to the extent, I think, of between \$30-\$40m. There is obviously some considerable scope for detailed discussions between local government and the state government on not just the issue of GTEs paying rates but also the wider issue of taxing; each government taxing the other.

Mr OMODEI: Bear in mind, Mr Chairman, that local government, for example, do not pay payroll tax. So, again your small local governments would not be paying any tax from that point of view but certainly the larger ones that have budgets of well over \$100m would be paying significant amounts of payroll tax.

Dr TURNBULL: Now, with the discussion that the CEO was just talking about in the ongoing discussions and the reciprocal taxation rate...(indistinct)... I presume there is competition.

Mr LYNCH: No. As I understand it, it is actually part of the financial arrangements agreement that was signed by the States

and the Commonwealth Government in relation principally to GST but it is wider than just the GST. It captures the issue of reciprocal taxation as well.

Dr TURNBULL: So, is that in relation to the COAG agreement payments where we have already been through one year and the local government has received a small remuneration for that and it is staged over 3 years? Will that fit into that program?

Mr LYNCH: No. The 3 year payment in relation to I think what you are referring to there is the competition payments and they are a separate issue altogether. The payments that are being made through the competition policy have, in fact, been developed into what the Minister referred in response to an earlier question, the Local Government Development Fund which is being made available to councils for a wide range of matters. It is not relevant to the issue of reciprocal taxation.

The CHAIRMAN: Members, before moving on I confirm, Minister, that you have agreed to provide supplementary information. Can you give us some better details for the record? We were unsure what item in the budget the member for Collie was referring to.

Dr TURNBULL: It is not an item in the budget and that is why I asked the question.

The CHAIRMAN: Can you give us a little tighter detail, perhaps, on the supplementary information which is to be provided?

Dr TURNBULL: It is about the local government rate equivalents paid by government trading enterprises to the treasury.

Mr OMODEI: In lieu of rates.

Dr TURNBULL: I was looking at the amount in total. The amount per government trading enterprise and, if possible, the amount forgone per council.

The CHAIRMAN: Thank you.

Mr OMODEI: Mr Chairman, I would be prepared to provide that information.

Mr McGOWAN: Just on a similar subject to the one addressed by the member for Collie, Minister, there has been much discussion of late in regard to the impact of the Federal Government's tax program in relation to the State and, in particular, in relation to funding for local government in lieu of financial assistance grants. My question relates, I suppose, to financial assistance grants and the fact that if the tax package comes in these will be handled by the State rather than the Commonwealth. Is it your intention to give local governments a fixed percentage share of whatever you receive from the Commonwealth in terms of revenue to the State on the same basis as the Queensland Government has?

Mr OMODEI: It depends on what happens as far as the package is concerned and as to what happens as far as the growth revenues are for the State. Bear in mind that under the intergovernment agreement local governments have been guaranteed payment of financial assistance grants monies in real per capital terms plus an increase of about \$10m over the next 3 years. In relation to the guaranteed percentage of a GST I do not know how Queensland has done it but I would certainly favour a guaranteed percentage. However, it is the art of the possible as to whether the government can do that without severely impacting on other budgets that have already been set. So until we have a GST I must say that I certainly favour the states distributing any incomes that come about as a result of the GST after the year 2004. Certainly from my point of view I see local government as a responsibility of the states. Local governments exist because of state statute, not because of Commonwealth statute, and on that basis I believe that local governments should trust the state. After all it was the Commonwealth that cut their growth funds a couple of years ago and yet we see local governments still saying that they would prefer to see the Commonwealth handle the money. When you canvass that question with local governments around the state they do not really know why they prefer the Commonwealth. Maybe it is because they go over and have the Talkfest every year at the big local government general assembly.

It is a good excuse to go to the eastern states at ratepayers expense and listen to the wise people from the east. My view is that not all the wise people come from the east and the main reason that they actually go to the eastern states is to try and beg for some money, whereas in actual facts if those funds are allocated to the state if you look at our record in funding local governments, particularly take roads for example in the last few years, since we came to government road funding has increased from \$200m to \$700m and local governments are appreciative of that. I do not know where they think that money comes from. It certainly comes from the state, I can tell you. So the question in part is really hypothetical because the GST is not yet a reality and it will take three or four years before the GST actually comes into effect, if it does happen.

[7.38 pm]

Mr McGOWAN: If I could just point something out to you at page 197 of your Economic and Fiscal Overview, it is apparent from table 7 that local government grants will decline as a proportion of state revenue is received from the GST and if you have a look at that you will note that that is the case. So it must be the case from 2000/2001 they are declining by \$157m until 2005/2006 to \$189m. So they are in constant decline as you go through that table as a proportion of the amount that the state receives. So it appears to me, Minister, that the government has already made up their mind on this issue and that was certainly backed by what the Premier had to say the other day in question time that you basically decided not to give local government a fixed percentage share when the goods and services tax comes in and I just want to know why that is and whether you are prepared to change your mind on that issue?

Mr OMODEI: Certainly if it is possible and again, that is something that is being discussed between local government and Treasury at this moment but the agreement has been signed and is set in concrete that local government will get real per capita increases in local government funding at the same time. The question as to whether financial assistance grants are adequate for local governments is another question altogether. The government has left the door open for further consideration. I would like to see, and I think if you are going to be practical and sensible about it, you have got to see what the GST is going to offer the states before you can make a final decision. It is all well and good to say that in election year we will give local government a guaranteed share of GST and then find after the election you cannot in actual practice do it. I do not think you would be too happy about that.

Dr TURNBULL: I was going to follow on with the local roads grants that the Minister mentioned. Do you have the figures on how much the local road grants have increased in the last three years or say the last year, this year and projected? Directly to local government. Page 841.

The CHAIRMAN: Thank you, member for Collie. I just need to be satisfied that there is a clear link between these papers and the question that you are asking otherwise this will just turn into a general discussion.

Mr OMODEI: I think you are right, Mr Chairman. The real per capita grants have been guaranteed under the financial assistance grants under the road aspect to them and that is usually about \$60m out of \$145m. So \$60m in road grants. That is under the financial assistance grants that are provided to the states. Local governments also receive funds, of course, under the Transport budget and the majority of their funds come from shared projects between them and Main Roads Department and we of course made a massive increase in funding for local governments out of the four cents fuel levy. That now is no longer possible because of the High Court challenge but those funds are still being maintained through the Main Roads budget.

Dr TURNBULL: That was the item that I wanted to assure that despite the fact that we have the state contribution in the local roads grants from the four cents has gone specifically from the four cents but the local government is still being allocated that amount of money for the local roads program?

[7.46 pm]

Mr OMODEI: Certainly, as I mentioned under the funding from the state over the last six years road funding has increased from \$200m to \$700m and the majority of those projects would be country Western Australia.

Mr McGOWAN: Minister, in relation to the commissioners that are in place in Cockburn, how long do you expect they will be in place there? Minister, in relation to the community security programme, page 843 at the bottom of the page, can you just advise me? The past year is the first year it has operated and you are going to operate it again this year. You indicate at page 843, the last dot point, that you have spent \$1m on this. I just want to confirm with you that you have spent \$1m in total, what your estimated expenditure will be in the coming year and of that \$1m, if you have in fact spent it during the last financial year, what were the number of grants and how much went to each particular council?

The question I have is that some councils received huge amounts of money and other councils received very small amounts of money. If you can provide that to me now or by way of supplementary information, who got the big ones and who got the little ones?

Mr OMODEI: I can certainly provide you with supplementary information. 91 applied, 78 were granted. The total funds allocated was \$948 000 since last financial year. However, the majority - -

Mr McGOWAN: So it was \$948 000?

Mr OMODEI: Yes. About half of that was provided by way of security audits. Because we wanted to know the extent or where the issues were as far as crime in municipalities was, the councils drew on police figures and general information in the region that they existed and, having exhausted the numbers of people that applied for funds for audits, we then opened those grants up for matters outside of the audits, including street lighting, some youth programmes, etcetera. They varied between a few thousand up to 50 000.

Mr McGOWAN: Was the City of Gosnells - -

Mr OMODEI: If you like, I will provide the detail for you by way of supplementary information as to the numbers of councils, the types of grants that they received and the quantum of those grants, if you would be happy with that?

Mr McGOWAN: I would be.

CHAIRMAN: That is the disbursement of \$1m under the provisions of the community security programme, supplementary information?

Mr OMODEI: That is correct.

CHAIRMAN: Thank you, Minister.

Mr McGOWAN: I was asking you about the commissioners in the City of Cockburn and also the commissioners in the former City of Wanneroo. On page 842 there is a line item about inquiries and investigations and naturally one of these matters were a result of that. Can you tell me what the cost and terms of payments to the commissioners is in terms of the

City of Cockburn, when those commissioners will be leaving the City of Cockburn, when you expect to have an election and similarly the same sort of statistic in relation to the City of Wanneroo? I have heard varying stories about what these people get paid but I would like to know what it is. I think it comes from local government budgets. It is not from your budget, but it is relevant.

Mr OMODEI: Yes, that is correct. The commissioners, Mr Chairman, for all intents and purposes act as the council. Therefore their costs are met by the council. In the case of Wanneroo, I understand the chairman of commissioners receives about \$12 000 a month.

Mr McGOWAN: The chairman receives \$12 000 a month?

Mr OMODEI: \$12 000 a month. The other commissioners - -

Mr McGOWAN: That is more than you.

Mr OMODEI: Probably, yes. It is a very onerous job, I can tell you; both of them are. The commissioners receive \$6 000 a month for Wanneroo; 3 000 for the commissioners and 4 500 for the chairman of commissioners for Cockburn. I will certainly clarify that by way of supplementary information. The interesting thing is that when we were questioned on that issue, and the commissioners themselves were questioned by their own constituents in Wanneroo, it was found that the cost of running the commissioners in the City of Wanneroo was actually cheaper than the running of the council under the old City of Wanneroo. So that is quite an amazing statistic, I think, considering the demand for that position is a very onerous job. Those positions, as far as the setting of those fees are concerned, are usually ratified by the salaries and allowances tribunal, or we seek information from the salaries and allowances tribunal when we set those fees.

Mr McGOWAN: Why are you paying double for the chairperson in Wanneroo as opposed to the chairperson in Cockburn?

Mr OMODEI: The City of Wanneroo was a split of the old city into two new municipalities. There is something like a \$130m budget and 1 000 employees, huge assets, huge liabilities, a number of legal cases that are pending, all of those sorts of things. Therefore the commissioners have a far more onerous responsibility than the commissioners at Cockburn who are really just running business as usual. Let me rephrase that. They are running a caretaker council, the day to day running of the council, pending the inquiry.

I think you also asked the question as to how long they would be there. In the case of Wanneroo and Joondalup Commissioners will be there until the election that is being held in December. They will set the date. It has to be held in December under the legislation we passed in the Parliament. In relation to Cockburn Commissioners will be there for as long as it takes the inquirer to complete his inquiry. I would expect that that inquiry will be finished and reported by the end of October.

[7.54 pm]

The CHAIRMAN: Minister, you have agreed to provide supplementary information on payment of Commissioners at Wanneroo, Joondalup and Cockburn.

Mr OMODEI: I will provide supplementary exact information.

Dr TURNBULL: Under the community facilities grants program which is mentioned as a major achievement on page 843 and on 850 in relation to the actual budgets, what is the total amount of funding that is being provided and how much has been provided in total overall because in the first table we have got that it is \$1m per year and then we have got estimate of works still in progress? So I was just wondering how much it adds up to in total and the second part of the question is, what sort of projects are these being allocated to?

Mr OMODEI: The member for Collie quite rightly identified that there is \$1m per year for four years for community facilities in local governments in country areas of the state. So far we have expended \$1.993m over the first years on 133 projects. They vary in size right down to \$2 000. I have received letters back from some of our councils absolutely delighted with a grant of \$2 600 but the maximum grants were \$25 000. \$20 000 in the first year, \$25 000 the second year. In a lot of cases there were matched by local government funding. So by the time we expend \$4m at the end of the four year term you could expect in excess of \$6m worth of facilities that have been upgraded around the state and I was in Bob Wiese's electorate the other day at Tambellup and they quite proudly showed us their new public toilet facility.

In some cases it is a minor tourism type arrangement, a park bench or playground equipment. For example at Walpole we opened a recreation centre and provided playground equipment for disabled people. So from that point of view there is a component or a requirement that any of these facilities should be disabled accessible. At one stage if you were travelling from Karratha to Perth there was not one single place that had a disabled accessible toilet or changeroom. So if you wanted to wash your face or go to the toilet you just needed to have great staying power. So it has been a very successful program and very well received by local government.

Dr TURNBULL: One of the examples that we have had in my electorate was the Boddington one which was for a toilet as well and it is really quite extraordinary that we still need toilets in all these country towns because I can remember in 1974 when Whitlam came in and allocated Federal money for such projects Boddington got two toilets out of that lot. It is a very important thing.

Mr OMODEI: I must say, Mr Chairman, the member for Collie was instrumental in gaining the funds for Boddington.



Mr McGOWAN: My question relates to the process of distributing the financial assistance grants and if you have a look at page 841 you will see under the first dot point there, funding of \$144m distributed to local governments for financial assistance grants and local road grants and it also indicates that you convened a conference for all state and territory local government grants commissions to discuss grant disbursements methodologies. First of all can I ask you what the outcome of that particular conference was?

Mr OMODEI: It indicated that the grants commissions in each states have different methodologies, albeit complying with the Federal Grants Commission Act. I will ask the executive director to answer part of that question in a moment but we convened the conference that was held in Busselton. The important thing was that the conference which is held around the states on a rotational basis was held in Western Australia but more importantly, Mr Chairman, the grants commission is really an independent body. The nominees come from local government nominees to the Minister based on a list of names and the Minister selects out of that list of names. The criteria is set by the state Financial Assistance Grants Act which has to mirror the Commonwealth Grants Act.

Mr LYNCH: Chairman, there is an annual conference of the grants commissions which rotates around the states. At this particular one there were delegates there from both South Africa and the Philippines who were interested to learn of how Australia deals with its grants to local governments. It is quite, in fact, an almost worldwide issue, central governments returning grants to local government to assist them in their operations. So it is something that impacts local government almost around the world. The conference really addresses changes in methodologies that are used by individual states during the term of the previous grant period and I think that in this most recent conference that I also attended, the Western Australian methodology stacked up very well and, in fact, in some instances has been used to an extent as a model by the Commonwealth in changing their principles to bring other States more into line with the methodology that Western Australia uses. So, we in Western Australia are well at the forefront, I think, of finance methodologies as far as local government is concerned.

[8.02 pm]

Mr OMODEI: I would not have expected anything less.

Mr McGOWAN: Can I just clarify that point, Minister. Do you see any failings in terms of the system that we have at the moment in terms of the way it distributes financial resources from the central government back out to local government. Is there any changes you would like to see put into place?

Mr OMODEI: One of the changes I would like to see is to have more money to distribute. That would be a good starting point. It is quite a complex formula and has been around for quite a while.

Mr LYNCH: Chairman, the principles upon which the Grants Commission allocates funds, as I alluded to in my previous response, are determined by the Commonwealth and I think that the current system has been in place for many years and my personal view is that it would not hurt in the not too distant future to undertake a review of those principles to reflect on what was intended to be achieved, particularly by fiscal equalisation, to look at what actually has been achieved and to determine whether the current system and principles should be maintained in the future. That is not to say that I believe there should be any reduction in the amount made available but it is just that the principles have been around for some time and in my opinion it would not hurt to have a look at how effective they have been. The Act is due for review every 5 years so I think that if the financial assistance grants agenda had stayed with the Commonwealth - and it may still if the GST does not comes into fruition - then in a year or two I believe the time would be up for the 5 yearly review in any event.

Mr McGOWAN: I understand the principles are determined by the Commonwealth Acts and that we reflect those principles but as your adviser said earlier we impose our own methodology on those principles as to how we distribute it. I think at present we distribute it, sort of - - of the \$144m or so that we receive I believe about 70 percent of that goes in terms of general grants to local government and the remainder goes in - -

Mr OMODEI: \$85m to them, \$60m to road grants.

Mr McGOWAN: About \$90m, I thought, went in general grants and the remainder went in as local road grants, local road funding.

Mr OMODEI: 85, 60.

Mr McGOWAN: All right. In terms of the \$85m that goes to general grants to local governments, you would understand that 30 per cent of that \$85m goes on per capita grants and the remainder is on those non-minimum grants particularly in rural regional areas. I want to seek your feedback as to whether you think it is fair, in terms of the minimum grants, that of the 30 or so councils in the Perth metropolitan area that 22 of those, I think, are on the minimum grant and there is about eight that are not. Now, of those 22 that are on the minimum grant, which means they get very little funding in terms of the overall grants, you have councils like the Shire of Peppermint Grove in there as well as councils like my own council, the City of Rockingham, or the City of Belmont or for that matter the Shire of Wanneroo. When you are in these fast growing areas that have to put in huge amounts of infrastructure - like Wanneroo, Rockingham and maybe Swan - and you are getting the same level of grant per capita as the western suburbs councils that strikes me as being a very unfair system. Unfair on the ratepayers that live in those areas. The western suburbs and the inner city are primarily developed. They do not have to put in much in terms of infrastructure whereas these outer metropolitan areas have huge amounts of infrastructure they have to build and fund. I would have thought that we could come up with a better system than the one we have got to reflect

those needs rather than the formula that is not taking care of those needs. Do you agree with that or do you have any suggestions on what you intend to do?

Mr OMODEI: I think we need to have a look at the figures before you come to any conclusions on that. I think Peppermint Grove gets about \$25 000.

Mr McGOWAN: But on a per capita system it is the same as the City of Rockingham and Shire of Wanneroo.

Mr OMODEI: There is a counter argument where councils in country WA, who claim that they produce all of the wealth of the State, get very little in grant. They get the per capita plus the disability factor under the methodology for road funds and general purpose funds. If you compare that to some of the metropolitan councils where they have tens of millions of dollars salted away in reserve funds and many of those growing councils - I will not single any out - there could be a counter argument to say they should not be getting any financial assistance grants at all; that those financial assistance grants should go to country WA where they have hundreds and hundreds of kilometres of infrastructure, of roads that are deteriorating over time. So, it is a very complex issue and you could argue a country point of view or a city point of view but in the end I think the financial assistance grants only provides for about 50 per cent of the demand for road funding and for general purpose about 50 percent. So everything is factored back 50 percent when it comes to federal grant funds. That is why I said to you in the beginning that my first preference would be to see the Commonwealth put a fairer share of funds into financial assistance grants, both the states and local government.

[8.08 pm]

Mr McGOWAN: Do you think it is fair that these inner city councils are receiving the same amount per capita as the outer suburban growing areas?

Mr OMODEI: I think it is fair. In the case of councils like Stirling and even your own council, Rockingham, they have large numbers of population compared to some of our rural councils who have thousands of square kilometres with very low populations and still need to finance. So that is the counter argument and I do not think it is a question of whether it is fair or not. I think there is probably not enough money full stop to go around but certainly a look at the methodology would not be astray at this point in time.

Mr McGOWAN: Page 840, you have got major initiatives for 99-2000, arrange the drafting of the building control bill and assist its passage through Parliament. Can you explain to us when you intend to do this? Is it something you intend to do before the election to bring this bill into the House or is it something that you do not feel that strongly about and will not be pushing forward that bill?

Mr OMODEI: The building control bill is at about the same position of development as the Animal Welfare bill. The building section of the current Act was carried over from the old Act. Part 15 of the old Act was the section relating to building control and of course more recently the Australian Building Code. It was intended that there be a new bill drafted to cover that area of responsibility. Rather than a green bill in this case we had had a discussion paper and we have been out to the general public. We have had over 200 submissions on the bill, fairly strong consultation between the building sections and environmental health offices and local government around the state and the department is now assessing those submissions and will be recommending any changes as far as the drafting instructions are concerned and again it is my intention, everything according to plan, to bring that legislation into the Parliament in the spring session with the intention of passing it by the end of the year.

Mr McGOWAN: Is that a promise, Minister?

Mr OMODEI: Well, you have a process that has to be adhered to. We cannot just bring in legislation like this without consulting with local government. We have done that extensively over a period of 12 months or more. It has been signalled quite some time ago that we would be progressing this legislation and we have had feedback from the building sector on it and from the local government sector. So I do not think you can do much more than that apart from bring it into the Parliament. To go through the process, as you would be aware, the process is that I have to receive permission to draft the legislation, then permission to bring the legislation and then have the consent of my colleagues in the joint party room before it can be brought into the Parliament. So there is certain hurdles that have to be jumped before I can actually bring it in and I intend to do that.

Mr McGOWAN: Under page 842 you indicate again inquiries and investigations. How much money are you spending this financial year in terms of carrying out the recommendations of the Wanneroo Royal Commission?

Mr OMODEI: Most of the recommendations in relation to the Wanneroo Royal Commission have been put in place either through regulation or by legislation. In relation to the keeping of those records we would not keep the detail of that kind of record as far as detailing how we go about making sure those recommendations are implemented. Needless to say they all have been dealt with in conjunction with the municipal association and the Institute of Municipal Management. There was a working group that was set up between the department of local government, WAMA and IMM and the agreements arrived at in relation to the recommendations, what were practical to implement and what were not and they were carried out to the letter of the law. I think it is all on the public record.

Mr McGOWAN: The reason I ask this is because in last year's budget, page 694 you indicated in the forward estimates each year from now for the next three years you would be spending \$110 000 a year on issues arising from the Wanneroo Royal

Commission report. So what you have just said to me is that you are not going to spend that money anymore? You are not going to follow these things up?

Mr OMODEI: If I can explain that, the \$110 000 each year is the equivalent of two full time equivalents that were put in place to bolster the investigatory services of the department and they will have an ongoing role, not necessarily to pursue actual specific Wanneroo issues but similar issues to the Wanneroo issues. I would expect that we are not going to have them ongoing for that one.

[8.16 pm]

Mr McGOWAN: Again on inquiries and investigations, it indicates that there were 98 investigations in the last financial year and you are looking at carrying out 100 this year. Are they actual investigations where you send officers into individual local governments to carry these out? Secondly, are you receiving a lot of feedback from local government that they are sick of the level of investigation being carried out by your department in relation to ordinary everyday activities that they are carrying out?

Mr OMODEI: They are sick of - -

Mr McGOWAN: Minister, it was a question.

Mr OMODEI: Are they sick of it now? Much of it is beyond their control. If somebody makes an allegation of impropriety against a councillor, be it a failure to declare an interest or improper behaviour or whatever, the department is obliged to carry it out. They do not send inspectors into every council. It will depend on the degree of gravity of the allegation or the situation. The department's attention is captured by letters directly to it, the substantiated allegation. It looks at newspaper articles. It looks at direct complaints from individuals. So there is a whole range of ways in which a council can attract the attention of the Local Government Department or the minister. They vary in degree as far as the investigation is concerned. It may well be that the department sends a letter to the local government seeking information and documents in relation to a certain issue, right down to actually sending in a council advice programme or a supervisory panel, departmental inquiry or a royal commission if it is bad enough.

Mr McGOWAN: So each one of those qualifies as an inquiry and that is where the 98 came from?

Mr OMODEI: Yes. Certainly a lot of the allegations are found to be unfounded. In other words, there is a degree of vexatious complaint against individual councillors that is found to be incorrect.

Ms MacTIERNAN: I would like to follow up on those comments from the Member for Rockingham. Of that 98 inquiries, would they for example include the letter of complaint I wrote in relation to a committee of the Canning City Council? Is that considered to be an investigation?

Mr OMODEI: Did it result in an investigation?

Ms MacTIERNAN: That is what I am asking you. I am asking, is that what you call an investigation?

Mr OMODEI: I do not recall - -

Ms MacTIERNAN: Perhaps if I could just refresh the memory. I raised serious allegations in the Parliament which you then invited me to follow-up by a letter, outlining how a member of a Canning City Council committee had used the information that he had acquired under that committee to purchase for the price of \$1 a series of lands which appear now to be worth something in the order of \$500 000. I am wondering whether you came back with the view that this committee was not a committee of the council under section 180 of the Local Government Act? I would certainly like to query you about that. Is that sort of response that you give to a complaint - - I have made a complaint. You have issue a letter saying it is not 100. It does not come within section 180. Do you count that then as one of your investigations?

Mr LYNCH: No, we would not. We only would count in the investigations if we actually went into an investigation as such in a reasonably robust way, but if we just responded to you along the lines that the issue - - I am sorry, I do not recall the particular issue, but if we just responded to you and said "Well, we have looked at it and we do not think there is a case to answer", so to speak, no, we would not count that as an investigation.

Ms MacTIERNAN: I wonder if it would be instructive if we could actually be provided with a list of the councils that had formed the 98?

The CHAIRMAN: Supplementary information, Minister?

Mr OMODEI: Do you want the nature of the allegations?

Mr McGOWAN: Yes.

Ms MacTIERNAN: Yes.

The CHAIRMAN: Supplementary information to be provided.

Mr McGOWAN: Can it be provided to both us?

The CHAIRMAN: Oh, yes.

Ms MacTIERNAN: Given that there is obviously rather a major problem here with the number of inquiries that do need to be investigated, the number of complaints that need to be investigated, I am just concerned about your definitions that you use. Could I just ask a question then about the situation with the City of Canning? The City of Canning actually resolved to establish a committee, the heart of Canning committee, and then resolved to devote council funds to appointing a consultant to run that committee and referred to that council after government elections when the council was appointing persons to various committees and described that committee as a management committee. In that view, how do you come to a decision that that is not a committee under section 180 of the Local Government Act?

Mr OMODEI: To all intents and purposes under the Act, a committee is a committee under section 180 that - -

Ms MacTIERNAN: I hope you are very understanding of Carmen Lawrence and her travails, given that we are not able to remember anything that happened six months ago.

Mr OMODEI: My advisers actually - -

[8.24 pm]

Ms MacTIERNAN: It has. The performance indicators. The issue, of course, is that sometimes the Minister in this case is admitting that he does not remember whereas some other people necessarily admit they - -

The CHAIRMAN: Order.

Mr OMODEI: Mr Chairman, I understand that under the old Act section 180 referred to committees with delegated powers. The new committee structure under the new Act has the power to have people from outside of council on that committee. I think that in this case, member for Armadale, if you want some further feedback that I go back through those files and find out the answer to your question.

Ms MacTIERNAN: I would ask you to do that because I have obviously got the advantage of having the Act, although I do not have a series of professional advisers but, in fact, the opposite is, in fact, the case; that under the old Act it specifically refers to committees that are composed of persons not exclusively on the council. So, in fact, under the old Act which is the relevant Act for this situation.

Mr OMODEI: I can go back and find out what the detail is and get back to you on it. We must deal with thousands, if not tens of thousands, of complaints and to expect me to remember them all is a bit rich.

Ms MacTIERNAN: Yes.

Mr OMODEI: Particularly when it occurred under the old Act.

Ms MacTIERNAN: ...(indistinct)... to the government.

Mr OMODEI: Is that right? Well, I would not know whether they are or not.

Ms MacTIERNAN: I suggest you get a political adviser then but we do note a certain unevenness in the applications of your investigative past.

Mr OMODEI: What do you mean by that? Would you like to clarify that?

Mr CARPENTER: We are asking the questions here.

Mr OMODEI: No, I think that's an allegation you make and I think that is grossly unfair and I think you should withdraw it.

The CHAIRMAN: Members.

Mr OMODEI: I think that should be withdraw, Mr Chairman.

Ms MacTIERNAN: I do point out that perhaps he should take into account the sorts of statements that he was making during the transport estimates about the Labor Government.

Mr OMODEI: Well, they happen to be correct.

The CHAIRMAN: Members. Let us not degenerate into a slanging match. Can I have questions on division 78.

Ms MacTIERNAN: I would like just to make some queries about the investigation being undertaken into the City of East Fremantle, or is it the Town of East Fremantle?

Mr OMODEI: Town of East Fremantle.

Ms MacTIERNAN: Town of East Fremantle. That is one of the 98 councils that are being investigated. Is that correct?

Mr OMODEI: Yes, it would be.

Ms MacTIERNAN: Can you give us an outline of the way in which that inquiry has operated because I understand you have not actually suspended the council. Who are the personnel that you have in place? What is the structure of that inquiry?

Mr OMODEI: I will ask the Executive Director to make some comments but before he does I will advise you that the Town of East Fremantle has been under some scrutiny for quite some time. They have had four CEOs in about 5 years or 6 years.

Mr LYNCH: Three.

Mr OMODEI: Three years. Four CEOs in 3 years I am told. It is unusual for local governments to have four CEOs in 3 years. The planning section of that council has been under a cloud for some time with various Ministers complaining about officers in that planning section and complaints occurring from within the section against other members within the section of that local government. From my point of view I have accepted the decision by the Executive Director of the Department of Local Government to conduct an inquiry and I will ask the Executive Director to make some comments to the committee in relation to the decision that was taken.

Mr LYNCH: The decision to undertake the inquiry at East Fremantle was my own and I think the Minister has outlined that there have been concerns in the Town of East Fremantle for a number of years about the way in which they are handling their planning processes. We also have received, on more than occasion as I recall, concerns expressed by members of the staff at the Town of East Fremantle about the situation there. They have, in fact, agreed to undertake a council advice program process there and I came to the conclusion that there was a need for a more firm form of intervention there to the extent that whatever emerged from the investigation would have some more clout than mere recommendations from a council advice panel bearing in mind they had been through a similar exercise to that 2 or 3 years ago and there did not seem to be any substantive change in the situation there. So, to answer your specific question, the panel has been set up with an officer of the Department of Local Government chairing it, with a planning expert from the Ministry for Planning assisting, and also an elected member who is on the City of Armadale but who has wide experience in local government and is also in tune with the current planning regimes so far as local government is concerned.

Ms MacTIERNAN: Now, this panel is charged with the investigation?

Mr LYNCH: Yes; and the panel will be reporting to me in due course on their findings. I want to emphasise that the investigation is not a witch hunt and at the end of the day if nothing untoward is found there well so be it. I think that we have undertaken these sorts of investigations in the past and they have not attracted the degree of media publicity that this one has and I think that is a little unfortunate because not in every case do these sorts of investigations and inquiries result in substantially adverse findings against the particular council.

[8.32 pm]

Ms MacTIERNAN: Now, other than the three persons that you have listed who make up the panel, are there any other people involved in the investigation? Is there an adviser or someone that has been brought in to provide some sort of expert advice?

Mr LYNCH: No. I suspect that the adviser that you are referring to may be the Ministry of Planning person, whose name is McCrae who is part of the panel. That is the inquiry panel. Now they may use resources of the department in terms of additional assistance but the actual inquiry panel consists of those three people, the departmental representative, Councillor Reynolds from the City of Armadale and Mr McCrae from the Ministry for Planning.

Ms MacTIERNAN: There is no one that has been appointed to assist that panel that is from outside the department?

Mr LYNCH: No.

Ms MacTIERNAN: Can you give us the nature of the concerns? You say there has been a number of concerns, just in a very general sense what is the sort of concern that has been expressed?

Mr LYNCH: Chairman, two Ministers for Planning have expressed their serious concerns about the way in which the council has dealt with its planning issues, that they have received an inordinate number of appeals to them over three years or so. Far more so than could be considered the average for a council the size of the town of East Fremantle, so those concerns have been expressed quite frequently by two Ministers for Planning in recent times. As I said we have some concerns about how the administration is functioning at the town of East Fremantle. As the Minister said they have had four CEOs in three years and we have had anonymous requests from staff at the town to intervene there. We have had previous attempts. I have been down there three years or so ago meeting with them to endeavour to have them function in a proper manner and we did not seem to be getting anywhere and as I said I felt that the council advice program approach that they had agreed to undertake would possibly not have enough teeth to bring about change if indeed the inquiry reveals there is need for change there.

Ms MacTIERNAN: I noted that you have said that the Ministers had made complaints. Has the former Minister, Mr Richard Lewis, made complaints since he has ceased to be the Minister for Planning?

Mr LYNCH: Well, he has contacted me in the context of making a submission to the inquiry recently and I advised him the process that he could undertake to do that. He apparently feels aggrieved by certain actions that have been taken down there involving him personally or perhaps partly in his former role as Minister for Planning and I merely advised him as to how he could bring his concerns to the panel's attention.

Ms MacTIERNAN: So the former Minister for Planning in his role as a developer or an agent for a developer had been aggrieved?

Mr LYNCH: I am not sure whether it was in his role as a developer. He was, from my understanding, unhappy with certain aspects of the report of the council that was presented to the electors meeting recently and I think my reading of it was that he was seeking to redress some of those matters that were raised there in that report.

Ms MacTIERNAN: Is the problem really with East Fremantle that they are taking a stand against development that appears to reflect the wishes of their population and that that is not to the liking of development interests? Would that be a fair summary?

Mr OMODEI: I think it just goes on. It has been going on for quite some time. There seems to be divided views amongst the community. There is the question of the Left Bank issue that has been going on for a number of years. You will see it reported in the paper. I do not necessarily think that it is an anti-development stance or a pro-development stance. It appears that certain officers, as was mentioned, the staff itself seems to be divided to such an extent that they asked the department - the council advice program is usually a cooperative effort between the department assisting the council to resolve some of their differences and to get on with good local government and usually a council advice program has similar type people as the ones mentioned. A departmental person, an elected person and a person from the Institute of Municipal Management.

We have conducted council advice programs in about 20 councils around the state with great success. It just seems that nothing seemed to change at East Fremantle and hence the executive director getting to the stage of conducting an executive director's inquiry which is of a higher rating than a council advice program or supervisory program. For example, in Wiluna we sent in a team of three people to assist the council who sat in on the meetings to assist them to streamline the operations and get the operations going in a cooperative way. So the next level of inquiry after that is department inquiry and that is what is occurring at East Fremantle at the moment. At the very least if there is nothing untoward there that would be a suspendable issue then it will certainly serve as a catalyst to sorting out some of the issues down there. There is nothing sinister about the inquiry at all.

Ms MacTIERNAN: Not even the involvement of the former Minister?

Mr OMODEI: Well, obviously there has been a problem in the planning section of that local government. Now you can choose to accept that or not, it is really up to you.

The CHAIRMAN: Members, before I ask for further questions on this division I would draw your attention to the fact that we have gone past half the time allotted to us this evening. I am in your hands of course but I just draw your attention to that. Further questions on division 78?

[8.38 pm]

Ms MacTIERNAN: Just one final question. Minister, I noted here that you provide advice to local government on roads and assistance with funding for roads. Have you - -

The CHAIRMAN: What are you referring to in the estimates, member for Armadale?

Ms MacTIERNAN: Financial assistance grants.

The CHAIRMAN: Can you give us a reference for that, please?

Ms MacTIERNAN: Financial assistance grants. Local road grants made to local government. Minister, we are getting a lot of feedback from rural shires about their concern about the impact on their roads of increased use of road trains and that is creating a very great impost in terms of the maintenance of their roads. A particular concern with the proposed - - and a number of resolutions from country shires that are coming through WAMA that the concern is that when the - - with the co-sale of Westrail, given that the existing lines are only guaranteed to remain open for five years, that this process will exacerbate the closure of rail - -

Mr OMODEI: Who said that? WAMA said that, did you say?

Ms MacTIERNAN: Various of the shires that have - -

Mr OMODEI: Have said that there are going to be rail closures?

Ms MacTIERNAN: Yes. There is a real concern that once the guarantee - -

Mr OMODEI: I have been around them all and they have not been saying that to me.

Ms MacTIERNAN: So you have had not had any feedback. Perhaps if you could just clarify that. You have not had any feedback from local government concerned about, firstly, the impact of the increased number of road trains on local roads and, secondly, concern about the possible implications on local shires on the closure of Westrail?

Mr OMODEI: Certainly there is concern about weight of traffic on roads and increased numbers of trucks on roads and issues relating to grain haulage routes in some wheatbelt councils. In one particular council there was a suggestion the other day that they should close a certain link and put those funds onto roads, so it varies, but certainly there are concerns there. Much of our road asset built in the 1960s is reaching the end of its lifetime. Local governments are concerned about where funds will come from for future upgrades of those roads or maintenance of those roads. It has been an issue that has been around local government for as long as I can remember and that is more than 20 years.

Ms MacTIERNAN: As the Minister for Local Government what are you doing then to address these concerns?

Mr OMODEI: If they are genuine concerns that relate to a road that is in serious condition I raise them with the relevant minister.

Ms MacTIERNAN: And has there been an increase in the amounts of money that you have been able to secure for local -

Mr OMODEI: As a matter of fact I mentioned at the beginning of this estimates committee that road funding has gone up in six years that we have been in the coalition government from \$200m to \$700m plus. But, certainly, the four cents levy that was introduced by your good friend, the Honourable Eric Charlton, had a major impact on country roads because most of that money was spent in country areas. Certainly there is still a long way to go. You cannot fix all the roads in one year but the government's program if it maintains its current level, it will satisfy a lot of the concerns.

Ms MacTIERNAN: Minister, I am asking about the local roads program. I am not asking about Main Roads roads.

Mr OMODEI: Road funding has increased in real per capita terms under the financial systems grants. Some local governments are spending all of that money plus some on their roads. We have done an analysis of local governments expenditure to ensure that they are spending their road grants on roads. In some cases - very few, I might add - councils are spending less than the funds that are allocated to them. But, generally, local governments are doing a very good job when it comes to roads and local government generally.

[8.48 pm]

**Division 79: Disability Services Commission, \$151 741 000 -**

[Mr Osborne, Chairman.]

[Mr Omodei, Minister for Disability Services.]

[Dr R. E. Shean, Chief Executive Officer, Disability Services Commission.]

[Mr J.M. Knowles, Director Corporate Management, Disability Services Commission.]

Mr OMODEI: Mr Chairman, if I can make some preliminary comments.

The CHAIRMAN: Thank you, Minister.

Mr OMODEI: Mr Chairman and members, these forward estimates continue to demonstrate the government's commitment to people with disabilities. It not only provides growth funds for a fifth year to meet current demand but it also makes a commitment to address the merging needs beyond 1999-2000. The importance of continuing the government's commitment to growth in this area is further illustrated by the results of the Australian Bureau of Statistics 1998 survey of disability ageing and carers. The survey identified 355 000 Western Australians having a disability, 19 per cent of the population. They are conducted every 5 years. The survey identified that the number of Western Australians with disabilities has grown by 3.3 per cent over the past 5 years, twice the growth rate for the overall population. What is pleasing to note is that whilst the number of people with disabilities is growing the number of individuals reported in ABS to be receiving help increased nationally by 5.5 per cent. However, further work is required in this area. The forward estimates provide increased funding of 7.5 per cent next year.

When we launched the "Count Us In" campaign in 1995-1996 we committed to additional funding of \$40.4m to 1999-2000 to ensure the delivery of urgently needed services in the areas of accommodation for those homeless or in risk of homelessness, respite to families and carers, direct funding to families and individuals to purchase a range of services and supports, skills development programs for school leavers, therapy and professional services, relocation of young people in appropriately placed nursing homes and provision of aids and equipment. In addition to the commitments made in the "Count Us In" campaign the coalition pledged to assist those who care for people with disabilities. To that end another \$1.5m is being provided in 1999-2000 over and above the business planned funds.

Total growth funds to 1999-2000 are therefore \$43.5m or an increase of over 43 per cent on the pre-business planned base of \$100m. I have asked for a second 5 year business plan to be developed in order to ensure that emerging needs continue to be met beyond 1999-2000. The second business plan for 2001-2004-2005 is now being finalised. The forward estimates already include \$6.9m towards the second business plan bringing the total growth funds to \$50.4m.

The Disability Services Commission's second 5 year business plan provides innovative strategies to support families and enhance the independence of people with disabilities. The first business plan, 1995-1996 to 1999-2000, was implemented in response to a disability service system in crisis. There was unprecedented demand for services and too little funding to provide the services needed. The State Government's commitment towards the first business plan for disability services was the most significant increase in funding for people with disabilities in the State's history and it has significantly reduced the critical need among people with disabilities and their families.

The second business plan represents an extension to the solid foundation built on the provision of disability services in Western Australia. When implemented the new plan will work to prevent people with disabilities and their families falling into crisis. What the forward estimates means to people with disabilities, their families and carers is a significant improvement in the quality of their life through improved access to services designed for their specific needs.

The CHAIRMAN: Thank you, Minister.

Mr CARPENTER: Minister, on page 358 under non-current assets there has been a reduction in non-current assets in land and building from \$32.4m in 1997 to the estimated actual of \$17.8m at the end of this current financial year and then projection that it will reduce again to \$12m in 1999-2000. Where does Pyrton sit in those figures?

Mr OMODEI: They obviously refer to sale of real property under the capital investment plan.

Mr KNOWLES: Just to clear up a couple of points, specifically Pyrton is reflected in the difference between the \$17.889m to the \$12.132m.

Mr CARPENTER: So, that figure of approximately \$5.7m is the value that you are getting from Pyrton?

Mr KNOWLES: No, it is not the value that we expect from Pyrton. There are some other asset sales scheduled. The majority of it would be for Pyrton.

Mr CARPENTER: I understand what you are saying that the sale of Pyrton, or the transfer of Pyrton, is included in that figure - and I thought it would be - so could you tell me what valuation you have there for Pyrton?

Mr KNOWLES: There is a best use valuation that we have for Pyrton which in all likelihood may not be achieved. So the best valuation that we have for Pyrton, which assumes a significant portion of the site going to residential, is a figure in excess of \$6m. For the purpose of the estimate we have written that figure down a little and we have yet to value the site post the proposed Ministry of Justice proposal.

[8.56 pm]

Mr CARPENTER: I think I did ask questions about this last year so I find it difficult to believe that you have not done the valuation on the Pyrton site as a prison. That your best use valuation is the maximum return that could come from Pyrton essentially predominantly as a residential development, just over \$6m. To your best estimate and I cannot accept you do not have one, what return will you get if Pyrton has a prison development go ahead?

Mr OMODEI: I think Mr Knowles has already mentioned what that is going to be, but could you just go over it again?

Mr KNOWLES: The land use structure plan that has been approved by the Ministry of Planning was only approved several months ago and that essentially divides Pyrton into a number of uses. Part of the site is for the prison, part of the site for aged care, part of the site for community purposes, part of the site for open space, part of the site for Aboriginal use and we have yet to finalise a valuation of all those parts. We obviously do have a valuation for the Ministry of Justice proposal but that needs to be finalised before it is worth DSC expending the money on valuing all the balance of the site given the proposed land use structures.

Mr CARPENTER: What value do you have from the Ministry of Justice proposition for part of the site that would go to the Ministry of Justice?

Mr KNOWLES: Our value for that portion of the site is circa \$2m.

Mr CARPENTER: I know there are some other potential activities but is it correct to say then that if the Pyrton site was redeveloped as predominantly residential, it would return around about \$6m?

Mr KNOWLES: That is a valuation that we have.

Mr CARPENTER: What other interests and what other uses are included, other than residential, in that valuation?

Mr KNOWLES: The \$6m valuation or - -

Mr CARPENTER: Yes.

Mr KNOWLES: That original valuation we had was for the majority of the site being used as residential. We have not had all the component parts of the new land use structure plan valued as components, until we have got through with finding out whether the prison will go ahead or not because that requires some significant portion of - -

Mr OMODEI: Where are you heading? Obviously even if it was rezoned prior to the land use plan that is currently - - there would still be some public open space and cultural land, etcetera. In the end, this figure comes off our bottom line of our debt, I presume. So are you trying to say that we could have taken more money off the bottom line of the debt?

Mr CARPENTER: What I am trying to find out is, as an alternative to the predominance of the Pyrton site being used as residential, the use of it as a prison is going to cost you \$4m?

Mr KNOWLES: We have a firm indication from Homeswest to assume part of the site, an area of slightly larger land than the prison option. So we will get - one would presume, but we have not had the valuation done and agreed to - a figure in the same order as the Ministry of Justice option and the balance of the site will be put to a test of the market and that will have some time to run. It is a bit premature to predict how well we will go ultimately against the original valuation at residential.

Mr CARPENTER: I understand that. Obviously if you have a best use valuation then that is the maximum that you would



expect to be able to return at the optimum level; so \$6m. If it is developed in part as a prison site, the return is going to be significantly less, some millions of dollars less.

Mr KNOWLES: Interestingly of course, the Ministry of Justice proposal pays for the improvements; that is, the three buildings on the site. The best use for residential, those buildings do not have a value because they need to be demolished. So interestingly, for that portion of the site, we are actually doing better than we would have for a residential development. The question now becomes, how much is the balance of the site worth? If we receive from Homeswest the same sort of funds that we receive from the Ministry of Justice, we then need to receive a figure in the order of \$2m for the balance of the site, which is still the majority of the site. That would need to be tested in the market, given that there is different usages than currently being used on the site.

Mr McNEE: On page 352, I notice that ...(Inaudible)... therapy services and the question has been raised on the issue of the need for more therapy services particularly for school children with disabilities. Could the Minister tell us how that demand is being met?

Mr OMODEI: The provision of therapy services has been now successfully transferred to Therapy Focus, which is a non-government service provider under the chairmanship of Dr Warren Loudon. 1050 new or additional services are being provided each year. In some cases, they are new school children getting therapy services for the first time. In other cases, people who have received therapy services have had the amount of service increased from once a month to once a fortnight, or had the range of services increased from speech therapy only to both speech and physiotherapy. These services are very cost effective. They tend to have the greatest impact early in the life or early in the diagnosis and any gains made in skills and adaptations are a benefit for the rest of that person's life. The gains made also tend to make the person more independent and needing less support. This also helps ease the burden of care required by kith and kin which helps meet the government's caring for carers strategy. The member for Moore has been one of the successful transitions of school aged therapy services to therapy focus and I think it has been one of the more successful transfers that we made and the focus now is going ahead in leaps and bounds. Only just recently I was out there launching a video that talks about strategic planning in the school place, looking at dealing with people that have autism and some of those issues.

[9.04 pm]

Mr CARPENTER: You did say, did you not, that people are getting more service than they were getting previously?

Mr OMODEI: They are getting diagnosed earlier.

Mr CARPENTER: Is it not true to also say that a considerable number of people are getting less service than they were getting previously?

Mr OMODEI: Through school age therapy services? I doubt if that would be the case. I understand they are expanding the service.

Mr CARPENTER: I asked you is it not true that there are a considerable number of people who are getting less service than they got previously? I did not ask if there were more people.

Mr OMODEI: You mean through Therapy Focus?

Mr CARPENTER: No, they were not getting the service through Therapy Focus before because it did not exist.

Mr OMODEI: Well, school age therapy services then?

Mr CARPENTER: Yes. It is not true that there are people who are getting less service? It may well be true that there are some more people getting service but is it not also true that there are people who are now getting less service under therapy focus than they got under the school age therapy service?

Dr SHEAN: The nature of therapy service provision is that it is not necessarily ongoing, it is episodic in nature. The intent of therapists is to look at certain goals that have to be reached and the intent is not necessarily that a child has regular therapy or set therapies on a weekly basis but until such time as that goal is reached. The focus for providing therapy for children at peak times such as entering the school system and also changing school environments. So there certainly are some children who would have reduction in therapy as goals were met.

Mr CARPENTER: I could have provided that answer. The fact of the matter is that there are schools in the metropolitan area where they had high levels of therapy provided before and the concentration if you like of the therapy in those service, and I think it is Castlereagh and there is one in Koondoola, I have had a significant number of people from those schools over the last year or so complain to me that the therapy available to them has been reduced.

Mr OMODEI: In the situation of Castlereagh and Burbridge, if I can recall, the level of services provided for Burbridge were on a pro rata basis, greater for that school than any other similar school in that area and it was decided that we would spread those resources - -

Mr CARPENTER: There was no ...(Inaudible)... school in that area?

Mr OMODEI: Compared to others in Perth in the metropolitan area. It was decided that we would spread those services further amongst other schools and I think you knew the answer to the question before you asked and you were just checking

to see if I knew and similar with Castlereagh and I visited both those schools on more than one occasion so I know the area very well. As a matter of fact my daughter actually worked as a physiotherapist at Burbridge so I know the situation quite well, but the CEO would like to make some further comments.

Dr SHEAN: I think it is important just to look beyond the traditional service figures that were provided. A lot of the support that is now provided through Therapy Focus is on a consultancy basis where the class teacher implements a therapy program. So if you are having a look at the sort of support that students are getting it are much broader than the therapy figures might indicate.

Dr TURNBULL: When you are saying that the class teacher implements it is that also in association with aides or aides are provided as well? That the aides are given the guidance by the consultant as to how they should continue the program?

Dr SHEAN: Yes. I think there is a misconception that the therapy that children in schools get is hands on therapy and manipulation but in fact a great deal of the support that children get is support to integrate into the regular classroom. The assistance that the therapist gives might be to talk with the classroom teacher or the aide about, for example, assisting a child with physical disabilities, to sit properly and at that stage then the aide can assist with that. It is providing a consultative service rather than just a hands on service at all times.

Mr OMODEI: If I can just add to that, the video that we launched at therapy focus a few weeks ago was that very thing and they are going to present that video around schools right around the state but it sets up a coordinated approach to dealing with people with disabilities that require therapy services in that school and it was certainly well received. It received very good media attention and I think over time that that will be spread right throughout the state.

Dr SHEAN: There are a number of models which are now delivering higher levels of therapy service than previously. There is one in Narrogin, for example, where children get higher levels of therapy from assistants than they would previously from therapists. That is a model that is becoming more popular. Children find that because it is integrated into their school day it is less oppressive to attend and they are also getting support from one individual rather than three therapists. This program is being run in conjunction with the Health Department in Narrogin.

Mr CARPENTER: Minister, I do not want to dwell too much on Therapy Focus, we actually discussed this a fair bit last year but I think there are some problems that arise with what you have done with therapy focus. One is the process by which that organisation got the work in the first place. There was no competitive tendering or anything like that along those lines. To me there does not seem to be any accountability of the performance and where do we find in the budget how much it is costing?

Mr OMODEI: I will ask Mr Knowles to answer that but can I say in relation to the origins of therapy focus that legal advice was sought in relation to that and whilst I was uncomfortable with it at a certain stage it was shown to me quite clearly that everything was done appropriately. The reality of the situation is that Therapy Focus now exists providing a good service.

[9.10 pm]

Mr CARPENTER: Why were you uncomfortable, Minister?

Mr OMODEI: Well, I always ask questions about the various processes that my departments undertake and I would expect it is the role of the Minister to not be seen to be a captive of the bureaucracy.

Mr CARPENTER: It was appropriate that you should not be uncomfortable.

Mr OMODEI: What I am saying to you, the more important thing is that therapy focus now does exist. Some schools have had less services, some have had more, and that is the nature of the way the services are distributed but DSC constantly monitors the situation in our non-government organisations. The funds allocated to Therapy Focus, I am told, are \$2.9m.

Mr CARPENTER: So Therapy Focus is receiving \$2.9m from DCS funds?

Mr OMODEI: Yes.

Mr CARPENTER: And how much was the service that they were providing costing before they came into existence?

Mr OMODEI: Mr Knowles?

Mr KNOWLES: The school age therapy service entity within DCS later came to form Therapy Focus. The cost of running that service is the same cost to run Therapy Focus in a non-government sector, so we tried not to diminish the amount we were investing but we were trying to attempt to get more therapy for the same dollar. One of the things that we are interested in assessing at the end of the three year performance agreement of Therapy Focus is for that same amount of money will we actually get a greater volume of service, so rather than just save the dollars the thinking is that we will, hopefully, at the end of the day, be getting more hours.

Mr OMODEI: Could I just say, Mr Chairman, that Therapy Focus is well led. It has got an excellent board. It has a greater capacity to attract funds other than from the government sector so from that point of view it has the ability to grow.

Mr CARPENTER: Why has it got greater capacity?

Mr OMODEI: Fund raising, private sponsorship; a whole range of things. You would not have it occur under its previous situation.

Mr CARPENTER: Has therapy focus itself got a budget greater than \$2.9m?

Mr OMODEI: I am not aware what their budget is.

Mr CARPENTER: Is it providing more than \$2.9m worth of service?

Dr SHEAN: Certainly in the long term the expectation from a non-government agency is that they would be eligible for all sorts of supports through other agencies such as Rothschild Foundation and a number of others that would support non-government agencies, but would not support government agencies.

Mr KNOWLES: The service that government purchases from therapy focus is accountable and we have a performance agreement with that agency. A good example would be to look at Multiple Sclerosis Society where the Disability Services Commission would fund approximately a third of their services. They are not accountable to us for the balance of their services because that has arisen from their own endeavours elsewhere and the additional funds that Therapy Focus are currently raising over and above the \$2.9m is not a very large figure because they are still in their infancy. The last time I looked at Therapy Focus' financial statements I would hazard a guess that 98 per cent of the funds were still coming directly from the State Government, but the intent is that they should be able to improve on that.

Mr CARPENTER: I know Therapy Focus is only a tiny part of the budget but I think your instincts were right about the way this thing came into being. What I have found since is that, yes, perhaps it is laudable that there was a greater expectation in the volume of service but you have to maintain the quality of service and there are people who complain that the quality of service and the intensity of the service has declined and there is no accountability for that any more because they cannot complain to the government about it. It is provided by Therapy Focus. I think that this in-microcosm provides an example of potential, not necessarily realised, but potential pitfalls and out-sourcing service provisions. There is no accountability of the setting up of the operation. There is no accountability of the funding. You do not know how much they provide or how much they have got and there seems to be no accountability to the person who is on the receiving end of the service for the quality of the service.

Mr OMODEI: I think we provide funds to 95 non-government organisations. Are you saying that is the same right across the board? It is really just slight on the ability of those people to provide that service. I think they do an excellent job from what I have seen. You can question the origins if you like but do not cast aspersions on people that run that organisation. I think they will grow into a very successful organisation, as have a lot of other non-government organisations.

Mr CARPENTER: Why do you say I am casting aspersions on them? That is exactly the problem. I come into a budget estimates and ask questions about an organisation that is receiving government funds and whether or not that organisation is operating as it should be, or even if the people who are receiving the service are getting the same service they were getting from the government and you sit there and say, "Do not cast aspersions." That is a typical response. It is not a very thoughtful response. What capacity then do we have to ask questions about - -

Mr OMODEI: You can ask as many questions as you like and you will get straight answers.

Mr CARPENTER: All you will do is throw it back and say, "Stop casting aspersions."

The CHAIRMAN: Order. Can we conduct it in the form of question and answer.

[9.17 pm]

Mr OMODEI: Let me respond to that first comment, if I may. The accountability measures are the same for all of those people that get funds from the State Government. There are standards monitoring, there are performance agreements that are monitored and there is a consumer complaint service as well, so there is a great deal of accountability in all of the organisations. There own existence demands that they are accountable otherwise they will not last as an organisation. What we have tried to do as a Disabilities Services Commission is to allow this service to grow above and beyond what the government would provide for that service.

Mr CARPENTER: In relation to accountability we have the opportunity in estimates to ask questions about it but we can only take your assurances and in general terms there is in the budget the outputs and expectations but there is no accountability provided. There is no accountability provided to the Parliament about these organisations and when I have people complaining about service providers who are funded by the DSC then the inevitable response is it is a matter they have to take up with the organisation.

Mr OMODEI: I would suggest to you that there is another course of action if you have complaints from an organisation you could raise it with the Minister for Disability Services or the Disability Services Commission with access to the board, if you like, as a member of Parliament, the CEO. There is a grievance mechanism.

Dr SHEAN: The Disability Services Commission requires that all funded agencies have grievance mechanisms and also has its own grievance mechanism whereby it will address complaints. This can be for people who are concerned about the DSC's handling of grievances. Those can currently be done through the Equal Opportunity Commission.

Mr McNEE: I would like to ask the Minister on page 358, under land and buildings, I notice that has gone down this year to about \$17.9m and I guess that reflects the sale of Ord Street since you moved to Colin Street. I think that is correct, is it not? I would like to know how the move to Colin Street has been beneficial to disability services?

Mr OMODEI: When the DSC took up the lease of the Colin Street property from CBH, you would be interested to know, there were quite a few features of that building that were not meeting our disability access standards. So our objective was to enhance the building and to ensure that the standards were met for a minimal cost. The result is now that we have a building that exceeds the fit out and alteration costs that were considered and that were considered to be an industry standard. I think the resultant message to the building industry is that access to buildings is affordable and it is achievable.

Some of the features of the building we have office accommodation for 200 staff, a medical clinic which is a state of the art medical clinic for hearing and dental arrangements. We have space for the advisory council for the disability services. We have also space for the council of funded agencies of Disability Service Commission which were at one stage splattered all over metropolitan Perth. We have accessible conference facilities available for community groups in the disability sector. We have accessible toilets and showering facilities for people with disabilities and their carers and staff. We have a ramp that is two metres wide into the building, accessible lifts, parking for six accessible bays and eight visitor bays. Our communications in the lifts are made for hearing impaired, sight impaired, so we have tactile signs and audio loops and a range of other accessible features including 1.5 metre wide corridors and so on.

We have access to the train station. When we decided to lease the building the access was not that good. The new building has been upgraded to the highest standards of the Department of Transport. The City of Perth has upgraded the streetscape and I must say that CBH has shown quite a lot of goodwill in altering many of the features. So I think the move has been a positive one. When I first became the Minister we went out to West Perth and saw the DSC at that stage was housed in three different buildings and my first question was how efficient is this that there are three lots of human resources operations and how do you communicate and so on and so on. It was decided that we would quit those buildings, so we sold those buildings, defrayed some of the debt and obviously we are going into solid long term lease arrangements with CBH with a building that is accessible by road and by rail and I think it has been one of the success stories of the Disability Services Commission in the 90s. I think it was a positive move.

Mr CARPENTER: Just on the same subject can you tell us a little bit more about the ramp? How much did that ramp cost you? The first time and the second time?

Mr OMODEI: Why? Have you been down there? It is a great ramp, is it not?

Mr CARPENTER: I was there when the ramp was being rebuilt.

Mr KNOWLES: If I may, the ramp was in the financial arrangements for the building, Cooperative Bulk Handling contributed \$600 000 to capital fit out and the cost of the ramp was included in that. So I do not have the cost to CBH available to me at this point in time but it would have been a reasonably significant expenditure I would have thought. \$50 000, \$60 000 at least.

Mr CARPENTER: I might be mistaken, it was only meant to be a very brief question, but I was under the impression that a ramp was constructed and found to be unsuitable and another one was constructed and I just wanted to know how much that cost.

Mr OMODEI: I think we widened it.

Mr KNOWLES: I do not have the figures but I think it was a figure in the order of \$50 000 or \$60 000 to alter the ramp. The ramp met the building codes of Australia.

Mr CARPENTER: The ramp that was provided for access into the Disability Services Commission headquarters was found to be unsuitable for people with disability and it had to be rebuilt. Is that correct at a cost of \$50 000?

Mr KNOWLES: The building and the ramp had already been built before we had got into negotiations with the owners and the ramp met the building code of Australia standards. What it did not meet was the standards we set ourselves in terms of access into the building.

[9.25 pm]

Mr OMODEI: So the building would have had to comply with the building code of Australia. As of July last year you had to have disabled access. I suppose you could argue it would have been cheaper to leave them stay where they were it was not efficient. It wasn't delivering the services appropriately. If you go down there and have a look at that facility now, it is a state of the art facility where people with disabilities can go. They do not have to go to three different places. The place has a board room. It has facilities for - -

Mr CARPENTER: I have been there, Minister. Thanks.

Mr OMODEI: It is a very good building?

Mr CARPENTER: Lovely.

Dr TURNBULL: I would like to go back to the issue of the non-government organisations. In relation to - -

The CHAIRMAN: What is your reference here, Member for Collie?

Dr TURNBULL: It is actually on page 348 that it is mentioned. The question that I want to ask - -

The CHAIRMAN: Can you point us to where it is mentioned?

Dr TURNBULL: Yes. It is issues and - -

The CHAIRMAN: Significant Issues and Trends?

Dr TURNBULL: Yes. It is number three; Purchasing services from community organisations. In the budget tables there is no presentation of what services are actually provided by the Disability Services Commission itself and what are actually provided by the NGOs. Could you please tell me what the budget allocation is for NGOs and what provisions are you making to ensure that the NGOs do remain viable while they are continuing to provide the high quality service? With the budget, what level it is and what increases there are?

Mr OMODEI: I will ask Mr Knowles to help me with the budget, but as far as ensuring they remain viable we have three year purchasing agreements that are being introduced which will promote a more effective planning service. We have independent standards monitoring and programme evaluations that will continue. This will provide information about agencies' performance and their viability. We have funding and support officers who will undertake regular visits to agencies to provide advice and support and to ensure there is effective communication between the DSC and its agencies.

Indexation. The three year purchasing agreements will be indexed. That is part of this budget.

Dr TURNBULL: That is very good.

Mr OMODEI: This will enable agencies to deal with any cost movements. In the main, the agencies are very supportive of these arrangements and appreciate the operational stability provided through the three year purchasing agreements as well as the clear expectations that are embodied in those agreements. These benefits are also highly desirable for the DSC through the development of a second five year business plan. As a matter of fact, we would be one of the few agencies that got a pat on the back from the Treasury for at least having a business plan and these initiatives that we put in place as far as purchasing agreements and covering the other indexation as well.

Mr KNOWLES: I would refer you to page 359 of the statements. There are other examples in the statements, but under "Cashflows from operating activities" you will see "Payments" and if you go down a little bit you will see "Grants, subsidies and transfer payments." The funds for non-government agencies appear in there. We make two sorts of grants in the Disability Services Commission; grants to individuals and grants to non-government agencies.

This year it is estimated that of the \$92.495m, that is total grants, we would envisage in terms of grants to non-government agencies about \$81m going to NGOs, the balance being made up of transfer payments and grants to individuals. In the subsequent years we are expecting overall grants to continue to rise because of the growth funds that the Disability Services Commission is receiving. There is an estimated amount that will continue to go into grants, especially for NGOs who are one of the major recipients of funds for individuals on behalf of the accommodation support funding round, and grants to individuals reflects the growth that is occurring through our local area co-ordination.

Dr TURNBULL: One question before we finish.

The CHAIRMAN: On this issue?

Dr TURNBULL: Yes. On the funding issue. Where is the allocation from Federal Government funding compared to the State Government funding in the budget process?

Mr KNOWLES: I would refer you to page 357. Similar line. If you have a look under "Operating revenue", you will see "Grants and subsidies." It starts in 97-98, \$22.89m, rising to \$28m. That line represents the Commonwealth contribution to the Disability Services Commission which, in the year 2002-2003, if there is no further movement in growth funds from the Commonwealth, would represent about 13.9 per cent of our total funding.

Dr TURNBULL: Would it be a help in future years of budget paper preparation if there is some comment on that? In other sections there has been a division up between what are Federal Government and State Government allocations rather than just calling them grants.

Mr OMODEI: Yes. I think we can arrange that. I must admit that 13.9 per cent is a pretty abysmal figure from the Commonwealth.

Dr TURNBULL: Yes, it is.

Mr OMODEI: The average across the nation is about 82:18, something like that, and some states are now certainly realising the demand there. I am hopeful that later on in June, when we go back to the Commonwealth, that the Commonwealth Minister will put something on the table in relation to that unmet need that was identified by the Australian Institute of Health and Welfare, \$300m. Our share of that hopefully would be about \$30m but I doubt if they will give it to us all in one lump. We would like to think they would. Certainly we have been well organised as far as a solid front from all of the states. I must say that all of the states appear to be across this portfolio now. A couple of years ago there were only a couple of states that were really up to the mark on disabilities but there has been an improved performance by Ministers and there are states now that are actually appointing Ministers with special responsibilities for disabilities and it is all very positive. It is just a question of trying to get that but I certainly take your comment on board and we could actually have some description of the Commonwealth constitution made more clear.

[9.31 pm]

Dr TURNBULL: In the percentage that Western Australian is getting from the Commonwealth, which is the 13.9 per cent, and you said in other states it is about 18 per cent, is that a reflection of the amount that Western Australia is contributing to this program?

The CHAIRMAN: Members, what we are doing is really only talking about where to find amounts of money and whether it should be described in certain ways. We are not really talking, I think, about what the money is to be used for in this division and I would rather the questions and the answers related to that rather than this interesting but irrelevant discussion about how much the Commonwealth is giving us and how much they should be and so on. Mr Knowles, if you can think of an answer in terms of that direction.

Mr KNOWLES: In terms of that question the correct answer is if the State Government had not provided growth fundings through the business plan of course the percentage would probably be closer to 20:80.

Mr CARPENTER: On page 358 under current liabilities, borrowings from WA Treasury Corporation for the 1998-1999 financial year. There is nearly \$7m there which I do not find accounted for in last year's budget papers. What was that for?

Mr KNOWLES: The balance of borrowings last year were in the order of about \$7-\$8m in total. There are two borrowings lines which must be added together; current and non-current. That is to do with the timing of the borrowings. So, for the last couple of years borrowings have been at approximately, in total, depending on when we draw down on borrowings, about \$8m in total.

Mr CARPENTER: So, the presentation of these accounts varies from last years, does it?

Mr KNOWLES: The statement of financial position; its format and presentation is subject to ongoing reviews and improvement by Treasury so - -

Mr CARPENTER: Changes?

Mr KNOWLES: There are no changes in the figures.

Mr CARPENTER: No; but the presentation changes.

Mr KNOWLES: There are significant changes between this year and last year.

Mr CARPENTER: I think improvement is a valued judgment. On page 349 under recurrent output and appropriation summary. Residential services, for example. This follows on the point about the presentation of the figures. Residential services; there is a figure there. If you actually have a look at last year's budget papers it is a different presentation to the figures which makes it almost impossible to compare which I find a bit disturbing.

Mr OMODEI: When you say that do you mean the forward projections?

Mr CARPENTER: No, not the forward projections. Even the figures for this financial year. What shows in last year's budget paper - I do not know if you have them available.

Mr OMODEI: No, I do not.

Mr CARPENTER: Well, under output and appropriate summary recurrent this year you have outputs, residential services. Last year you had hostel residential, community residential, community based support. In other words the component parts of residential services were broken down so that we could actually see what the department was spending its money on. This year it is not and I find that to be not an improvement. In fact, I think that is a drastic step backwards.

Mr KNOWLES: We have, as you have identified, decreased the number of outputs from 11 to four, mainly because, for example, components of what were residential services - the community based services - were reflected in other outputs so we moved them to a total new output called non-residential. You will find great difficulties comparing 11 outputs last year to four this year.

Mr CARPENTER: I know, Mr Knowles. Those figures from last year, I think if I recall, were presented in a way different to the year before and to me it is an ongoing difficulty in trying to actually compare one year's operations to the next when the budget papers and the budget outputs, budget performance of government, is presented in a different way every year. It is impossible to match up what the government was doing last year and what the government was projecting it would do this year with what it is doing this year and what you say you are going to be doing next year.

Mr OMODEI: Well, unless they go down to two next year but you are going to be able to compare last years with this years.

Mr CARPENTER: That does not help this year, does it.

The CHAIRMAN: Members, it is your own time. We are talking about the presentation of the budget.

Mr OMODEI: Before I finish I will just ask Mr Knowles to comment but as far as the budget is concerned surely it is the end result that is important - the outcome is important - but if you need briefings prior to us discussing this then I am more than happy to - - if you want to find out what is in this - - where things are in those four headings instead of the last year's 11 headings then - - maybe you can comment on that.

Mr CARPENTER: I will give you an example to help you clarify what I am talking about. Here we are in estimates. Now, I can ask you, "Explain residential services to me. Explain your expenditure in residential services."

[9.38 pm]

Mr OMODEI: Well, in two words hostel and group homes.

Mr CARPENTER: Give me the break down.

Mr OMODEI: Mr Knowles will give you the break down.

Mr CARPENTER: Last year it was there, I did not have to ask a question like that. I could have a look at it, I had a picture of what you were doing. How is this an improvement? How does this make things easier or more helpful for members of Parliament?

The CHAIRMAN: Member for Willagee, can I clarify, are you seeking the information or are you continuing to make comments about the presentation ...(Inaudible)...

Mr OMODEI: Mr Knowles will respond to that question.

Mr KNOWLES: What we have done to assist people looking at the financial statements is to provide last year's figures recalculated into the new output structure, so you can make direct comparisons. For example, residential services last year we expended \$64.4m in that area, we have added an additional \$5m this financial year. I understand your problem in terms of the comparisons but to assist we have recast last year's figures in the new output structure. So comparisons can be seen about the amount of funds we are expending in each of the new outputs.

Mr CARPENTER: If I ask the Minister how many people were provided with community residential accommodation last year and how many do you expect to be able to provide this year what would the answer be?

Mr OMODEI: I have got that somewhere. You are saying that they are there for last year but they are not there for this year?

Mr CARPENTER: That is right.

Mr OMODEI: I am told 37 for community residential.

Mr CARPENTER: That 37 is a growth of how much?

Mr OMODEI: About two to three percent.

Mr CARPENTER: If you have a look at output measures the figures provided in the output measures for output 1, the number of people accommodated is 1,548. Is that right?

The CHAIRMAN: What page are we on now, member for Willagee?

Mr CARPENTER: 350.

Mr OMODEI: Yes. If you want to know about residential services - -

Mr CARPENTER: What sort of accommodation is that? Is that community accommodation or is that hostel accommodation?

Mr OMODEI: That is a funded place. On residential services this output combines hostel residential and community residential. The overall increase in numbers here is from 1 548 to 1 585, 37 places. It is derived from the business plan initiatives. It is estimated from the 74 places provided in the business plan 37 people from the accommodation support funding round will go to residential services. The balance of 37 will go to non-residential community based support through the service plus program. The majority of people coming through accommodation support funding round are having their needs met through non-residential options, that is, in-home support or individual options.

Mr CARPENTER: Minister, can I just pursue that because I have asked you questions about that before. That increase of about 43 how does that compare with the demand? Mr Chairman, perhaps I can just speed it along a little bit so I do not have to ask three or four questions. Minister, what I am trying to ask you and I asked you a similar question at question time, is what number of people are applying for accommodation through the DSC and are not getting it?

Mr OMODEI: If I can give you an example - -

Mr CARPENTER: If 43 more are going to get it this year how many applied, for example?

Mr OMODEI: I can give you an example, from the April accommodation support funding assessments there were 76 applications for support from the accommodation support program considered in April. Of these applications two were ruled ineligible, 42 individuals were rated as having an immediate need and they have been offered support services tailored to their individual needs. The remaining 32 individuals were not rated as having an immediate need for accommodate support and will continue to be supported by their respective DSC local area coordinator and/or other service providers.

In relation to ongoing action the DSC has advised all of the 42 people rated in immediate need of support that they can

access support via the service plus program which provides the following types of support: in-home support, out of home respite, family care packages. These 42 people will be discussing the details of their supports with a local area coordinator in the next few weeks. If it is subsequently determined that the support required cannot be met through this program then an appropriate out of home accommodation option will be pursued. I know what you are saying and I think your argument has always been that the people apply for accommodation places and that is it.

Mr CARPENTER: It is not really an argument but that was the line of questioning, I suppose. That was the area that I was asking the question about.

Mr OMODEI: I think a lot of people initially believe that they want an accommodation place and that when they are assessed we find that we can satisfy their needs by the service plus program or by a package of initiatives for them and that is the role of the local area coordinator and the Disability Services Commission to find a place for all of these people but needless to say if we had some more money, if we can build that business plan next year, then we are going to provide more places, more services and if the Commonwealth comes to the party likewise. That was unmet need funding. Our business plan has really covered the growth area and really the critical need, there is still the historical, unmet need that we talk about and I was always wondering when you would ask the question about if we have got this \$30m unmet need for Western Australia, one tenth of the \$300m, then why are we saying that everybody is covered. Everybody is not covered, that is the truth of the matter.

[9.46 pm]

Mr CARPENTER: Although I agree. I know that and we agree on that, although you did indicate in your opening remarks that demand was being met which is not true.

Mr OMODEI: It is being met by a range of packages - -

Mr CARPENTER: Some of the demands have not.

Mr OMODEI: - - and maybe those packages could be better and maybe they could cover more people.

Dr SHEAN: Although I think it is acknowledged nationally that the demand is not met, what is important is that, in fact, the unmet need has been halved nationally from 1993 through to 1998 from 10 per cent down to five per cent, so it does show that what is being done is actually producing the unmet need rather than just trying to address a need that is not going to be met at all.

Mr OMODEI: I think you need to say where those figures comes from.

Dr SHEAN: The Australian Bureau of Statistics figures. They are national data. This indicates a very positive trend that at least something is happening.

Mr OMODEI: And are those ABS figures up to date? I think they 1998.

Mr CARPENTER: Just pursuing this in relation to the number of people who are accommodated and who are applying for accommodation. That April round, is that a half yearly or a quarterly round?

Mr OMODEI: It is a quarterly round.

Mr CARPENTER: And the figure for the applications?

Mr OMODEI: Seventy-six, but two were ruled ineligible.

Mr CARPENTER: Also, 74 people have applied for accommodation funding in that quarter. Correct?

Mr OMODEI: Yes.

Mr CARPENTER: And the increase that you anticipate to be able to provide for the year is 43. Is that right?

Mr KNOWLES: Of that group many will go into non-residential options so, for example, in the forward estimates the 37 increase is only the residential component of the demand we are forecasting. Many of the people who receive, for example, service plus will not appear as a residential person. They will appear in the other area which has an increase across all services of some 600 people for the year. So, for example, we are anticipating not only the 37 that we see for residential but a portion of that 600, at least 120 going to service plus options.

Mr CARPENTER: I understand that. I think the Minister has more or less indicated that to me on a previous occasion. I do not think it is actually disputed but I think it is fair enough to say that there is still a large and growing component of unmet need in accommodation and disabilities in Western Australia and probably, although it is hard to follow the figures to know that this is the case, the list is getting longer and not shorter. I understand what you say about some people end up with support services and they stay home but that is not what they want. What they want is to be accommodated somewhere. They are not getting it.

Dr SHEAN: I think one of the problems is that in previous years the historical method of service provision has only been out of home support. Until probably eight years ago it was not possible to get in-home respite, so families took permanent out-of-home placements because there was simply nothing else available. There have been many families who have been successful in gaining out-of-home placements and then have not wished to take them up because the transition from having



a family member full time at home to full time away from home has not been what families have wanted. They have felt, however, that there was no alternative. What service plus does is to give people a staged progression from having some in-home support through to having, perhaps, a mix of in-home and out-of-home support until such time as a permanent out-of-home placement becomes necessary. It is not desirable for most people to have them into permanent out of home placements. I think that that has been the preferred option for so many people because that is all that they have been aware of. A lot of people resist asking for in-home support because they feel that it might be intrusive. They may believe that it is not the sort of thing that they would like. With my past experience, I have found that people who have tried in-home support have found it very successful, such that in some cases where out of home options have been funded and in-home support is provided until such time as the out of home option is available, families then find themselves unwilling to take the out of home option because the in-home support is preferred.

Mr OMODEI: But you are right to the extent that we get out of the blue, every now and then, people in crisis because of the behaviour of the client or the carer's health breaking down and we have increasing numbers of ageing carers. I think Dr Shean is right when she says that some of the out-of-home packages do not work. In a lot of cases you might have an 18 or 20 year old young person with cerebral palsy or some other intellectual disability and then all of a sudden gets an out of home package and mum and dad go from caring for that person all of his or her life to not caring for them at all and the impact on that family is quite dramatic and, of course, very costly to the state. So in a lot of cases a mix of in-home and out of home care with some day activities is the way to go and I think the service plus package, tailored properly, will service a lot of families and make disability services funds go further and make it more viable family units, I think.

Mr CARPENTER: Can I ask you a couple of questions about costs per person receiving the service on page 352 the output measure there for non-residential services and on page 353, individual co-ordination? If you have a look at the costs per person receiving the service there is no increase, and on page 353 the cost is actually being reduced. How do you provide the same service with real reduced budget?

[9.54 pm]

Mr KNOWLES: A lot depends on the program that is in there. For example, one of the programs that I think needs the unit costs reviewed would be a place called, "Post School Options", for example, where I think we have capped the price for options for a number of years and hopefully with indexation coming in next year that will be reviewed. In other programs some of the improvements in efficiency are really an economy to scale argument. A good example is on page 353 which is essentially the local area coordination program. The LAC program does really pride itself on maximising the number of people it gets a service to and it is resulting in them getting more services out to individuals, I think another 580 individuals between the two years, and they really do work very hard to ensure that every package they put together is costed very effectively so that there is a bit left over for the next person presenting and they work very hard at it and ultimately that is the answer.

Mr OMODEI: The local area coordinators have a discretionary fund of some \$10 000. Their client ratio is about 50 clients to every one local area coordinator and from what I have seen they make that \$10 000 go a long way in assisting them.

Mr CARPENTER: Setting aside the local area coordinators but if you have a look at total cost per person receiving service outputs 1 and 2 it is not a matter of making the same amount of money go further at a reduced service by any chance, is it?

Mr OMODEI: No. I think one of the things you overlook is that local area coordinators whilst they have a discretionary fund they also put packages together and attract funds from other areas. So that actually helps them make the money go further.

Mr CARPENTER: No, I said putting them aside, the local area coordinators. If you have a look at accommodation and other services provided, you are trying to tell people - you are probably the only Minister that is doing it - that more services can be provided to more people for less money and the quality of the service does not diminish.

Mr OMODEI: I am told that for accommodation on page 350 it actually went up.

Mr CARPENTER: By less than two per cent or something, about one per cent. So in other words the real cost has declined.

Mr KNOWLES: It is essentially the same argument. There is an economies of scale issue. If you look for example at some of the agencies that are recipients for these funds, Catholic Care, Nelson Haven, their budgets over the last three or four years in some cases have doubled. We are seeing some reductions in the sort of price being required for funding options.

Mr CARPENTER: Turning back to page 358, Minister, and your land sales proceeds I notice a considerable difference between the actual realised land sales in these budget papers to what was projected last year, considerable millions of dollars. I assume that reflects the sale of more buildings than you anticipated this time last year. Where does the money go?

Mr OMODEI: Defraying debt mainly. Mr Knowles will be able to tell you.

Mr KNOWLES: In some instances the difference has arisen because we have received more than valuation. So, for example, the sale of Dundas Road when we made the estimate we expected to receive from sales the valuation. In that case I recall valuation being \$3.5m and the subsequent sale being \$4.1m. The sale of Ord Street, the valuation that we had in the books prior to the sale of Ord Street was \$2.1m and the sale of that portion of Ord Street achieved a figure of just over \$3.1m. So it is not necessarily the sale of more lands and buildings because the original plan that we put in place for divesting ourselves of surplus assets in 96-97 has not significantly altered. There has been a couple of changes but nothing significant. So it is really doing better than originally estimated.

Mr CARPENTER: What I am trying to actually get to here is where the money has gone not a matter of the size of the amount of money. If I can read from last year's budget papers the estimated actual return for 97-98 was \$34m and the projection for this current financial year of non-current assets would be reduced from \$34m to \$22m. In actual fact it went from \$32m to \$17m, so there is a very significant difference there. Now if you go from \$32m down to \$12m which is the projected value of your land and buildings at the end of this financial year, that is \$20m. Where has it gone? Will it go back into provision of service?

Mr KNOWLES: A number of issues, just for example just to clarify the point on page 358 under non-current assets you will actually see two lines. One called land and buildings, the other called other non-current assets. That \$7.749m actually represents land and properties that we transferred to Homeswest and Homeswest transferred back to us equity in half a dozen or so of their properties. So the total value of assets and equity we have is about \$23m-\$24m figure that you are talking about. So the difference in terms of what you are looking at last year and what you are seeing this year in reality is not as great as you first thought.

Mr CARPENTER: Does that provide Homeswest accommodation specifically for people with disabilities?

Mr KNOWLES: The Disability Services Commission had 43 group homes. We transferred them to Homeswest for the consideration of \$7.7m that you see there and in addition over and above their housing program Homeswest are providing DSC an additional 200 places over the next decade and rather than just have 43 fixed houses we can use the overall Homeswest pool. So that is the underpinning rationale.

Mr OMODEI: It is one of the things that is working very well.

Dr TURNBULL: It is going very well. I know three people who are in there and it is going extremely well.

Mr KNOWLES: To answer the member's question of where the money goes it essentially goes into two areas. One is debt retirement and I say that mainly because whilst you see over the last two years overall debt has not decreased we have continued to borrow significantly. So, for example, we borrowed nearly \$4m for fire and safety works, yet our overall debt did not rise.

The CHAIRMAN: Order. The time allowed for this committee has now expired and I must now put the vote.

*Committee adjourned at 10.00 pm.*

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