

## Legislative Assembly

Tuesday, 20 May 1997

---

### ESTIMATES COMMITTEE B

The meeting commenced at 9.00 am.

The CHAIRMAN (Mr Baker): The Estimates Committee will be reported by Hansard and a proof document will be made available to the committee clerk progressively throughout the day. The daily *Hansard* will be available the following morning. I caution members that if a Minister asks that a matter be put on notice it is up to members 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 Budget Statements volumes or the Consolidated Fund Estimates, members give the page number, item, program, and amount in preface to their questions.

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 discussion 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 the intention of the Chairman to ensure that as many questions as possible can be asked and answered and that 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 or she agrees to provide. Details in relation to supplementary information has been provided to members and advisers and, accordingly, I ask the Minister to cooperate with those requirements.

#### **Division 32: Fisheries, \$20 023 000 -**

[Mr Baker, Chairman.]

[Mr House, Minister for Primary Industry.]

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

[Mr J.C. Nicholls, Director, Strategic Planning and Corporate Services.]

Mr RIEBELING: The expenditure column on page 378 of the Program Statements indicates a reduction in the FTE numbers. However, the expenditure amounts have increased in each of the categories. How has there been a reduction in FTEs when there has been an expansion in the amounts allocated? In the recreational fishing area, for example, there has been a reduction to 78 FTEs with \$6.6m whereas last year there were 82 FTEs for \$6.2m; and for pearling and aquaculture there were 56 FTEs last year totalling \$4.3m and this year there are 38 totalling \$5.4m.

Mr HOUSE: Figures at the bottom of the page indicate that the number of FTEs has remained the same across the division. There is a different distribution of those people. There has been an increase in commercial fishing. In some respects what the member says is correct. There have been reductions in some areas, but the overall total has not been reduced. That is a matter of where we think the effort has to be applied internally. Under the new structures of cost recovery for which the industry is responsible, it is now making some decisions about where it wants to direct efforts. Those decisions are made by the management advisory committees in conjunction with the department.

Mr RIEBELING: The fish habitation protection section has had an increase of 20 FTEs. Presumably that means a major shifting of focus from pearling and aquaculture, which have lost a substantial number into fish habitation protection.

Mr HOUSE: In some respects yes, but in others they might be doing much the same work but it comes under a different appropriation. The important thing is the bottom line, not whether the number of FTEs will change. It is a matter of whether that will work.

[9.10 am]

Mr RIEBELING: In most departments when the number of FTEs is reduced there is also a reduction in the amount allocated, but that does not appear to be the case in this department. In the administration of the pearling and aquaculture programs 18 fewer people will be involved but the allocation has been increased by \$1.1m. Does that refer to any specific scientific program or is some research going on that we should know about?

Mr ROGERS: Basically the major shift in the number of FTEs is a function of the accounting procedure. As the Minister said, there have been some adjustments in the programs, but at the same time as the department has bedded down the new program structure in accordance with the accounting system, it is gradually getting a better handle on the FTE allocations that should be appropriately applied against the commercial and recreational fishing activities. There will be much the same level of activity in the pearling program. In the aquaculture area some of the focus is shifting more to contract activity, but by and large the major focus is likely to be in the contract area.

Mr RIEBELING: Do you expect the number of people employed by the department to remain the same, but the number of full time equivalents to reduce?

Mr ROGERS: As indicated, the overall number of dollars will increase; there will be much the same level of activity, if not more, in the aquaculture area.

Mr RIEBELING: Does that mean in the pearling and aquaculture areas that contracting out services is more expensive than employing departmental staff to do the work, or will the contracting out involve professional standards that demand a higher price in the marketplace?

Mr ROGERS: No, I am not saying that. In the aquaculture area it is intended to increase activity over the next year and we shall add to our skill base by employing outside people.

Mr RIEBELING: I was surprised to see the reduction in the number of FTEs for the pearling and aquaculture programs, because I understand greater emphasis will be placed on those activities in the coming year. The dollar value suggests my original assumption was correct, although the FTE figure does not support that assumption. If the department will be doing more with fewer staff but at a higher cost, is it economic?

Mr ROGERS: It goes back to the efficiency level of the service provided and, yes, it can be more efficient.

Mr RIEBELING: Is there some differentiation between the way other departments view efficiencies and the way the Fisheries Department views them? With this particular line fewer people will be employed but they will cost a great deal more. The usual experience in government over the last few years has been a reduction in the FTE level and a reduction in the cost of the service.

Mr ROGERS: The overall efficiency of the department is approached in the same way as in any other agency. I see no difference.

Mr GRILL: I refer to page 377 of the Budget Statements containing appropriation and forward estimates. I assume these figures represent the total amounts that will be received by the department for each year set out, and the total recurrent services represent recurrent funding, while the items below items 152 and 153 represent capital funding.

Mr ROGERS: Yes, that is correct.

Mr GRILL: Were the amounts against items 152 and 153 spent on capital expenditure?

Mr ROGERS: Yes.

Mr HOUSE: The projection in those figures is that the department has a plan to significantly upgrade the Watermans research facility or build a new facility, although the decision about whether to place the new research facility at Watermans has not been made. The options are still being considered. On face value that is where it will go at this stage.

Mr GRILL: Does that represent the fairly large difference between the \$4.4m for 1997-98 and the \$7.2m for 1998-99?

Mr HOUSE: Incorporated in that figure is an allocation for regional centre upgrades, but the large bulk is to be allocated to that research facility.

Mr GRILL: That is very big expenditure over a two or three year period. The capital expenditure then falls to a modest sum of \$1.9m in 2000-01.

Mr HOUSE: That is on current projections. Obviously, the figure can be revised along the way. The major thing is to get the large research facility built.

Mr GRILL: Can we expect the all up figure for the Fisheries Department to increase over and above the \$15m set out for the year 2000-01?

Mr HOUSE: That is possible. Under the system of cost recovery, the management advisory committees and the individual fisheries make recommendations about raising funds for specific work. For example, in the abalone fishery, the abalone management advisory committee has made recommendations to employ extra patrol officers. It may also mean that extra capital works will be needed in some places nearer the time, so that figure may change.

Mr GRILL: On the basis of forward estimates now, it represents a big drop in recurrent and capital funding.

Mr HOUSE: Yes, but bear in mind the capital works funding has a peak in it because of this major program.

[9.20 am]

Mr GRILL: The fisheries research development trust account and the recreational fishing trust account seem to be the major revenue sources for the Fisheries Department. From where does the money come?

Mr HOUSE: It is collected as licence fees. For example, a per pot licence is required for rock lobster fishing, and other fisheries pay an entry licence fee annually. In some industries we have allowed those fees to be paid quarterly because they are very large and this allows those involved to spread that cost.

Mr RIEBELING: Is there any fee for volume, such as that in trawl fishing?

Mr ROGERS: The only fees that relate to volume are those attached to quotas. For example, pilchard fishing on the south coast is managed by quota as are the pearling and abalone industries. The fee is assigned on the basis of quota holdings.

Mr HOUSE: It is on a per tonne basis.

Mr GRILL: The bulk of the funds comes from the fishery industry itself.

Mr HOUSE: Yes.

Mr GRILL: What contribution does the Government make to this funding?

Mr NICHOLLS: The figures on page 377 represent the consolidated fund contribution. They do not reflect all revenue going to the trust funds.

Mr GRILL: Where do we pick up the full amount going to the trust funds? We are looking at the contribution by the Government to the trust funds.

Mr ROGERS: It is the CF contribution.

Mr NICHOLLS: That is right.

Mr GRILL: That is different from the impression given by the Minister.

Mr HOUSE: I am sorry; that is right.

Mr GRILL: Where are the amounts from the industry itself?

Mr ROGERS: They are on pages 387 and 388.

Mr RIEBELING: Page 379 gives a summary of industry contributions.

Mr NICHOLLS: Further down that page is a reference to "Adjustments for Cash Book Balances" and "Less: Revenue and Other Funding Sources" which reflect a whole series of other funding sources besides the consolidated fund.

Mr GRILL: What does that \$5.9m represent?

Mr NICHOLLS: That is the drawn down figure on cash balances to the extent of minus \$5.9m.

Mr GRILL: We have a total budget in 1997-98 of \$20.023m.

Mr ROGERS: The total current expenditure is \$35.3m.

Mr GRILL: Perhaps we should go through it.

Mr ROGERS: Page 377 lists the net appropriations to each of the department's trust accounts. The department operates a number of trust accounts, including the fisheries research and development trust account, the recreational fishing trust account, the fisheries adjustment trust account and two stand-alone accounts. The two accounts are not in the consolidated statement because there is no contribution from the consolidated fund; they are the Australian fishing management authority trust account, which covers the work we do on behalf of the authority, and the fisheries research and development corporation trust account. Neither of those trust accounts has net appropriations from the consolidated fund. The recurrent consolidated fund figure of net appropriation to the department's expenditure is \$15.5m and to that one can add the capital component of \$4.5m.

Mr RIEBELING: The cost to the department is \$20m.

Mr ROGERS: That is correct. Page 378 shows the split between corporate services and the fisheries resource management program and four subprograms, which cover commercial fisheries, recreational fisheries, pearling and aquaculture and fish and habitat protection. The total expenditure is \$35.309m.

Mr GRILL: That is the total figure.

Mr ROGERS: Yes. Then one subtracts the revenue from all sources and ends up with the recurrent figure of \$15.508m.

Mr GRILL: That revenue from other funding sources represents the industry contributions.

Mr ROGERS: No, it also includes contributions from the FRDC and the AFMA. About \$1m comes from AFMA.

Mr RIEBELING: That is about \$3.4m.

Mr GRILL: Where is that?

Mr NICHOLLS: On page 379. Commercial fishing industry contributions are \$10.4m. It also shows a run down of the trust balances of \$5.9m, plus contributions to Fisheries Research and Development Corporation grants from the Commonwealth, recreational fishing licence fees of \$1.250m and AFMA grants of just over \$1m.

Mr RIEBELING: Those subsidies, grants and transfer payments are from the Commonwealth.

Mr ROGERS: AFMA is commonwealth, the FRDC is commonwealth, but -

Mr GRILL: In rough terms, of the total budget of \$35m, approximately \$20m comes directly from the State Government.

Mr NICHOLLS: The total budget including capital is around \$39.8m, of which about \$35.3m is recurrent. Of that, the CF recurrent contribution is \$15.5m, and all capital is met by the State.

Mr GRILL: The industry contribution comes back to that \$35m, plus -

Mr NICHOLLS: Plus the recreation licences.

Mr MARSHALL: I refer to the member for Burrup's first question, about pearling and aquaculture, the differences in the FTEs and the increase in the budget. Page 381 refers to the pearling and aquaculture program and contains the statement that the Government has continued to place a strong emphasis on developing the aquaculture industry within the State. What has been happening in that area? What amount of money has been spent, where has it been spent, why has there been a budgetary increase and what are the plans for the coming season?

Mr HOUSE: We have continued the program of aquaculture development and that has been driven by the Aquaculture Development Council, which has been established for three or four years. It is charged with the responsibility of making recommendations to the Government and the Minister. We allocated \$8m over four years - \$2m per year - to that development. That program established an aquaculture park in Broome that is now open and operating in conjunction with private enterprise. We have commenced the design of an aquaculture park in Albany and are committed to finishing that park. We have also committed to an upgrade of the existing Pemberton trout and marron hatchery to provide the same sort of facility for inland aquaculture. In addition, we have freed up many of the regulations with regard to marron and the keeping of marron for aquaculture purposes in order to allow that industry to develop. The member will be aware that we have also been trying to assist people. For example, a few months ago we assisted Jurien fish farmers to get ocean aquaculture under way.

[9.30 am]

Mr MARSHALL: Is the demand coming from the export industry or just from seafood restaurants?

Mr HOUSE: In a general sense, the demand around the world for fish products increases substantially every year. The ability of the wild fisheries to meet that demand is very limited, and is actually on a slightly downward trend. Western Australia has very well managed fisheries compared with some other parts of the world where stocks have been depleted, which is the reason for that downward trend. The only way that demand can be met is with aquaculture products. Some countries are more successful at it than others and some are more forward thinking than others. We started a fair way behind some other countries because we did not have much of an aquaculture program in place until we came into government four years ago, and we have tried to develop that industry. It has taken a long time to build the foundation. I am pretty confident that we have done that and that it will continue to increase.

Mr GRILL: I think I now understand that the figure is about \$39m all up, including recurrent and capital, of which the industry contributes \$8m. The industry contribution represents about one-quarter of all the funding of the department. It has been said in the past that the industry should pay for itself or should come closer to paying for itself. Is a 24 or 25 per cent contribution towards costs sufficient? Are there any plans to increase the industry contribution? How do we compare with other States and countries with regard to the industry contribution?

Mr HOUSE: It is a fair question. We have decided to try to establish cost recovery on what I would call a more equitable basis; in other words, that the fishing industry would make a greater contribution. It has taken some time to negotiate those principles with the industry, but I believe we have now established firmly the principles or the framework, although there are greater demands from the industry for the Government to produce the evidence about where the money goes, and like all government departments, that is not as easy as it might seem at first glance because we have to meet certain costs in an overhead way that are reflected in those figures.

With regard to whether the industry contribution is a fair and equitable recovery and whether it should contribute more, in my view we recover from the industry a fairly minimal amount compared with the wealth and strength of some of the fisheries. Some of the scale fisheries are quite basic and quite poor - they do not make a lot of money - but the pearling and abalone fishermen do make a substantial living out of the licences that they are granted by the Government to fish, and it is exclusive because of the exclusivity of those fisheries. It could be argued that we probably do not recover enough from some of those fisheries, and we have been trying to move towards a position of negotiating with the industry.

With regard to how we compare with other States and countries, we are probably pretty well in front of the other States in that regard. Tasmania's scheme is similar to ours. The other States have been looking at what we have been doing and are now starting to implement the same sort of cost recovery. South Australia started down that path quite strongly and I think it will continue. I am not certain about how other countries operate their fisheries, so I cannot answer that question.

Mr ROGERS: Full cost recovery is planned to be implemented by 2000-01. An effective process is under way to work towards that outcome. Like all cost recovery programs, it is focused on the higher value fisheries: Pearling, rock lobster, abalone, prawns at Shark Bay and Exmouth Gulf, and scallops. New Zealand started off with a resource rent approach but has backed away from that and moved to a cost recovery approach because of ongoing litigation between the fishing industry and the Government.

Virtually all other Governments around the world are not in a cost recovery mode. Canada is a case in point. For many years it has been grossly subsidising the management of fisheries and the fishing industry, as have many other countries around the world. The approach in Western Australia is probably in line with leading fisheries management agencies around the world.

Mr GRILL: The target of 2000 appears to be very ambitious.

Mr HOUSE: That date has been negotiated with the industry. We set it a bit earlier and could not reach the target.

Mr GRILL: I can understand that.

Mr HOUSE: We met a bigger resistance. We are making progress now. The community at large would probably agree that the fishing industry should pay its way.

Mr GRILL: It is aimed to have full cost recovery by 2000-01?

Mr HOUSE: Yes.

Mr RIEBELING: At page 379, income from the industry - industry contributions - will increase from \$9.054m to \$10.430m, an increase of about 13 or 14 per cent this year. The Minister mentioned the pearling and aquaculture industries. Page 381 states that the value of the pearling industry, for example, is declining. Is the increase in income from industry the result of increased fees that the department is charging - that is, increased costs to the industry - or the result of the expansion of commercial activities within the industry?

[9.40 am]

Mr HOUSE: It is part of reaching the target by 2000-01, which is three years away, so we have been gradually increasing the cost recovery in fisheries to meet that full cost recovery target. The value of the pearling industry dropped off last year, for a number of reasons. It was due largely to a shift in the value between the currencies. In fact, the shift to the Australian dollar was about 30 per cent. That had a dramatic effect. Indications are that the pearling industry value is recovering. A couple of weeks ago the participants told me that sales for this year have increased in value again. I expect that figure to increase. We are dealing with a commodity that is a luxury item; therefore, a shift in the dollar value and economic wellbeing around the world has a dramatic effect on the value of the industry. Last year a lot of participants decided to hold the product and not sell it.

Mr MARSHALL: I refer to the first dot point in the commercial fisheries section under significant issues and trends. I note the Asian markets are increasingly demanding live and fresh seafood. What effect will this have on our export markets? Has there been a downturn because of it? What has the fishery industry done to cope with that live seafood demand?

Mr HOUSE: That demand is largely in relation to rock lobster in Western Australia. We are now selling over 30 per cent of our lobster live. We have had a reduction in the amount of product going to Japan and an increase in that going to China and, as the wealth of China continues to grow, that shift will continue. Taiwan is still our largest market for live rock lobster. Some experimental work has been done with abalone which is going to some of those places. Very little live scale fish is being exported. There is a demand, but we have not been able to fill that demand. One of our problems is getting air freight space. The air freight council has been working very closely in conjunction with the airlines to make sure planes are packed to 100 per cent capacity and with a mixture of products; for example, meat, fish and flowers. That demand for live product will increase, but whether we can fulfil that demand remains to be seen. Apart from rock lobster, we have not done a lot of widening of the range with other products. There has been a small amount, but not a lot.

Mr MARSHALL: Has there been a reduction in the turnover in the export industry because of it?

Mr HOUSE: We have held our own, but I cannot give a specific figure off the top of my head. The fishing industry people are in Asia regularly to service the markets. We are a big operator in the Tokyo, Hong Kong and Taiwan markets.

Mr MARSHALL: Is there a big market for blue manna crabs? Are they likely to be exported from Western Australia?

Mr ROGERS: No. A small quantity goes through Fremantle.

Mr MARLBOROUGH: Why have the FTE numbers in the pearling and aquaculture industries been reduced? A colleague asked some questions about this earlier, but I am not sure he got a clear answer. From the breakdown of the four major areas of fishery - commercial, recreational, pearling and aquaculture, and fish and habitat - it seems one of the potential major growth areas is aquaculture; yet on paper we are seeing a significant reduction in the number of FTEs. I know it has been said that it is a paper reduction. Can the Minister advise specifically what sorts of officers have been in the field of pearling and aquaculture, the services that have been provided and whether any of those services and/or officers will diminish as a result of the reduction in FTEs from 56 to 38?

Mr HOUSE: I suggest that we come back to the member with a written explanation. I share some of the concerns raised by both him and another member earlier. I am not absolutely certain, but it seems to me some officers allocated to the pearling and aquaculture fisheries probably were also doing fish habitat protection work. I simply do not know the answer to that question, but I am happy to provide the answer in detail in writing. From what the executive director has said, we are not on top of that question and I would feel more comfortable if the question were on notice. I am happy to provide the answer by way of supplementary information and will get it to the member as quickly as possible, within the next couple of days.

Mr MARLBOROUGH: The Minister mentioned earlier the proposal to continue to develop aquaculture in the Albany region. I refer to the present industry at Oyster Harbour.

Mr HOUSE: David Beazley's operation.

Mr MARLBOROUGH: My understanding is that it is presently producing the belon oyster in its natural habitat.

Mr ROGERS: It is potentially the equivalent to the western rock oyster, and mussels are also being farmed there.

Mr MARLBOROUGH: I understand that this oyster product is selling on the Sydney market as a deluxe product, as being far better than oysters produced in the rest of Australia. When the French put oysters on the world market

about 150 years ago, this variety of oyster was prevalent in the waters in the northern hemisphere; however, that is no longer the case because of disease. We have a natural habitat for that oyster in Albany. The industry in Western Australia is unable to export this item to Japan. By comparison, Tasmania has a federal arrangement under which it has been able to put its oysters into the Japanese markets for a number of years. The people in the industry in Albany told me that part of the history of this issue has been the ability of the industry in Tasmania to be far more coordinated in bringing pressure to bear on the Federal Government; and, of course, it is a much bigger industry. This industry in Western Australia which is selling a deluxe item in Sydney cannot get an export licence to sell the product in Japan. Is that still the case? I was in Albany a couple of months ago and that is what I was told. What are we doing in Western Australia to overcome this problem?

Mr HOUSE: I know David Beazley well, and I see him regularly, but he has never raised the matter with me. I am surprised he has not, given what the member has said. Obviously this is an important issue. This operation is producing mussels very well and quite prolifically. Getting oysters in large numbers is quite a problem, as I understand it. I will undertake to talk to David Beazley about that matter. I cannot answer the question because it has not been raised with me.

Mr MARLBOROUGH: In terms of aquaculture around the State I have not seen anywhere near what is available; however, it seems to me that this operation has put in a tremendous amount of infrastructure for growing seafood. Potentially it is sitting on a major market overseas for these oysters. It has not been able to get into the market, and I am surprised it has not been brought to the Minister's attention.

Mr HOUSE: So am I.

Mr MARLBOROUGH: My understanding is that these people cannot get into the Japanese market. Tasmania is in it. I am not suggesting it is being held out through any problems with the Western Australian Government, but it is certainly having problems with its federal counterpart. This industry has the infrastructure and people who have invested money and we should be doing anything we can to get them into the market.

[9.50 am]

Mr HOUSE: There is no question about that. I will undertake to track down the answer from David Beazley.

Mr GRILL: It must have been disappointing to see the value of the State's fisheries production continue to fall in 1996-97, as you point out in the report under significant issues and trends. In answer to a previous question you indicated that our fisheries could not meet the demand for fish around the world today. To what do you attribute the fall-off in the value of our production outside the factors you have already touched on? Are we to presume from this that aquaculture production around the world is somehow forcing down prices, or is that going too far?

Mr RIEBELING: Point three under significant issues and trends in the commercial fisheries section refers to a ban on purchasing our prawns by the United States because of the configuration of the nets. Has that problem been rectified?

Mr HOUSE: Regarding the fall in prices, the 30 per cent shift in the value of the yen had a dramatic effect on prices. The rock lobster industry is worth \$300m at the beach; therefore, a 30 per cent shift had an enormous effect. However, in the past couple of months the price has firmed. The beach price last week was approximately \$27.50 a kilogram, which is higher than expected. It is holding up because of the Chinese coming into the market. We are selling more to Hong Kong and China and fewer to Japan. Even the Japanese prices held up, but for a little less volume. The market balanced out a bit.

I do not think aquaculture has been significantly affected by declining prices. It is affected by many things. In Western Australia pearling and rock lobster are such big ticket items in the total value of fisheries that those shifts and a large volume of product into the Asian market have a dramatic effect on their value. The value comes off the top of the WASA prices. The weekend before last I was in the Abrolhos Islands and spoke to rock lobster fishermen. They are not complaining because they are still receiving good prices. I think the pearling people would say much the same thing.

Regarding the nets, we are working hard on all the escape devices to try to limit by-catch, which is a significant problem in fishing. In some fisheries it is as high as 30 per cent. Considerable waste occurs in by-catch, as we are well aware. We are trying to create nets that allow that sort of exclusion to take place. Just south of Burrup, trials are now taking place with scallop nets aimed at taking only scallops. In the pilchard fishery there are problems with netting large schools of fish and, to use the fishermen's expression, the fish bear down in the net and damage each other because they crush each other like a mob of sheep herding into a corner. They become useless for high value product and are therefore useful only for pet food. In conjunction with fishermen the department is trying to devise methods to overcome those problems. However, they are not easy to solve in a short time.

Mr RIEBELING: The issue refers primarily to the prawning industry. Surely if the US industry is using acceptable nets for that industry it is not necessary for us to do a great amount of research to develop a net for use here that will not be rejected by that market, if that is our main market. If our nets do not comply with our major market should we not inherit the US technology? Why spend a lot of money researching something when the answer is already there?

Mr ROGERS: The US is not Australia's major market; it is principally Europe and Japan. Various habitats impact on equipment differently. The prawn fishery in the Mexican Gulf, which is the main area of the US fishery, operates differently from that in Western Australia. It is more a schooling type prawn relative to the king and tiger prawns in Western Australia. I agree that we can draw much from the information from the US and other parts of the world to assist us with modifications. However, our greatest difficulty is gaining industry acceptance in terms of the leakage rate of prawns as a trade-off to escape of animals. We do not have a major by-catch issue with turtles relative to the US experience. Our industry is drawing on that experience. The work in Queensland, which focuses not so much on trap doors in the net as on loops and squares of larger measure to allow a better escape of the fish, has attracted the interest of Western Australian prawn trawlers.

Mr GRILL: I refer to the reduced value of production especially in the pearling and aquaculture programs. As we all know, the Broome pearls have always been highly prized. Has the development of cultured pearl industries in Indonesia and other places affected the supply and demand ratio and consequently forced down prices?

Mr HOUSE: The pearling industry people tell me that there are two different markets. The Broome pearl is marketed under the South Sea label. It is of very high quality compared with the blues and the blacks, which I think are the two other types. We are talking about two different markets altogether. According to people in the industry, Broome pearls are sold at the top end of the market; so they are accessible to a more limited number of people.

Mr GRILL: Have efforts been made in Indonesia to produce a so-called south sea pearl?

Mr ROGERS: For some years the pearling industry has been concerned that the maximum production of the silver lipped pearl in Indonesia would undermine Australian prices. As the Minister indicated, even though it is the same pearl, the quality of production in Indonesia has not been as good as it is here. We think the influence of El Nino has impacted seriously on production in Indonesia over recent years. That failure has helped pearl prices here. Long term it is fair to say that if there had not been a relative shift in the Australian dollar to the Japanese yen over a decade or so - in the early 1970s the ratio was about 380 yen to the Australian dollar; it is now 95 yen to 100 yen - the Australian pearl industry would not exist today. The same applies to many commodities. It is important to note that production in the pearling industry is continuing to expand year by year. As we put more product onto a market, without solid promotion, we can expect long term real reductions in price, particularly in this type of commodity. For this reason the pearling industry in recent years has invested heavily in the promotion of Australian South Sea pearls as a specific product in order to extract maximum premium values in the marketplace.

Mr MARSHALL: At page 382, does the budgetary amount for fisheries resource management include the recreational fisheries program?

[10.00 am]

Mr HOUSE: Yes.

Mr MARSHALL: At pages 380 and 381 the points are mostly negative. It refers to a general reduction in fishing quality, increasing conflict between recreational fishers and other resource users, a lack of definitive data on recreational catches and fish stocks, and growing community debate on the translocation of fish species. It states that as demand for fishing increases, wild stock levels may decline, and so on. At page 382 the number of FTEs remain the same; however, there is an increase in the money allocated. Will there be sufficient manpower to solve all those problems, and, if not, in what area will the increased money be allocated?

Mr HOUSE: The member has made a pertinent point. It is a fact that the recreational fishing community is increasing significantly, as is technology. No-one would underestimate the effect that global positioning systems have on recreational fishing. In some areas they have had a dramatic effect on the amount of fish being taken. The guesswork has gone. Boat sales in Western Australia have increased enormously. Many more people are able to access the ocean, and technology has improved. In areas such as Shark Bay we have had to take drastic action. The amount of fish being taken means that the fish stocks cannot cope. Shark Bay used to be far enough away to limit the number of people reaching the area. If people did travel that far, they may not have had a boat of sufficient size, and they did not have the technology. These days, it is much easier to access those areas. That is one example of the problem. In other areas, many more people are taking part in recreational fishing.



With no bag limits and with the open access to direct fishing in the past we have been living in paradise compared with other parts of the world. For example, in America people must obtain a licence to catch various species of fish in designated areas. In Britain, part of a trout stream bank can be hired, and when a person catches fish he must pay for them; but he must also throw the fish back into the water. By comparison, we have been doing very well. We are trying to signal here that the world is changing quickly, and we must reduce drastically the bag limits and the ability to access fish. That will not be taken too kindly because we have all grown up accustomed to plentiful fish stocks and being able to fish whenever we want to. I am talking about the entire range of fish. We are aware of the problems and we have taken some fairly stiff measures, but they do not meet with public approval because people are accustomed to past situations. The best example I can give is net fishing, which is the indiscriminate taking of fish. The member is aware of resistance by some people who wish to stop us limiting the taking of fish with a net.

Mr MARSHALL: I appreciate that there is a problem. However, I can defend the situation and prove why, at least for the next five or six years, the limit should remain. Proper consultation and research have not been undertaken over the past three or four years regarding the increase in fishing in the Peel Inlet. The research figures are three years old, and it is in the last three years that dramatic changes have occurred in the fishing industry in a positive way. There are more crabs in the area than ever before. They breed four times a year, not twice, but there is not enough feed in the estuary for the crabs. Therefore, they need to be culled -

Mr MARLBOROUGH: Do you need to take any more than you can eat?

Mr MARSHALL: When Thomas Peel came to the area in the mid-1830s there were only two industries - agriculture and fishing. It is our heritage, and it is our tradition in the area. In Geraldton it is different. Fishing is a way of life.

Returning to page 382, the number of FTEs is 294. Where will the extra budget allocation go? Should more research staff be made available to address this very important recreational fishing problem in Western Australia?

Mr HOUSE: One can always make a case for extra money to be allocated to research in any area. By and large, we have done reasonably well. The problem is not so much the evidence gained by research, but in convincing people to accept the facts contained in the research. Considering the size of this State, we do not do such a bad job.

Mr GRILL: For some years complaints have been made about diminishing recreational fishing stocks, especially at metropolitan beaches. Recently there was a highly publicised debate about the pink snapper stocks in Shark Bay.

Mr HOUSE: There still is.

Mr GRILL: I appreciate that. I do not want to open up that controversy here, because it has already been aired. However, during that debate a fisheries officer asserted that the changing bag limit on tailor at metropolitan beaches allowed for some replenishment of stock. Was that an exaggeration? Is the regime of lowering bag limits having an effect?

Mr HOUSE: In that fishery, the current evidence suggests that the reduction in the bag limit has allowed the fish stocks to recover; so, in a general sense, those measures have worked.

The member for Dawesville made a pertinent point. We are allowing people to take enough fish to have a feed each time they go fishing. The herring fishery is in a little trouble, particularly along the south coast where an impact is being made. Herring is a popular recreational fish. Therefore, we must make the same decisions in other fisheries. We have been moving towards that general principle by reducing bag limits to an amount which will allow people to take home a feed rather than a freezerful.

Mr GRILL: When I was a kid I was involved in recreational fishing, and I thought at that time the herring stocks were limitless. However, that fishery is under pressure currently. The budget papers indicate that there is still strong pressure on commercial fisheries. Which fisheries are they?

Mr HOUSE: Specifically, the west coast and the southern shark fisheries are in trouble. We have brought in regulations to reduce the fishery by 50 per cent over the next three or four years; that is, by 20, 10, 10 and 10 per cent. In the shark fisheries also there is a bite catch issue, so that they can take a percentage of other fish as well. They are the main net fisheries in the areas where a serious reduction is needed. The other fishery to take a reduction is the southern mulie fishery in the Albany region.

Mr GRILL: I have written to the Minister in the past regarding the mulie or pilchard industry. What is the situation there, and what measures do you intend to take?

[10.10 am]

Mr HOUSE: I have not signed off the final detail yet, but the way we are moving is that there will be an allowable increase in effort at the Esperance end of that fishery because indications are that there are fish stocks there. The

fishery is divided into four zones on the south coast. They are largely centred on Esperance, Bremer Bay, Albany, and the zone to the west of Albany which is not fished to any great degree, but is a zone in its own right. Overfishing has occurred in the Albany zone, largely because there are more boats in that zone that have access to a lower fish quota. The smaller fish takes occur at the Esperance end. The department will spread the effort across that region. A few problems arise in the processing, because it is no good landing a type of fish at, say, Esperance if the processing capacity is not there. We are trying to work through that problem at the moment. That is the principle the department will adopt. That will mean there will be a physical relocation of some fishermen from one end of the fishery to the other, or there will be a cell from some fishermen at the Albany end to some fishermen at the Esperance end, so there will be a consolidation of the amount individual fishermen can take.

Mr RIEBELING: One of the big problems the Fisheries Department has is that commercial fishing, especially trawl fishing, takes huge volumes of fish from the same areas in which restrictions on amateurs apply on bag and size limits. The average punter does the right thing in the majority of cases. However, he sees huge volumes of fish of all sizes being taken by the industry. The Minister does not need to tell me about the average fishermen in my area being organised. They have formed an efficient lobby group, which annoys the hell out of me, and probably the Minister, at every opportunity they get. They consider this an inequitable system: They are protecting the stocks, but the commercial fishing industry is not. I do not know how we can get around that problem in trawl fishing.

Mr HOUSE: The department tries to deal with it by implementing gear restrictions or time restrictions, or a combination of the two, on professional fishermen. The basic premise we work on is that the fishermen have a licence and a right to operate. If we remove them, we must do it in an equitable way. Another method involves two buyback schemes. One is the scheme that has been in place for some years through which the professional fishing industry contributes. My frank view is that all that does is redistribute the catch among lesser professional fishermen; it does not reduce the effect. The other scheme we implemented this year is targeted at reducing conflict. Where conflict occurs between professional and recreational fishermen, the dollars are applied to giving the professional fishermen the opportunity to opt out.

Mr MARSHALL: A couple of years ago crab traps were placed in Cockburn waters. That was then experimented with in Mandurah waters. I think four people took up a lease to trial that. How did that go? Also, does Western Australia have enough fishing inspectors?

Mr HOUSE: Following the bays and inlets, Western Australia has over 6 000 kilometres of coastline. Fisheries inspectors are a little like policemen - there are never enough in the right place when they are wanted. We try to balance that need and the number of people we have against where the fishing pressure is at the time. In the winter it might be in the north and in the summer it is in the south. At any given time we could do with more inspectors in some places.

The member for Burrup is right when he says the average punter does the right thing - so does the average professional fisherman. However, there will always be a few who break the law. We have tried to keep that measured by hitting them hard when they do so. Substantial penalties are applied to both recreational and professional fishermen who break the law. By and large that has worked. Most people do the right thing, just as most people are law abiding citizens. I do not know the answer to the question on the Cockburn Sound crab fishery.

Mr ROGERS: There is an increasing use of drop nets. There was a conversion proposal for the Cockburn Sound fishery, which was to convert so much length of the bottom nets into traps to catch crabs. The usefulness of those is demonstrated by the fact that they are getting a higher recovery of live crabs. There is not the same wastage and, more importantly, the quality of the crab they receive has helped those in the Fremantle area move towards an export market. Crab fisheries in Western Australia are under review. We expect a draft discussion paper to be available in July.

Mr MARLBOROUGH: You have not removed the long driftnets for crabs from Cockburn Sound.

Mr ROGERS: No, not totally.

Mr MARLBOROUGH: Not at all, they are still there.

Mr ROGERS: They are still there, but some have converted to that style of pot.

Mr MARLBOROUGH: I want to make that clear. My annual holidays are spent at Woodman Point. I have often seen commercial fishermen at four o'clock in the morning tie up a net at the Cockburn Sound beach at the back of Woodman Point and take it out 500 or 600 metres and then haul it in for crabs and all sorts of other things. I understand it is illegal to do that from the shore. The sooner we get those tangle nets out of Cockburn Sound, particularly that close to shore, the better off we will be.

Mr GRILL: At times there seems to be at least a perception - although I think it is the reality - that the department does not react quickly enough to perceived fishing pressures. Take, for instance, the mulie or pilchard fishery the Minister mentioned a moment ago. When I was Minister I created a zone around Bremer Bay because I could see then there would be predation from fishermen in Albany whose stocks were decreasing. I have written to the Minister for Fisheries on a number of occasions about that fishery, and I know he has had other representations from people in that area. The department is now putting in place a program, and ongoing work has been done on it. It would have been better to have moved on that fishery a few years ago.

Also, my understanding is that over the past several years the Gascoyne recreational fisheries action group recommended reduced bag limits at Shark Bay on more than one occasion. There is now something of a crisis in that industry. Is the department moving quickly enough in some of these areas?

The CHAIRMAN: I have been asked to remind members that their questions should relate to items of expenditure rather than matters in general. I know it is tempting to use this opportunity when the Minister is here with all his advisers to ask general questions.

Mr GRILL: We can add something onto the end of each question. If the fishing stocks go down, there will not be much contribution from the industry.

The CHAIRMAN: Yes, as long as it relates to an item of expenditure.

Mr HOUSE: The committee is proceeding in a spirit of cooperation and I am happy to expedite that, because we are all trying to solve common problems. There is no antagonism and the questioning is not concerning me. The member for Eyre is right: There are times when we do not act quickly enough. The concern is that if we act too quickly the criticism can be made that we have not done the research properly or that we should have taken more time to consult. The department is copping the criticism in Shark Bay at the moment that it acted too quickly. It is difficult to balance those matters. The decision on the mulie fishery was tough to make. Last year I went against advice given to me by the department and I allowed the information the fishermen gave me to be a major factor in my decision; however, it was the wrong decision. The fish stocks had diminished, although the fishermen assured me that there would be more fish there than ever. I suppose the member for Eyre has heard about that decision. We are actually in more trouble. We have to make a tougher decision than we would have done 18 months ago. Did the member refer to the Gascoyne recreational fishing action group?

[10.20 am]

Mr ROGERS: It does not exist.

Mr HOUSE: That was the point I was going to make.

Mr GRILL: I refer to the Gascoyne recreational fishing advisory committee.

Mr HOUSE: Is the member talking about the official one? I think that group went into recess. There are two. There is a subgroup in Shark Bay and the main group at Carnarvon. I look to Hon Kim Chance over the member's shoulder to see whether I am right or wrong! The subgroup at Shark Bay went into recess, which caused a little problem. We had a problem with the peak recreational advisory committee as it advised me to take the action we have taken. We have taken its advice and put it into practice. The peak bodies were saying that the decision should be made, not so much only supporting the idea. I will have to check whether the subcommittee or the regional committee gave me that advice. If I am told that they did, I will accept that. However, I did not see that advice as it would have gone to the peak body. We have put in place a different system whereby the advice from the regional committees will come back to me in future.

Ms ANWYL: In relation to enforcement and prosecution, specifically in regard to point 3.2 on page 383, resources appear to have decreased. Will the Minister address that matter? More generally, I am curious about the number of prosecutions which were made. I realise it may be necessary to provide supplementary information, but did changes occur in the last financial year with prosecutions? My final question relates to the supervision or prosecution of extraterritorial fishermen, both interstate and overseas. Can any trends in that regard be explained?

Mr ROGERS: When we brought in the Fish Resources Management Act in October 1995, we changed the process for handling breaches. About 80 or 90 per cent of prosecutions are dealt with through summary infringement notices which make the compliance process much more efficient. Those matters did not go to court. Therefore, we have seen, if we go back through the annual reports, a substantial reduction in matters taken before the courts. Overall, the level of compliance has increased.

The other fundamental shift is that the voluntary liaison program has expanded considerably over the past two years. We have volunteers with yellow shirts - members may have seen them - on the beaches who meet with recreational

fishermen on a one-on-one basis and talk to them about the rules, the bag and size limits and so on. Something like 160 volunteers are in the field providing a valuable education service when dealing with clients.

There are two arms of compliance. One is the hard end, which is prosecution and enforcement, and the other is education. In recreational fishing the emphasis is on increasing education. Vast numbers of people, if they know the reasons behind the rules, support the rules and programs.

Over a long period foreign fishing, other than the tuna fishing industry with Japanese joint ventures, has virtually disappeared from our coastline. The two problem areas continue to be Indonesian incursions into King Sound and occasionally the odd foreign fisherman. We do not project any significant change in relation to compliance activity in the future.

The funding from the Australian Fisheries Management Authority to us has decreased this year simply because it believes that perhaps the level of compliance activity does not need to be as great. It is not a major concern to us.

Ms ANWYL: The information on full time employees is not in front of us.

Mr HOUSE: In regard to enforcement?

Ms ANWYL: I am talking about the same point. It is effectively a \$1m shift from \$14.244m to \$13.124m.

Mr HOUSE: Does the member want us to come back specifically in writing to give the exact figure?

Ms ANWYL: I am seeking an assurance. Are you saying that more compliance with recreational fishers has led to that reduction?

Mr HOUSE: There is more input by voluntary liaison officers than in the past.

Ms ANWYL: Presumably this leads to fewer prosecutions and more compliance.

Mr ROGERS: There are not so many core prosecutions, but if you take the sum of the summary infringements along with the prosecutions, it has probably gone up. In terms of the regional service division, no reduction has occurred. From memory, 122 FTEs are in the operational division. Probably, some minor adjustment would flow through to this budget.

Mr RIEBELING: The Minister mentioned that he is aware of a particular buyback of a rock lobster operation in my area. What is the progress of the purchase back of the sole rock lobster fisherman which is causing huge problems with the amateurs? Also, I understand that recreational fishing is increasing each year; therefore, why do we have a reduction of four FTEs in the recreation section of your department, as indicated on page 378 under expenditure?

Mr HOUSE: In regard to the first question, while there is one fellow fishing in that area, 11 fishermen had licences to take rock lobsters. We asked them to show cause why their licences should not be cancelled in the area in issue. I think we have taken that down to four people, and we are working through those four. It is my intention to buy the person out to solve the problem. It is an example of how to apply the special fund to resolve a conflict.

Mr RIEBELING: About when, roughly?

Mr HOUSE: We have to follow a proper process laid down to give them time to respond.

Mr ROGERS: We still have to go through the fisheries adjustment scheme legislative requirements.

Mr HOUSE: I will come back to the member on that.

Mr ROGERS: It will be about four or five months. We must give an explanation for the FTEs.

[10.30 am]

Mr RIEBELING: There is something wrong with the figure.

Mr ROGERS: There may be a distortion. We do not have a person dedicated to recreational fishing; he covers a range of other areas. We will enlarge on that when we come back with a written explanation.

Mr MARSHALL: On page 384 the last dot point under major achievements refers to planning for the establishment of fish habitat protection areas and to a trial in the Abrolhos Islands. If we refer to page 385 and to activity No 4, that is enlarged upon a little more. Will the Minister tell me exactly what was proposed, how he has gone about it and what has been the success rate?

Mr HOUSE: We have some exclusion zones now in an area in the Abrolhos Islands. Everything is excluded except for the taking of lobster. We have allowed rock lobster fishermen to fish in that area. One proposal was that we set

aside an area where no lobsters are taken in order to see what happens to the habitat in that area. It appears to be successful. We have put a dive trail for people to follow in that area. It is marked with underwater visual information on the underwater plants. The Abrolhos Islands will be more and more accessed by people other than fishermen. The Abrolhos Islands Advisory Committee is working through all the options, including tourism and access. The Abrolhos Islands are not an easy area if somebody does not know them. If someone takes a boat in there it can be quite dangerous, as people have discovered for 300 years. We are trying to get information into one package. We have spent some money upgrading the airstrips on the Abrolhos Islands, to provide access for professional fishermen, but they will also be used by recreational fishermen, tourists and visitors. It is a matter of balancing the industry with the other great attributes of the islands and being able to use them in a better way. Because they are so magnificent and so close to a major capital city, the pressure on them will increase dramatically over the next few years. Certainly I think there will be a tourist resort of some sort on the islands.

Mr MARLBOROUGH: Page 380 refers to commercial fisheries and to recreational fisheries. The Minister referred earlier to the mulie fishing industry between Esperance and Albany and the need for some significant reduction in the take. Will the Minister detail the percentage of reduction that will be required? Over what period of time does he intend to implement it? As a result of that reduction, how many jobs does he see going from Albany, either by way of people getting out of the industry altogether or reselling to licensees in Esperance? If reselling is an option, what processes does the Government have in place to protect the diminishing value of those existing licences, in the sense that if someone owns a boat and is licensed he can catch 100 tonnes a year but with the new licence procedures he will be able to catch only 50 tonnes a year? Throughout that process does the Minister see any of the processing industries in Albany being affected by his decision to downsize that industry?

Mr HOUSE: We have now a complicated arrangement of four zones from which fishermen are licensed to take a certain tonnage. We had a reduction in fish stocks in the Albany zone but what one might call extra capacity available to access in the Esperance zone. Therefore, in total there will not be a reduction across the fishery but there will be a reduction in the ability to take in some zones.

Mr MARLBOROUGH: It is not a real reduction in terms of annual tonnage but merely a relocation?

Mr HOUSE: That is correct. That is where the problem for some Albany fishermen will occur. Some will say that it will not be worth travelling to Esperance to take whatever number of tonnes they will be able to take. I am surmising a little, but I think some fishermen will band together and take one boat to Esperance and catch the allocated tonnage. For the sake of argument, if four fishermen are allowed to take two tonnes each, they might lease that two tonnes each to one fisherman, who will take the total eight tonnes out of Esperance because it will be worthwhile. In the longer term what might happen is that he might buy that tonnage and relocate himself and his boat and fish out of Esperance. There will not be a reduction in the total take but a shifting of where the resource can be taken. That is the research advice we are getting. Processing will be a problem. The fishermen will have to work very closely with the processors. If they land too many fish in one day the Esperance facilities will not be able to handle them. There are some proposals underway to expand the facilities in Esperance. Processors are looking at that option. Albany is fortunate in that it processes other fish, like salmon. Most of the processors are not reliant on one product. Some also have fishing licences. They have a range of options. That probably applies across the whole of the south coast. Obviously if we have a reduced product coming through at some time, there will be some effect. The counter is that if we allow them simply to keep fishing, we might reduce stocks to the point where it has a dramatic effect.

Mr MARLBOROUGH: Does the Minister not see any job losses in Albany in the processing area but the shortfall being picked up by some other fish they catch? I do not know what percentage it represents of the Albany catch. I am not saying that the Minister should not make a decision along those lines, because stock sizes are important. However, my gut reaction is that such a decision will mean a loss of jobs in the processing side of the industry in Albany and a loss of fishing jobs as well, even when fishermen may swap licences or get somebody else to go off and fish.

Mr GRILL: I am concerned about placing too much pressure on the fishery at the Esperance end. Is the Minister certain that he will not do that?

Mr HOUSE: My advice is that we are inside international standards, not just the standards we set for ourselves. We take a bit less than 10 per cent of the total fish stock of the mulie fishery. International standards lay down that one should not go above 25 per cent. We take less than 20 per cent in total across the fishery. At the Esperance end I think we are still at about 15 or 16 per cent, so we are well inside what are regarded by scientists as the safe limits. The difference is that at the Esperance end of the fishery the fish behave in a slightly different manner. I am told that they tend to congregate in larger shoals. Therefore, it is more difficult to split up part of the shoal in order to accommodate what the factory can take.

With regard to the question from the member for Peel, I cannot be certain about that. For example, one of the processors in Esperance also runs an establishment in Albany and shifts people between the two establishments. That has been occurring for some time. It is always possible that there will be a shift or reduction, but I feel that it will be minimal. Had I made the decision simply to reduce the Albany fishery and not allow the fishermen to take some of that catch elsewhere, the effect would have been greater than it will be.

[10.40 am]

Mr MARLBOROUGH: At page 380 of the Budget Statements it is stated that diminishing fish quality is reflected in declining participation rates in licensed fisheries and declining licensing revenue to the recreational fishing fund. Recreational fishing is growing and commercial fishing is diminishing in size for all sorts of reasons. If licensing revenue has been the key source of funding what processes are in place to address that loss of revenue? Does the Minister intend to increase the cost of recreational fishing licences and bring in new recreational licences? The Minister said that he thought the fishing industry in general had to pay its way. How will the Minister address that loss of funding in the recreational fishing area while the commercial sector seems to be diminishing?

Mr HOUSE: We increased recreational licence fees and because the marron stock was diminishing we brought in restrictions on catching marron - in some places by snare only. The effect was that some recreational fishermen decided that they would not pay the fee, or they would not go fishing; some marron fishermen felt they could not catch enough with a snare. The overall consequence of the increase in fees was a reduction in the total revenue. The Government has no intention of increasing or bringing in new recreational fishing licence fees at this stage. We have looked at that closely. We have taken advice and consulted with people and rejected the idea. The Government is committed to the industry, so money will need to be made up from the consolidated fund.

Mr RIEBELING: Does the department's research indicate that increased fees for recreational fishing is unpopular? I would have thought the public perception was that it is needed, or am I wrong?

Mr HOUSE: I do not know. The member can test it by writing it into his party's policy. I bet his colleagues would not agree with that.

Mr GRILL: Is the Minister satisfied with the progress that is being made with fish farming, in particular, in setting up the required protocols; and for which species of fish are protocols in place?

Mr HOUSE: I do not think we have moved quickly enough. We could do a lot more. The industry has taken tentative steps, and we can move only as quickly as the industry wants us to. However, we have been dragging our feet on the protocols for the establishment of areas for fish farming. The executive director and I have had some discussions on this in the past few weeks. We have now appointed a person to it, and I presume he has started. He will draft up some guidelines that are more in line with land use planning. There will be a proper consultative process with guidelines and advertising procedures before we put those aquaculture leases in place. The member for Eyre is right; it is a weakness and we should have done it better.

Mr GRILL: The Minister is experiencing the same sorts of problems I had when I was Minister. I tried to encourage industry to go down that track and there was reluctance in the industry and within the department to go down that track. That was largely because of the unfortunate experiments and some rorts in the prawn fisheries. The department and the industry had a view that the Fisheries Department was a regulatory body, not a body that promoted aquaculture. It is interesting to note that the Minister is facing the same sorts of challenges that I faced. Does the Minister see the department and the industry changing fairly dramatically in time?

Mr HOUSE: Yes. First, there has already been a shift in thinking within the department. That goes back to people like yourself. However, we have put so much emphasis on aquaculture that there had to be a change in thinking. People are now more prepared to accept that aquaculture will be a core business activity in the future. The member is right; the department was more interested in regulating fisheries. That is understandable; it is a half a billion dollar business. At one stage we did not have managed fisheries. All one had to do was to get a boat and go fishing. That has changed in the past 10 or 15 years. Second, more people want to invest dollars in aquaculture. They are demanding that we do things to make sure aquaculture advances. The pressure will come from both sides.

Mr GRILL: I would like to hear from the chief executive officer on that score.

Mr ROGERS: One indicator of what is happening is the unofficial value of production - that is because of commercial confidentiality - which identifies that the component of aquaculture has shifted from about \$2m or \$3m to \$8m this year. In the past six months I have been to three hatchery openings: At Lake Argyle - that focuses on barramundi; a pearling hatchery at Broome; and a fin fish hatchery at Jurien Bay. I am aware of at least four new hatchery proposals. We believe there is a significant opportunity for aquaculture in the Kimberley, firstly, with the

pearling industry, which is continuing to grow, and, secondly, with fin fish. The Lake Argyle and Ord River development offers a unique opportunity for aquaculture development.

The other work being undertaken includes technical and further education funding of technology for jewfish. It will take some years to bring that to the production phase. However, that species has tremendous potential. A fair amount of research and development is still required; however, it is a species with tremendous potential. It is fecund, easy to handle and of very high value - all of which makes it an attractive species from an aquaculture perspective. A number of investors are sitting in the wings looking at abalone, particularly greenlip. Investors are watching developments in the three significant farms in South Australia prior to making significant investments in Western Australia. The production of marron and yabbies is continuing to expand. Following the deregulation that Mr House introduced about two years ago a number of agriculture farmers have moved into marron production. Yabbie production decreased last year partly because of rainfall conditions, but also because people are re-investing in stock to increase production. That has been an interesting trend.

Mr GRILL: Has anyone successfully commercialised yabbies?

Mr HOUSE: There are five or six reasonably sized operators, as well as a number of smaller operators. If the member wants to see a successful koonac or yabbie operation, Steve Cole at Pingelly harvested \$1m worth of product last year. He acts as a gathering point for a lot of other people. He has been very successful.

[10.50 am]

Mr MARSHALL: Are any groups farming fin fish commercially and making a profit? What kind of money would a group need to set up this type of business?

Mr ROGERS: A number of people are growing black bream in their dams along with yabbies and marron. Without breaking any confidentiality, it is hard for me to refer to an existing venture. To provide a large scale hatchery and grow out to the extent of 1 000 tonnes of product, a person would be looking at a sizeable capital investment of \$5m plus. It is at that scale that the breakthrough in terms of increased production will occur. Jurien fish farmers have taken that step after five or six years of investigation. It demonstrates their confidence in establishing, in the long term, fin fish production in Western Australia. The key is getting the right species. If they pick the wrong species they may have cashflow problems. If they pick the right species - I think jewfish is one of them and that is the reason we have an interest in jewfish - they can expand rapidly, once they overcome the technology.

The CHAIRMAN: At the outset this morning the committee agreed to vote on division 32 by 11 o'clock. We have another three divisions to deal with before one o'clock. I raise this to advise members of the time constraints they are subject to.

Mr MARLBOROUGH: I draw the Minister's attention to the subheading, "Fish and Habitat Protection Program" on page 381. What is the department doing in the area of imported diseases? I was concerned recently to read about the importation of a particular worm - I think it came from New Zealand - that has come into Cockburn Sound and has affected the mussel farming in that area. There has been publicity about the discharging of ballast water. I am not sure whether the disposal of ballast water comes under state or federal law. I presume it comes under federal law. On that basis, what is the department doing in conjunction with the Federal Government and industry generally about the importation of these diseases and the possible devastation caused by these diseases to certain sections of the industry?

Mr HOUSE: The member is correct because most of the diseases come in ballast water. Before I became Minister for Fisheries the State and Federal Governments, through the Ministers for Fisheries, established a committee to look at these issues. It worked very well, especially with those countries which are cooperative and sensible - the United States and the United Kingdom. However, problems were experienced with those ships which fly under flags of convenience. It was very difficult to get them to comply. The committee tried to be cooperative and implemented educational processes. It worked to a certain extent, but there is still a problem.

Mr MARLBOROUGH: Is the Minister aware of the worm problem in Cockburn Sound? If so, what has been done about that or any other problem? I understand the worm came from New Zealand.

Mr ROGERS: I thought it was from Europe. The department is maintaining a monitoring watch on the research which is being done by the Commonwealth Scientific and Industrial Research Organisation on this problem.

Mr MARLBOROUGH: How far has it spread?

Mr ROGERS: It is interesting that it does not appear to have spread. Through the Minister, I can perhaps organise an update briefing for the member.

Mr MARLBOROUGH: Is the mussel industry under threat with respect to its present productivity or its ability to increase its production because of the worm infestation?

Mr ROGERS: No it is not, because the worm lives on the bottom of the ocean. Most of the mussel culture is off the bottom of the ocean and is suspended on ropes.

Mr MARLBOROUGH: What is the potential for harm to the fishing industry because of the importation of that worm to Cockburn Sound?

Mr ROGERS: I do not believe it is great. The infestation has not expanded rapidly. It is contained to the area in which it was found. If it were a major issue the department would have had that feedback from the CSIRO.

Mr MARLBOROUGH: Is the department spending any money on researching that problem?

Mr ROGERS: No.

Mr MARLBOROUGH: Who is it relying on to do that research?

Mr ROGERS: It is relying on other agencies to do the research.

Mr MARLBOROUGH: And on federal agencies?

Mr ROGERS: Yes.

Mr MARLBOROUGH: Does the department have similar concerns with other imported diseases along the Western Australian coastline, and if so, where have they come from and how does the department police them?

Mr ROGERS: The critical issue for Western Australia is the disease which comes from fish product brought into Australia and how that disease is released. The department has made a concerted effort, together with the federal Department of Primary Industries and Energy, to look at the whole question of disease risks associated with the import of bait and all sorts of seafood products into Western Australia. A national task force has been established to look into the problem. There are voluminous publications on the inherent risks involved. The department is doing ongoing work through the animal health laboratories at Agriculture Western Australia in assessing new diseases as they occur.

Mr MARLBOROUGH: How much of Western Australia's bait is imported?

Mr ROGERS: The bait usage in the rock lobster industry is between 12 000 and 15 000 tonnes. About half of that is imported. The majority of it comes from New Zealand and South Africa. The department has undertaken a risk assessment on getting pilchards and scaly mackerels into New Zealand, which is the other side of the coin in international product trade. Generally, the risks associated with diseases in New Zealand and Australia from imports are very low.

Mr MARLBOROUGH: Does the Fisheries Department have the ability to assess and test the bait products as they come into the State?

Mr ROGERS: Yes, through the animal health laboratories at Agriculture Western Australia if we need to.

Mr MARLBOROUGH: What does that mean?

Mr ROGERS: If we flag a problem we can have it assessed.

Mr MARLBOROUGH: Are you looking at it as an ongoing process?

Mr ROGERS: Part of the protocol in the change in direction will require ongoing monitoring programs. That is not fully developed.

Mr MARLBOROUGH: How long will it take?

Mr ROGERS: Probably about 12 months.

Mr MARLBOROUGH: It is an extremely sensitive industry and it has the potential, as we have seen around the world, to grow rapidly. Associated with the aquaculture industry is the downside of imported diseases. The department should concentrate on putting in place as rapidly as possible a program to protect the industry from imported diseases. Policies and personnel should be in place to cover this issue otherwise there will be a major problem in the industry brought about not only by overfishing.

Mr HOUSE: When Bob Collins was the federal Minister the pilchard deaths occurred along the coast. He and the Federal Government were cooperative in putting in place a skilled group of people to look at all the issues. That



resulted in a change of attitude to the way we do business and to the protocols which are used. It has resulted in some of Australia's international partners getting stroppy, particularly the New Zealanders. They have threatened to take some sort of action and we are trying to work through that. That is an ongoing process. It will never stop. It has been addressed in a pretty significant way.

[11.00 am]

Ms ANWYL: I note from last year's Estimates Committee *Hansard* that the Fish Resources Management Act was under review. Has that been amended in any way? Is it still under review? Are amendments foreshadowed? Page 383 of the Program Statements refers to dispute resolution funds being significantly increased and that general issue. Are there other sectors to which the Minister can point me where the native title problem is reflected in an increase in resources?

Mr HOUSE: We have established a tribunal type process for the resolution of disputes. It is more satisfactory than the Minister's making unilateral decisions. We have a core of people who are charged with that responsibility under the new legislation. That is a proper process, but it costs money. In relation to the native title issues, we accept absolutely the decision that the federal legislation should prevail. We have had to look at our legislation to see whether that needs correction.

Mr ROGERS: We will be taking up this area in the next amendment to the Act. There will be a deluge of commonwealth legislative change relating to the Wik decisions announced by the Prime Minister. It is like dealing with a movable feast.

Ms ANWYL: What was the area of the Act to which you have just referred?

Mr ROGERS: It relates to aspects of native fishing rights and how they fit in.

Mr HOUSE: By and large our legislation is very cognisant of the Aboriginal people's natural fishing rights. The member for Eyre handled the debate in the Legislative Assembly for the Opposition. I gave strong undertakings that we would go through those proper processes of recognising and adhering to the natural rights and wants of Aboriginal fishermen. To the best of my knowledge there has been no problem with any of those. We have had to sort out issues relating to the places where Aboriginal people want to fish and take large amounts of fish for various reasons - festivals or whatever. If anybody has examples of problems, I give an undertaking that we will sort them out because we recognise that right.

**Division 29: Agriculture, \$99 536 000 -**

[Ms McHale, Chairman.]

[Mr House, Minister for Primary Industry.]

[Dr G. Robertson, Chief Executive Officer.]

[Mr K.J. Moore, Executive Director, Office of Policy and Planning.]

[Mr. R.L. O'Dwyer, Executive Director, Industry Resource Protection Program.]

Mr RIEBELING: Program 1.0 on page 94 refers to a reduction of some 23 FTEs within that program. However, there has been an increase of \$6.767m. How do those two figures correlate? Will the Minister explain the amount of \$6.2m that has been allocated for capital works in that same program? It appears that the allocation of FTEs within the corporate services sector has been reduced. Presumably the information contained on page 95 is a summary of some type, but I have not been able to grasp it in relation to program 1.0. There appears to be a reduction of 23 FTEs in that program, but the figures do not appear to relate to the figures on page 94.

[11.10 am]

Mr HOUSE: Last year Agriculture Western Australia offered voluntary redundancy, and approximately 120 people took that voluntary redundancy. Agriculture Western Australia has been through a major refocus and emphasis on the way it does business, and most people in agriculture will be aware of the Hussey report. Just as farmers now do their business with fewer people and have less labour intensive operations, the department has fewer people. When it provides information to people, for example, it has fax operated responses. The department targets groups of people on field days and research station groups, rather than targeting individual, one to one services. Much of that one to one service has gone to agricultural consultancy groups, of which approximately 60 are registered in Western Australia. The other area of reduction is where farmers are taking more control of their own pests, weeds and the like. These are being dealt with on a contracted basis rather than by government employees.

Mr GRILL: It is indicated on page 89 that the number of FTEs will be reduced from 1 768 to 1 718 between 1996-97 and 1997-98. However, the expenditure on salaries will increase from \$62.72m to \$71.98m. Although the Minister's answer supplies some explanation for that reduction in the number of FTEs because of the restructuring, it does not explain the reason for the increased costs.

Mr HOUSE: One of the issues that has become apparent in agriculture in recent years is that the department is competing with private enterprise, which is now involved in plant breeding as much as it is in delivery of services and information. In a range of areas private enterprise is becoming involved in agriculture and delivery of services. I welcome that. It is necessary and, as a farmer, I think it is a good trend. However, equally it must be recognised that people were being poached from the department's resources, and if the department wants to keep the best people it must put them on contract or reward them more. We have identified those people and put them on contracts or paid them more in order to keep them. That manifests itself in a number of ways. We had to recognise that the department is in a commercial business in many areas, of which plant breeding is a good example. We had to respond to that in order to keep the best people.

Mr GRILL: I assume that the figures on page 87 summarise government expenditure, and the total figure for 1997-98 is \$99.536m. At the top of page 90 there is a figure under origin of funding sources indicating state expenditure in 1997-98 of \$129.296m. That is a huge increase on the amount expended last year of \$89.529m, and it is much higher than the figure stated on page 87. What is the reason for that huge difference?

Dr ROBERTSON: A major accounting change took place between last year and this year. Last year the Agriculture Protection Board, the Rural Adjustment and Finance Corporation and the old Department of Agriculture had separate budget allocations. Because the operations were integrated, the APB and RAFCOR paid the department during the year to undertake services on its behalf. In this Budget the Treasurer has net appropriated the budget allocations for APB and RAFCOR, with the result that they appear twice in the budget papers. They appear as an income item for Agriculture Western Australia, and a budget appropriation for the APB and RAFCOR. An amount of approximately \$13m has come across and appears in the budget of Agriculture Western Australia. Secondly, for the first time the Treasurer has allowed the full estimated appropriation for what the department believes it will obtain in external industry funds for the next 12 months.

Mr GRILL: That is something members on this side have encouraged in past Estimates Committees. It has never been possible before to compare apples with apples.

Dr ROBERTSON: That has been another \$7m on the current budget. The agency has always had command of that money during the financial year, but this year it is up-front and it will be easier next year to make a direct comparison.

Mr GRILL: It is hard this year.

Mr HOUSE: It is virtually impossible this year. This issue has been raised every year, and the department has had great difficulty explaining it. As a consequence of some of those discussions we hope to have solved the problem and that will become more apparent next year.

Mr GRILL: I welcome that explanation.

Mr RIEBELING: With regard to the summary of major agency level outcomes/outputs on page 90, I assume the retained revenue is the contribution from industry.

Dr ROBERTSON: It is the contribution from industry, money from the APB vote and the RAFCOR vote, money from services carried out on behalf of the Commonwealth, including the National Heritage Trust, and payment to manage the Quarantine Inspection Services.

Mr RIEBELING: There has been a massive increase in every sector. Does that indicate industry itself is contributing more?

Dr ROBERTSON: Yes, but only a quarter is direct contributions by industry. The rest is through other ways.

Mr RIEBELING: Is it the aim within Agriculture Western Australia, as in the Fisheries Department, to be cost neutral by 2000?

Mr HOUSE: That is not the aim in Fisheries, and that is not the answer I gave. The aim in Fisheries is to have greater cost recovery, and in Agriculture there have always been some areas of fee for service or cost recovery. For example, the grain industry has always had an appropriation from its payments every year which has gone to the Grain Research and Development Corporation, which has been applied directly back through Agriculture Western Australia for particular projects. We have charged for some services and we constantly review the situation. However, there has been no major shift and there is no intention to implement one.

[11.20 am]

Mr GRILL: The Minister has instituted major restructuring in the department. As he has mentioned, as a result of the Hussey report the department has undertaken a major refocusing of its activities. That report came down some time ago and I presume that most of that reform program has been put in place.

Mr HOUSE: Yes, that is fair to say, but with one qualification; that is, that the new accounting or operations system has been in place for only 12 months. There is still some tweaking needed to finetune it.

Mr GRILL: What does the Minister consider are the major goals of this restructuring? Is it achieving the goals first set?

Mr HOUSE: I set out to achieve a couple of things as a result of that review. The first was to have greater industry input into the decision making process in relation to where the department directs its research dollars. Given that much of that money comes directly from the industry, that is appropriate, and it has been done through the partnership groups. Those involved meet with the program managers and work through the programs for the coming year. The groups comprise people other than farmers; that is, people from across the industry. For example, in the meat industry we have processors, consumers, transporters and so on. The groups work through, item by item, where the research or funding will be directed. That first principle is largely working, albeit we are now moving into the second year of operation, and finetuning is required in some areas.

The second principle is to have a very open accounting process to identify clearly where the dollars are going in order to achieve the first principle. We must be able to show clearly where the dollars are going. In doing that, the average punter will see clearly where Agriculture Western Australia's dollars are directed and what is the department's emphasis. By and large, that has also been successful.

The third principle is to have a more regionalised focus. It was very much my view that the department had become too centralised and that too many officers were coming this side of the Darling scarp, where little agriculture is practised. It was a creeping habit that, after a few years in the bush, officers came to the city. Agriculture does not take place in Perth. The emphasis was to ensure that we had officers where agriculture is happening. One of the undertakings I gave was that I would not turn the department on its head and tell officers they must leave for the regions by a certain date. We worked through the whole process with the officers involved. In conjunction with that, a rebuilding program is in place for rural areas to create the facilities in which those officers will work. Obviously that is needed. This year we are committed to new offices in Geraldton and Katanning, and extensions to offices in Narrogin, Northam, Merredin and Manjimup. We have honoured the commitment of giving officers the best of working facilities in the bush.

The fourth component of the package is to look at what I call emerging industries and to see how we can assist. The primary thrust across this area was to focus on marketing and quality. It was my view that many of our programs were designed for scientists by scientists. That might be good in a laboratory but it is not on the ground. We have had a large input into marketing in the sense of directing our programs to the sorts of goods that the marketplace wants and the quality of that product. We started the very successful SQF2000 group, which is now used as a model throughout Australia. The officers running that program at Agriculture Western Australia have been in great demand in other States, and New Zealand has approached the department recently asking for assistance with the model. It is a quality assurance program generated from the farm upwards. Those components of the package are working.

Mr GRILL: This reform program has been quite disruptive to staff. I understand that it involved huge dislocation for some staff. How has this affected staff morale and has the department recovered from these changes?

Mr HOUSE: One could not expect to undertake that sort of program shift without some people being unhappy, but the department has taken a number of steps to overcome that. The department had an entrenched culture about the way things were done. Much of my drive came from the fact that I thought that the department was being left behind in world best practice. That is not the case now; it is well up with the game. It must now work to get in front of the game so that Western Australia can continue to lead in agriculture across Australia. In a broad sense, I accept that some of the things the member is saying are true.

Mr RIEBELING: I understand that the department's approach to marketing has changed. I also understand that a large number of the scientists employed by the department became so unhappy with the changes that they left.

Mr HOUSE: That is not the case.

Dr ROBERTSON: There has been a major change in the way the organisation operates. Leading up to 1 July last year, when the process was to commence, a number of people did not think it would happen. It was a shock to the whole organisation when it came into being. The first six months of the last financial year were very difficult and

staff morale in a number of areas, particularly those affected, was very low. In addition, we were managing a redundancy program for people who had skills no longer required by the department. The advice from all quarters is that, since early March, there has been a dramatic improvement in the confidence and morale of staff because they understand that the world has not ended. We have had a lot of feedback that we are on the way up the hill and will soon be at the top.

Mr GRILL: Are those redundancies completed?

Dr ROBERTSON: They were completed in October.

Mr GRILL: What was the total cost?

Dr ROBERTSON: The total cost was \$4.5m.

[11.30 am]

Mr HOUSE: Every efficient business organisation should commit itself to running with fewer people in future if that is the best use of its dollars. I run a business organisation that used to have more employees than it has now, but technology has overcome that manning and led to the use of other means of inputting. People may not like that, but it is a fact of life and we need to have an open mind about it. I would not like the member to get the impression that we want to have fewer people at some time in the future. Right now we do not foresee that happening, but it could happen.

Mr GRILL: There has been increasing criticism of this rationalisation process, not in the micro sense but in the macro sense. Hilmer said recently that in many corporations around Australia, this process has gone too far. Agriculture Western Australia is the premier research organisation in this State. It has always had a very good reputation, and the State should continue to foster that reputation. My colleague's question is about whether we can still make that boast about the department as a research organisation, and also about its prospects in the future.

Mr HOUSE: Our core business will continue to be research and development. The member is right; that is the correct area to emphasise. The member for Burrup asked whether we have lost staff. We have 700 or 800 full time employees. We have always had a turnover of staff - we could not expect not to have that - and we have always had people leave the organisation for various reasons. That statement has been made to me by a number of people; it seems to have done the rounds. I am assured by the Chief Executive Officer that no more nor less people have gone in recent years than has been the case in the past. There has always been some leakage.

Mr RIEBELING: The question is the quality of the people who have gone. The department may have lost only 30 people, but those people may have been the top scientists, or whatever. Have scientists who refused to relocate to Albany pulled the pin?

Mr HOUSE: No. We have not forced anyone to move anywhere; to the best of my knowledge we have not lost anyone under those circumstances. We have worked with people on a one to one basis if they have had a problem. Some people have said they want to go. One of our senior wool people went to Albany because he wanted to, and from my personal contact with him, he is very pleased that he made that decision.

Dr ROBERTSON: There have certainly been changes in the profile of staff. The two classic areas in which the agency had an international reputation were mineral nutrition of poor soils, and reproductive physiology of sheep; the first because soils in Western Australia are probably the worst in the world, and the second because sheep which graze sub-clover have an incidence of fertility problems. Those areas have seen a large investment by the State Government over the past 30 or 40 years, but the judgment at the end of day is that they are no longer research issues because they have been resolved. Some of the most senior and perhaps better accredited research staff in the organisation have traditionally worked in those areas. Most of the people who worked in the sheep reproductive physiology area have moved quickly into new challenges in the wool area. The people in the plant area were somewhat older, and a number of those people took redundancies. It is unsettling for an organisation to lose someone who has a fantastic reputation for performance, but at the end of the day CSBP and Farmers Ltd and other fertiliser companies are running the routine management of soil nutrition and little remains to be found out about that matter.

Mr MARSHALL: The last dot point at page 92 states that the global movement of people is increasing dramatically and this will increase the risk of incursions of exotic pests and diseases and require greater surveillance. What cases of exotic pests and diseases have been discovered, how has this affected the industry, and what is being done about it?

Mr HOUSE: We have had a number of outbreaks of pests in the north of Western Australia in tropical fruits, which have been a problem. We have also introduced a number of new measures. This year's Budget has an increased allocation of \$3.5m for quarantine and surveillance measures, and we are working with industry to see where that

should be applied. We have also increased the number of dogs at the airport that sniff the bags to identify fruit and plant material. We have also directed money toward educational programs to try to help people understand the problems with the transportation of product from one area to another. That is quite a difficult problem in the north because of private light aircraft movement across the state border.

Mr MARSHALL: What diseases have been discovered, how has that affected the industry, and what is being done about it?

Dr ROBERTSON: A number of diseases have been discovered in the past three or four years, but the largest impact has probably been from anthracnose, the disease of lupins, that was probably brought in on someone's ornamental lupins. We have had codling moth and apple scab in the apple industry; we have had two or three outbreaks of oriental fruit fly in the metropolitan area, which had to be eradicated; and we have had Mediterranean fruit fly in the Kimberley. At the national level, the news in the past few days has been of fire blight of apple, which has appeared in the Melbourne Botanic Garden and was almost certainly brought in by a visitor. It is a major challenge for the resource protection area that people are becoming more mobile, and we will need to be smarter to detect them at the point of entry and, secondly, to put in place appropriate surveillance so that if things do get into the country, we can identify them quickly and eradicate them when they affect only a small area.

Mr MARSHALL: What effect has that had on the industry?

Dr ROBERTSON: Anthracnose in lupins has led to the albus lupins industry being closed down for a number of years while we look for a disease resistant material. There was an export market that was developing quite rapidly. Fortunately, we have managed to get on top of and eradicate all those diseases that I mentioned, but the industry has had to pay a cost, because individuals have had to manage their orchards and destroy their fruit crops. The Government has also contributed to some of those programs. It has cost the industry tens of millions of dollars.

Mr HOUSE: It is also a national program, where we are part of a contributory scheme with the other States. We recently contributed \$900 000 to the Queensland problem with papaya fruit fly, and Queensland will contribute when we have a significant problem. A coordinated approach is taken through the various departments in each State.

Mr RIEBELING: The budget documents state that a new program has been introduced at Perth Domestic Airport with a full time checkpoint, random inspections, and the introduction of sniffer dogs. I fly into that airport a number of times a week, and the only checkpoint that I have ever seen is a board which flashes and plays a recorded message which says, "If you have any fruit in your bag, throw it out." The only dog that I have ever seen at the airport is at the Qantas terminal. I have never seen a dog at the Ansett terminal. They must be hiding somewhere!

Mr HOUSE: The dogs can only work for so many hours a day.

Mr RIEBELING: I thought they would work when flights came in. The dogs are just not there.

Mr HOUSE: That is not true.

Mr RIEBELING: I fly into the Ansett terminal a number of times a week, and I have never seen them.

[11.40 am]

Dr ROBERTSON: We do not have enough dogs to meet every flight. It is not just our ability to purchase them; they take a long time to be trained. They are trained by a company in Queensland. We will get two more dogs during this coming financial year and they will be used to meet all flights. At the moment we are meeting about two-thirds of the interstate flights. I imagine the dogs have not met the Pilbara flights because those flights are not considered to be high risk.

Mr RIEBELING: What is a full time checkpoint? Does it mean it is not manned?

Dr ROBERTSON: There should be a person at each terminal. That is the expectation for the next financial year.

Mr HOUSE: This matter falls under another division, although I have a person here who can answer the question.

Mr RIEBELING: I raise this matter now because quarantining was mentioned. From my use of the airport, the dogs do not seem to be apparent.

Mr O'DWYER: The contract for state quarantine checkpoints is directed at meeting all flights from interstate. The target is that 80 per cent will be met by dog teams. The flights from Karratha, unless they originate from Darwin, are classed as intrastate and priority would not be given to them. Flights from Darwin through Kununurra and Broome to Perth are all being met. The intention is to increase the number of flights met by the dog teams which are

user-friendly from the customers' point of view and a lot more effective in picking up the scent of fruit and vegetable matter. Part of the initiative in this budget is to increase the dog detector teams.

Mr RIEBELING: Are those teams used outside of the viewing public, in the baggage sorting rooms?

Mr O'DWYER: No, they are used to move around the public where people collect their luggage. The dogs have a very sensitive sense of smell, such that they will pick up bags that have had apples and other fruit in them, but which are no longer there. On a number of occasions people have had to undergo an inspection of their bags, when it was found that the fruit was no longer in the luggage.

Dr ROBERTSON: We also have active dogs which are associated with the luggage or trucks or vehicles.

Mr GRILL: I return to the restructuring of the department and morale. The Minister has already indicated that it has been necessary to enter into contracts with certain employees to retain their services within the department. Would that point towards some degree of loss of morale in the sense that the department must pay them more money to retain their services? More specifically, when it comes to problems with soils in Western Australia - this was mentioned by the director - surely we still have a long way to go in solving the problems of our deficient soils. Have the problems of non-wetting soils or acid soils been solved? Are we on top of that? Should we be putting more research effort into those areas?

Mr HOUSE: The money has gone from the traditional nitrogen, phosphorus, trace elements, nutritional work, in which we led the world, to new, emerging problems such as soil structure, non-wetting and acid soils. Those areas are being funded, but using different people with different experience.

Mr GRILL: Non-wetting soils and acid soils are longstanding problems.

Mr HOUSE: They are all receiving ongoing investment.

Mr MARSHALL: The term "Agri-industry" is new to me. It appears many times on page 93. How important is that industry to Western Australia and what involvement does the Government have in it?

Mr HOUSE: It describes the whole industry. I do not understand the question.

Mr MARSHALL: Can the Minister give me more detail about its importance and the budgetary support we are giving to agri-industry?

Mr HOUSE: As outlined in the significant issues and trends, the term "Agri-industry" is used to describe the concept of agriculture beginning in the paddock and ending when the consumer acquires the final product.

Mr MARSHALL: I have read that. I also note that it is becoming more responsive to the changing nature of markets in various ways. How is the Government involved in the agri-industry?

Mr HOUSE: I do not understand the question, but I will try to answer it. We have always been involved in agriculture. It was the first industry in this State. As a department we have always provided research and economic advice, and financial and management advice from time to time. We have helped with other programs at the farm gate, such as quality assurance programs which are part of the way we do business now. Other than that, I simply do not understand the question.

Mr MARSHALL: That gives me a better explanation of what it is all about. It seems that the department is too efficient.

Mr GRILL: I refer to the BTEC program mentioned on page 92. The BTEC program should have been completed by now. Can the Minister advise me of the status of the program; what has been obtained; what is left to be obtained; and what are the problems in achieving the final goal?

Mr HOUSE: I cannot answer that, except to say that we found a couple of animals that tested positive a couple of years ago which threw the program out of gear.

Dr ROBERTSON: In terms of its original commonwealth funding and time line, the program will be complete at the end of this financial year. We have provisional freedom through the Kimberley and complete freedom in the south, although we had a detected TB outbreak about five months ago in the Mt Manypeaks area in the south west. That is handled by the protocol. Other than that, no properly detected instances have been traced back and detected through testing. Now that we have got rid of the problem, there must be ongoing monitoring and surveillance for freedom. The level of funding will be down and it will be treated differently in the budget context. We are looking forward to the advice from the Commonwealth about what its arrangements will be.

[11.50 am]

Mr GRILL: What is the situation in the other States? Have they substantially completed their programs successfully?

Dr ROBERTSON: The Northern Territory and Queensland are behind Western Australia, but moving in the same direction. The whole of Australia should be free in the foreseeable future.

Mr GRILL: I presume, Minister, that if you cannot come to an agreement with your federal colleague the whole of the cost of the ongoing monitoring program will come unstuck?

Mr HOUSE: I have trouble coming to agreement with my federal colleague on just about anything.

Mr MARLBOROUGH: Is that because you are out of step with him, or he with you?

Mr HOUSE: We are both out of step.

I think in yesterday's *The Australian* there was an announcement that the Commonwealth was going to cut the BTEC funding on a certain date, whether we liked it or not. An Agriculture and Resource Management Council of Australia and New Zealand meeting is scheduled for within the next few weeks when I will discuss that in more detail. Your assumption is right.

Mr GRILL: I refer to significant issues and trends at page 92. It has always been a conundrum to me why the prices of so many of our commodities are falling in real terms. Without doubt world demand for food and fibre products is strong, with intense competition for market share. What is the reason for the softness in so many of those commodity products? Are marketing strategies deficient? Is it a matter of world trade arrangements? The Budget Statements refer to an increase in world population of 90 million a year. Surely that should mean some increase in prices.

Mr HOUSE: There are a number of reasons. Farming throughout the world is becoming more efficient. Intensive agriculture is responsible for an increase in average yields of grain products around the world in many areas. There is untapped potential in some parts of the world where inefficient agriculture is practised. They have an effect. I believe that our marketing skills in Australia are not very good. That stems from years of having marketing boards. As a result a culture has existed that has not allowed our marketing skills to develop in a way that we can compete with the rest of the world. I am sure the member for Eyre has seen the number of New Zealand products on shelves around the world. Compared with the New Zealanders we are hopeless.

The good news is that the price for grain, the major commodity item, has been quite sound over the past few years. The price for wool has been abysmal, but has shown signs in the past few months of some recovery. Mutton prices have been excellent, but beef prices have been dismal. Results are mixed.

In areas such as horticulture our competitiveness rests with our marketing skills. Hong Kong feeds 6.5 million people a day; yet nothing in that country is grown. Every stick of their grain is imported. The total Australian input into the Hong Kong market is 6 per cent, which indicates we are not on top of the game. Product is imported to Hong Kong from South America, a far less geographically advantaged country than Australia.

Through the Muresk Agriculture College we are implementing programs to teach young people some of the skills relevant to agricultural marketing.

Mr MARSHALL: How important is canola oil to the industry now?

Mr GRILL: What is the difference between canola and rapeseed?

Mr HOUSE: Basically, there is no difference. It sounds better to say canola. The canola industry is probably one of the great revival industries. It flared up in the early 1970s and died because of disease. As a result of some fantastic work by our departmental people it has re-emerged as an industry of opportunity. The acreage sowed to canola has increased dramatically in the past few years in Western Australia. It will increase even more because farmers will plant other species as a result of the unfortunate problem with anthracnose and albus lupins. World opportunities for canola are large. Our production of canola is minuscule compared with that in Canada, which is the largest producer. We have a great deal of selling and marketing penetration to do in this area. It has great potential.

Mr GRILL: At the bottom of page 92 significant issues and trends refer to increased global movement of people through business and tourist travel and the increased risk of incursions of exotic pests and diseases. As you well know, over the past few years Western Australia has had a succession of problems relating to the importation of diseases and pests against a background of highly successful quarantining over a long period. This morning in the newspapers and on the radio were allegations about fire blight in Melbourne. One wonders whether that will not be the next disease we import into Western Australia. Is it a significant risk for Western Australia? What steps does the Minister intend to take to ensure we do not import the disease from Victoria?

Mr O'DWYER: Imports into Western Australia of apples in particular and other suspect fruits from all the other States are banned. The other States have made similar arrangements with Victoria, and all States will be conducting surveillance programs to identify whether they have fire blight. Victoria will do likewise. Progressively as Victoria finds clear areas, it will have areas of freedom and we will allow imports from those disease free areas.

At this stage the parameters which will allow imports are such that it is unlikely New Zealand will qualify for imports into Australia on the same terms.

Mr GRILL: How was the disease transmitted?

Mr MARLBOROUGH: How is it transmitted generally? If areas are to be cleared stage by stage how will enclosed areas be defined?

Mr O'DWYER: I take that question on notice and undertake to provide the technicalities of how it is transmitted and identified.

Mr MARLBOROUGH: I can picture a ban on the moving of fruit and vegetables but am unsure how clear areas will be defined for an area in Victoria and how another area nearby in Victoria will become clear.

Mr O'DWYER: All the fruit trees will be examined to see whether they have disease symptoms by testing the leaves and material. They may have some other disease. If it is fire blight the area will be a freedom area. A fairly extensive surveillance program will be carried out in all fruit growing areas of species at risk.

Mr GRILL: What is the significance of the industry now? How large is the apple export industry and how important is it?

[12 noon]

Mr HOUSE: It has been considerable since the introduction of Pink Lady apples. The industry is growing quickly also, and that is very important. We have a very good system of cooperation with other States regarding disease movement and the protocols relating to bans or restricting movement. There is always a quid pro quo in these matters. We must be careful that we do not go too far because reciprocal action can cause problems. We usually negotiate such matters and send someone over there to work through the problem. Until now we have been successful in that area. Every time we have an outbreak, the other States say that we should be completely quarantined, and vice versa. Therefore, we must be careful that we do not overreact. We must ensure also that we do not introduce a pest or disease into Western Australia.

On the original question, I expect that the fruit, particularly the apple, industry will grow even more in Western Australia. Many people are planting new trees.

Mr GRILL: We had a controversy a year or so ago about plant variety rights for the Sundowner and Pink Lady apples. Has that problem been sorted out?

Mr HOUSE: Yes. Dr Robertson was involved in those negotiations.

Dr ROBERTSON: The plant variety rights were not a problem. It was mixed up with trademarks. At the moment the agency still owns the trademark but it has entered into an agreement with the local Apple and Pear Growers Association and its national counterpart to transfer the licences to those bodies to manage exports. We have issued temporary licences this year, and the entire Australian crop is being managed on a coordinated basis by the growers' associations. They believe they will receive a significant increase in the price in the marketplace because the dozen or so packers who export are not competing with each other but operating as one group, using one trademark.

Mr GRILL: Do we receive royalties for these types of apples grown in New Zealand?

Dr ROBERTSON: Yes.

Mr GRILL: Are they being collected?

Dr ROBERTSON: Yes. The budget papers indicate an estimated income of \$750 000 from Pink Lady royalties this year.

Mr RIEBELING: At page 105 it is stated that price risk management will be achieved by initiating a commodity marketing study tour of the Eastern States early in 1996. That tour presumably was undertaken by farmers and others within the industry. What was the cost of that tour?

At page 106 reference is made to rural community leadership and development being achieved by launching a \$1m rural leadership program. Someone more cynical than I may think that is a political slush fund set up to develop



future political leaders in the agriculture industry. How many people from the Pilbara were chosen to participate in the program? Will money be allocated this year for the same purpose?

Mr HOUSE: The commodity marketing study tour was born out of some frustration in the agriculture industry about the change to the wool market that precipitated farmers' considering how to market their commodities in future. When the reserve price scheme was abolished farmers had to seek other methods of selling. We have not been very involved in forward marketing in agriculture. We have begun a number of schemes for farmers to become more aware of how they market their produce.

I cannot provide the cost of the study tour immediately.

Mr RIEBELING: Who went on the tour?

Mr HOUSE: By way of supplementary information I will provide both the cost of the tour and the names of the people involved. This is an ongoing program of price risk management in order to expose as many farmers as we can to the issue of dealing with commodity prices in future. As an example, this time last year we could have sold wheat forward for about \$260 a tonne. The final price farmers will receive after the harvest will be closer to \$195 or \$200, depending on the pool and the quality of wheat. Therefore, substantial gains could be achieved by people who sold forward. Often that is the case. We are trying to update farmers' knowledge and skills in this area.

The rural leadership program is designed to assist people in rural Western Australia. I think about five programs have been run, involving about 100 young people. We have run a course in the southern part of rural Western Australia. I think the next one will be run in the Kimberley, and certainly the Pilbara and other areas will be included in future. We have been advertising locally and people have been coming forward to play a part in the program. People in the Pilbara will have an opportunity to be part of the program.

Mr RIEBELING: I presume that, as 100 people have gone through the program, the cost would be about \$10 000 per person.

Mr HOUSE: These are forward estimates. I have been talking about the past. The figures relate to the amount of money to be expended between 1 July 1997 and 30 June 1998.

Mr RIEBELING: I have been referring to the major achievements for 1996-97. I thought the Minister said that 100 people had participated in the program and that the cost was \$1m. Therefore, it would be correct to say that \$10 000 per person would be excessive for any training program which involves people attending a couple of conferences and the like. Perhaps the Minister can readjust those figures.

Dr ROBERTSON: The \$1m rural leadership program involved money from the private sector and others to be put into trust for an ongoing program of rural leadership. However, the total expenditure by the agency this year will be about \$150 000. It is estimated that about \$380 000 will be spent next financial year on the program. There are a number of other contributors. Following a detailed launch last week by the Minister, a number of private sector groups have shown willingness to sponsor the program.

Ms ANWYL: At page 103 the gross cost of the rural leadership program is \$6.8m. The Minister has referred to a cost of \$1m. Can he explain those figures?

[12.10 pm]

Mr MOORE: It really covers all of those things under the output group of rural community development.

Mr HOUSE: What are they?

Mr MOORE: I do not have the specifics to hand. It covers the Doing More with Agriculture program, which is aimed at increasing the value of agriculture in rural communities and developing it beyond the farm gate. It also covers rural leadership training. Other specific initiatives may be included. I do not have the information on those, but I can provide it.

Mr HOUSE: Those two things would involve a budget of \$300 000 or \$400 000, yet a figure of \$6.8m is provided in the Budget for rural community development.

Dr ROBERTSON: I would have to get the details. However, my guess is that rural community development includes regional programs under the Rural Adjustment and Finance Corporation. Regional community development programs such as the Avon catchment, the Blackwood catchment development area, and the Gascoyne-Murchison development would be included under that output group.

Ms ANWYL: It certainly does not read that way. Perhaps some advice could be provided by supplementary information on what that \$6.8m will be used for.

Mr HOUSE: The member for Kalgoorlie is right. I apologise for the way it is headed; it is headed incorrectly. I will provide that advice directly to the member as supplementary information.

Mr RIEBELING: Would the allocation of \$18.4m in point 6.1 on page 103 of the same document not be for catchment groups?

Dr ROBERTSON: There is probably a difference between the programs funded by the Commonwealth under the National Landcare program, which are regional development programs, and catchment planning to deal with salinity.

Mr MARSHALL: Agriculture Western Australia must be congratulated on the large number of major achievements in research and development on page 97 of the Budget Statements. A tremendous amount of work has been done. The first dot point for market opportunities on page 98 relates to seminars and field days. How is the success of field days and seminars measured? I refer also to the contract with the Indian Woollen Mills Federation. A 45 per cent increase in the export of wool to India was recorded last year. Where does the Minister see that contract going and what percentage of wool from Western Australia to India does he envisage for this coming year?

Mr HOUSE: I attended almost all the major field days in Western Australia last year, and attendance at all those field days was up on previous years. A lot of enthusiasm was shown. They were probably some of the best field days I have attended. There was good interaction between farmers as a client base and Agriculture Western Australia staff who disseminated information. Based on the fact that so many people attended them, I make the judgment that they were successful.

The arrangement with the Indian Woollen Mills Federation was targeted specifically through the wool strategy group. We tried to identify places in which we could increase the market share for Western Australia's wool and obtain that market share at the best possible price. We have done some innovative things. For example, we invited to Western Australia representatives from the Indian Woollen Mills Federation and took them throughout the agricultural region. We have gone out of our way to maintain those contacts. The Deputy Premier has visited India twice, and I have visited India, to maintain those contacts. Last year I was invited to open the Indian Woollen Mills Federation conference, which a couple of hundred people attended. The State has built up a good rapport with India. That is reflected in the trade figures, and it shows what can be done when a specific commodity is targeted for a specific area. That is what the New Zealanders are doing. We have tried to copy that as an example of what can be achieved.

Mr MARSHALL: An increase of 45 per cent was achieved in a year. Does it leave much fat at the top for this year's figures to improve even further?

Mr HOUSE: Yes, there is no question about that.

Mr RIEBELING: Point 7.4 on page 103 of the Budget Statements indicates an increase of \$12.8m in the gross cost of the loan management program. What is the explanation for such a massive increase? I note that income from the industry increased by 300 per cent. However, there is still a doubling of the commitment of the State to that program.

Dr ROBERTSON: It is probably an allocation for the Gascoyne-Murchison study, but I would have to get the details.

Mr HOUSE: I will provide those details for the member.

Ms ANWYL: I refer to the categories of expenditure on page 89. Why is there an increase of about \$5m for services and contracts? Is that a reflection of the Government's policy of privatisation? The allocation for "other" has increased by about \$9.5m. To what does that relate?

Dr ROBERTSON: The member was not present earlier when we explained there are major differences in the way the Budget is presented this year. The Agriculture Protection Board, the Rural Adjustment and Finance Corporation and Agriculture Western Australia amalgamated for operational purposes. The budget appropriation is for RAFCOR and the APB. Because Agriculture Western Australia delivers all the services and manages all the functions, that money is net appropriated into Agriculture Western Australia's budget for this year. In these papers the money appears twice: First in the specific appropriation, and second as a revenue item and an increasing expenditure item in Agriculture Western Australia's budget. There is no increase in services per se: They are services that used to be carried out under the Agriculture Protection Board or RAFCOR that will be delivered through Agriculture Western Australia in the coming financial year.

Ms ANWYL: Page 89 indicates also an increase of about \$42m in the amount of revenue predicted to be retained. Was that matter addressed in my absence?

Dr ROBERTSON: Yes, as I mentioned, \$13m from the Agriculture Protection Board, \$12m or \$13m from RAFCOR, and also industry funding from external funding sources through the year have been added and classed as retained revenue in this year's Budget.

[12.20 pm]

Ms ANWYL: That is not a suspense account, is it?

Dr ROBERTSON: It goes directly to Treasury and is appropriated to the agencies through the consolidated fund.

Mr RIEBELING: I refer to a section which was touched on earlier, relating to quarantine of the Noogoora burr in the Kimberley. I refer to page 106, program 3.0. I understand the department is opening up quarantined areas to more people; for example, a huge Kununurra area is to be opened up after many years of quarantine. Does the department see a threat or danger of the burr moving south as a result of its opening up the area? I understand that if that burr got into the south of the State, it would be devastating to the wool industry. Is it worth the risk to open up the area?

Mr HOUSE: If my memory serves me correctly, our hand was forced by an action of one of the Aboriginal groups which took us to court for access to the area. The court determined that we had no right to exclude them. Therefore, we then had to decide how to handle control of that burr.

Mr RIEBELING: Given that more people are going into the area, I presume that greater focus is placed on trying to control exit points. In this division we see a reduction of 18 FTEs. Is the aim to contract out that service, and is that reflected in the decrease in FTEs?

Mr HOUSE: The member is right: The aim is to stop the burr exiting rather than to control it inside the quarantine area.

Mr O'DWYER: There were two quarantine areas with the Noogoora burr, one in the lower Ord which has two parts; namely, a control area and an eradication area. It has been highly successful over 20 years and virtually all the burr has been removed from that area. That was the area proposed to be opened to public access. It is the area for which access was negotiated for the Miriuwung and Gajerrong people to go through there at any time without our permission.

The major impact of the budget is a reduction of spending in the Fitzroy Valley, for which we had significantly increased spending over the last five or six years. However, we made little headway in impacting on the Noogoora burr in the area. In consultation with the wool industry, we indicated that did not think we were getting good value for money and we wanted to opt out of the program and bring it back to a holding operation. That was agreed to by the wool industry - that which would be most affected by the burr. Indeed, considerable doubt has been expressed about the burr growing in the south of the State. The most likely place for it to occur is the Pilbara, which has few sheep these days with people mainly running cattle.

Tourism in the Fitzroy Valley results in many people camping in the area of the burr, yet we have had no outbreak in the south of the State. We believe we can control it through good publicity, explaining the risk of moving the burr down and keeping a close eye on whether we have outbreaks in the south of the State.

Ms ANWYL: I refer to page 108 and the three indicated output groups. I note a significant increase in funding for those three items. Is detail available about the need for that increase of about \$4m in the quarantine and export policy operations? Also, what is the source of the increase in retained revenue?

Dr ROBERTSON: That is exactly the same issue. This is the Agriculture appropriation and the Agriculture Protection Board coming into that area.

Ms ANWYL: So it is simply an accounting change, and there is no real increase at all?

Mr HOUSE: Next year, as we explained earlier, those figures will fall into line. This year is the transition period as we are trying to correct a longstanding problem. It will not appear next year. Those figures contain an additional amount of \$3.5m of new money for quarantine and surveillance in Western Australia.

Ms ANWYL: That is broken between those three areas. Has the Commonwealth's decision to lay off 700 meat inspectors had any effect on the Agriculture budget?

Mr HOUSE: It will not affect our budget.

Ms ANWYL: Will it affect the State's requirement to police that area?

Mr HOUSE: It should not. We are moving to what is commonly known as the HACCP - hazard analysis of critical point - quality control system.

Mr RIEBELING: It is self-regulation.

Mr HOUSE: Yes. As I see it, and I am surmising here, there will be difficult times ahead for some smaller abattoir operators as we might see a shift in the kill number to the larger operators.

Mr RIEBELING: Our meat industry is rapidly headed down the Victorian path, is it not? I can guarantee we do not want in Western Australia some of the problems with processed meat products experienced in Victoria. Are you confident that self-regulation in meat inspection is the way to go? In ensuring quality of our product for future customers, having self-regulation is not ideal. I would not like to explain to the Middle East that operators are honest and good and they inspect their own meat. It would not be a strong selling point for our industry.

Mr HOUSE: Having visited an abattoir in the Middle East, I can say that ours are pretty good! The member is right: We do not want the problems to which he referred. We must look at what traditional meat inspection is about and the bugs and organisms causing the problems in Victoria. They were not identifiable by the type of meat inspection we had previously. It does not follow that taking away the service will lead to those problems.

Mr RIEBELING: We have had meat substitution problems in Western Australia, even with independent meat inspectors.

Mr HOUSE: I do not think so.

Mr RIEBELING: I remember at Wyndham a meat substitution operation in our beef industry.

Mr HOUSE: In Wyndham? It happened in the Eastern States but, to the best of my knowledge, not in Western Australia.

Mr RIEBELING: There were a couple of donkeys in the old Wyndham meat works.

Dr ROBERTSON: The donkeys came from Wyndham and ended up in meat in Melbourne.

Mr HOUSE: Were you the meat inspector, Fred? You have something to answer for!

The CHAIRMAN: I am entirely in the Committee's hands, but I draw to its attention that we have a half-hour to go and two divisions are yet to be looked at. It may be prudent to consider moving on.

Mr RIEBELING: I consider this division by far the most important to the State's future of the divisions under consideration.

[12.30 pm]

Mr HOUSE: If I might answer the question more specifically, we must focus on the causes of the problem. They will not be solved by the old meat inspection system. How we progress to ensure that the system is as good as it possibly can be is part of the process we must go through in the next few months to get a quality system.

Mr RIEBELING: If it does not work, the long term impact on the market will be much greater than the short term financial gain. The beef industry took a couple of years to recover from the meat substitution racket. Stopping regulation will leave the industry open to that type of racket, even if it does not happen.

Mr HOUSE: How did the old meat substitution racket occur?

Mr RIEBELING: It was caused by unscrupulous people in the industry.

Mr HOUSE: It occurred because of meat inspectors who were bribed.

Mr RIEBELING: If I were an abattoir owner I would have a far greater ability to influence my employees than government employees.

Mr HOUSE: We still have an inspection system in export abattoirs which covers those sorts of issues.

Mr RIEBELING: It is penny wise and pound foolish. This division in Agriculture WA provides confidence for the product within the community.

Mr HOUSE: I am happy to discuss the issue, but it is not part of our division. It is a Health Department issue and comes under the Health budget.

Mr RIEBELING: Is the Minister saying that he did not agree with it?

Mr HOUSE: I do not agree that it is part of our responsibility. It is directly the Health Department's responsibility and falls within its budget.

Mr MARSHALL: Page 101 refers to the Western Australian Pig Industry Investment Board being formed to promote development and investment in the pig industry. We have talked about beef and every other area but pigs have not had a mention. How is this going?

Mr HOUSE: As a consequence of consultation with the industry and a group of people who were brought together to look at how we might advance the pork industry in Western Australia, we formed the Pig Industry Investment Board as a result of one of the group's recommendations. The board is chaired by David Smith, who was a founding owner of SBS Rural Ltd. He is a very skilled business person. The brief for the board from me is to work in consultation and cooperation with existing industry in order to look at how we can increase the amount of pork production in Western Australia. That will manifest itself in a number of ways. The group has been in place only a matter of months. It has not had time to do a lot. The recent outbreak of foot and mouth disease in Taiwan, which used to supply a major part of the Japanese market - and the Japanese consume a lot of pork - might give us a ready made opportunity. There is quite a lot of opportunity for us. It is a question of catering for the market and transporting the product out of the State. We produce enough pork for domestic consumption. We export a little but not very much.

Mr MARSHALL: Do pork market prices fluctuate?

Mr HOUSE: They have fluctuated a little in recent years for a couple of reasons. First, we have been subject to Canadian imports, which usually come into the Sydney market. A lot of product from Western Australia goes to the Sydney market. When the Canadians bring in a shipload of pork, it forces our prices down. Second, prices have been very much subject to the price of grain. If the price of grain increases dramatically, it obviously has an impact on the cost of production.

Mr RIEBELING: The prices at which Canadians can drop their pork product into Australia indicates that some sort of massive subsidy is involved. Is Australia trying to stop dumping? The quality of our product is probably better than the Canadian product. This must have a huge impact on our local producers, but the Canadian system must mean that many of our producers cannot compete and are going to the wall.

Mr HOUSE: The member is quite right. Through the General Agreement on Tariffs and Trade they are trying to work through those things, albeit a bit slowly, to come to some arrangements to ensure that the product is not dumped and that there is no internal subsidy in Canada or other countries that are large producers which enables them to compete unfairly with our producers.

Mr RIEBELING: The Minister answered half of a question I asked in relation to page 107 on program 3. I find it difficult to understand the difference between the tables on that page. The bottom line appears to be that this year there will be some \$46.8m spent under this program and last year it was \$35.5m, which represents an increase of \$11.3m. FTEs have been reduced by 18 during the same period. We touched on quarantine services. Has contracting out increased by \$11m?

Dr ROBERTSON: It is the same issue of the Agriculture Protection Board money being brought into this allocation. FTE numbers do not change much because Agriculture WA was carrying out those functions but the APB was being debited in real time for the cost of that. This year that is reflected in the budget estimates.

Mr RIEBELING: The commonwealth proportion has not changed; the real reduction is in the level of state FTEs?

Dr ROBERTSON: That is correct.

Mr RIEBELING: Is there a specific area where the vast majority of these 18 FTEs would be?

Dr ROBERTSON: Perhaps this area was most impacted on by the amalgamation of the three agencies. In a number of areas the former Department of Agriculture carried out inspection functions which were in part duplicated by the activities of Agriculture Protection Board inspectors and field staff. There has been quite a bit of multiskilling. The member's area has been a prime one, where stock inspector and former protection activities have been integrated, so the opportunity has been created to reduce staff to a small extent.

Mr MARSHALL: Page 104 refers to the salinity action plan, which is a very important initiative of the Government. Will the Minister expand on that a little? How long will it be before we can determine its success?

[12.40 pm]

Mr HOUSE: The salinity action plan is designed to try to bring together all the resources in a more coordinated way to try to halt and reverse salinity in Western Australia. The program is very much in its infancy; it has been in place

for about six months. That time has been spent trying to coordinate the efforts of the various agencies, such as the Water and Rivers Commission, the Department of Conservation and Land Management, Agriculture Western Australia, and the Water Authority. A Cabinet subcommittee chaired by the Deputy Premier incorporated these agencies.

We have been meeting regularly with the chief executive officers to ensure a coordinated approach. The federal arrangements in place for the natural heritage trust are accessible through a single application process, so internal state agencies are not competing for funding and they must be coordinated in their approach. As the member will be aware, a lot of reliance was put on the allocation of dollars from the so-called Telstra sale. I doubt whether we will receive as much as we thought from that allocation. Some of that has been scooped off the top by allocations to Queensland, Tasmania and the Murray-Darling basin. It is a little disappointing that priority was given to those areas without looking at Australia in its entirety. However, we can still get on with the job and make it work. The group is being chaired by Alex Campbell, who is a former president of the West Australian Farmers Federation and who also serves as Chairman of the national Land and Water Resources Research and Development Corporation. We have taken a small step forward. The member may have thought I was being facetious when I referred to the time frame of 35 or 40 years. However, it will take that long. It has taken 150 years to get to where we are now. There was always a lot of natural salt country in Western Australia. If one walks through the forest now, one can see a lot of natural salt on the ground. It will take a long time to reverse that in Western Australia.

Mr MARSHALL: Is Alcoa of Australia Ltd part of the action group or is it still pouring its own resources into that problem?

Mr HOUSE: On the land care issue Alcoa is probably the best corporate citizen in Western Australia. It has been fantastic with not only its dollars but also its support of catchment and land management groups. They have done a great job. That will continue. Alcoa has indicated it is prepared to cooperate in the coordination of those programs. Alcoa also operates individual programs with catchment groups. They have been successful.

Mr RIEBELING: A major achievement referred to on page 100 of the Budget Statements relates to new management systems for waterlogged and moderately saline land. It states that 0.2 million hectares in the great southern region are now usable. Does that mean that 0.2 million ha of land was reopened last year?

Mr HOUSE: It is saying that it is possible.

Dr ROBERTSON: The system has been developed for farming grass flats and is suitable for about 200 000 ha.

Mr RIEBELING: Is there a danger in that? Salinity occurred through overclearing. Are we heading in a completely different direction?

Dr ROBERTSON: This is land that has been cleared. It is in the early stages of salinity. Traditional pastures and crops will no longer grow. This system has developed salt tolerant pasture plants that will grow. That is a positive, because it lowers the watertable.

Mr RIEBELING: Those 0.2 million ha will improve if the farmers grow those crops.

Mr MARSHALL: A major achievement on page 105 relates to the farm forestry development group. Could the Minister enlarge on the success of that group? I notice that it receives some federal funding. What level of funding is allocated to that group?

Mr HOUSE: The farm forestry development group targets those areas where we felt farm forestry could be part of an integrated agricultural system. The concern was that fence to fence plantings of agricultural land were decimating whole areas. Our view was to encourage portions of farms to be planted rather than whole farms. That would provide for an integrated agricultural system and farmers would rely on that for part of their income. The other idea was to target those lands that might go saline, so we could lower the watertable with forestry. What we are trying to achieve would have a double benefit. I am not sure of the exact dollars that have been allocated to this group.

Mr MARSHALL: What has been the response of farmers?

Mr HOUSE: They have been positive. However, because wool prices have been low, farmers in some areas have found it economically difficult to continue. In some cases investors have bought whole farms and planted trees as an investment. That has caused a problem in some areas. The areas around Collie through to Rocky Gully are the best examples of that. By and large the response has been positive.

Ms ANWYL: I cannot see any reference to the relocation of the Norseman checkpoint. Has that been a successful operation? What special arrangements are in place for staff? Do they reside in Eucla on a full time basis or are they relocated to Perth? Is there any change in FTEs as a result of the change in location? Page 122 of the capital works

program of the Agriculture Protection Board shows an estimated amount of \$806 000 for the relocation, of which \$300 000 has been spent. Is that the end of the associated costs and, if so, what was the reason for the large difference between estimated and actual costs?

Mr HOUSE: The relocation is largely completed. The checkpoint has been operating for some time now. Some minor roadworks were completed recently. If the member for Kalgoorlie had been there at any time up to a couple of months ago, she would have seen that it looked a bit untidy around the edges. Some kerbing has been installed and the area has been landscaped to make it look more like a front gate. The staff are living in Eucla. I gave an undertaking at the time that the people who man that checkpoint would live in Eucla and not Border Village. Some people had been living in Eucla and some had been living in Norseman. We tried to come to an arrangement with those people if they had relocation problems. That has been successful. A border checkpoint is preferable to an inland location. The stockyards are located at Norseman. If the inspector believes there is a problem with a truck coming through, it is deployed to Norseman rather than going down the other roads.

[12.50 pm]

Mr O'DWYER: The work on relocation of the checkpoint will be completed this month. No capital expenditure has been allocated to the Norseman checkpoint next financial year.

Mr HOUSE: The estimated expenditure this financial year is \$806 000 and I understand that the whole amount has been expended.

Mr O'DWYER: Additional funds were allocated to this work this financial year.

Ms ANWYL: Will it be reflected in next year's budget?

Mr O'DWYER: It should be reflected in the actual budget.

Dr ROBERTSON: The budget allocation is \$806 000 and that has been spent. I do not understand the third column on page 122 of the Budget Statements.

Mr O'DWYER: The initial part of the expenditure could have been in 1995-96 and \$301 000 has been spent this financial year.

Mr HOUSE: I am confused.

Ms ANWYL: I ask the Minister to look into it and provide me with an answer.

Mr HOUSE: I will provide the member with a detailed answer because she deserves it, and so do I.

Ms ANWYL: What is the outcome of the calicivirus program and is there an allocation in this Budget for that program?

Mr HOUSE: The department officially released the calicivirus in Western Australia in September or October last year. It had spread into Western Australia from across the South Australian border some months prior to that. It has had varying degrees of success across Australia and no-one can adequately explain the reason for the variation. The virus translocates itself - in some places quite rapidly and in others not at all. Scientists are of the view that it is a combination of seasonal conditions, insects and other things. This year the department has an ongoing program which will pick up on the gap. In other words, if it is necessary, the department will spread the disease into areas where rabbits are prevalent. Farmers should not treat the calicivirus as a solution to the problem. It is only part of the solution and farmers should undertake all the follow-up work which is necessary to control rabbits so that the environmental damage can be minimised.

Mr RIEBELING: What is the success rate? Does it kill 90 per cent of a rabbit population?

Mr HOUSE: In some areas it has been killing 100 per cent, but it depends on the age of the rabbits. It does not affect kittens under the age of eight weeks. Therefore, if it spreads through an area where there are a lot of kittens, it will miss them, but if it spreads through an area where there is a major adult population, it will kill all of them.

Mr MARSHALL: Where is the quarantine checkpoint on the Nullarbor?

Mr HOUSE: At the border.

Mr MARSHALL: Is the South Australian or Western Australian Government responsible for staffing the checkpoint?

Mr HOUSE: Western Australia.

Mr MARSHALL: I have had complaints from many of my constituents who caravan across the Nullarbor about the abusive nature of the person who mans the checkpoint.

Mr HOUSE: I will talk to the member about that because it is not acceptable behaviour.

Ms ANWYL: The Minister advised that he would provide detail on the \$6.8m allocated to rural community development. Has any consideration been given to encouraging women into the industry generally?

Mr HOUSE: It is a very good question. I have gone out of my way to try to encourage women to serve on agricultural groups and boards. I have appointed a number of women to those groups. I appointed Kerryl Enright to head one of the major industry boards. I have tried to encourage women to take part in rural industry courses to help them to become more aware of the industry. Earlier this year I opened the first Women in Agriculture conference, which was attended by 200 women from across rural Western Australia. Previously, some women showed a real interest in their rural area, but it was area specific. Today they are involved in not only their community, but also the agricultural and political world. When I first became a shire councillor I could have counted the number of women councillors in this State on the fingers of one hand. Now there are a number of very successful and forward thinking women shire presidents. I applaud that and the Government has tried to encourage it as much as possible.

I put on record my appreciation to those people who have assisted me this morning.

*Sitting suspended from 12.56 to 2.00 pm*

**Division 40: Transport, \$680 032 000 -**

[Mr Baker, Chairman.]

[Mr Omodei, Minister for Local Government.]

[Dr C.R. Whitaker, Director General.]

[Mr G.S. Martin, Executive Director, Metropolitan Transport.]

Mr OMODEI: I table for the information of members a chart relating to funding for the department. I represent the Minister for Transport in the Legislative Assembly, therefore my expertise is not in the Transport area. However, officers from the department will answer any questions that I cannot.

The role of the Department of Transport is to achieve the best transport system for Western Australia. It strives to ensure that the transport system is integrated, safe, accessible and environmentally sustainable. It does that in six distinctive ways: Firstly, through policy development which determines future directions and develops and implements policies and strategies for an integrated system; secondly, it develops and monitors integrated service and infrastructure plans to meet the needs of the community and the industry; thirdly, it ensures the procurement and coordination of resource allocation to implement integrated transport system plans; fourthly, it coordinates the public and private sectors to achieve an integrated transport system; fifthly, it establishes and ensures the achievement of standards through education and regulation where necessary; sixthly, it directly funds and provides, preferably through others, transport infrastructure and services.

The Department of Transport is funded primarily from the consolidated fund. In 1997-98, consolidated funding is estimated to be \$680.032m comprising \$669.184m in recurrent funds and \$10.848m for capital projects. The department's financial responsibility involves expenditure for recurrent capital items, including the payment of transport subsidies, the collection of revenue for the disbursement of business franchise petroleum products, licence fees and the fuel levy, and motor vehicle licence fees. Transport also acts as the collection agent for state revenue (stamp duty) and State Government Insurance Commission (third party insurance policies). Gross expenditure for the year as published in the Program Statements is \$759.86m comprising \$710.557m in recurrent services and \$49.3m in capital projects. In addition, expenditure from the road trauma trust fund for 1997-98 is estimated to be \$7.1m.

Under major initiatives for 1997-98, the department is ready to implement a comprehensive program to improve transport infrastructure and services around Western Australia.

Some areas of particular interest in the program include an additional \$3m for road safety education campaigns and other road safety initiatives, \$1m for planning the extension of the passenger railway line from Kenwick to Mandurah, and \$2.8m for preliminary work on the extension from Kenwick to Jandakot. An amount of \$500 000 is committed to planning for the Rockingham to Fremantle transit way. A 20 per cent increase in light vehicle registration fees will allow Main Roads to upgrade the South Western Highway, and roads from Lancelin and the wheatbelt. An amount of \$24.7m will be invested in new buses for the Transperth network. The circle route bus service will be introduced at a cost of \$2.2m. This will link major regional centres, university campuses and hospitals. An amount of \$670 000



will be committed to improve navigational aids. The Kwinana Freeway bus lane will be extended to Murdoch park and ride, with \$4.5m allocated in 1997-98, and \$1.4m will be allocated to upgrade regional airports, with a further \$2.2m in each of the two following years. The Government is pleased to be able to budget for such an ambitious program for transport improvements that will make a major contribution towards improving the quality of life for all Western Australians.

[2.10 pm]

Ms MacTIERNAN: I refer to program 1.0 and subprogram 1.2 on urban public transport. I note from page 976 that the subsidy for bus services, which I assume is a subsidy paid to MetroBus and a number of private operators, will increase from an estimated actual of \$52.5m to an estimated \$56.5m. It is an increase of approximately \$4m. Will the Minister explain the reason for the increase in the bus subsidy?

Mr MARTIN: The increase is made up of several components. One is a component of \$1.7m for the CATS bus service which operates the central distribution service in Perth. That was not funded in the previous year. A further amount of \$2.8m is allocated for the commencement of the public transport enhancement program announced by the Minister in October last year, and correction of some shortfalls from the previous year. The decreases that occur have reduced the net requirement to an increase of \$3.9m which is the figure in the published pages.

Ms MacTIERNAN: An amount of \$2.8m is for the public transport enhancement program. What is that?

Mr MARTIN: It was a program announced by the Minister in October last year and it ranges over a number of items. It introduces master plans for south west and north west rail extensions. It includes a bus circle route which aims to link health and educational facilities. Many of the public transport routes in Perth are radial, and there is not a good system of circumferential routes. This is an attempt to link primary facilities by bus services. Other items were to increase the frequency of services on key routes. We are keen to introduce a new standard of service on bus routes, which will be aided and abetted when new buses come into the system. The aim is to convert the system into one represented by the CATS service, using low floor, airconditioned buses that operate at a higher frequency than the current service.

Ms MacTIERNAN: How can the preparation of a plan, to which I understand the \$2.8m is allocated, be included under a heading "Bus Subsidy"?

Mr MARTIN: Are you asking why it is not capital expenditure or converted to capital?

Ms MacTIERNAN: No. I thought the bus subsidy was money provided by the department to the authorised operators of public transport. Presumably this is a departmental plan, and it is a quite different species.

Mr MARTIN: I need to correct what I said. This is for the purpose of operating the bus service that will be the circle route, and other services. I need to confirm that information and it will be provided as supplementary information.

Ms MacTIERNAN: What was the other item on shortfalls?

Mr MARTIN: There were shortfalls in required expenditure provision, which have been included in this year's budget.

Ms MacTIERNAN: What does that mean?

Mr MARTIN: It means we were short of funds last year for this group, and we have tried to make sure the funding provided through subsidies is adequate to cover bus services.

Mr PENDAL: I have a question about public transport fares and their structure. About a month ago I quoted in the House a report of the Bureau of Transport Economics in Canberra, which suggested that, based on a comprehensive survey of the six mainland Australian capital cities, if public transport fares were progressively reduced by a factor of up to 80 per cent, it would bring about a dramatic increase in the number of patrons taking advantage of various trains and buses. Is the ministry familiar with that study and if so, why has it chosen not to implement it, even if only for a trial period of 12 months?

Mr MARTIN: The department is aware of the study, but the member is asking a question that arises from policy for the funding of public transport and I am not able to answer it.

Mr PENDAL: Is the Minister able to say whether it was ever discussed as an option for introduction into Western Australia?

Mr MARTIN: To my knowledge it has not been discussed.

Mr PENDAL: Is it to be taken that the issue is now completely off the agenda, or is it at least ongoing where the Government might consider it as an option?

Mr MARTIN: Our basic aim is to increase the number of people using public transport. It is a high level objective and anything that increases patronage should be considered. However, going back to the question of policy, it relates to the level at which the Government is prepared to fund public transport and its perception of what should be paid by the taxpayer as opposed to the user.

[2.20 pm]

Mr McGOWAN: Page 982 refers to planning for the extension of the suburban railway from Kenwick to Jandakot; that is, the first stage of the railway to Mandurah. How much money has been expended on that project? I presume that if the department is committing money to planning, it also has some projections of the construction program. Has any land acquisition been undertaken? Is this the only option or would the department consider a railway line through Fremantle and Rockingham?

Mr MARTIN: The Government has made a decision to run the railway line via Kenwick, Jandakot, Rockingham and Mandurah, with the commitment to reach Jandakot by 2005. That is a longstanding decision. The intention is to spend \$1m in 1997-98 and \$600 000 in 1998-99 to complete a master plan for that rail extension. The intention of the master plan is to consider all aspects of building that railway line - engineering, planning, land use, cost, time, staging and any commercial aspects.

Mr McGOWAN: To Jandakot?

Mr MARTIN: No, the master plan is for a line from Perth to Mandurah. The Government will be in a position in the second half of 1998 to make decisions about how far and fast it will go with that railway line.

Mr OMODEI: That decision is being made now.

Mr McGOWAN: Which decision?

Mr OMODEI: The details of process and how fast.

Mr McGOWAN: How quickly will construction take place?

Mr MARTIN: I have just outlined the only commitment. However, that might be modified by the Government when it receives the master plan in the second half of next year.

Mr McGOWAN: There have been no land acquisitions so far.

Mr MARTIN: It is an established rail corridor. The State has land holdings along that corridor but it is not complete - additional acquisitions will be required.

Mr McGOWAN: Is the Government considering changing that plan to Fremantle and the south west?

Mr OMODEI: Those final decisions have not been made; Cabinet is still deliberating.

Mr MARTIN: My understanding is that it might be a long term objective, but it is not the current intention.

Mr CARPENTER: I refer the Minister to page 976, the categories of expenditure and the taxi user subsidy scheme. The 1996-97 estimated actual expenditure is \$3.4m and the 1997-98 figure is \$2.9m. Why has that amount been reduced and how many people will that affect?

Mr MARTIN: The estimated expenditure is \$3.4m this financial year. That is not the amount funded by Treasury and the department must find savings in other parts of the portfolio. Treasury has provided \$2.9m in 1997-98. Our expenditure on the current scheme is expected to be \$4.2m in 1997-98. Therefore, we have a shortfall of \$1.3m in the budget funding for that scheme. There is no intention to prevent people being on the scheme, but there will be other economies within the department to be able to afford it. That is based on the current scheme.

As was announced in the Budget, a new TUS scheme will commence on 1 July. That scheme is being prepared for public display with advice about how to access it. The new scheme shifts the eligibility from medical criteria to functional criteria. That is, rather than the assessment being based on medical criteria, questions are asked about whether people can use public transport. If they cannot they are eligible, but if they can they are not eligible. There is a lot more detail to it, but in broad terms that is the change.

Mr CARPENTER: Please explain that again.

Mr MARTIN: The current scheme is based on medical criteria. A doctor certifies whether someone is eligible given certain criteria.

Mr CARPENTER: Is one criterion that the person is unable to use public transport?

Mr MARTIN: No, it is not. It is indirect. The assessment of a doctor is that a person cannot use public transport. However, that is based on the doctor's assessment of a medical condition that is seen to prevent that person using public transport. We are now moving to an assessment made by, for example, an occupational therapist, who will advise whether someone is physically, intellectually or mentally able to use public transport.

Mr CARPENTER: Who makes that assessment?

Mr MARTIN: Probably occupational therapists, who can assess whether someone can climb the steps of a bus and so on.

Mr CARPENTER: I have had a few cases arise in my electorate where people want to use the TUS scheme. At the moment they need a certificate from their doctor and that is sufficient.

Mr MARTIN: No, it is not. The doctor must certify that the person is suffering from a certain condition. For instance, one of the conditions is that they are incapable of walking. That is very limiting. Someone might be able to walk 50 metres or 100 metres but they might not be able to climb a step and get on a bus. The doctor might say that someone can walk and consequently they are not eligible for the TUS scheme. However, because they cannot climb a step, they cannot use public transport. At present they are precluded from the scheme. The current test is very onerous. The Minister receives many letters of complaint from people with very real cases but who do not meet the requirements. This new scheme aims to be much more helpful and relevant to people who cannot use public transport.

Mr CARPENTER: Who makes the assessment?

Mr MARTIN: It will be made by -

Mr CARPENTER: Departmental officers.

Mr MARTIN: Departmental people are specialists engaged by the department. It will be using specialists in areas such as occupational therapy to establish that people can meet those requirements. There are physical, intellectual and mental assessments. For instance, officers would ask whether a person can get a ticket and validate it in a machine or whether they can remember where they are supposed to get off the bus.

Mr CARPENTER: Although the amount of funding appears to have been reduced, the Treasury allocation for 1996-97 was less than \$2.9m.

Mr MARTIN: The 1996-97 allocation was \$2.9m.

Mr CARPENTER: It is the same. The department is anticipating total expenditure of \$4.1m.

Mr MARTIN: If we continue with the current scheme we will need \$4.2m, so there is a shortfall of \$1.3m. It is estimated that the new scheme will cost about \$6m.

Mr CARPENTER: The department will need to raise more money.

Mr MARTIN: It will need to be saved in other parts of the department.

Mr CARPENTER: How will that be done?

[2.30 pm]

Mr MARTIN: That is the challenge. It basically means that if we do not obtain some supplementary funding from Treasury, we will have to draw it out of other areas. We have not decided at this stage what they will be.

Mr OMODEI: We are in the process of negotiating it.

Mr CARPENTER: I thought the Budget is the document which identifies from where the Government will get the money.

Mr MARTIN: That is true. The Government has decided to go ahead with the scheme, and people who are eligible under the rules set by the scheme will have to be paid or subsidised.

Mr CARPENTER: On these figures, the taxi user subsidy scheme is underfunded by Treasury by a little more than 50 per cent.

Mr MARTIN: That is correct.

Mr CARPENTER: Can you guarantee that people will not miss out on the subsidy because there are not enough funds?

Mr MARTIN: We cannot do that, because the Government has decided that the scheme will go ahead, and people who are eligible will be paid the subsidy.

Mr OMODEI: Under the proposed new scheme, we will be able to access more people than we did under the old scheme.

Mr CARPENTER: If you can raise the money!

Mr MARTIN: We have estimated that the cost will be \$6m. How many people take it up remains to be seen. It is important to remember that under the scheme, the user has to pay at least 50 per cent of the taxi fare. It is not a case of people rushing out to use the scheme willy nilly, because it is a lot more expensive than using public transport.

Mr CARPENTER: Given that these are the figures that are available to us, and that the estimate for the taxi user subsidy scheme of \$2.9m is less than 50 per cent of what you expect to spend, how reliable are the remainder of the figures?

Mr MARTIN: We believe that the figures, based on our estimates for 1997-98, are realistic. If the question is are we being adequately funded for the other programs, we believe we are.

Mr CARPENTER: This is a one-off?

Mr MARTIN: Within the metropolitan program, this is a one-off difficulty.

Mr CARPENTER: We find when we ask questions that the \$2.9m that has been set aside for the taxi user subsidy scheme is only half of what you expect to spend. Where do we find the other half of the money? Is it in another part of the budget papers?

Mr MARTIN: No. We will continue to have discussions with Treasury, but in the absence of Treasury providing some additional funding, we will have to make economies in other parts of the program.

Mr OMODEI: The director general has told me that this is the only area in the whole of the programs about which the Department of Transport is having further discussions with Treasury. If you are asking whether there is doubt about other areas, this is the only area where the department is at variance with Treasury.

Mr CARPENTER: It is good luck that I stumbled upon it first up!

Mr OMODEI: Either that or you are very astute!

Mr CARPENTER: The 1996-97 estimate for grants and subsidies to private enterprise is \$1.6m, and the 1997-98 estimate is \$2.075m. What are those grants and subsidies if they are not bus service subsidies; who will receive them, and why; and is that \$2.075m the amount that will be allocated or is it just a guide?

Mr OMODEI: That is the figure. The grants and subsidies go to the Kimberley Air Service - to Derby, Fitzroy Crossing, Halls Creek and Kununurra, \$140 000; Kalbarri Air Service - Perth via Geraldton to Kalbarri, \$49 000; Bunbury City Transit \$1.35m; Hedland Bus Service \$120 000; Geraldton Bus Service \$140 000; Albany Bus Service \$71 000; Mandurah Bus Service \$70 000; Busselton Bus Service \$25 000; Onslow Taxi Service \$35 000; Coastal Bus Service - Greenhead, Leeman, Jurien and Cervantes to Perth, \$40 000; Mandurah to Pinjarra Bus Service \$5 000; and provision of new trial bus services \$30 000. That comes to \$2.075m.

Mr CARPENTER: They are all outside the metropolitan area?

Mr OMODEI: Yes.

Mr CARPENTER: For that reason they are not included in bus service subsidies for the metropolitan area. Does that bus service subsidy figure include subsidies to the private operators and the MetroBus operator?

Mr OMODEI: Yes.

Ms MacTIERNAN: Page 981 states that effectiveness has been improved through competitive tendering. How are the contracts with these private companies structured?

Mr MARTIN: The contractors are paid the full cost of operating the route services in the contract area. The revenue that is collected in that contract area belongs to the State, but because it is collected by the operators, it is kept by the operators and the cost of the tender is topped up with funding by us so that they get their contract amount.

Ms MacTIERNAN: What incentive is provided in the scheme to ensure that the operators collect revenue assiduously, given that they have tendered at a price and the revenue that they collect comes off that amount, so the amount of revenue that they collect is irrelevant to the contract?

Mr MARTIN: The contracts are structured so that after the first year, when things have settled down, the contractors are paid an incentive based on patronage. We set the baseline at the end of the first twelve months of the contract. Any increase in patronage that they draw after that time will give them a bonus, but any decrease in patronage will decrease their payment.

Ms MacTIERNAN: Given that structure, a contractor might run in debt for the first year and collect as little revenue as possible so that in following years he would be seen as having increased patronage. How have you protected against that?

Mr MARTIN: I am not sure what you mean by "run in debt". If you are saying they are not as ardent in trying to attract patrons as they might be -

Ms MacTIERNAN: Or collect the fares.

Mr MARTIN: We monitor the number of passengers and the amount of money collected. A large proportion of people who use public transport pre-purchase their tickets, a procedure which does not go through the operators. The operators receive money only from tickets that are bought on board. The number of fares purchased and the money collected are recorded and must be reconciled.

Ms MacTIERNAN: Are figures available of a year's performance in patronage prior to privatisation or contracting out, the first year's performance of the private operators, and subsequent years?

Mr MARTIN: I will endeavour to find those figures. I cannot guarantee that we have them, but I am happy to provide whatever is available. I need to say that most of the private sector operators have been operating since only September; that is, not a full year of operation. The information requested by the member will be provided by supplementary information.

[2.40 pm]

Mr OMODEI: New routes have been added to some suburbs; in Two Rocks, Mandurah or wherever. That might make it more complicated to get the figures.

Mr MARTIN: Prior to the contracting out, the whole area was operated by MetroBus which had no breakdown of figures for the same contract areas that we now have. That may present a difficulty for us. We may be able to work out some change in patronage. With the breakdown of areas, we have some rationalisation of services. Our concern during the period since September last year was to ensure that the private sector operators bedded down and consolidated their operations and met their obligations under the contracts. We are now receiving proposals from them for improvements in the service.

We will endeavour to provide what is required by way of supplementary information; in particular, the patronage figures for the year prior to private sector operators commencing services and the passenger figures to date based on the contract areas. I provide the qualification that it may be difficult to provide a direct comparison because of the change in the nature of the collection of the data.

Ms MacTIERNAN: How then is it proposed to judge the effectiveness of these private operators? Unless there is a clear benchmark, how will we ever be in a position to judge whether this competitive tendering has brought home the bacon?

Mr MARTIN: The benchmark is twofold: The first is where the route services are the same as those that operated under the previous regime before contracting out and the awarding of these contracts. The operators are running the same network and the same services and timetables as applied before. The second is the cost that is being paid in subsidy to those operators compared with what was being paid to subsidise MetroBus.

Ms MacTIERNAN: All we have seen in the figures is an increase in the level of bus subsidy. What is the decrease?

Mr MARTIN: It needs to be taken over a longer view. The Auditor General is just completing an exercise looking at the effect of competitive tendering. I presume his report will be tabled shortly. That will summarise the effectiveness of competitive tendering.

Mr OMODEI: I mentioned there have been some new services. So far they have been introduced through collaboration between the operators and the Department of Transport. It has provided increased patronage because it has improved accessibility to users. For example, conjunction South West Transit bus routes 118 and 121 have been revised, making them more direct and increasing their frequency. New route 112 has been introduced. I think these were discussed in the Parliament the other day. The overall effect was to generate an increase in patronage of 38 per cent, which equates to 1 300 people a week. Routes 33 and 109 in South Perth have similarly been streamlined to become more direct and frequent, resulting in an increase of 15 per cent, or 2 500 patrons a week. An entirely new bus service has been introduced to Landsdale, which previously had no bus service, which caters for 400 households. I hope we will be able to get figures to enable the member to make the comparison she requires, including the new services that are being provided.

Ms MacTIERNAN: I refer to the stock, which I understand currently is maintained in the ownership of the Department of Transport. It is then leased by MetroBus and various private operators. There has been a fair amount of publicity recently about the questionable safety under this new regime. Can the Minister advise how the standards of bus safety are being monitored now that MetroBus no longer services the buses and no longer has its depots? Are there different arrangements for monitoring private operators and MetroBus? What was the relevant performance of each of these companies when these buses went in for inspection with the Department of Transport?

Mr OMODEI: I am told that the operators and the Department of Transport - that is, the metropolitan and licensing sections - are monitoring the condition and service of all buses in the fleet and amending any deficiency immediately. Passenger and vehicle safety is paramount to everyone. The bus fleet is ageing and the level of maintenance is necessarily higher than that for new buses. It does not mean the old buses are unsafe. They are monitored very carefully and maintenance is kept to a maximum. So far tenders have been called for bus fleet ownership and management to include the progressive replacement of the existing fleet. The 1997-98 budget includes \$24.1m for bus replacements. Over the next decade 850 buses must be replaced.

Mr MARTIN: The Transperth bus fleet was transferred to the Department of Transport in June 1996. Prior to that MetroBus had authority to license its own buses. Since that date and with the takeover of the fleet by the Department of Transport, the decision was made that we wanted an independent inspection of the fleet. The licensing division of the Department of Transport - that is, the division that licenses cars and drivers - is conducting the inspections of the fleet progressively. That led to the publicity in *The West Australian* last week.

Under contractual arrangements the operators are maintaining the fleet on our behalf and have quite specific requirements about what is required for maintenance. Last week's publicity highlighted that some inspections identified some deficiencies and they were flagged by the inspectors. They ranged from minor things such as an oil leak, to a faulty light bulb, to more major items. In every case where a bus was found to have a defect when it was first inspected, on rectification it was licensed. It is a question of how well prepared the buses were for the inspection. In all cases there was no problem with the buses and they were all licensed. Our view is there is no difficulty with safety. The member asked how that was monitored. A fleet manager in my organisation oversees what is occurring in these inspections and we are satisfied that these buses are safe.

Ms MacTIERNAN: Obviously when they went to the Department of Transport it was found that a very substantial percentage had problems which presumably were not picked up by that fleet manager.

Mr MARTIN: No. The fleet manager was not required to inspect the bus before it went for licensing. All that is required is for the operator to present the bus. So far the private sector operators have been presenting the buses for inspection and licensing. We will now require MetroBus to do the same.

Ms MacTIERNAN: Do you know the percentage of the buses that failed the initial test?

Mr MARTIN: In the PATH Transit case, of 191 buses that were presented, 190 needed some work. Much of that work related to very minor defects. Nevertheless, our instructions to the licensing division were to go through the buses with a fine tooth comb. That was done and consequently it was found that 190 out of 191 had something that was deficient, be it a broken windscreen wiper, an oil leak or a faulty light bulb. Part of our intent was to ensure that the buses were safe and serviceable.

Ms MacTIERNAN: And the other operators?

Mr MARTIN: I do not have specific numbers. If the member wanted to know those, I could find them out for her. My understanding is that they had the same result.

[2.50 pm]

Mr OMODEI: I will provide that as supplementary information.

Ms MacTIERNAN: I understand you are now considering putting the management of the entire fleet out to tender.

Mr MARTIN: We are tendering at the present time with a document for the ownership and management of the Transperth bus fleet.

Ms MacTIERNAN: I have a document which purports to be a list of the people who have been asked to tender. It is of concern that a number of tenderers seem to be in a consortium of bus manufacturers and financiers. Questions arise of whether there would be a conflict of interest with a bus manufacturer managing the fleet. I understand that the fleet manager will be responsible for replacing the fleet. If a specific bus manufacturer were in charge of the fleet would we get the benefit of proper competition? Are you concerned about that issue?

Mr MARTIN: The list of selected tenderers is not a public document. However, those who responded to the registration of interest were usually in groups and they included bus manufacturers. The document calls for three basic requirements - fleet management, fleet maintenance and bus provision. We are aware of the people who have registered and been invited to submit tenders. However, we will not know the combination of firms in the final tender until tenders close. The document requires tenderers to establish whether there will be a perceived conflict of interest and how they propose it be managed. We rely on the market to do that. When we receive the tenders we will examine them very carefully to establish whether we perceive a conflict of interest could arise. Tenderers will be challenged on those matters.

The CHAIRMAN: In the defects figures you quoted earlier I think you said 190 out of 191?

Mr MARTIN: That is right.

The CHAIRMAN: Can you break down that figure to minor, urgent and non-urgent?

Mr MARTIN: Possibly. I do not have that available. However, I can give a breakdown of what that number comprises.

Mr OMODEI: That will be provided by way of supplementary information.

Ms MacTIERNAN: I understand that MetroBus has a specific award or enterprise bargain agreement registered with the Industrial Relations Commission which provides for an annualised rate of about \$16 an hour for the drivers. One of the advantages the privatised companies had in tendering for the work against MetroBus was that their drivers were employed under a Transport Workers Union award which is considerably less than the rate paid by MetroBus. I understand that the award is about to be substantially increased. Do the contracts include an escalation clause so that the Government will pick up the tab for increased costs as a result of the increase in that TWU award? Have you calculated what that increase will be and how it will impact on the budget?

Mr MARTIN: The contract documents allow for adjustments based on fuel prices against a standard, and wage changes against award rates. It is not the intent of the contract that the State be milked for the purpose of any increase someone agrees within an enterprise.

Ms MacTIERNAN: If an award increase is provided, is the risk of increase borne by the Government?

Mr MARTIN: Yes, if it is a properly constructed award increase.

Ms MacTIERNAN: Are you aware that that award is about to be changed?

Mr MARTIN: Until we have a submission from a contractor we will not involve ourselves in that matter. Contractor variation can be sought only annually. In other words no claim or bid can be made for a change in the contract price in less than a year. On the basis of the case and our contract we will assess claims for variation.

Ms MacTIERNAN: If many of those contracts came on stream in September last year it is very likely the TWU award will be substantially increased. How will you provide for that increase in the budget from September this year?

Mr MARTIN: I will have to assess the basis for the claim. We have made some provision in budgets for additional services. It will be a balancing act with the funds available to manage any claims or variations to contracts versus new services they may suggest or we may suggest.

Ms MacTIERNAN: You have not kept tabs on what is going on in the Industrial Relations Commission to work out your contingent liabilities?

Mr MARTIN: No, we will not necessarily meet those costs. It will be dependent on the case put by the contractor against the contract.

Mr McGOWAN: When the service to Rockingham was privatised a commitment was made that services would not be reduced. In my area a number of changes have been made. I understand losses in some areas have meant gains in other areas. That cannot be argued over the loss of a station attendant at my local bus station. It was staffed at all hours but that is no longer the case. How is that reconciled with the claim that services would not be reduced?

Mr MARTIN: I am not familiar with the specific case. When was the station attendant present and when did he leave?

Mr McGOWAN: It was a full time job and he left a week after the service was privatised.

Mr OMODEI: We will provide that answer by supplementary information.

Mr CARPENTER: In answer to an earlier question you said it was too early to judge how much savings have been made as a result of contracting out services. Have any projections been made on the expenditure required to maintain the public transport system if contracting out had not occurred?

Mr MARTIN: I think the Auditor General will report a saving of \$29m as a result of competitive tendering of the Transperth bus services.

Mr CARPENTER: Was a projection made that the cost would be \$X and have we reached the stage where it is now \$X minus \$29m?

[3.00 pm]

Mr MARTIN: The comparison is between the last year of MetroBus operations and the following year of contract operations. A more complex answer can be provided, but basically it is the difference between the MetroBus rates and the current rates. That amounts to \$29m per annum.

Ms MacTIERNAN: You said previously that you were not able to make that comparison because they had not been operating long enough; many of them started in September last year.

Mr MARTIN: They have a contract. We are talking about contract rates plus the agreement to pay MetroBus for its continuing services as against the rates applying before competitive tendering.

Mr OMODEI: The first question related to patronage rather than the overall cost.

Mr MARTIN: If I recall correctly, the member asked about benchmarks. One benchmark is having the same network operating and the second benchmark was the cost. We do not have a benchmark for passengers by area, in order to compare. I will endeavour to provide the information, although it may be difficult because under the MetroBus scheme its patronage was not broken into contract areas. We now have that as a result of the contractors operating in specific areas.

Mr CARPENTER: A comparison cannot be made because there are no figures with which to make a comparison.

Mr MARTIN: We can compare gross patronage across the metropolitan area, but not area by area. That was the purpose of having the one year as a base year before we started allowing any incentive payments for increased or decreased patronage.

Mr CARPENTER: There is an anticipated saving of \$29m, even though the bus service subsidy has gone from \$52m to \$56m.

Mr MARTIN: I tried to explain that earlier with the example of CATS. We have been operating the CAT system since August this year. We have had to fund that operation. This year \$1.7m has been allocated to that area. There is no direct relationship between the financial figures you see and the service. You are looking for a direct relationship between money and the specific services. There are some other complications for that service.

Ms MacTIERNAN: Fares are relevant here, because they provide revenue. When it was decided to increase fares and, in particular, to remove the use of the Dayrider concessions did you anticipate the impact that would have? Was any research undertaken on the number of people who would be affected? Were you aware that it would mean that many students, for example, would face fare increases of around 75 to 150 per cent?

Mr MARTIN: The Government made the decision about the fare increase. Advance advice to the Government took into account those factors, but, as the Government has recognised, it caused much pain and that has led to the changes which allow people travelling long distances to continue to use the Dayrider concession fare before 7.15 am.

Ms MacTIERNAN: It has been said that the purpose of restricting the concession during the peak periods is a rationing exercise to get people off the system during those peak periods. How can that work when students, for



example, do not have any discretion about the times they commence school? How does the removal of the concession effect any rationalisation?

Mr MARTIN: You are right. Students are bound by school starting times, the distance travelled and where the school is located, etc. There are a number of categories of concession card holders. One is the elderly or pensioner category and some of them have discretion about when they travel or make appointments. That is seen to have some effect. In other words, by defining a peak period and a non-peak period it is expected to have some effect on demand for transport during peak periods. The other effect is that it makes the transport journey more comfortable for those needing to travel during peak times.

Ms MacTIERNAN: What evidence do you have that the concession card holders who have some discretion were using transport during peak periods? Given how crowded the buses and trains are during peak periods, I expect that elderly people, who seem to be the ones who have discretion, would not have elected to travel at those times.

Mr MARTIN: Our assessment was that, for example, from the Mandurah area a great many people were travelling on Dayrider concessions -

Ms MacTIERNAN: Did you do any research?

Mr MARTIN: Yes.

Ms MacTIERNAN: Can you provide a copy of that research?

Mr MARTIN: I do not think there is any research in the sense of a report. It was inspections and observations of the situation plus "felt" reports. I cannot offer a document to summarise that research. Nevertheless, the evidence was very clear.

Mr CARPENTER: Was part of the research to ask why people were travelling at that time?

Mr MARTIN: No. We are talking about long distance journeys from, say, Mandurah. One aspect of the fare changes, which unfortunately was not made as clear as it should have been, was that people travelling on zonal concession fares were still able to travel at any time of the day or night. Therefore, its impact was largely on people travelling from, for instance, zones 6, 7 and 8. Basically it was not an issue for zones 1 to 4.

Ms MacTIERNAN: I beg to differ. For zone 4 it was very much an issue with fare increases between 50 and 75 per cent. In the Armadale area, which is zone 4, a major impact is on students travelling to the city or studying at UWA or any campus north of the city.

Mr MARTIN: That was the case before the 7.15 am change.

Ms MacTIERNAN: No, the 7.15 am change does not affect them because most of them catch transport between 7.30 am and 8.00 am. They do not receive any benefit from what is called the Mandurah-Joondalup concession.

Mr McGOWAN: The changes which were announced subsequent to the Budget were in the areas of Two Rocks and Mandurah. They would receive an exemption for travelling before 7.15 am and after 9.00 am.

Mr MARTIN: No. The Dayrider concession applies across the network. Any Dayrider concession can be used before 7.15 am and after 9.00 am.

Mr McGOWAN: What is the exemption for Mandurah and Two Rocks?

Mr MARTIN: The question being asked was what evidence was available relating to people who had some discretion about travel and were using the services during peak periods. The concession was particularly for school students who needed to get to Perth from Mandurah, Two Rocks or Muchea, and they had the benefit of having to catch the service before 7.15 am and reach school in time.

Mr McGOWAN: That is the concession for those areas. My question is, why did you decide to make that the cutoff point? This is a parochial question, because my area is further away from the metropolitan area than is Two Rocks - or it is a similar distance - and no concession was made for Rockingham.

Mr MARTIN: A decision was made that most concern was for people travelling from the most remote locations.

Mr McGOWAN: It seems to me to be arbitrary. Can I put the question on notice relating to an arbitrary distinction being made? For instance, the people living in Rockingham are as far south as those who received the exemption are north. Is it appropriate to place that on notice?

[3.10 pm]

The CHAIRMAN: The advantage of asking that information be provided by supplementary information is that the information will be provided to the member this week, whereas if it is asked as a question on notice, the member must wait until next week.

Mr OMODEI: I would prefer that question be asked on notice to the Minister for Transport.

The CHAIRMAN: Do you have any statistics with you for concession card holders that indicate the percentage split-up between school children, age pensioners and others?

Mr MARTIN: I do not have that material available.

The CHAIRMAN: Will you provide that as supplementary information?

Mr MARTIN: Yes.

Ms MacTIERNAN: Mr Chairman, may I suggest that in the supplementary information you seek you might want information also on tertiary students as a distinct category rather than just school students?

The CHAIRMAN: Yes.

Mr MARTIN: I suggest we will probably not be able to give that sort of breakdown. We cannot distinguish between, for example, secondary and tertiary students.

Ms MacTIERNAN: But students can be singled out from pensioners, for example?

Mr MARTIN: Our ticketing system makes no distinction. The information could be provided only on the basis of surveys. Once upon a time a distinction was made in the tickets, but there is now no distinction between the tickets pensioners and secondary or tertiary students buy.

The CHAIRMAN: Hypothetically, when people apply for a concession card they must have to tick a status category that entitles them to seek the concession?

Mr MARTIN: Many cards entitle people to a Transperth concession. I do not know how many there are; I could provide the list for you. There may be 15 or 20 different cards that entitle people to concession fares. However, once they have a concession card, they buy the same Transperth ticket, so the breakup is not something we readily record. It would be interesting to know, but it is not something we can find out through our ticketing system.

The CHAIRMAN: I seek the same supplementary information with the variation as suggested by the member for Armadale.

Mr MARTIN: Yes, subject to its being available. If we are not able to give what you have asked, we will explain why.

Mr CARPENTER: I want to get clear in my mind the government assertion that the elderly and pensioners have discretion in the times they are able to use public transport. The department did some observation that indicated there were people who perhaps had some discretion, but no question was put to anybody about whether they had any discretion about the time they could travel.

Mr MARTIN: No, I do not believe that was the case. The "felt" report indicated that many age pensioners were using the bus from, say, Mandurah in the morning peak period.

Ms MacTIERNAN: Which report is that?

Mr MARTIN: It is an observation or an experience report. In the period after the budget announcement the amount of traffic was dramatically lower. Comments were made to the department and the Minister that it was great to be able to get on a bus in Mandurah and get a seat.

Mr CARPENTER: Who made those comments?

Mr MARTIN: People who use that service; in other words, full fare paying passengers.

Mr CARPENTER: I understand why that might be the case. I assume that given the demographic profile of Mandurah, many passengers would be elderly or retired people. No effort was made to ascertain from them whether there was any discretion in the time they could travel. Following the "felt" report, no subsequent effort was made to find out what their reaction was, other than the fact they were no longer using the transport. The department got a reaction from the people who remained on the buses, but it did not get a reaction from those who were off the buses.

Mr MARTIN: Since the arrangement for people to travel on the Dayrider concession fare before 7.15 am, I am not aware of any complaints or criticisms. There was a dramatic change in the reaction generated by the community after that announcement about the 7.15 am time limit.

Mr CARPENTER: What was the change?

Mr MARTIN: If people want to make an early morning visit to Perth or to travel to routes along the way, they appear to be satisfied with the new time arrangements.

Mr CARPENTER: What about those who are no longer travelling at that time? Was any effort made to find out what their reaction was?

Mr MARTIN: No surveying has been done on them.

Mr CARPENTER: Has any survey been done to show whether they are using public transport at another time?

Mr MARTIN: No.

Ms MacTIERNAN: I turn to subprogram 1.3 on page 980 of the Budget Statements on bicycle policy. A road safety program for cyclists in the Armadale area provides services statewide. Applications for funding have been made by that centre. An application was made for capital funding in the order of \$175 000 and also a request for recurrent funding was made. Have they been provided for in this budget? Currently the centre gets only \$16 000 recurrent funding to staff a full time officer. He trained 4 000 students last year and has 6 000 booked in this year.

Mr MARTIN: I can respond to the question, but I am afraid I cannot give a specific answer. I will find out the information requested on this year's budget and supply it as supplementary information. I am aware that the centre has faced difficulties with funding. There has been ongoing dialogue. BikeWest has provided some support in the past.

Ms MacTIERNAN: I move to subprogram 1.4 on the taxi industry. The department says one of its major achievements has been the progress towards providing safety measures for taxi drivers. I am aware of the long, involved saga of the video cameras. What is the estimated date of the arrival of video cameras in the vehicles of the ordinary, everyday driver? Is the department considering the provision of screens? What is the position of WorkSafe on video cameras and screens, and has the department received representations from WorkSafe on these issues?

[3.20 pm]

Mr OMODEI: A taxi driver safety summit was held in April 1996. One of the key outcomes was the decision to install cameras in taxis. The tender process has been rather long and it is expected to be finalised later this month.

The tender for the supply and installation of camera surveillance units has closed, and an industry evaluation panel has been chosen to short list the tenders. The testing of the short listed equipment is currently being undertaken. Subject to the testing being successful, the industry evaluation panel will make a recommendation to the Department of Contract and Management Services' tenders committee. Once the formal approval process is finalised, the successful tenderers will be able to produce and fit the units.

It is anticipated a contract will be let within a month; however, given the size of the fleet, it may take longer for the installation of camera surveillance units. It will be wholly funded by the taxi industry development fund, a dedicated fund to Treasury which can only be used for taxi industry development purposes under the authority of the Minister.

I understand that we will not use video-type cameras, but a new type. Perhaps Mr Martin could talk about that and the WorkSafe aspect.

Mr MARTIN: The camera being tested is a digital photograph camera rather than a video camera. Second, in relation to the screen -

Ms MacTIERNAN: The first one was about the time frame.

Mr MARTIN: At this time we anticipate the contract will be let, as the Minister indicated, within the month, and some months will be taken to fit out the whole fleet - I am not sure how many are involved. My understanding is that it may take three to six months to fit out the whole fleet.

Ms MacTIERNAN: So the contract has not been let?

Mr MARTIN: Not at this time. The preferred tenderer's equipment is being tested. We are confident it will meet our requirements and we expect to award the contract within the month. The department is looking at screens, but the difficulty is that there are no approved screens in Australia. The concern that we have in endorsing any screen

is that if they are not properly authorised to standards, a liability might apply to anyone who fits one. We have been discussing that with WorkSafe. We have been in discussions with the Department of Transport about both the cameras and the screens.

Ms MacTIERNAN: Has WorkSafe issued any approval notices?

Mr MARTIN: No. One of the issues, of course, is that even if a screen and a camera were installed and an incident occurs, WorkSafe is still at liberty to issue some direction to the owner of the taxi.

Ms MacTIERNAN: Apropos that aspect, some suggestion has been made that we should look at purpose-built taxis. Is your department engaged in any work on that issue?

Mr MARTIN: It is a subject on which discussions have been held with other taxi units in other States. It has not progressed very far, although it is a good concept. The difficulty is whether we would reach agreement across all States regarding one make of taxi. One would need such a scale to make it a viable product to manufacture. We are some distance from having a standard taxi vehicle in Australia.

Ms ANWYL: Will screens and cameras be compulsory? How is it proposed to have a contribution to the cost payable to the driver, as was anticipated some time ago?

Mr MARTIN: In the taxi driver safety summit in April last year a decision was made that all taxis have surveillance cameras fitted. The Minister for Transport pledged \$1 000 from the taxi industry development fund towards the installation of cameras, and any cost beyond that \$1 000 will be a cost to the owner.

Ms ANWYL: Where is the removal of licences from some taxi drivers last year by the Department of Transport reflected in the budget? Is the process ongoing, and has every driver been vetted? Also, how many licences were revoked and what types of offences were involved?

Dr WHITAKER: We can provide the supplementary information sought. The supplementary information the member requires relates to the middle of last year when a number of drivers lost their licences and a number had to show cause why their licences should not be lost. We should be able to give a breakdown of offence types, and so on.

Turning to the question about whether it is ongoing work, the answer is, absolutely. When somebody applies for a passenger vehicle driver's licence, a licence fee is charged to everybody so we can enter a national database to determine the person's criminal history. A person may not have a record in this State, as the offence may have been interstate. The checking is very thorough. We use the national database to determine suitability, and the checking is done in conjunction with the police.

Ms ANWYL: Has every existing driver been vetted?

Dr WHITAKER: Absolutely. Anybody who wants to be a taxi driver is tested.

Ms ANWYL: Are you confident that the database goes to every State?

Dr WHITAKER: It is a national link-up in every jurisdiction so we would pick up somebody who has a record in another State.

Ms ANWYL: Are provisions made to check overseas records?

Dr WHITAKER: I would like to take that question on notice. My understanding is that when people come into the country, it is a consideration. To what extent that information is linked to the database, I need to provide by way of supplementary information.

Ms MacTIERNAN: That is a particularly important point when considering the percentage of drivers who are of overseas origin. The "felt" report, to use that expression again, indicates that around 80 per cent of drivers are in that category. We have raised this question and suggested that a check should be made of immigration records. Have you considered checking the immigration records as well as the national database? It seems inappropriate not to check overseas records.

Dr WHITAKER: I am happy to take that as a supplementary question. I suspect that a link exists between that national database and immigration records, but I will follow that up.

Ms MacTIERNAN: What is the taxi unit doing regarding the high driver turnover in the taxi industry and what can be done to ensure some decent returns to drivers? From my felt report, many drivers are earning around \$5 an hour. To many people, particularly drivers who neither own nor lease plates, but are complete lease drivers, it is a job of

last resort. What is being done and what is the position of the taxi unit about how we might provide better returns to the lease drivers in order to ensure some stability in the industry?

[3.30 pm]

Mr MARTIN: I can try to answer the question, but I cannot answer its specifics. I can say that the taxi industry board is looking at the viability of that part of the industry and also at customer service. We believe that if a driver is not happy or is struggling, his quality of service to the travelling public is not as good as it could be.

We are studying the question in a policy sense. It has some implications for the earnings of the driver, but we must be a little cautious because we cannot interfere with the contract arrangements between drivers and management companies or owners. It is of concern to us if the behaviour and attitude of the drivers is affected by the viability of their job. I do not know the specifics, but we are concerned to make sure that the taxi using public has a good level of service.

Dr WHITAKER: One of the significant concerns of taxi drivers who lease their vehicles is the rate they pay per shift for the lease of the taxi. One of the department's activities is controlling lease rates. This requires the approval of the Director General of the Department of Transport. I am expecting a proposal in the near future. As the member may imagine, there is some tension between owners, who might like to charge one fee per shift, and drivers. We have regard to the views of the Taxi Industry Board. There is an approval mechanism for lease rates. It is not up to the owners to charge whatever they feel like, but it has to be justified to the Director General of the Department of Transport.

Ms MacTIERNAN: What sort of analysis and data is collected in the department in order to determine whether the lease fees should go up? Has the department undertaken any surveys of the returns of those lease drivers in order to make an intelligent and informed decision on the appropriate lease rate?

Dr WHITAKER: Certainly that information is available. It has been sought from the taxi drivers' associations, of which there are a couple, and also from the Taxi Industry Board. I do not have the data to hand, but it is a prime input into the formulation of their views.

Ms MacTIERNAN: The unit has not done any research, has it?

Mr MARTIN: To my knowledge the unit has not conducted a formal survey. It is in consultation with the taxi drivers' associations as well as the Taxi Industry Board, which has connections with the industry. One of the issues we have to be careful of is that the amount of money that a taxi driver earns depends very much on his skill in operating an area. We must be careful not to rely on what he claims to be earning as against the impost of the manager or owner.

The CHAIRMAN: Would the department consider it more appropriate to consider those factors bearing in mind that we are dealing with a cash industry?

Ms MacTIERNAN: With the recording devices, do they have a lot of scope?

The CHAIRMAN: I would not have thought so with the card system, but the cash devices may be different.

Ms MacTIERNAN: Given that most of the fares and jobs are recorded, does a lease driver have any capacity to take cash money and not declare it? I do not suppose it is an issue which the department deals with.

Mr MARTIN: It is not an issue on which I would care to comment. I was making the point about whether the fee charged is the maximum or minimum. Dr Whitaker has explained that we are trying to make sure that people are not robbed. The other issue is how the quality of the driver affects his income.

Ms MacTIERNAN: As regards taxi drivers' conditions, the taxi unit presumably gave advice on the need for the compulsory 12 hour shift that drivers now have imposed on them. What has been the reaction from the taxi drivers?

Dr WHITAKER: Their reaction has been to question whether it is necessary for them to continue till 6.00 am. We have been talking closely with the taxi industry bodies and a general school of thought seems to be that although it is okay for us to require them to be on the roads at weekends from 6.00 pm, the question is the right cut-off time. The industry's general view is that 4.00 am would be a suitable time. I have asked the various groups who have spoken to me whether they could use the records from their dispatch companies to give me evidence that there is a significant drop off at that time when they say it should no longer be compulsory for people to be on the road. We might look forward in the near future when we receive that data to relaxing the hours a little and having a close-off about 4.00 am, but I want the data before any decision is made on that.

Ms MacTIERNAN: Very few areas have geographically restricted plates. I know they exist in Armadale. They are becoming non-viable, in that drivers can only operate in those local areas. If they pick up someone in Armadale who wants to go to Belmont race track or the city, they have to drive all the way back and not pick up any passengers. It is doubly absurd because people going to those areas, particularly late at night, have difficulty in getting a taxi driver who is prepared to take them there.

Dr WHITAKER: A number of issues are related to plates. The industry has made representations concerning plate issues to us. The Minister has agreed that we will undertake a review of plates, how they are issued and so forth. I anticipate that will happen in the coming financial year.

Ms MacTIERNAN: I have a number of queries regarding peak period operators who are saying that their plates are non-viable. Will the Minister give us some idea of how much peak period plate operators paid for their plates? I know that they are pressing to have access to the airport. I can understand that the department might have some reluctance in that regard. They also say that they were promised an advertising campaign that would alert people to the fact that even though they have compulsory maxi vehicles, passengers do not go onto tariff three if fewer than six people are in the vehicles. They say that promise made by the taxi unit has not been delivered.

Dr WHITAKER: There are a number of aspects to that question. The first was whether the peak period plates would be part of the review we will undertake into the types of plates and how they are issued. The answer is yes. The member asked how much do they pay for them. I would have to provide that answer by way of supplementary information because I do not have it to hand. Yes, I have heard recently from some people in the industry that they are looking for greater public awareness of tariff three. In discussions with the taxi unit and the industry, we have agreed that we will put more publicity into that in the very near future.

Ms MacTIERNAN: What sort of time frame are we looking at?

Dr WHITAKER: I would say a few months.

Ms MacTIERNAN: Is there money in the budget for that?

Dr WHITAKER: Yes, there would be.

Ms MacTIERNAN: Where would it be?

Mr MARTIN: In the taxi industry development fund.

Dr WHITAKER: That fund, as mentioned earlier, requires ministerial approval. If a beneficial proposal comes from the taxi industry to the Minister which will help the health of the industry and the Minister approves, we will spend the money.

Ms MacTIERNAN: Peak period operators are concerned that the rules relating to the age of their vehicles were changed after a number of people purchased their plates and vehicles and that they are limited to vehicles less than 10 years old. Given that they are only part time taxis, they are concerned to have that period extended to 12 years. The question involves two issues: First, that there was a shifting of the goal posts after the drivers purchased their plates and vehicles, and second, that there is a need to be a little more generous and realistic about the age of the vehicles.

[3.40 pm]

Dr WHITAKER: I will provide that by way of supplementary advice, because I am not sure if any rules or goalposts were changed. That can be clarified. The age restrictions on the vehicles have two components: One is the maximum age; the other is the minimum age when first put into the fleet. I have not received any representations that suggest we should stretch them out further. However, I will check whether the taxi unit has had any requests and provide the information as supplementary advice together with our views on the matter.

Ms ANWYL: What is the explanation in the regional transport program on page 982 for the income from grants, subsidies and transfer payments increasing by about \$4m?

Mr OMODEI: The increased school bus contract component of \$5.9m was transferred from the Education to the Transport portfolio in January 1996. The forward estimates of payments to contractors were found to be unrealistic. Negotiation with Treasury allowed more realistic forward estimates to be accepted. The subsidy to Bunbury City Transit was increased to allow for the purchase of two buses for around \$540 000 and depreciation and interest on these are operating costs and come to over \$100 000. The additional expenditure under the regional airport development grants scheme is offset by a reduction of \$2.2m in grants payable in 1997-98.

Ms ANWYL: Page 983 of the Program Statements shows that the cost of the school bus coordination service increased by about \$5m. Is the Minister saying that the reason for this was an unrealistic estimate of the cost of those contracts?

Dr WHITAKER: The figure in the forward estimates when the Department of Transport took over this function from the ministry of education - as it then was - was unrealistic. Our discussions with Treasury have led to this adjustment. An earlier question related to one issue where we failed to convince Treasury as to the accuracy of our estimates. On this issue Treasury recognised, on the basis of our experience of running the school bus services, that we needed to increase that to maintain the current level of service.

Ms ANWYL: Effectively that \$5m is required to maintain the current level of service?

Dr WHITAKER: It relates to the provision of school bus services and the annual cost has increased by about \$5.9m.

Ms ANWYL: The overall cost is \$54.5m, and the increase of \$5m is to maintain current levels. Is a breakdown available between metropolitan and country services?

Dr WHITAKER: I will provide that by way of supplementary information.

Ms ANWYL: As the Minister read out at some speed his prepared statement on the airport planning and financial support program could he apprise me of the reason for the reduction of \$2.2m?

Dr WHITAKER: The regional airports development scheme funds remote airstrips like those at Halls Creek, Fitzroy Crossing etc. One program was \$7m over three years. In this financial year we brought forward the expenditure we had been given for 1997. So many things needed to be done in this financial year that we sought and received Treasury's agreement to bring certain moneys forward to this year. That makes this year's figure look a little high. Next year would have been the last of the three years of that \$7m program. We have spent practically all of that in this year. We have a small carryover of about \$400 000. The budget also makes provision for a new scheme of \$5m over the coming three years; that is \$1m, plus \$2m, plus \$2m. Next year we will spend \$1.4m, being \$1m out of the new program and the residue of \$400 000 from the previous program. The current year's expenditure looks high simply because we brought expenditure forward. There were key priorities, such as sealing the airstrips at Halls Creek and Fitzroy Crossing.

Ms ANWYL: Rather than airport planning it should say airstrip planning.

Dr WHITAKER: Some of them are strips and some of the strips we turn into airports; Wiluna is an example.

Ms ANWYL: Is there an ongoing review process on the standard of these airstrips?

Dr WHITAKER: Under this program expressions of interest are called. Local government operates these strips, there being only one private strip in WA, which is at Broome. We have called for expressions of interest for where there appears to be need. When we provide assistance it is on the basis of the shire providing funds to the limit of its ability and the Government putting in some. A set of criteria exists - obviously essential services like Flying Doctor access is a prime consideration - and a panel evaluates the need. This year expenditure will exceed the \$1.4m that will be spent in the following year. The final decision is made by the Minister for Transport. A new \$5m program will be implemented and we will make many significant improvements around the State with that money.

Mr McGOWAN: Does the money that is included in that program include the Busselton airport construction?

Dr WHITAKER: Yes, that was in the first \$7m program over three years. Part of the moneys that were brought forward this year included the Busselton airstrip.

Mr McGOWAN: At the time it was constructed there were some concerns that no tender process was entered into, no scheduled air service was organised prior to the construction of the airport, and there were other difficulties in sorting out a regular service to the area. Do those problems still stand?

Dr WHITAKER: It is a chicken and egg problem. We could not have a regular passenger service until we had an airstrip. The existing strip in Busselton is on private land. It is a paddock. Before we could attract a new service we had to demonstrate there was a worthwhile airstrip. Since the strip has been completed we have received expressions of interest. We went public for those and received a number of submissions from operators in Western Australia. They are currently being evaluated with a view to putting in place a regular passenger service between Perth and Busselton.

Mr McGOWAN: Has the tender process closed?

Dr WHITAKER: Yes.

Mr OMODEI: It was an airstrip in a paddock that is private property. One must get a key to open the gate, and ensure that no cattle are on the strip.

Ms ANWYL: I refer to the major achievements on page 983, in particular the regional transport strategies, most of which are now complete, although I note that the mid-west and goldfields-Esperance strategies are still under consideration. What is the process for collating those strategies once they have been finalised? There would be competing bids from those regions. For example, ports already exist and various regions would have different submissions on what they would like to see done. When do you expect the other strategies to be completed?

[3.50 pm]

Dr WHITAKER: We are trying to determine the regions' needs for infrastructure and transport services, which will be provided by both the private and public sectors. We must make sure the transport system is integrated between modes - that is, road, rail, aviation and maritime. It is important that the process be a partnership between the Department of Transport and the relevant regional development commission. Members will be aware that the State is divided into regions each of which has a regional development commission. The Department of Transport, in partnership with the relevant regional development commission, manages the whole process. There is a lot of public consultation and collaboration, often in remote places.

What generally happens is that a draft strategy is prepared which analyses the current transport system in a region. The draft strategy identifies the needs and aspirations of the people in that region for the next 25 years. We look at the current transport problems and consider what problems can be anticipated if the needs of the region are not met. We then prepare a draft document for public discussion. It is discussed in lots of public forums and it ultimately leads to a final strategy. That becomes the blueprint, or a working document for designing the transport system for, say, the Pilbara for the next 25 years. As part of the process there is an ongoing review mechanism; therefore, we do not say that that is it for the next 25 years. In collaboration with the regional development authority we implement a process by which the regional transport strategy is reviewed every three to five years and updated to cater for the new problems which emerge. It is a very important exercise because in this State we must make sure that transport systems are integrated. It is no good having the road mode working very well if the links to the port do not work well. It is those sorts of intermodal linkages for which the regional transport strategies have regard. These documents draw very heavily on the work which our colleagues at Main Roads Western Australia undertake. They undertake a similar exercise with respect to roads and I refer to the "Roads 2020" documents. We integrate those with plans for rail, aviation, maritime and others so that the State has a seamless transport system.

Mr CARPENTER: On page 993 of the Budget Statements reference is made to the regional transport program and it refers to development through tendering of a formal strategy for aviation training in Western Australia. Last night I attended a meeting at Jandakot Airport between representatives of the Federal Airports Corporation, Airservices Australia and the Department of Transport. The Minister announced the initiative of a joint strategy between the Federal and State Governments a couple of days ago. I was led to believe by one of the people at the meeting that the tender for the development of the strategy, which has been won by consultancy group BSD Consultants Pty Ltd, is the subject of dispute.

Dr WHITAKER: That is the first I have heard of a dispute about this award. I guess I can provide the answer to the question by way of supplementary information. To my knowledge there has not been any problem with it, but I will update the member.

Mr CARPENTER: I would appreciate a reply. Unless I am totally incorrect, the representative of the Department of Transport provided that information in reply to a question. He invited the person who asked the question to speak to him later.

Dr WHITAKER: I have not been briefed on that, but I will certainly look into it in the way the member suggests.

Mr CARPENTER: I understand the strategy was budgeted for in the current financial year's budget?

Dr WHITAKER: Yes, but a significant part of that money is commonwealth money which we got out of its regional development program before it was abolished.

Mr CARPENTER: How much will the study cost in total and how much will the State contribute?

Dr WHITAKER: I will confirm it in supplementary information, but my recollection is that the total cost was \$180 000. My recollection is that it was on a 50-50 basis, but I would prefer to confirm that in supplementary information.

Ms ANWYL: I refer to the third item under the second dot point on page 985 of the Budget Statements. It appears that there is now an accountability framework. Is there a document available which outlines what this is about? The



description is very general. The framework addresses the so-called problems on the waterfront. How has the Labour Relations Legislation Amendment Bill been factored into that?

Dr WHITAKER: I will deal first with the accountability framework for ports. Basically, the objectives the Government has for ports are that they are there to facilitate trade. They are not there to generate revenue. To achieve that end, the Government has decided it does not want to privatise the ports, but it wants them to be commercialised. It wants the port users and port authorities to share in the benefits of the commercialisation process. This will be approached through a new port authorities Bill which will cover new issues of corporatisation and accountability. It will seek to put the Government more at arm's length from the operations of ports, but it will require them on a regular basis to set performance goals which must be agreed to by the Minister. They will be required to report on their performance goals. In a sense, we are letting the managers manage, but the ports will remain in government ownership. They will be commercialised and they will share the benefits with the port users. As I mentioned, the chief objective of the ports is the facilitation of trade, not the making of revenue.

Mrs HODSON-THOMAS: I notice there is an increase in full time employees in the maritime transport section from 159 to 179. In the corporate services section there is also an increase in FTEs in the maritime section from 22 to 28. What is the reason for these increases?

[4.00 pm.]

Dr WHITAKER: Two issues are involved. In corporate services the FTEs and the budgets are notionally, but realistically, allocated against the various programs. I have to deal with some of the increases in corporate services which have occurred. Secondly, there have been a number of vacancies in the maritime area this year which will be filled in the coming year. With respect to corporate services, the Department of Transport has grown significantly in recent years. In the 1992-93 financial year there were in the region of 120 people in the department and now there are over 800.

Through the process of various amalgamations and new functions the department has grown significantly so that it has over 800 staff. One of the first things that happened in 1992 was a merging with the Department of Marine and Harbours, which added another 300 people to the department. There have been a number of other additions, the most significant of which occurred about 18 months ago when what was known as police licensing and services - that involved the licensing of vehicles and drivers - was added to the department. There has also been an increase in other functions; school buses have also come over to us. Road safety is a major new program; it appears in the estimates for the first time this year.

The department has grown significantly over the past few years. It is fair to say that the corporate support that is needed for a department of this size has not grown commensurately in the past couple of years. When we received responsibilities from the Police Department, we did not get a commensurate increase in the corporate support we needed. We have recognised that and have done major work on our corporate services needs. We have been running too slim in the past. Some of the increases in corporate services relate to filling jobs we should have filled in the past couple of years. That is reflected as it is distributed into the various program areas. The explanation for the maritime area is that it reflects some of the corporate services growth and some of the filling of vacancies from within that program.

Mrs HODSON-THOMAS: The difference of 20 was vacancies that had not been filled over that time?

Dr WHITAKER: In part it is vacancies, yes.

Mrs HODSON-THOMAS: There has been a decrease in the funds allocated for maritime facilities development from \$27.218m to \$18.273m. Is that because facilities have been completed?

Dr WHITAKER: There is a significant decrease of about \$9m. There has been a significant decrease in a number of areas. There has been a significant decrease in expenditure on capital works of about \$10m. There are some on and offs here. There has been a decrease of \$130 000 in the administrative costs of the Kimberley ports of Broome and Wyndham. There has been extra expenditure of over \$400 000 for dredging. There has been an increase in the corporate services allocation for reasons to which I referred earlier. Additional costs have been due to enterprise bargaining agreement increases and an additional quarter of a million dollars for the Bunbury timber jetty. There are also funds for salary increments. The key reason for the \$9m difference could be attributed to the decrease in expenditure on capital works, which totals \$10m.

Ms ANWYL: The details relating to capital works projects on page 998 of the Program Statements refer to \$190 000 for demolition of the Carnarvon jetty. How much has been allocated for the restoration of that jetty, if any? To whom will the amount for demolition be payable? Is there any requirement for that to be paid into a trust fund, as

has been mentioned by the local people? Will any extra funds be made available in the long term? I understand the cost of restoring the jetty will be about \$1m.

Mr OMODEI: I understand that the Department of Transport has been negotiating with the Shire of Carnarvon for a number of years for the shire to take over responsibility for the jetty. The jetty no longer provides a transport use. Difficulties also exist for the shire to take it over.

Dr WHITAKER: At this time none of the jetty has been knocked down. As the member is aware, some timbers have fallen free because the bolts and so on that have held them in place have rusted. One section has also been damaged by fire. The head of the jetty has deteriorated to a stage where it cannot be repaired. The Heritage Council and the local jetty preservation society have expressed an interest in retaining the jetty. However, as the Minister said, the jetty no longer has a transport purpose, although it may have a heritage value. The department is working with the Heritage Council and the jetty preservation society. The shire wrote to the department recently indicating that it does not wish to take over ownership of the jetty because it considers the \$400 000 which the State offered for that purpose to be too little.

We are holding the \$190 000 referred to in these papers - we will not spend it - to demolish the jetty or to manage it. We have not spent it and we could carry it over. If the shire maintains its current position and no other body is prepared to step in and save the jetty, the department will be obliged to arrange for demolition of the jetty. If that is the case, I am advised it would be more economic to do it in one go rather than in parts. However, the head of the jetty has deteriorated irreparably. The matter is still being discussed by the local preservation society and the shire. The matter has not been decided at this time. However, there is significant reluctance by the shire to take over responsibility for managing the jetty.

Ms ANWYL: In relation to the negotiations, which I understand from the answer are continuing, will notice be given to the local preservation society if a decision is made to demolish the jetty? What sort of time frame are we talking about?

Dr WHITAKER: I do not have a time frame in mind. That matter has been going on for a number of years. Hopefully it will be resolved fairly soon. The discussions are full and open. Nothing secretive will happen. There will be opportunities for the Heritage Council and the preservation society to know how things are shaping up.

Ms MacTIERNAN: I note that one of the achievements under program 3.0 has been the maintenance of a north west shipping service. I understand that this is a \$5m subsidy per year and only one ship now operates in place of the four ships that operated previously under Stateships.

Dr WHITAKER: The Kimberley shipping service is being provided by the private sector. Stateships ceased operation in June 1995 and the Government is supporting a private sector operator. A two year contract awarded to Union Bulkships is in place with a third year option. The contract formally commenced in February last year. There has been agreement about the subsidies that will be paid over the two plus one years. A recent survey of the users has been published. That indicates strong support for the existing service and significant prospects for growth of that service. The provision this year is around \$5.5m, down from \$6.9m in the current year. There are a number of reasons for these changes, but it is a decreasing amount of money.

[4.10 pm]

Ms MacTIERNAN: Is there no fixed price for the contract?

Dr WHITAKER: Yes, the contract price is fixed but there are additional costs. The amount the Government is committed to under the contract in the current year is \$4.941m. In 1997-98 it is \$4.463m, and in 1998-99 it is \$2.521m. There are a number of other costs associated with Stateships. For example, in the current year vessel insurance and container costs are \$1.1m, and there will be no cost next year. Debt servicing for the current year amounts to \$3.3m, and next year it will be \$3.4m. We are still holding superannuation and pension costs, which are constant at \$1.9m. Administrative costs are down significantly, at \$0.5m this year and less than \$200 000 next year. That reconciles to the figures of \$6.89m for the current year and \$5.565m next year. That amount is not just the payment of the contract.

Ms MacTIERNAN: You said the survey showed strong support for growth, and everyone agrees one ship is not providing an adequate service. How will the growth be provided for? Will there be a subsidy for additional ships?

Dr WHITAKER: Not at this point. A number of things could feature. Certainly the operators could look at the frequency of the service to the Kimberley, because the ships that serve the Kimberley go on to Darwin and so on. I understand they have taken over the charter of the *Sina*, and they have the option of getting a larger ship, which they may well take up. That is a matter for Union Bulkships. Another prospect on the horizon with the handing down

of the Manser report two years ago is that there may be a resurgence of shipping around the Australian coast, which could be of significant benefit to the Kimberley.

Ms MacTIERNAN: My next question relates to the foreign flagged vessels. One of the concerns about the demise of cabotage is not only the loss of Australian jobs but also the safety of those vessels and the environmental threat they might face. What has been done by the department -

Mr OMODEI: I am told that is a federal matter on which we cannot comment.

Ms MacTIERNAN: Presumably as an operator of ports through its agencies, the department would be concerned about environmental hazards within those ports. What has been done by the department?

Dr WHITAKER: I refer in the first instance to what is happening through the Federal Government. It must be realised that at this point 90 per cent of the vessels sailing around the coast are foreign flagged and, even if it were opened up, there would not be many more foreign ships around. Part of the Federal Government's proposal is a significant boost to the budget of the Australian Marine Safety Authority to ensure the continuing high standards. Already the vast majority of these ships are foreign flagged.

The department has developed safety plans and port plans which indicate to each port the sorts of procedures that should be in place with respect to spills of oil and other noxious substances. We work closely with them and we have developed a model document on how to run a port from a safety point of view.

Mr CARPENTER: What percentage of Australian coastal shipping is foreign flagged?

Dr WHITAKER: I understand it is 90 per cent.

Ms MacTIERNAN: You say that 90 per cent of vessels that come into Australia are foreign flagged?

Dr WHITAKER: At the moment they can do it on single voyage permits, multiple voyage permits and so on. There is a wide permit system. Basically there is already a lot going on, and if they lift cabotage it will be relaxed a bit.

Ms MacTIERNAN: My next question relates to Oakajee. Has the department been involved in planning for a new port to be developed to service the Kingstream project, what sums have been spent, and how long has it been involved in this project?

Dr WHITAKER: I will provide the answer on the amount of money as supplementary information. The department has been intimately involved from the first conception of this proposal and has been working closely with the Department of Resources Development.

Ms MacTIERNAN: For how long?

Dr WHITAKER: My recollection takes me back to the final quarter of last year. It would have been September or thereabouts - certainly in the second half of last year. At that time we received a request from the Department of Resources Development to second one of our senior officers, Dr Mike Paul, who is the expert within State Government in port planning and design. He was formally seconded to DRD and remains there at this time. My estimate of the cost is his salary for nine months, but I will check whether additional costs have been incurred. We have been intimately involved in the planning aspect of the Oakajee port and it has been a collaborative effort over a number of agencies. We support all the work being done.

Mr McGOWAN: Have you dealt with Jervoise Bay matters?

Dr WHITAKER: No.

Mr McGOWAN: What about planning for a marina in the Mangles Bay area?

Dr WHITAKER: The proposal for a marina at Mangles Bay has been around for at least 10 years.

Mr McGOWAN: Yes, but it was highlighted in a press release.

Dr WHITAKER: It has received a new lease of life in the past few months. There is now a major proposal to do a feasibility study on it, and I understand \$100 000 will be spent this year on that feasibility work. It is a joint venture with a number of other government departments, such as environmental protection, planning, LandCorp and so on. The department will be involved in that because, if built, it will be a significant facility on the coast and, as such, the department would have an interest.

[4.20 pm]

Mr McGOWAN: At the moment there is no time frame or location. Will that be formulated?

Dr WHITAKER: The terms of reference are broad. A number of issues dealing with its environmental feasibility need to be investigated properly. That is part of the work that will be done. The Department of Transport is a significant partner in that effort.

Mr McGOWAN: Which Estimates Committee will consider Jervoise Bay?

Dr WHITAKER: Which aspects of Jervoise Bay?

Mr McGOWAN: Approximately \$4.6m was set aside in the Budget for infrastructure work. In order to complete the project properly, \$120m to \$180m is required. On what will the \$4.6m be spent and what are the future plans?

Mr OMODEI: That project is not in this portfolio area, but we can provide the detail as supplementary information.

Mr McGOWAN: That would be good.

Ms MacTIERNAN: Reference is made on page 988 to establishing a task force to look at, among other things, driver fatigue. One of my concerns about safety legislation in this State is that we have no limits on the number of hours that a truck driver can work. This is obviously very closely associated with safety. We know that some subcontract drivers work seven days a week or 18 hours a day. Why has no move been made to impose some limits?

Dr WHITAKER: This is another of those longstanding issues that is often debated. As members are probably aware, most other jurisdictions have restrictions on working hours for drivers of heavy vehicles. Western Australia historically has not had such restrictions and the question has often been raised, why not?

A major study undertaken at Murdoch University looked at the effectiveness and cost effectiveness of what happens in other jurisdictions. Its overwhelming conclusion was that we should not go the same way because log books are open to widespread abuse. It is generally known in the industry in the east that some drivers have two sets of books: The real set and another that is offered for inspection. The introduction of log books is not the way to achieve proper management of fatigue. What must be addressed more effectively are the demands that employers and customers put on drivers. In addition, drivers have responsibilities, for example, when they turn up for work after a hard night or if they have not had enough sleep. Employers also have a responsibility in those situations.

A major symposium was held in Western Australia earlier this year at which the Minister brought together all interested parties, including experts from the east and the author of the report done at Murdoch University. The overwhelming response was that we need a form of self-management and a code of practice for the industry. We have developed a draft code of practice that has been widely discussed. Mr Howard Coxon has been asked to assist in the consultations with industry.

Western Australia is saying that it is an issue for drivers to self-manage and employers to manage in relation to expectations. It is also an issue of education of customers who impose unrealistic demands.

A wide range of issues must be considered, including the health of drivers. A number of companies in Western Australia are doing that extremely well by implementing medical checks, advice and so on for their drivers. They ensure that when their drivers go on the road they have a realistic timetable and if there is a breakdown they are not required to make up the time. There is a far better way to go than requiring log books and that is the direction we are following.

Ms MacTIERNAN: Is Dr Whitaker aware of the number of subcontractors in the industry and the competitiveness, that many truck drivers have no other skills or prospects of employment elsewhere and that many of them have enormous financial commitments in paying for their rigs? Does he seriously believe that those subcontract drivers will go to Brambles and the other hauliers and say that they will not work as they have done and demand that they work for only 12 hours or 16 hours?

Mr OMODEI: If it were a problem it would be reflected in the road accident statistics. To my knowledge road accidents involving heavy trucks are not a high statistic.

Ms MacTIERNAN: The Minister does not think that they are.

Dr WHITAKER: That is certainly true. I will provide supplementary information on that. They are significantly under represented in traffic accident figures.

Ms MacTIERNAN: Including accidents not involving other vehicles?

Dr WHITAKER: I do not have that level of detail but I will include it.

Ms MacTIERNAN: I am surprised that Dr Whitaker believes that self-management will work in this area.

Dr WHITAKER: The subcontractors are employed by companies such as Brambles and they are intimately involved in the program being developed. The companies readily acknowledge their responsibilities vis a vis their subcontractors. If a subcontractor's rig rolls over and a load is lost, that reflects on the prime contractor. It is in their very best interests from a financial point of view to ensure that subcontractors are viable, do not have accidents, do not lose loads and are not delayed.

Mr OMODEI: The same is true for owner-operators.

Dr WHITAKER: Absolutely. The symposium included the cost benefit of adopting a self- management approach. Some very interesting statistical advice was presented by the insurance industry about eastern states companies, which all have requirements for driving hour control. The report compared companies that chose to adopt a self-management program and those that did not. It also showed the situation before and after a company decided to adopt self- management. The gains were dramatic. The very strong message was that self-management is in a company's best commercial interests and the industry generally is saying that too.

Ms MacTIERNAN: Yesterday I faxed some questions in relation to heavy haulage weights and the testing and checking by the department of heavy haulage loads. How many officers are engaged in checking the weight of loads carried by commercial vehicles on roads?

Dr WHITAKER: The figure is 13.

Ms MacTIERNAN: How many vehicles, on average, are weighed each week?

Dr WHITAKER: About 100.

Ms MacTIERNAN: On average, what percentage of vehicles are found to be overweight?

[4.30 pm]

Dr WHITAKER: Seventy-five per cent of vehicles that are stopped are overweight. However, that is not a matter for alarm, because our people target those vehicles which they believe to be overweight. They seem to have a canny eye for detecting the profiles of tyres and vehicles as they travel towards them, and they can spot with unerring accuracy vehicles that are probably overweight. Therefore, the reason I say that 75 per cent of vehicles that are stopped and weighed are overweight is precisely that we do not stop vehicles that do not appear to be overweight.

Ms MacTIERNAN: What is the fines structure for overweight vehicles?

Dr WHITAKER: The fines structure is based on the percentage by which the vehicle is overloaded on either a single axle or multiple axle group, or on the aggregate combination mass of the vehicle. Infringement penalties vary from \$25 to \$490. Heavier fines that are imposed by the courts for the more serious offences are determined by a percentage formula which sets the minimum and maximum fines that can be imposed. I have copies of a schedule of those minimum and maximum penalties, which runs to three pages. It depends upon the percentage by which the vehicle is overweight and the type of rig.

Ms MacTIERNAN: The penalties are as low as \$25?

Dr WHITAKER: That is for being overweight to a quite marginal extent; in other words, not more than 5 per cent overweight.

Ms MacTIERNAN: How many drivers were fined last year?

Dr WHITAKER: From 1 May 1996 to 30 April 1997 - I have taken it to the year which ended at the end of last month - 4 031 owner-drivers were fined. We generally take action against the owner of the vehicle.

Ms MacTIERNAN: Who is responsible for providing weighbridges at quarries? Are they required to have weighbridges?

Dr WHITAKER: No. The provision of weighbridges at quarries, sandpits and so on is a commercial decision that the owner makes. From my information, about 90 per cent of what we might call permanent quarries and sandpits have weighbridges. They will be there for a few years, because they are significant deposits, and clearly it is in their owners' interests to make sure that their vehicles are not overloaded.

Ms MacTIERNAN: Given the high percentage of vehicles that are found to be overweight, has thought been given to increasing the number of officers who are engaged in this exercise?

Dr WHITAKER: The apparent high number of 75 per cent results from the officers targeting those vehicles which appear to be overloaded. The officers work in pairs, right across the State; for example, they might go to the Pilbara

or the Kimberley for a six week tour. Therefore, at any time a maximum of six teams could be on the road - although there are obviously leave provisions. The department's view is that our presence in areas is sufficiently random and unexpected that we have probably got it about right. If we were to put more people on the roads, I am sure we would catch more people. We see the role of this group not so much as catching people as doing the other work, which is networking with the industry - educating people rather than fining them.

Ms MacTIERNAN: I understand that the department is involved - correct me if I am wrong - in a proposal to increase the width of vehicles that need a police escort to 6.5 metres.

Mr OMODEI: Perhaps that should be asked under the next division, Main Roads.

Ms MacTIERNAN: Is the department looking at contracting out the testing of drivers for a motor vehicle driver's licence?

Mr OMODEI: No decision has been made at this time, but it is being considered for outsourcing.

Ms MacTIERNAN: Has the department prepared a report on this matter?

Dr WHITAKER: Not at this time. We are talking here about the licensing division of the department. When we took over that responsibility from the Police Service, we found that a number of areas needed significant rejuvenation, overhaul and modernisation. An overall plan for addressing the many issues in that area has been developed, and we now have a plan of attack with regard to which issues we will look at first. Driver testing is one of the issues that we will look at, but at this time, other than planning the dimensions of the study and its terms of reference, not a lot of work has been undertaken.

Ms MacTIERNAN: That is interesting, because I received an answer to a question on 27 May suggesting that the department would report to the Minister for Transport in May 1997 to outline the preferred strategies and that this matter was being considered as part of a major review.

Dr WHITAKER: Today, the Minister released publicly a new driver training package for schools. The Minister also announced that he now expects that report in about September or October this year, because a lot of work still needs to be done. The Minister was referring to a totally new way of approaching driver training and testing. It will not be a matter of getting in the car with somebody for 20 minutes and convincing that person that you can drive. The Minister has been alluding to the need to train new drivers more thoroughly so that when they get their licence, they have some experience of driving at night and in the wet.

Ms MacTIERNAN: The question and answer from the Minister were targeted clearly towards the introduction of accredited private testing.

Dr WHITAKER: I will certainly provide further clarification by way of supplementary information, because I understand that this morning the Minister said that October was when he anticipated receiving a full report on that matter.

Ms MacTIERNAN: On accredited private training?

Dr WHITAKER: He was talking about a totally new way of conducting driver training, and part of that will be who will conduct the testing.

Ms MacTIERNAN: Concern has been raised that because an increasing number of people are coming into this country with drivers' licences from jurisdictions whose testing standards are perhaps very different from ours, it may be appropriate to revise our acceptance of the practical component of overseas drivers' licences.

Mr OMODEI: We will take that as a supplementary.

Ms MacTIERNAN: I understand that the department is also considering outsourcing the inspection of vehicles. Concern has been raised that conflict may emerge from a privatised inspection service; for example, if the inspection were conducted by the motor trade industry, it might be in its interests to be overly particular in fault finding, and that would lead to additional costs for consumers.

Mr OMODEI: In the past the police handled vehicle inspections. It was not always convenient, particularly in the country areas. There is a good case to have it outsourced.

Ms MacTIERNAN: What about the metropolitan area?

[4.40 pm]

Dr WHITAKER: We have two objectives: One is for good customer service and the other is to make sure the standards are appropriate and do not slip, and that there are no mixed objectives, as the member alluded to. In terms of the status of this proposal, it is one of a number that is planned for the whole of the licensing division. We have not done any work on it. Already in the non-metropolitan area, it is outsourced to local garages. We have no evidence of any inappropriate activities. I have no a priori reason for suspecting it would happen in the metropolitan area.

We are trying to move from the present situation. We get many complaints about the long delays people suffer; for example, they wait for two hours in a queue to put their cars over a pit for inspection, only to be told that something needs to be fixed. They have that fixed and then go back to wait in the queue for another two hours to have their cars go over the pit, and so it goes on. We are not proud of the quality of the vehicle inspection service we are giving to our customers and we are looking to improve it. We could address that by getting others to do that work, but safeguards would have to be put in place.

Ms MacTIERNAN: Or you could assist in closing down licensing centres.

Dr WHITAKER: The areas we have closed down have not significantly affected licensing inspections.

**Division 41: Main Roads, \$43 851 000 -**

[Ms McHale, Chairman.]

[Mr Omodei, Minister for Local Government.]

[Dr K.C. Michael, Commissioner of Main Roads.]

Mr OMODEI: I wonder whether when asking questions, members might refer to the specific page or program or line items so that we can deal with the question fairly quickly. I will call on officers of Main Roads Western Australia to give most of the answers.

Ms MacTIERNAN: I have a query on the general level of contracting out of services. Can the Minister give some advice of the percentage of road construction and road maintenance work that is now contracted out?

Dr MICHAEL: We have a target of contracting out of 60 per cent of construction and maintenance works in rural areas, which was achieved in 1996-97, and about 80 per cent in the metropolitan area.

Ms MacTIERNAN: What were the targets based on? Were they just figures plucked out of the air?

Dr MICHAEL: No. We keep a running total of the contracts that are let, by value.

Ms MacTIERNAN: I thought the targets were stated to be 60 per cent and 80 per cent.

Dr MICHAEL: It was based on the document that we are working to; that is, the "Best Roads Blueprint" which contains our strategies for contracting out works and improving the structure of our contract management within the organisation. Within that document the intention is that 30 per cent of rural works will remain in-house.

Ms MacTIERNAN: Does that mean the figure is 30 per cent and not 40 per cent?

Dr MICHAEL: We are up to a target of 60 per cent this year, and 70 per cent is to apply from towards the end of this century.

Ms MacTIERNAN: What about in the metropolitan area?

Dr MICHAEL: We have indicated in that document that 100 per cent of the works will be competitively tendered by the year 2000. That does not mean there will not be any in-house work retained; it will just be the basis on which we will proceed with it.

Ms MacTIERNAN: Why is it important as part of the final strategy to retain a proportion of in-house work in rural areas?

Dr MICHAEL: It is very much to do with the distribution of the network in such a large State and the limited number of people within those areas with skills to provide that service, especially in emergencies and maintenance. If we were, for example, not able to go forward on this basis, we might find the situation quite vulnerable in responding to demands. We need to keep 30 per cent of the work to enhance and retain skills that can meet those demands.

Ms MacTIERNAN: Suggestions have been made that Main Roads has lost many of its senior, more experienced technical staff. I asked questions about this, although I am not sure whether I successfully received any answers.

Can the Minister give an idea of the number of senior staff members who are left in Main Roads and whether the department now has sufficient skilled senior personnel and whether the issue has been raised within the department?

*Point of Order*

Mr McNEE: Although some of these questions are quite good, I wonder whether they should be asked in the Parliament rather than here. I am battling to draw a long enough bow to find a connection between them and a budget item. We seem to be using a lot of time answering questions which I think should be asked in the Parliament.

The CHAIRMAN: I do not think the distinction is whether questions should be asked in Parliament or this forum; it is that questions must relate to matters of expenditure. Although a great deal of latitude is given to making that connection, I remind all members of this guiding principle. I accept the point of order, because in this case I think there is a connection. I ask members to make that connection in questioning more explicit.

*Committee Resumed*

[4.50 pm]

Mr OMODEI: I am sure the member for Armadale will take the answer as supplementary information. Matters of a general nature should probably be put on notice.

Dr MICHAEL: It is fairly typical for an organisation to experience these situations. I have been in Main Roads for many years and tracked my way through many situations involving the ebb and flow of skills. We have lost a number of experienced people. We also have a very good group of up and coming people who have the skills to follow through. Some of them need training and as a result a training program is in place. In fact we have implemented our work force resource and skills plan, a copy of which we have just distributed to all staff and union members. It identifies the skills we will need for the next decade and sets out how we will gain those skills through either training or recruitment. We are recruiting engineers from throughout Australia in order to supplement some of those people.

As we move more into the contract management side we will need more people with those skills and we will be introducing training programs along those lines. The important issue is to be aware that the changes are taking place and that we must have strategies and plans in place to address them. I believe we have those in place. We are trying more than ever to work with the industry and local government to ensure we have in front of us our own industry skills base from which we can draw.

That is improving all the time. In the next three to five years we will have a very comprehensive group so that we will not be vulnerable in any situation where special needs are required. Change is taking place, but it is normal for staff turnover to occur. Indications are that staff turnover within Main Roads is stabilising.

Mr OMODEI: Main Roads partners local government in some activities. In the past Main Roads has been a source of staff for local government. That is a healthy side of Main Roads.

Mr McNEE: The federal black spots program is referred to at page 589. Are any specific areas likely to be considered?

Mr OMODEI: The notes I have are very brief. In 1996-97 we received \$4m. In 1997-98 it increased to \$4.1m. The allocation will be spread on a 50-50 urban-rural basis.

Dr MICHAEL: The program began about April with approval from the Federal Government. We have done a considerable amount of work in establishing it. We found that the state consultative group, chaired by Senator Winston Crane, examined the list of suggestions that came forward from local government and other people to Main Roads. For the coming year, 1997-98, we have requests from local government around the State. We have established a set of regional road groups in consultation with local government as part of that partnership. They bring forward ideas to the central group. In other words, the ideas will come from the grassroots and be assessed by the state advisory committee. We hope it will go forward much earlier this time so that the program will be initiated earlier in the financial year, thus enabling us to plan and achieve targets.

Mr CARPENTER: At page 586, the estimated actual FTE number in 1996-97 was 1 600. In 1997-98 it is estimated it will fall to 1 490, a decrease of about 8 per cent. What is the concentration of people who are leaving? Do you have projections for 1997-98 which indicate whether 1 490 is the bottom of the trough? Is the staffing in the department in a steady period of decline?

Dr MICHAEL: I am aware of that issue. We have within the work force resource and skills plan statements containing projections. As we contract out the numbers and the support groups are affected the cross-section of skills also changes where various areas have different needs. They are identified within that plan. The forecast to which



the budget statements refer is the need in the year 2000 to examine other ways of bringing together the delivery of works. We are looking at forms of alliance so that we can do a couple of things. One is to be able to access skills within industry and local government. Both are part of that partnership. The second is to be able to make provision for some of our own people to either work within that alliance, alongside them, or even be moved across to that alliance if that is their wish.

As we reduce the numbers it is important to ensure opportunities exist for the people of Main Roads and it is very important to maintain the skills base within the industry from which we can draw for the future. That is our philosophy. The numbers will adjust accordingly as we develop and the next 18 months will see the key aspects of the review.

Mr CARPENTER: I understand you are talking about the change of structure. However, you did not mention a figure. From what you are saying, can we assume that in the year 2000 the number of FTEs in Main Roads will be significantly fewer than 1 490?

Dr MICHAEL: They will be reduced beyond that figure. The figure within our "Best Roads Blueprint" refers to 1 000 people. To achieve that we must be very careful that we do not lose the very necessary skills we require to be able to manage Main Roads' vast network. Although 1 000 is listed, the strategy I just outlined will provide a much more effective means of utilising the balance of the people we are talking about so that they remain within the industry in perhaps some sort of partnership or other form of contracting out that may be necessary.

Mr CARPENTER: We are looking at a scenario where there are dramatically fewer people in full time employment with Main Roads - a bit more than a third less - while it is contracting services from private enterprise or local government.

[5.00 pm]

Dr MICHAEL: Some opportunities exist where we can work in partnership in some of the design and research areas. Term maintenance contracts, both private and Main Roads, run side by side. Before rushing in and reducing numbers we should learn a bit from the effectiveness of the service and its cost so that when we come to contracting out we can form a new alliance, should that be the case, and it will be a very informed decision. It is for that reason I have not been definitive about the figures, because as we develop those strategies the way in which we may achieve those objectives may change. Currently the targets are towards the end of June 1997, and I think we have, within our resource and skills, provided a diagram which demonstrates how the numbers change. I have no difficulty in making that diagram available.

Mr CARPENTER: I would like that diagram as supplementary information.

From the beginning of the process what were the employment figures? I realise that the number has reduced to around 1 000 persons employed, but where do we start?

Dr MICHAEL: Over six years ago when I became commissioner our numbers were around 2 200, and it was evident at that stage that with increased contracting out by the Federal Government we would need to review how we might deliver these services and manage the work force. There were some severance pay-outs but not a great percentage. In other words, we have been able to manage the numbers by having a strategy in place which briefs the employees on their options and offers some alternatives. At the same time it provides them with any opportunities, and the choice is up to them. I believe the strategy has worked on a gradual basis. That was a necessary initiative at the time, in 1991 and before. One could say that there has been a gradual decline over that period.

Mr OMODEI: I am not sure what the line of questioning seeks to achieve. Perhaps it is to indicate how many fewer people work at Main Roads. At one stage the old Public Works Department and Water Board employed in excess of 5 000 people. That number has dropped to around 2 000. There is nothing sinister about that. Most of that occurred under the previous Government. It indicates that the numbers have fallen but people are probably working in a different locality, in local government, the private sector, or as part of the contracting out system.

Mr CARPENTER: I was not suggesting anything sinister. I wanted an idea of the numbers.

Dr MICHAEL: Six years ago our budgets were in the order of \$300m; today we are talking about \$530m. It has been another exercise in delivering a bigger budget as we reduce the work force through contracting out and other measures. We are getting a good balance in the organisation now, and we must retain the key skills to be able to manage our budget.

Mr McGOWAN: At page 607 reference is made to the Kwinana Freeway extension from Thomas Road to Folly Road. The extension to Safety Bay Road is due to be completed in 2005-06. In addition to that extension another

four sets of traffic lights will be installed. Has any consideration been given to not extending the freeway but putting in overpasses on the existing freeway? If the extension proceeds will any improvement be made to the time frames?

Mr OMODEI: I think you have already asked that question.

Mr McGOWAN: Not today. It is a question that I will continue to ask. Do you have any plans in that respect?

Dr MICHAEL: We have plans. The primary issue is the timing and funding. When the freeway was extended beyond South Street we had an opportunity to get to Thomas Road with the funds available and to improve the serviceability of the general area. There was a huge demand and a lot of support for us to do that. However, when one considers that each interchange costs around \$8m to \$10m we can do substantial work towards the extension by delaying that. Some of the cross-traffic is not as high as some of the traffic in other situations. That is a good enough reason to defer such situations - we have done it in other places, such as on the Roe and Tonkin Highways - provided we can maintain a reasonable level of service at the lights. If one could take a bird's eye view of the signals at those intersections one could see a curve at most junctions. That is the future detour, so that in future years, as funding becomes available and there is a demand, a bridge can be built off-site and connected fairly quickly. Planning has been undertaken to provide interchanges at those sites. The question arises again how best to improve the level of service further on. From talking to local government and others I understand there is demand to reach that point at Folly Road which links into Safety Bay Road, and that is the first priority. The next priority is to gradually improve those intersections and convert them to interchanges. At this time we have not made an allocation but we are giving consideration to how we might achieve that at the sites that might demand it first. The member has driven that route much more often than I have, but our current indications on the performance of that route is that people generally get a clear run at least at 50 per cent of the signals and that the delays are not that great. Therefore, we are receiving a very good return on our investment.

Mr McGOWAN: There is a major divergence of opinion about whether it would be better to extend or upgrade the freeway. Through a lot of experience driving on the freeway I know that it is no quicker using the freeway than taking the old route up Stock Road. The trip would be made quicker by an upgrade instead of an extension to the freeway. One could consider a number of other options when attempting to connect with the existing freeway. Have those options been considered seriously?

[5.10 pm]

Mr OMODEI: There is a divergence of opinion about the traffic on Kwinana Freeway. I use the freeway sometimes when travelling to and from the south and I find it excellent. I travel on weekends and at peak periods. I may be lucky with the lights. I do not have the same luck at Mandurah when crossing Pinjarra Road on the way home: I hit the red light nine times out of 10. This issue will be a matter of conjecture for some time. The proposition of extending the freeway is probably more important than the cross-overs. There is only so much money to go around.

Dr MICHAEL: The member for Rockingham spoke about Ennis Avenue linking in with the freeway at some time.

Mr McGOWAN: Yes, north of the lakes. I know this is a geographic matter. Most people would not understand the concern.

Dr MICHAEL: Under the scheme the freeway will eventually extend to Pinjarra Road near Ravenswood and carry on to the Peel Inlet deviation, which the member will be aware is the subject of a study at the moment. That ultimately links through and joins the Old Coast Road - the Perth-Bunbury highway. That plan has been on the books for a while. The first stage we are talking about is to take the road to Safety Bay Road and then cut across to the Perth-Bunbury highway. That will remain serviceable for some years. The difficulty we face is that linking it to Thomas Road has resulted in people traversing other roads rather than going back to the coastal route. That has put pressure on some of the other roads, such as Johnson and Baldivis Roads. Extending it to Folly Road will provide a much better linkage to the network. Once we have that, there will be a satisfactory service level for some time. It will be many years before it is extended to Pinjarra Road and the Peel deviation.

Mrs HODSON-THOMAS: Will you explain the line item on page 608 of the Budget Statements - the construction of the Reid Highway from Marmion Avenue to Roe Highway - and indicate the necessary expenditure?

Dr MICHAEL: I might not have all the details, but I will give a general response. At the eastern end of Reid Highway towards Roe Highway only one of the carriageways of the dual carriageway has been built. A cost is still associated with duplicating that. I do not think that is listed to go ahead for some years. The section to the west has been controversial. At this stage there are no specific plans for it, although we have proceeded with designs, as we promised many years ago. The funding and timing of that road remains a point of contention. The proposal remains on the table and discussions are taking place with groups in that area.

Mrs HODSON-THOMAS: It is really only the far west and far east sections of the road that need to be completed?

Dr MICHAEL: I cannot be too specific. In 10 or 15 years there might be a demand to put in interchanges at intersections along Reid Highway and Roe Highway. That may or may not happen in the future. The important point is that the land in those sections has been identified and reserved and the design is generally such that it could accommodate interchanges in the future. The immediate works will be just to tidy up what is there.

Ms MacTIERNAN: Do the forward estimates contain no plans for the westward extension of Reid Highway? How far forward are those forward estimates?

Dr MICHAEL: I do not have all the details. I would prefer to provide a statement on Reid Highway as supplementary information. We work on a 10 year program. I am not aware that that budget has been prepared. I believe it is subject to negotiation at this stage because of the local interests and the council's interest. I am not aware of any commitment.

The CHAIRMAN: What are the reasons for the delay in the extension to the Ranford Road bridge? When is it likely to be undertaken?

Dr MICHAEL: Ranford Road bridge will be duplicated. The delay is due to planning matters associated with the rail tracks. I believe they were recently finalised. We are now able to finalise our plans. It is hoped construction will commence during the next financial year, although I am not sure.

The CHAIRMAN: I will request that as supplementary information because I was told in the Parliament that it was to be completed in July, but would now be completed by January 1998.

Dr MICHAEL: That date sounds somewhat early. I would like to clarify the figures, because the planning issues have delayed some of the requirements.

Ms MacTIERNAN: Why does Ranford Road contract from two lanes to one lane as it goes past certain estates? It seems this is done to give large slabs of land to developers to plant trees on.

Dr MICHAEL: I would have to find out the reason for that. The planning was done by local government. I cannot answer whether it is a staging of the road or whether it is a permanent feature. I am sure we can find out for the member and table it.

[5.20 pm]

Ms MacTIERNAN: Regarding the question asked by the Chairman, my colleague the member for Thornlie, it seems that a problem could arise when the bridge is extended to two bridges and one has traffic at some point funnelling to one lane and then back to two. It is relevant to building the bridge.

Dr MICHAEL: I think one will narrow down to the bridge as it is only a single lane bridge.

Ms MacTIERNAN: No, it goes in and out.

Dr MICHAEL: I think it is a council matter. I would like to pursue that comment and come back with a response.

The CHAIRMAN: I would be remiss not to clarify what will be answered in a supplementary form.

Mr OMODEI: Perhaps we should clarify it on the other side: What is required to be answered?

Ms MacTIERNAN: Could we have supplementary information in relation to the configuration of Ranford Road and its movement in and out of one and two lanes?

Mr CARPENTER: The city northern bypass on page 606 of the Budget Estimates has an estimated total cost of \$370m, and the estimated expenditure this year is \$81m. Is the estimated total cost the same as the estimated projected cost? In other words, is it on target to fall within the original estimated cost?

Mr OMODEI: It is not in line with the original estimated cost. I will let Dr Michael give the reasons for that.

Dr MICHAEL: Firstly, the \$371m includes \$19m of surplus land, so the net figure we are looking at is \$352m. The differences are made up by land estimates increasing by \$3.7m. There has been an escalation of cost, because the \$335m was reported as a base cost at the time and did not allow for inflation.

Mr CARPENTER: So the original projection was \$335m?

Dr MICHAEL: That includes land. The figure that we are revising at the moment is a net \$352m which takes off the surplus land which will be returned over time when it is sold.

Mr CARPENTER: So the original figure could have been between \$300m and -

Dr MICHAEL: No. The \$335m is net land cost. I should have explained that. It is \$335m and the land cost is the net cost with a net land cost of \$35m. The land estimates have increased by \$3.7m, and we have had an escalation of \$4.8m.

Mr CARPENTER: What does that mean?

Dr MICHAEL: It means we did not allow for inflation in the base figure. Over time, 2 or 3 per cent will be added to that cost.

Mr CARPENTER: So it is about two years old?

Dr MICHAEL: It was made in November 1994.

Mr CARPENTER: It has escalated by \$4.8m.

Dr MICHAEL: Yes. There have been scope changes, as invariably happens with such projects, and some overhead allocations are made which amount to about \$8.5m.

Mr OMODEI: So the total increase is about \$17m or 5 per cent.

Mr CARPENTER: The total increase so far is \$17m or 5 per cent within the space of three years, or thereabouts; is that right?

Mr OMODEI: What are you suggesting by that?

Mr CARPENTER: I am not suggesting; I am asking. It is three years since we kicked off the project.

Dr MICHAEL: That is correct; it is almost three years since that price was established.

Mr CARPENTER: You did not explain what overhead and scope changes were. Can you list them?

Dr MICHAEL: The scope changes could - again I can provide the details later - include the provision, for example, of a footpath, a footbridge or some facility not provided for in the design. It is important to recognise that it is a design-to-construct contract, and changes may be made as facilities may be required, such as better access for pedestrians or whatever. I am not saying that those facilities will be needed, but I use them as examples. They would be the sorts of things we would be talking about with scope change. It is expanding what was there before. We now have commercialised all our costs, and overheads are attributable to the project. These can be seen throughout the budget papers so we can identify them clearly. They amount to about 1 or 2 per cent on the project.

Mr CARPENTER: Page 607 of the Budget Statements refers to the Nanutarra-Munjina Road and Tom Price North Road, Karratha to Tom Price link regarding work to construct and seal. I note that no allocation is made for the next financial year. It is not complete, is it?

Dr MICHAEL: No.

Mr CARPENTER: The estimated cost was \$39m, with a total of \$2.5m spent until the end of this financial year and \$114 000 estimated expenditure for this year. Not a lot was spent on it this year, and nothing is allocated for next financial year. What is happening with that project which was seen as quite important by some people up there? It seems to have stalled.

Mr OMODEI: I ask the commissioner to answer that question.

Dr MICHAEL: I will provide that answer as supplementary information.

Mr McGOWAN: Regarding the city northern bypass, does the allocation in the estimated total cost include the whole project with the bridge as well?

Mr OMODEI: Yes.

Dr MICHAEL: I thought members might be interested to know that the first contract was \$204m at tender, and the second contract for the bridge was about \$60m. Obviously, other bridges and extensive projects are involved.

Mr McGOWAN: What do you mean by that \$204m and \$60m?

Dr MICHAEL: Other supplementary contracts support that as well.

Mr OMODEI: For example, the overpass at the Great Eastern Highway is related.

[5.30 pm]

Mr McGOWAN: The two main contracts were \$204m plus \$60m, and there were a number of others?

Dr MICHAEL: Yes. The cost includes all design, contract management and overheads.

Mr McGOWAN: Is the cost of the department factored into the figure?

Dr MICHAEL: There is a small overhead cost of 1 or 2 per cent, yes. The outcosts are included as well.

Mr OMODEI: They always are.

Dr MICHAEL: It is a full project cost. The way we cost our projects is to include all costs associated with a particular project.

Mr CARPENTER: Is the land acquisition complete?

Dr MICHAEL: We can give the member a schedule. We are very close to the end. Some areas still need to be finalised; final costs have not been settled for some, although payments have been made, and a few items that need to be addressed are still outstanding. Basically we are very close to completion.

Ms MacTIERNAN: Page 591 contains obviously no references to what moneys are being paid to which organisation. I understand from an earlier answer that around 80 per cent of the metropolitan and 60 per cent of rural road preservation is being carried out by private contractors. In view of the large sums of money involved in the process, how does Main Roads supervise the performance of these private contractors?

Dr MICHAEL: My previous answer of 60 per cent and 80 per cent referred to construction plus maintenance. Preservation is obviously closer to the maintenance side. We would have to find out the figures, but they would be close; they may not be exactly the same. We manage and monitor the contracts very closely. I have provided to me on a monthly basis a running total of how contracts are performing, based on both cost and time. Right now we are achieving a very good standard and the variations in cost and time are both quite close at less than 5 per cent. We are also looking at the question of performance of superintendents. It applies to private people whom we employ and our own employees. We are starting to provide a review mechanism that ensures we are getting the value that we need. We can make improvements there. We have feedback at the end of the contract, particularly on how it performed and the quality of the product, because that directly feeds into our own database of pre-qualification for other future candidates.

Ms MacTIERNAN: Who gives Main Roads that information?

Dr MICHAEL: The superintendent responsible for a particular project.

Ms MacTIERNAN: Is that person a Main Roads employee?

Dr MICHAEL: Not always.

Ms MacTIERNAN: The Minister for Transport communicated the view to Dr Michael that the process involved in the letting and supervision of all these contracts should be undertaken by Main Roads personnel and that it had always been part of the plan to ensure that Main Roads can control the network. Is that still the current view?

Dr MICHAEL: I am not sure that I need to answer the question, because I said we used both private and Main Roads superintendents, and that is so. Our plan is to gradually work towards all of the superintendents being in-house. We simply do not have enough people to carry the workload. With the plans, strategies and training programs that we have in place, that will happen over the next few years. We will control the projects through our own superintendents and, where necessary, use other resources to help us manage on site. The answer to the question is yes, I do share that view.

Ms MacTIERNAN: Given that Main Roads used to construct or maintain many of the roads itself, was there a great outpouring of its skilled staff which meant that it did not have sufficient staff to undertake the work?

Mr OMODEI: The question is fairly general and not really referring to a specific item in the estimates. If the member wants to ask that question, it should be put on notice.

Ms MacTIERNAN: This is partly caused by the way in which the budget papers appear to be drawn up. Quite clearly, if we have a major area of expenditure of \$189m on road preservation, that road preservation is being undertaken by private companies and the quality of the project needs to be monitored, then it is fairly relevant for us to inquire into how we are ensuring that \$189m is in fact spent on a decent product.

Mr OMODEI: I do not know the answer to that question. The question does not relate to a specific line in the budget papers but is of a general nature. It should be put on notice.

The CHAIRMAN: I wonder whether the member for Armadale could link it to any performance indicators pertaining to that item?

Mr OMODEI: I have responded to many questions today by either undertaking to give supplementary answers or taking questions on notice. The only difference in time is probably about two weeks. The member will still have her answer in the end.

Ms MacTIERNAN: I am quite happy to put it on notice and take pot luck.

Mr OMODEI: Fairly wide ranging answers have been given by the commissioner and members of the Department of Transport. It is time to tighten up.

The CHAIRMAN: It is entirely up to the Minister whether he deals with questions in supplementary or other forms. I think the member for Armadale has taken that on board.

Ms MacTIERNAN: In my electorate \$500 000 was assigned for the construction of a bypass on Albany Highway in the Bedforddale region. Concern was expressed as to whether it was strategically located. I understand that money was then to be spent on an overpass. I see that Main Roads is looking at a pedestrian crossing for that area. Will the Minister advise as to whether that \$500 000 is still in the budget and if it is to be spent on either an overpass or an underpass?

Mr OMODEI: Again the member has not referred to a specific item in the budget. I would prefer that question be placed on notice.

[5.40 pm]

Ms MacTIERNAN: My question relates to the second item listed in capital works in progress on page 605 of the Budget Statements. In particular, is the \$500 000 that was allocated originally to an underpass for Albany Highway, at Bedforddale Hill, still in the budget, and if not how will it be spent?

The CHAIRMAN: The member can ask the Minister a specific question and if he cannot answer he can deal with it in a manner he sees fit.

Mr OMODEI: The commissioner is aware of the project and will provide the answer as supplementary information.

Mr McGOWAN: The fifth item on page 609 relates to the section of the Mitchell Freeway between Ocean Reef Drive and Hodges Drive. What is the estimated time frame for that extension? What is the distance of that extension and will it involve overpasses or traffic lights?

Mr OMODEI: I am unable to answer the question in any detail. I will take it as a supplementary question.

Mr McNEE: Page 589 of the Program Statements relates to road use. A problem in the country is the average age of roads. Roads that were constructed 30 or more years ago have a life of 40 years. How is this problem being handled?

Dr MICHAEL: It is a major issue in managing the road network. We pay first attention to preservation of the network - as we should. The difficulty we face is keeping up with the demand as the network is ageing. For some time we have been developing a maintenance strategy; that is close to finalisation. We will be able to identify those sections of the road that need attention first or need special treatment. It may be that one of the treatments will not be to replace the road but to rehabilitate it, to keep it going, perhaps not for the full 40 years but for another 20 years. In that way we will spread the demand over a 20 year period. From an investment point of view it would be nice to have the money available at the beginning; however, few of us are ever in that situation. We must use the available money so we can balance preservation needs with the demands to preserve not only the asset but also the level of service we are trying to achieve through sheer demand on the road network. We are addressing that problem. We monitor it fairly closely and soon we will have a forward program that will identify those sections which will need treatment and how that treatment should progress.

Mr OMODEI: The member for Moore will be interested to know that two-thirds of funds raised in the metropolitan area from vehicle licence fees and the fuel franchise levy is spent in rural areas. That pattern will not change. In 1995-96 the allocation was 32 per cent urban and 68 per cent rural; in 1996-97 it will be 45 per cent urban and 55 per cent rural; and in 1997-98 it is expected to be 42 per cent urban and 58 per cent rural. A story has been spread in local government circles that all those funds are being spent on the northern bypass, which is not the case.

The CHAIRMAN: The Committee must retrace its steps on the question that the member for Armadale asked in relation to Albany Highway, Bedfordale. I must rule that question out of order because nothing in the appropriation Bill relates to capital works for Main Roads. Although a capital works program lists that and other works in progress the funding for those capital works comes from borrowings, commonwealth grants and other income sources. There are no capital works on page 51 of volume 1 of Budget Paper No 2.

Mr OMODEI: If no dollars are attached to the line item no question can be asked.

Ms MacTIERNAN: The Program Statements refer to estimated expenditures.

Mr OMODEI: We will take the member's question on notice under the normal process.

Ms MacTIERNAN: Does that apply to all questions that have been asked in relation to the roads that are listed here? A number of questions have been asked about specific roads.

The CHAIRMAN: Yes; however, they have gone by.

Ms MacTIERNAN: My question has gone by, so there is no difference.

Mr OMODEI: There have been quite a few of those questions; however, I am prepared to provide the information.

The CHAIRMAN: The Minister is prepared to provide that information, so the member will get that information. However, members need to be aware of that when asking questions in the next 12 minutes.

Ms MacTIERNAN: I attempted to take up the issue of a pilot vehicle for overwidth trucks under a previous program; however, the Minister advised me that it came under this program. As I am unable to find it, and as I refrained from asking the question under the previous program, where it appeared to fit, perhaps the Minister will direct me to where I can find it?

[5.50 pm]

Mr OMODEI: I refer the member for Armadale to the entry "Amount Authorised by Other Statutes - Road Traffic Act 1974" on page 586 of the Budget Statements.

Ms MacTIERNAN: I understand the department has changed its policy on the need for police escorts for overwidth vehicles and there is a proposal to make legislative change to accommodate that new policy. The change is to increase the threshold from 5.5 metres to 6.5 metres. Will the Minister advise what stage this proposal has reached and why the State is going down this path when it appears to conflict with the national standards?

Mr OMODEI: I understand the member has a question on notice about this issue.

Ms MacTIERNAN: I do not have a question on notice.

Mr OMODEI: I ask the Commissioner of Main Roads to answer the question.

Dr MICHAEL: This issue stems from the industry itself. The increase in the threshold is from 5.5 to 6 metres, not 6.5 metres, and the intention, following a review over 12 to 18 months in consultation with industry, is to introduce an accredited pilot course. The course will require drivers to undergo extensive training and meet appropriate criteria. Experienced people will then be able to provide a very good service to the industry. What is happening now is not particularly satisfactory. It is ad hoc. We are introducing a consistent standard that will apply across the industry and it will provide a much safer environment.

Ms MacTIERNAN: You said industry was consulted and this program is being sourced by industry. While I understand the companies that run the escorting agencies are understandably keen and enthusiastic about this proposal, what consultation has there been with the proprietors of the heavy haulage companies and the drivers of heavy haulage vehicles? I understand neither of these groups is happy with the proposal.

Dr MICHAEL: I need more information before I can answer the question. I understand this was discussed at forums which people were invited to attend. I cannot comment on the invitation list or those who did or did not attend. The opportunity was made available to the industry and it was left to individuals to decide whether to participate.

Mr OMODEI: If the member asks a more specific question the answer can be provided by way of supplementary information.

Ms MacTIERNAN: Forums were held and that is where the drivers became aware of what is happening. I understand a working committee was set up and representatives from the heavy haulage companies who were selected for that committee were invited to only two committee meetings, but have not been invited to other meetings.

Perhaps the Minister can provide information on whether the issue has been raised with him. I understand it is quite a topic within the industry and I am surprised he is not aware that there is a lot of dissatisfaction about this proposal.

Mr OMODEI: I am not sure whether this issue has been raised with the Minister for Transport. If the member specifies the information she requires it can be provided by way of supplementary information.

Ms MacTIERNAN: Will the Minister indicate what consultation took place with the heavy haulage companies and the drivers of heavy haulage vehicles on these proposed changes? Does the Minister anticipate difficulties arising out of this State's moving away from the national standard in this area?

Mr OMODEI: I give a commitment that the questions will be answered by way of supplementary information.

*Sitting suspended from 5.56 to 7.00 pm*

**Division 69: Disability Services Commission, \$129 226 000 -**

[Mr Ainsworth, Chairman.]

[Mr Omodei, Minister for Disability Services.]

[Mr H.R.A. Lowe, Chief Executive Officer.]

[Mr J. Knowles, Director, Corporate Services.]

Mr OMODEI: The 1997-98 Budget provides an allocation of \$129.226m to the Disability Services Commission. This compares with \$117.964m the previous year and represents a recurrent increase of \$11.462m or 9.7 per cent. The 1997-98 allocation includes growth funds of \$11.43m for the initiatives of the third year of the business plan. Funding of the business plan has been supplemented with an expansion in respite services, a commitment made by the coalition in its last election campaign. A recurrent amount of \$500 000 has been provided in 1997-98. This will rise to \$3m in 2000-01. An additional recurrent allocation of \$100 000 has also been made for the establishment of a database on carers. In addition, an increase of \$3.662m in borrowings has been authorised to enable the upgrade of fire protection facilities.

A five year business plan will be funded in its entirety. By 1999-2000, the recurrent growth allocation to DSC will increase by \$40.4m. New funds for the expansion of respite services total \$600 000 in 1997-98, \$1.1m in 1998-99, \$2.6m in 1999-2000, and \$3.1m in 2000-01. The funds include \$100 000 per annum for the establishment of a database for carers. The contribution towards the commonwealth deficit is \$1.405m in 1997-98, reducing to \$660 000 in 1998-99 and then ceasing in subsequent years. There will be savings rising from \$1.626m in 1997-98 to \$2.33m in 1998-99 and \$2.791m in subsequent years.

Initiatives included in the third year of the business plan are accommodation services, which total \$3.74m, made up of \$2.74m for the provision of accommodation for 99 individuals with disabilities with critical need, with a special emphasis on those living with ageing parents, and \$1m for the relocation of 45 individuals from congregate facilities to more appropriate accommodation options. Individual and family support totals \$1.1m and the local area coordination network will be expanded to provide assistance for 750 additional individuals. Assistance will be in the form of direct local support and funding for people with disabilities and their families.

Skills development programs for school leavers total \$930 000 and 66 young adults with disabilities leaving school will have access to community services that will help them develop and maintain their skills and participate in community life. Funding for therapy and professional services totals \$700 000 and therapy for school age children will be increased. Professional services will be extended across a range of services. Under the relocation of young people in nursing homes program, the budget provides \$1.96m. This will address the needs of 95 young people inappropriately placed in nursing homes. The aim is to secure new accommodation options designed to meet their individual needs. After the relocation of 30 individuals in the last financial year, the budget provision will enable the relocation of a further 24 in 1997-98.

There is an allocation of \$3m for aids and equipment with provision for the supply of equipment for people with the amount for long term and permanent disabilities rising by another \$3m. An amount of \$600 000 has been provided for respite services and respite care packages will be established to provide flexible respite services to people with disabilities and their carers. A database on carers will be established and maintained at a cost of \$100 000. Borrowings of \$3.662m will be applied to the upgrade of fire protection facilities at 13 hostels which house some 380 residents. This will increase the level of safety in accordance with the standards required by the Fire Brigade of Western Australia.



Mr TRENORDEN: Will federal government provisions affect any of the allocations which the Minister just ran through? From memory, the Federal Government was to provide a further \$56m over a number of years. Will the department be able to alter some of its programs?

[7.10 pm]

Mr OMODEI: The allocation of \$54m was announced in the federal Budget, mainly for accommodation places. I have sought clarification from the federal Minister because we believe there should be some flexibility in that to offset the efficiency dividend cut by the Federal Government of 3 per cent last year, with an additional 1 per cent in each of the following three years, up to a maximum of 6 per cent. The campaign mounted against the proposed dividend cuts was successful to the extent that the Commonwealth Government allocated further funds. It almost covered the total, and gave a total increase of about \$1.4m over a four year period to assist people with accommodation support. A meeting of Ministers will be held at the end of the month to discuss those matters further, and to discuss the Commonwealth-State Disability Agreement. That will be the crunch time with regard to this State for the finalisation of the CSDA. Also we intend to lobby the Federal Government heavily to increase its funding for unmet need, particularly in the foreseeable future.

Mr MINSON: I seek some further clarification. The CSDA is subject to renegotiation and as far as most of us were concerned, that renegotiation was not proceeding very satisfactorily. It was mainly hampered by a total lack of knowledge in the federal sphere. Can the Committee be given an update on those negotiations and an indication of whether they are back on track?

Mr LOWE: With regard to the cuts from the Commonwealth, the efficiency dividend works out for this State at \$645 000 in the first year. If the WA proportion of the growth allocation is about 10 per cent, this State will get back \$590 000. There is a sliding scale so that at the end of the fourth year the cuts will be \$1.3-odd million. However, we shall get a few hundred thousand dollars more from the Commonwealth. If the Commonwealth allows the State complete flexibility, the funds can be returned to the places from which they were taken by the commonwealth cuts, if there is a prime need. No decision has been made at board level on what will happen if the money is returned in that way. I imagine we will try to use the opportunity so that if some agencies can afford cuts, they may not get all the funds back and others in a worse situation may get more back than they lost.

Mr CARPENTER: Can the Minister explain how the State is getting this money back? He said there will be a reduction of \$0.65m in 1997-98, rising to \$1.3m in 2000-01.

Mr LOWE: We do not know how we shall get it back. We know the amount is \$1.8m at the end of the fourth year. The State administers accommodation and individual support funding for the Commonwealth. The State already administers \$20m of commonwealth funds. If that money is given to the State in addition to the \$20m, and no strings are attached, we will simply apply it to the needs we identify. That is the usual routine. We could apply that growth money to offset the cut. If the Commonwealth is adamant that the funds should go to accommodation, many of the cuts will not affect accommodation but will affect some other service an agency might provide. If there is a lack of flexibility, it will amount to a real cut in some agencies. Complete flexibility may represent no cuts to any agency. We get the money back through a tied, special purpose grant. In the new agreement we are negotiating the States have a position of much increased flexibility over the previous agreement. If the funds were provided in accordance with the new draft CSDA, that freedom would be available.

Mr OMODEI: The problem with the Commonwealth is that, although the States provided \$40.4m in growth funds, an increase of over 40 per cent on the 1994-95 base, the Commonwealth merely provided for a modest cost escalation. The gap between the needs and the services resulting from the lack of commonwealth funding is an issue that we will continue to pursue in Canberra. We do not want to signal our punches yet but there is good solidarity among the Ministers in the Commonwealth and good support from the agencies around the country. The campaign we mounted was quite successful in that we were facing a real cut of 3 per cent this year, increasing to 6 per cent in the next couple of years. If we achieve that flexibility, we shall be able to offset the cut and then must put ourselves in a position to bargain with the Commonwealth, moving towards a balanced or surplus budget and a federal election. We shall certainly be in a better position to negotiate than we were this year.

Mr CARPENTER: Bearing in mind that I am a relative novice, I have tried to follow the Minister but I have not been successful. I ask him to go through the process again. He has said that the allocation specifically for Disability Services from the Commonwealth in general terms is to be reduced. Is that the case?

Mr OMODEI: Yes, by 3 per cent last year, by 4 per cent the next year, which causes a problem; 5 per cent the next year; and 6 per cent the following year.

Mr CARPENTER: You are saying there is an allocation of money from the Commonwealth that you can use if you are given flexibility to offset those cuts?

Mr OMODEI: Yes.

Mr CARPENTER: Where is that allocation from?

Mr OMODEI: Where is it going to?

Mr TRENORDEN: It is from the recently announced federal Budget.

Mr OMODEI: It is an amount of \$54m over four years nationally on an increasing scale. It will be \$5.9m in the first year, then \$15.4m increasing to \$18m. This State receives approximately 10 per cent of that. This year it will be \$590 000, and the cut delivered was \$645 000.

Mr CARPENTER: That was money the State would have got anyway.

Mr LOWE: The State receives a net amount of about \$20m. The Commonwealth will take 3 per cent of that, which is roughly \$645 000. It is an efficiency dividend the Commonwealth claimed 12 months ago. It was not publicised very well, to the extent that it caught everybody off guard. In this year's Budget the Commonwealth has allocated growth of \$5.9m for accommodation and individual support. That is the national figure. This State's proportion is about \$590 000. What has been taken with one hand is being given back with the other.

This State would not have had that money if the Commonwealth had not made any cuts. We are concerned about whether that money will come with strings attached or whether it can be used to repair the damage. Many agencies do not have the flexibility to generate a 3 per cent cut. One of our major agencies posted a \$1.2m deficit last year, and it is beyond me to work out how it will find another couple of hundred thousand dollars to meet that cut.

Mr CARPENTER: Which agency are you talking about?

Mr OMODEI: Activ Industries. That is one of the 65 agencies affected by these cuts in Western Australia. It is one of the biggest, so from the \$645 000 it will face the biggest possible reduction if the offsetting funds are not available as a result of the federal budget allocation. There are other things within the federal Budget above and beyond the \$5.9m allocated this year which are pluses as far as the Commonwealth Government is concerned. However, the Commonwealth Government still is not playing its part as far as the overall unmet need is concerned. The State has put in about 90 per cent of the growth funds over the past three years compared with 10 per cent from the Commonwealth.

[7.20 pm]

Mr MINSON: I refer the Minister to the CSDA question.

Mr OMODEI: We had a meeting to discuss that and the efficiency dividend - the 6 per cent cut - on 17 April. There was good solidarity among Ministers. In fact, many are saying they are prepared to hand back some responsibilities to the Commonwealth. That is the bargaining tool being used. Generally speaking, the Commonwealth status is that the CSDA agreement has been reached. The money has not been agreed, but there will be some finalisation of that on 30 May. However, we are then faced with the decision as to whether we sign a further five year agreement or part of that agreement. I am of a mind to sign it for only one year so that we are in a better bargaining position next year.

Mr MINSON: I hope it can be sorted out. However, it is important that we tie up legally the requirement of the Federal Government to face its responsibilities in respect of unmet need. In one year this State picked up all growth funding. If the Minister can do anything with his colleagues to make it a condition of signing that the unmet need can be triggered legally, that would be a step forward.

Mr OMODEI: That would be ideal. I said previously that this State provided 90 per cent of the growth funds with the Commonwealth contributing 10 per cent. If one takes into account employment as well, that ratio is about 80 per cent to 20 per cent. Our contribution is greater than that of any other State. I am pleased that the State Government has recognised that the problem must be addressed. We have another three years of the business plan to complete; we will start looking at it soon. Again, a further significant commitment will be required by the State Government for the next five year plan.

Mr MARLBOROUGH: It appears obvious to everyone that the federal cuts facing the disability services area in the next five years will have a dramatic impact on the quality of service and the ability to provide that service. The impact will particularly affect those requiring the service and those responsible for providing it. What is the rationale behind the Federal Government's approach to this area and is it being driven by the Hilmer report?

Mr OMODEI: I do not think it is.

Mr MARLBOROUGH: It is simply a cost cutting device? What is the rationale behind it besides stupidity?

Mr OMODEI: First, it will not have a dramatic effect. We must convince the Federal Government that it should pay its share of the growing and unmet needs of people with disabilities in all States. The cut in the efficiency dividend was really a budget cut to ameliorate the Commonwealth's deficit. The cuts occurred in all departments. We are experiencing a cut of \$645 000 this year and hopefully that will be offset if we can get some flexibility in the budget. If we do that, it is almost a status quo arrangement with the Federal Government's provision, apart from funds to carers.

Mr MARLBOROUGH: According to these figures, the need is growing. The cuts will not help.

Mr OMODEI: A huge unmet need of about \$350m has been identified in various reports produced by the Federal Government in the past year.

Mr MARLBOROUGH: These cuts are impacting on an already recognised \$350m deficit in the general area of disabilities.

Mr OMODEI: Across Australia, yes. The five year plan shows that about 74 per cent of people with a disability are cared for by their family. We have about 300 000 people with disabilities in Western Australia and about 45 000 have profound disabilities. In addition, the number of people with acquired brain injury - the victims of road accidents and strokes - is increasing every year.

The demand is growing all the time. The State Government is more than matching demand; it is virtually covering the critical need under the five year business plan and the Count Us In program. However, the Commonwealth Government has never paid its way, either when the Labor Party was in government or now. I have already spoken to the federal Minister about this issue. We must discuss at the Minister's conference that it be conditional that the Commonwealth Government come to the party in looking at unmet need over a 10 year program if necessary. The Minister has already acknowledged that. It will be interesting to see what happens.

Mr TRENORDEN: From page 272 onwards several references are made to revenue extract. Some of that is federal assistance. I presume individuals pay an amount for some services. What other revenue is there and what is the total federal revenue?

[7.30 pm]

Mr KNOWLES: This is one of the three programs. It does not represent all the revenue that the commission receives. DSC has several main sources of revenue. One is the Commonwealth-State Disability Agreement, which in round figures is between \$20m and \$21m per annum. Obviously when these papers were produced, the Federal Budget had not been handed down, so its impact is not reflected here. The commission collects approximately \$3.6m a year from clients who live in DSC run hostels and group homes; that is for board and lodging. There is also miscellaneous revenue of a couple of hundred thousand dollars a year. The other principal revenue source is the asset sales program of the Disability Services Commission. To further confuse you, when you get to the output statements, which are at page 275 and onwards, the revenue that we receive from borrowings is also included.

Mr TRENORDEN: Revenue from capital sources?

Mr KNOWLES: Yes. We borrow from time to time for capital works. For example, the pages that I just mentioned refer to expenditure and revenue for a further \$4.9m of borrowings in 1997-98. Those are the principal sources of revenue.

Mr CARPENTER: Is it correct that the effects of the federal Budget had not been calculated in these figures?

Mr KNOWLES: Yes.

Mr CARPENTER: You referred to the possibility of flexibility. How much do these figures tell us about what you will and will not be able to do?

Mr OMODEI: They are very accurate. I think we will get back about \$590 000 of \$645 000, so we are dropping very little. The only question is that the funds that the federal Minister has allocated in the commonwealth Budget are mainly for accommodation. We have said to the federal Minister that if the Commonwealth can give us flexibility about that, we can give that money back to the organisations that were getting it previously. It will impact mainly on the non-government agencies. If we are not given that flexibility by the Commonwealth, we will have to rehash the funding for non-government agencies so that we give it to them for accommodation but perhaps not for something else; so they will get the same amount but it will make it a bit messier for us to calculate.

Mr CARPENTER: Has there been any approach from any of the non-government agencies for the State to make up the shortfall in funding?

Mr OMODEI: The attitude of non-government agencies is one of satisfaction that the funds allocated in the commonwealth Budget will offset the cuts.

Mr CARPENTER: If I picked up the phone and rang them, they would all say they were quite happy?

Mr OMODEI: I would not describe them as being happy, but they are at least reasonably satisfied that the campaign that we mounted was able to convince the Commonwealth Government to allocate some growth funds for disabilities. At the same time, they are quite supportive of the line that state government Ministers are taking; that is, to renegotiate the Commonwealth-State Disability Agreement to ensure that there is some growth to the States.

Mr LOWE: We approached the larger agencies to discuss this with them when we got wind of it, and they know about the actions that have been taken at a government level to try to get the money back, and no-one is happy. We have said that we will try our best to be flexible in the way that we give the money back. Given that we have a large amount of state growth money, if money were taken from an agency - say its funding was cut by 3 per cent and it had to cut 3 per cent from a particular program - then when the Commonwealth gave us the money for some other program, we would use the commonwealth money in lieu of the state growth money for a particular purpose, and that would free up some funds which could be injected back into the non-government agency in the area from which it was taken. We would be looking at that sort of mechanism if we could not get flexibility. It is clumsy -

Mr MARLBOROUGH: It is also dangerous. Historically, if we do not use the Federal Government's money in the way that it wants us to use it, we end up with problems down the track in the next budget round.

Mr OMODEI: If the Commonwealth insisted that it be spent in the way that it has indicated to date, we would spend it in that way. We would manage our funds to fill in for that - we might withdraw some of our funds and put commonwealth funds in their place. The Minister seemed quite confident when I spoke to her a few days ago that she would get Cabinet's approval for flexibility in the use of those funds. It is the commonsense thing to do, and I would be surprised if Cabinet or the Estimates Committee, or whatever, did not agree to it.

Mr CARPENTER: Your adviser mentioned asset sales to offset some of the funding shortfalls. Are we to believe that will no longer be necessary?

Mr OMODEI: From my knowledge, we used asset sales to offset the efficiency dividend cut that did not come through to non-government agencies at all.

Mr KNOWLES: If we were to get the flexibility that is being talked about, the asset sales money would be redirected to debt retirement.

Mr CARPENTER: What is the proposed program for asset sales?

Mr LOWE: The first cut the Minister talked about was the commonwealth global dividend when the federal coalition first came into government. We were given permission to meet our share of the State's cut by disposing of assets, so for 18 months we met the first cut internally - it was not passed on to the non-government sector - and that gave us time to make efficiency savings elsewhere to pick up the last two years of those savings.

Mr CARPENTER: The Government was selling assets to keep its programs running?

Mr OMODEI: To an extent, yes.

The CHAIRMAN: I have let the questions and answers range fairly widely, but strictly speaking the question of asset sales is outside the budget estimates as such, although I know the member for Willagee is more than capable of tying it into something so that it does become legitimate. I am happy for members to have a bit of latitude, as they have seen, but I do not want them to drift off the track.

Mr CARPENTER: What level of debt is DSC carrying and how does it propose to address it; if it is by asset sales, how?

Mr KNOWLES: The DSC as a statutory authority has borrowing powers, and its predecessor, the Authority for the Intellectually Handicapped, also had borrowing powers. Typically, the organisation would borrow for certain purposes. Two typical purposes in the past were the acquisition of vehicles and the establishment of group homes. At 1 July 1996, the Disability Services Commission had outstanding borrowings of \$8.9m, and this is reflected in our annual report. The debt servicing of that level of borrowings is funded. If the program that we have were to reach fruition, we would realise approximately \$15m from asset sales.

[7.40 pm]

Mr CARPENTER: Over what time?

Mr KNOWLES: The last of the sales of assets is scheduled to occur in the 1998-99 financial year.

Mr CARPENTER: What assets are proposed for sale?

Mr OMODEI: I will ask the Director of Corporate Services to deal with that matter. Some of those assets include the Inglewood premises, the northern metropolitan regional office, the Pyrton site and the head office in West Perth.

Mr KNOWLES: There is approximately \$15m worth of asset sales. Of that, \$5m relates to the sale of the motor vehicle fleet. The balance is made up of a range of properties, five of which have already been sold, which have all been vacant land or disused hostels. The sale of the old Nulsen Haven building on Great Eastern Highway, Belmont is in progress, as is that on the Cromane Hostel in Bayswater, the house next door to it, and a child care centre which is leased from the Disability Services Commission. Those properties are expected to return between \$1.2m and \$1.3m. A number of significant sites are lined up for sale, which may prove problematic. One is the head office building in Ord Street where we will seek a relocation of the premises. We expect a gross return on that sale of about \$3.6m. The Pyrton site is conservatively estimated to be worth \$2.9m and the Dundas Road north region site in Inglewood is valued at \$1.3m. We expect a number of smaller properties to become surplus to requirements over subsequent years. The combined effect of all that, including vehicle sales, is a prospective asset sales program of \$15m.

Mr OMODEI: The head office operates out of six premises. The Pyrton site is a very large piece of land in Eden Hill. Slowly, but surely, clients in that facility are being transferred to private accommodation. I think the timetable for that sale will be after September 1998. We are progressing quite satisfactorily, from my point of view. I am very keen to consolidate the head office in one place. That would be good for people who need services from the Disability Services Commission and it would be better for corporate management of the organisation, in my view, although I am no expert on those matters. We have some old facilities which are deteriorating. If we sold them, it would retire some debt. The Disability Services Commission holds the debt simply because it is a statutory authority. If it were a government department, Treasury would hold the debt.

Mr MINSON: Head office was mentioned. Does the Minister have any idea of where it will be shifted to?

Mr OMODEI: We have been looking at different areas for quite a while. We looked at the Water Corporation building in West Leederville. We are still in the process of negotiating over that site. It would be an ideal building, but the Water Corporation might have other ideas. The Government Property Office is looking for new accommodation for us and I hope we will be able to achieve it sooner, rather than later; it is certainly not through lack of trying.

Mr MINSON: Are any native title problems envisaged with the sale of the Pyrton site?

Mr OMODEI: That is a good question. Rob Bropho's group is next door. I understand a number of families live in that area and one may have expressed some interest in the land.

Mr KNOWLES: The Disability Services Commission has title to the Pyrton site, although there is a large crown reserve in the Bennett Brook area.

Mr MINSON: Is that vacant crown land?

Mr KNOWLES: Yes. We have title to the land DSC occupies. However, a range of heritage and ethnographic studies are being undertaken and consultation through the Aboriginal Affairs Department is ongoing with local communities to figure out the best use for the site with respect to the Aboriginal heritage issues.

Mr CARPENTER: I refer to the major achievements for 1996-97 on page 273 which indicate that assistance for a positive home environment will be achieved by committee accommodation support for an additional 193 people identified as being in critical need. How many people applied for accommodation as being in critical need and how many missed out?

Mr OMODEI: That is a good question.

Mr LOWE: About 360 people fit the criteria.

Mr CARPENTER: Did they apply?

[7.50 pm]

Mr LOWE: Yes. They can be categorised into six groups. All of those in groups one and two were found accommodation, as well as some of those in group three. The people in most critical need got accommodation, but that still left about 150 or 160 people who were in scope; that is, they had needs that did not require that sort of care.

In scope means that within a few years that situation would no longer be tenable. Their need was urgent and something had to be done about it. For people in group six it was not a matter of do it today or disaster will hit. The situation was that people who did not apply or who were not in the top few groups which had a sound basis at the time would apply later when most of the money was allocated.

Mr OMODEI: We have provided about 377 places since 1993-94.

Mr CARPENTER: Is the amount of accommodation critically needed meeting the growth of people making applications? Is there a point within the cycle of the business plan or shortly thereafter when the majority of people will be accommodated?

Mr LOWE: The business plan was predicated on meeting only the most critical need. The then Minister approached the previous Commonwealth Government and pointed out that he wanted a shared arrangement.

Mr OMODEI: The shared arrangement was to be 50-50.

Mr LOWE: The current Minister has made the same representations to the Commonwealth. If the Commonwealth does not contribute in a major way, at the end of the business plan we will not have solved the problem for more than the most critically needy. We are receiving additional state funds now, greater than the rate of growth. While acknowledging that a backlog existed to start with, we are unable to handle both the growth and the backlog. However, we will have eliminated a huge chunk of the problem.

Mr TRENORDEN: I refer to the third point at page 271. Some of the criticism that is thrown at both the Minister and his federal counterpart concerns the demand for accommodation and assistance to move people into mainstream private programs. What number of people, particularly children, are seeking the change post school to some sort of working position?

Mr OMODEI: We identified a need for 102 places for people with post school options. I think the commonwealth funding is about \$400 000. One of the grey areas was whether the positions were places or people. It appears they are people rather than places because places equated to about 75, half as many again. There would have been a shortfall.

Mr LOWE: The post school options program was set up about five years ago. The idea was that the Commonwealth and the State would direct sufficient funds to school leavers so that the employment needs or the alternative to employment needs of each cohort of school leavers would be met. The idea was that if we could stop children getting onto the waiting list, by attrition unemployed people in the existing system would gradually get the increasing number of jobs. The State has met its share of the bargain by continuing to provide in the business plan for those wanting community access or work alternatives. This current financial year, for the first time the Commonwealth reduced the funds available to that program. The indication from the recently announced commonwealth Budget is that the situation will be worse in 1997-98, meaning there is a potential for the cost to shift to the State.

Mr TRENORDEN: So there is a shortfall between the 102 places and combined state and federal funding?

Mr OMODEI: Yes.

Mr TRENORDEN: About how many people will that affect?

Mr OMODEI: It is roughly 50 now, but the number is growing. The number of people leaving school who need employment is increasing. Again it is the unmet need that we must address.

Mr TRENORDEN: Is the Minister aware that the federal Minister is saying this matter is his responsibility? The federal Minister is saying that the Commonwealth is supplying adequate funds to meet the need and the State has a fixation with accommodation, which I can understand because the unmet need is 50 or 60 places.

Mr OMODEI: Western Australia is advanced as far as post school options are concerned.

Mr LOWE: I have heard the comment. I do not know whether we could rightly lay making it at the feet of any Commonwealth politician.

Mr TRENORDEN: I can.

Mr LOWE: If the Commonwealth believes accommodation is the State's problem it would be advised to read the last Commonwealth-State Disability Agreement, where funding for both accommodation and employment are the responsibility of both Governments. People confuse the funding of the programs with the administration of them. The agreement allocated responsibility for the administration of accommodation and individual and family support services to the States and administration of employment to the Commonwealth. Community access programs in lieu

of employment are also the State's to administer. Earlier comment was made about \$28m versus \$20m. Of the \$28m, \$8m were state dollars, providing us with a total amount of \$28m in CSDA transfer funds, leaving \$20m netted off to WA. Under the current Commonwealth-State Disability Agreement the Commonwealth is obliged to make 50 per cent of its growth funding available for accommodation. It has not met that arrangement.

Mr OMODEI: Two major reports have been written on the unmet need, one by a Professor Yatemman which came when the last agreement was evaluated and another by Professor Peter Baume. Both identified the huge unmet need. It is well recognised that post school options are regarded as best practice and that Western Australia does it better than any other State. Obviously the Commonwealth is trying to address the difficult budgetary situation it inherited. As I said earlier, I hope that in the next year or so we will be in a better position to bargain with the Commonwealth because it will be moving towards a surplus Budget and getting closer to a federal election. That is when we will try to lock it into a further five year Commonwealth-State Disability Agreement.

Mr MARLBOROUGH: Surely you must agree that any Government which announces it has a billion dollar slush fund for so-called national schemes has money available but is not allocating it correctly.

Mr OMODEI: We could argue that about past Governments. Disability has not been adequately addressed. The next CSDA will be a very important agreement to people with disabilities throughout the nation, not only in Western Australia. We have a Western Australian as the Commonwealth Minister. Although she is a junior Minister with responsibilities for aged care, families and disability it is still part of the commonwealth Health budget. We were the first State to have a Minister for Disability Services. The state Disability Services Commission now has a chief executive officer. South Australia is following us. The Ministers of other States have responsibilities for a host of other portfolios. The importance of disabilities seems to be diminishing in those States. If we had similar structures in each State we would be in a good position to identify areas of concern and to lobby on a strong basis.

[8.00 pm]

Mr CARPENTER: I refer to the summary of key program level outputs at page 273 where accommodation for people with disabilities in an institutional setting is itemised. The general trend has been to move people out of institutions into a community setting, where possible. I have some questions about Pyrtton. The intention announced by the Minister was to close Pyrtton by September next year. Concerns have been expressed to me regarding the clients at Pyrtton, and whether they will receive adequate care. Can the Minister explain the situation, and whether 30 people from that institution have been placed? September 1998 is not far away, so where will the people from Pyrtton go?

Mr OMODEI: The people from Pyrtton who have been located in the community are those who are easiest to locate. The people with more profound or accentuated disabilities are more difficult to locate in a residential accommodation facility. It has been a dilemma for the Disability Services Commission and for those who run Pyrtton to find places to suit those people. Mr Lowe can comment further. However, if the member had visited Pyrtton he would understand what I am talking about.

Mr LOWE: This is a several year program. Pyrtton accommodated 176 people originally, and until a few weeks ago, 72 clients remained. During the last financial year 28 people were located, and 45 intend to go out this coming financial year. The remaining people will go out during the first few months of the year after, although we may be able to bring forward that last group and place some of them this year.

We work with the families and match the skills and personal compatibility of residents at Pyrtton in groups of about four, perhaps five or three. Some will have individual options, and may stay in alternative family arrangements or with an individual carer. They may end up in houses in the suburbs. Those houses, if necessary, will have reasonable surrounds, double glazed windows, etc. The evidence is that indications of happiness, such as improved health, are much more frequent. Indications of unhappiness, such as tantrums, violence and ill health are less frequent when they move from the Pyrtton environment to community residential accommodation. For a small number it is not tenable to have home accommodation on a suburban block.

Mr CARPENTER: I am sure that the same concerns have been raised with the Minister regarding this process. Theoretically people agree with the process but are afraid that some of the people who have been moved into community based accommodation are worse off for the experience. Concerns have also been expressed about the level of care and the level of skill in that care. They wonder about the process of ascertaining the level of care they will receive, when tenders are called. I raise a specific case of a group which won the tender for the last 30 patients to be moved from Pyrtton, and concern was expressed about the level of care at that accommodation.

Mr OMODEI: Are you talking about Saracen Properties?

Mr CARPENTER: Adrian Taylor.

Mr OMODEI: That is his company. I understand that it has withdrawn its bid. Therefore, we must still locate those people.

Mr MARLBOROUGH: Has the bid been withdrawn because you questioned their service? It seems a fairly last minute withdrawal.

Mr OMODEI: No.

Mr LOWE: We negotiated and reached a price that was agreeable to both parties. Am I permitted to talk about the detail of a tender?

The CHAIRMAN (Mr Ainsworth): It is a little outside the scope of the Estimates Committee discussions.

Mr LOWE: It was not on the basis of anything related to clients or cost. It had some relationship to guarantees -

Mr MARLBOROUGH: It did not relate to the quality of service?

Mr LOWE: No, it did not relate to that.

Mr CARPENTER: When did the withdrawal occur?

Mr OMODEI: Two or three weeks ago. Some of this residential accommodation can be old facilities. Usually they are old hospitals which have been converted to institutions, and they have ramps and appropriate facilities for the disabled. However, the people who must be relocated can have problems. For example, one person at Pyrton is rather big. Therefore, some people need specialised care. Some of the accommodation centres which I have visited provide excellent care. A facility could be a house with four bedrooms, wide passages, double glazed windows, big gardens and good security fencing, all of which blends into the residential environment. As an example, four profoundly disabled people would have seven FTEs looking after them on a 24 hour basis. That is a huge investment of perhaps \$300 000 or \$400 000 for the house, together with the cost of seven FTEs working on rotation. Those facilities are probably the best one would see anywhere. They are replicated around the metropolitan area.

The member is right. Depending on the degree of disability - that is, if people are aggressive or make a lot of noise - the facilities must allow them to be cared for without disruption to the community.

Mr MARLBOROUGH: Has the tender process been stopped, or are you looking at seeking further bids? How long is the process likely to delay the relocation of people? We must remember that we are talking about the relocation of patients for whom we are responsible, and we should be aware of the family which may have made lifestyle decisions to move to a location close by. The family may have made a decision to accommodate their ability to be on call and to visit the patient. Any sort of change creates a difficulty outside the institution itself, and the situation needs to be addressed as quickly as possible.

[8.10 pm]

Mr OMODEI: I have been very keen to act as expeditiously as possible to have the people from Pyrton located in the community. The previous Minister had the same view, and the Disability Services Commission has no doubt about the intentions of the Government in that regard. I understand the Cerebral Palsy Association was part of that process and negotiations are being carried out with it to take over some of those clients.

Mr MARLBOROUGH: It was one of the tenderers in the first process. Who were the other players and are any of those names being looked at?

Mr LOWE: I will not talk about the others. The Cerebral Palsy Association was part of the process and was regarded as a suitable tenderer. We are now negotiating with it to take at least some of those people who were left.

Mr MARLBOROUGH: Will that be in existing accommodation or in new purpose built accommodation?

Mr LOWE: No; as part of this exercise Homeswest guaranteed to provide a certain quantity of property. We will talk with families about where they live and whether it is a matter of consequence which suburb their children live in. We will then try to pair people by their compatibility and preferred location. Saracen leaving and the Cerebral Palsy Association coming in will not make any difference to those processes. The taking over of the administration will be the only difference.

Mr MARLBOROUGH: My concern as a member for a region south west of the metropolitan area is that it is lacking in the whole area of disability services. There is no respite care that I am aware of, other than some respite for children in the Fremantle region. There is nothing south of Fremantle to Mandurah. Cockburn, Kwinana, Rockingham and Mandurah are without any respite care services. What emphasis is the department putting on the service in that part of the metropolitan area as a matter of urgency?



I am aware of at least one couple already in their seventies who live in Rockingham and who have a son at Pyrtton who is in his forties. They have had to travel that distance for many years. They came to me three years ago to see what could be done about a service in the south west metropolitan area so it would not be as difficult to visit their 45 year old son, because they were getting beyond driving and the bus and train trips from Rockingham were totally inappropriate. For some reason the south west metropolitan area has been ignored.

Recently a hostel in Kwinana was sold off. Considering the lack of respite care services in the region, has the Government given any thought to reconstituting that hostel - I am not sure whether the sale has gone through - as a respite care centre? There is a real urgency in that area and nothing is available.

Mr OMODEI: The plan is to establish respite housing funding for the south metropolitan area.

Mr MARLBOROUGH: In this year's budget?

Mr OMODEI: There is an extra \$600 000 in this year's budget for respite. Rocky Bay will also build two respite hostels south of the river this year.

Mr MARLBOROUGH: Is anyone building anything in the Rockingham or Kwinana regions?

Mr OMODEI: There are varying degrees of respite. One of the matters that was brought home to me was that respite for people with disabilities is vital - whether it be respite for the client or respite for the carer. We are conscious of that. The Government is working on a number of innovative programs, some of which I cannot tell members about now, but it is hoped they will come to fruition in the not too distant future. In the south east metropolitan area the local area coordinators put together a group of volunteers and identified what equated to over \$1m-worth of respite over a period. We are still working with local area coordinators on the total coverage of the metropolitan area. We estimate another 80 local area coordinators are required. The south east metropolitan area is covered and the other regions are slowly being filled up by local area coordinators who can identify the needs the member for Peel mentioned. All the country areas of Western Australia are covered. Although I am relatively new to this portfolio, I believe the work being done by local area coordinators is exemplary and the people who have been selected are doing a good job identifying the needs of people with disabilities and their families, and covering areas like respite. As the member will be aware, if we can keep people with a disability out of an accommodation facility or an institution, it will not only save money but create a better way of life for them. They are far better off with their own families than they would be with someone else looking after them.

Mr LOWE: The Rocky Bay facility is funded from the 1996-97 funding. There will be one respite facility in the south west corridor and one in the south east corridor.

Mr MARLBOROUGH: Do you know where that will be located?

Mr LOWE: No; we are negotiating that with Homeswest. It will be as close as we can get it to a population need centre. It will probably be somewhere south of Fremantle - do not hang me on it - but I do not know how far south. We recently awarded the Association for Autistic Children carriage of two respite facilities for children with autism, which will be south of the river.

Mr OMODEI: Eighty per cent of Rocky Bay's funds come from the Disability Services Commission, and there are running costs of about \$500 000 a year for the two new respite houses.

Mr MARLBOROUGH: I am not raising this matter to be critical of the Government, because the Labor Party was no different when it was in government. It is a known fact that the allocation of health dollars to the south west metropolitan area is a disgrace. Something like 28¢ in the health dollar is spent in the south west metropolitan region and the rest is spent in the northern parts of the metropolitan area, including the city. It is a significant difference. Health professionals in my region, community health workers and people involved in health generally are scathing of the Government's response to health needs in that region. Although health officers in the Minister's area may be doing a good job on the ground gathering information, it is obvious they carry no political clout because nothing is happening. The increase in population in my seat of Peel alone in the past eight years is a reflection of the growth in that region. It was the fastest growing seat in eight years; it went from 20 000 to 34 000 voters. The Rockingham-Mandurah area has had the largest percentage growth in Australia. However, there is not one service in that region.

Mr LOWE: Historically, people with intellectual disabilities, in particular, have been placed in the north eastern corridor of the metropolitan area. Whether that is because there was cheap land years ago, I do not know. There is a bricks and mortar preponderance that we are breaking down as we devolve these institutions into group homes. When we move people into group homes or community living, we try to do so to preserve their current or preferred community network. For many that is jobs, even if they are sheltered jobs which may be out in that quadrant. For

others it is returning to the family district, which may be Rockingham or Mandurah, or somewhere else. One way we try to address this balance - some facilities are being built south of the river as I have mentioned - is to have the coordinators work at the ratio of 1:50 or 1:70 people. The southern metropolitan region is three local area coordinators short of being completely funded for total local area coordinators. That will be done in a matter of months.

[8.20 pm]

Mr MARLBOROUGH: Where are they located?

Mr LOWE: I cannot remember. They are central rather than in Mandurah or Rockingham. Those people provide discretionary funds in small amounts to see people over the short term problems. They also have larger amounts for people seeking respite or accommodation. It will not necessarily be applied to the buildings, but they may be able to apply to respite forms of residential accommodation in a hostel. Those things are addressing the imbalance.

Two facilities of Rocky Bay will be south of the river. Other facilities recently built are for the care of the intellectually handicapped provided three or four years ago, and the other is the facility of the Autism Association. They are increasing, but I agree with the comment that the preponderance of facilities has been in the north east quadrant. With the Minister's approval, I can provide maps of population and facility distribution if the member likes.

Mr MARLBOROUGH: It would be much appreciated.

Mr OMODEI: We will provide that as supplementary information.

Mr McGOWAN: My question is similar to the one raised by the member for Peel. Page 275 refers to establishing new respite services for adults with high support needs in the south metropolitan region. I take it that that is a reference to what will happen - it has not yet happened - in relation to Rocky Bay support services.

Mr OMODEI: They are in the business plan.

Mr LOWE: It is on the major achievements list as we have already done it. The funds are temporarily applied by Rocky Bay to its current facility. We have an interim solution while the facilities are built; therefore, funds are applied during this financial year and the program and new facilities will be up and running during the next financial year. The funds are already flowing to this program.

Mr CARPENTER: Page 274 of the Budget Statements, under major achievements, refers to implementing safeguards to consumers of outsourced accommodation services. I know this goes back to what happened in Perth. People raise concerns about the process of people being moved out of institutions into community based accommodation; most people support that, although there are arguments about the mix. However, the process arises of the outsourcing of the provision of accommodation and care. A good deal of concern is evident about the level of monitoring of the standards of care provided. How is that implementation of safeguards achieved, and how does one make assessments on the level of services? Where can I find the allocation in the budget to enable that monitoring to take place?

Mr LOWE: I will leave it to Mr Knowles to talk about the dollars later. We have let a contract for an agency to manage the process of sending in, usually, three people to a facility or facilities in random sequence, unless we expect a problem, when it is not so random. That process is rotating and we will look at as many units and people within them as we can as we go.

However, that is only one of a number of safeguards. We have grievance procedures and local area coordinators attached to clients with at least once-a-year contacts. We are signatories to the national standards for disability services, which is a quality guideline. We inspect the facilities in sequence with the new standards monitoring team, which includes representatives of the non-government sector, people from our organisation and people doing the managing of the exercise, E-Qual, to look at these things in sequence.

Mr KNOWLES: I refer to page 277 of the Budget Statements and the summary of the key level outputs and item 3.3. This covers a range of issues which include the safeguards, standards monitoring, and grievance resolution procedures. Approximately \$1.3m is spent each year in that area.

Mr CARPENTER: Is E-Qual the recipient of the \$1.3m?

Mr KNOWLES: That money is spread over a range of services. E-Qual is a small contract; I cannot remember the exact amount, but it is less than \$50 000 per annum for the establishment of processes and the management of standards monitors. Payments are made to standards monitors who work through E-Qual to provide those services. That is part of the allocation of those funds.

We then have our grievance funding, our safeguarding initiatives, and our advocacy officers. A range of issues are involved. The money is not going to one provider; it is spread across a range of services, provided by both the commission and the non-government sector.

Mr CARPENTER: Am I right in my reading of some of the major achievements that a fair amount of self-assessment takes place with service providers as to the quality of the service and the standards? I refer to page 278, paragraph 5, which refers to self-assessment by services of their performance in relation to disability services standards. Page 279, point 3, refers to the key result that all services have completed self-assessments against disability service standards. Am I right in thinking that a fair amount of performance against standard is self-monitoring?

Mr LOWE: The member is right, but the way it works is that each agency has a funding and support officer assigned to it from our office. That agency works with that officer to consider the management of the performance agreement. We have a performance agreement signed with that agency and the quality at which it will work, and that sort of thing. Direct contact is maintained between one of our officers and the service provider. The service standard we require is self-assessed against an instrument we have created. We are asking them to assess themselves to a standard. Their reporting to us is an exercise in education. We will tell them what is expected and to monitor themselves against what is expected. An officer is in the agency with the operator to see what is happening, but it remains a self-assessment. It is not particularly easy to cheat as we have someone involved. That is a lesser form of intervention than sending in two or three people to watch the procedure work over three days and determine whether the self-assessment has occurred.

Mr CARPENTER: I am not asserting that all sorts of Victorian England practices are developing in the suburbs. However, I wonder about the process of self-assessment and the capacity to monitor even when sending in groups of three.

Mr OMODEI: We are not. Mr Lowe said the person is a project officer who belongs to the Disability Services Commission and ensures agencies go through the proper processes. They pick up trends much better by living with the organisation rather than sending in a policing group of two or three which looks at the facility for only a short time. From my knowledge and experience, it works extremely well. The relationship is good and the level of compliance is very good.

[8.30 pm]

Mr LOWE: It is really important to look at whether any one protection strategy will be enough. If we had another \$1m to spend, the assumption is that we would find out everything. The issue is really one of multiple safeguards. We have self-assessment and the necessary funding and support officer who may deal with 10 agencies, but the officer nevertheless is there quite frequently. We have \$90 000 that we pay annually to the Equal Opportunity Commission for its own ultimate grievance process and officers. We have advocates who work within our organisation, so that if there is a problem we have our own advocates and our own internal grievance machinery. Then there is the local area coordination network. Most of these agencies, particularly the non-government agencies, also have family and friends in a boarding situation. They have their own internal assessments. Looking at any one of these methods will never be enough. A raft of them is the ultimate protection. However, instances of abuse can still occur from time to time that we do not detect - hopefully very few.

Mr CARPENTER: Was E-Qual commissioned to prepare a report on the format of the maintenance of standards and setting of safeguards; if so, has it reported and has the report been made available?

Mr LOWE: E-Qual provided a report on safeguards to the Advisory Council on Disability Services. The council commissioned it, I think through the commonwealth research grant it had picked up. Obviously we also had copies.

Mr CARPENTER: Is part of this report a recommendation from E-Qual? The Minister has not explained E-Qual. Did E-Qual recommend that a separate agency be set up to oversee the safeguards?

Mr LOWE: Yes, as I recall.

Mr CARPENTER: What has been done along those lines?

Mr LOWE: We let a tender for the management of a process where E-Qual would employ or get people to do the inspections. Within our own agency we have people who would be part of that. We bring in people from external agencies to do it. Also a group of people were asked to apply for the position of monitors. We do not employ those people; they are employed through E-Qual. E-Qual manages that process. We did not set up an external agency, but let a contract that would ensure some external view of it.

Mr CARPENTER: I want to know what E-Qual is or who they are. It was commissioned to produce a report on setting the standards and maintenance of safeguards. Has that report been made public?

Mr LOWE: It is the advisory council's report. I do not think it has been made public.

Mr CARPENTER: As a result of that report the same company which was commissioned to provide it has been employed to provide the service which it recommended. Has E-Qual been contracted now to do the work?

The CHAIRMAN: I am wondering about this question. The Minister is quite welcome to answer it if he wishes.

Mr CARPENTER: May I ask it in relation to the place to which you directed my attention, Mr Chairman, which refers to the \$1.3m? We have an allocation of over \$1m to maintain standards.

Mr OMODEI: Mr Chairman, you quite rightly referred the member for Willagee to the budget, but the CEO is more than happy to reply to the question.

Mr LOWE: The E-Qual contract for the research study was let by the Advisory Council for Disability Services, over which the commission has no control. The commission subsequently let a contract that E-Qual tendered for in a proper tender process. It won that tender. As Mr Knowles pointed out, the tender was not major, at less than \$50 000. There is nothing inappropriate or suspicious about the fact that the people who did the first study wound up providing management services. E-Qual's recommendation was to set up an organisation to carry out this research at a much grander level than the nature of the contract which was returned. The recommendation was different from the way it turned out. We did not set up a standards monitoring agency as a free standing agency which would get all the money. We set up only a management process.

Mr CARPENTER: This company oversees that process?

Mr LOWE: That is correct. I do not know whether the member wishes to know the names of the people in the company?

Mr CARPENTER: Yes, please.

Mr LOWE: The principal of E-Qual is Geoff Jones, who is a master's degree graduate in clinical psychology and a master's degree graduate in business administration. He was at one stage the principal clinical psychologist for the then Authority for Intellectually Handicapped Persons. That was probably seven or eight years ago now. Another member of his staff - I am not sure whether she is a director - is Rosemary Lawn, who was an occupational therapist who sometime preceding that worked with the then Division for Intellectually Handicapped and then for PE Personnel. I am not sure of the history since then. There are others around, but I do not think they would be directors of the company. The company has won a number of small contracts with the commission over the years.

Mr MARLBOROUGH: I refer to the fifth, sixth, seventh and tenth dot points on page 276. The fifth dot point refers to transferring resources from the Disability Services Commission to Silver Chain. What are the services, what are we finding as complex health care needs and how are they presently being looked after by the commission?

Mr LOWE: Pyrton Training Centre used to have 167 residents and it also had a hospital.

Mr MARLBOROUGH: This is all to do with Pyrton, is it?

Mr LOWE: Yes. As we devolved Pyrton and large hostels into the community, the nursing service that was based on Pyrton was no longer appropriately operating just within Pyrton. Rather than run our own community nursing service, we put our funds into the Silver Chain Association, which gave us a greater degree of flexibility in services over the metropolitan area.

Mr MARLBOROUGH: Did the department tender that or was Silver Chain simply selected as a community organisation?

Mr KNOWLES: We already had a funding relationship with Silver Chain because it is one of the non-government agencies that we fund. We transferred that service across to Silver Chain.

Mr MARLBOROUGH: How much is the service worth?

Mr KNOWLES: Approximately between \$150 000 and \$200 000 a year.

Mr MARLBOROUGH: You did not see fit to put it out to tender?

Mr OMODEI: To whom?

Mr MARLBOROUGH: Service providers. Everything else seems to go out to tender.

Mr LOWE: Where there is advantage in setting up a competitive market or where there is already a competitive market established, we would go to tender. We are not obliged by the Act under which we operate to tender when

a service with state coverage already provides the sort of outcome that we want and there is no stand up competition. In any case, we have carried out a number of these exercises, where we can transfer and fund an agency.

[8.40 pm]

Mr MARLBOROUGH: The next point on page 276 refers to employment opportunities going to different agencies.

Mr LOWE: In this case we established a non-government agency called Cross Links for the purpose of operating it. It is operated by a parent body.

Mr MARLBOROUGH: Did the department approach user groups and ask them to establish it?

Mr LOWE: It was the parents of the people who were involved in the Pyrton day facility.

Mr MARLBOROUGH: Were they already doing work in Pyrton?

Mr LOWE: A facility in Pyrton provided day placement for people who lived in Pyrton. That is not a happy way of living. We moved them off the site and established a body called Cross Links to provide that support service for those people by day off the Pyrton site. We tried to outsource that service to another agency that was already providing that sort of service, but it did not want to play with us, so we set up our own agency.

Mr MARLBOROUGH: The tenth point relates to the development and implementation of policies in non-government agencies in the areas of child protection and child abuse. We see horrific headlines about the processes of government responsibility for looking after children in one form or another. What precisely is going on? Are we removing ourselves from the responsibilities of implementing the law of care of these children? If so, what regulations and/or Acts are in place for these private agencies to work to meet a standard of care, particularly concerning child abuse? Why is the Government getting out of this area?

Mr LOWE: We are not getting out of it. The primary agency for the care and protection of children is Family and Children's Services. However we also have a responsibility to look after children.

Mr MARLBOROUGH: If a child is born with a disability it is not unusual for the department to look after that child from birth. Unless the courts intervene in some way Family and Children's Services rarely comes into that arena. The department is the caregiver, so there is no need for anyone else to become involved.

Mr LOWE: We are very much involved in the care of a child as in supporting a family to look after the child or supporting the Health Department or whoever is looking after the child's medical needs. However, when the child is being looked after by an alternative to the family, we provide information and assistance to agencies which have their own policies to ensure the child is protected. The ultimate protection of the child who is away from the family is the responsibility of Family and Children's Services. The member must be careful to separate the care and protection aspects.

Mr MARLBOROUGH: That is why I raised it. This worries me. It appears that when one is dealing with any number of different agencies that may have some responsibility for looking after a child, one agency may have a certain standard that another agency may not be comfortable with. My concern is that if these children are being handed over to these private agencies why should we not have a set of laws that they must abide by, rather than help them form their own principles? It seems to be too much of a voluntary thing rather than being driven by the Government.

Mr LOWE: The Family and Children's Services legislation applies to everybody. We have other standards monitoring procedures that will look at whether the facility is doing the right thing. This item refers to our providing an agency with additional training and support to make sure that its policies tie in with the legal and moral requirements of the day.

Mr MARLBOROUGH: How does that agency then respond to the department as the body responsible under the Act for looking after children with disabilities?

The CHAIRMAN: Member for Peel, although I appreciate your concerns, we are getting too far away from the basic estimates. That is a policy issue which you could take up with the Minister at another time. I draw your attention to the fact that it is 8.45 pm and we have another division to deal with before 10.00 pm. However, if the Minister is happy to deal with that question we will, but I do not want to get too far off the track

Mr LOWE: We stipulate in performance agreements the requirements on agencies. They must live up to certain standards. Our monitoring procedures then ensure that they comply, or if they are not adequate we have other standards and safeguards in the system. The responsibility is enforced in the care and protection order by Family and Children's Services; that is the ultimate sanction.

Mr MARLBOROUGH: Page 281 shows an allocation of \$3.662m for the upgrading of fire protection facilities at the commission's 13 hostels.

The CHAIRMAN: This is outside our scope. It is directly concerned with capital works and is not part of budget estimates.

Mr MARLBOROUGH: What is it doing in here then?

The CHAIRMAN: It is a capital works.

I am told that there has been change this year and the member's question is now legitimate.

Mr MARLBOROUGH: It is substantial amount of money for an upgrade. On the surface it is something to be worried about. Are orders outstanding on these hostels from the Fire Brigades Board which say that these buildings are unsafe in their present form? Do any of these 13 hostels have a certificate that says they are unsafe?

Mr OMODEI: Not to my knowledge. The situation is occurring right across Australia. The new fire regulations to make buildings safe for residents with disabilities impose greater requirements than the normal Building Code of Australia. Therefore, a number of existing buildings have been identified across the city as requiring upgrading. The \$3.662m will be applied to upgrade fire protection facilities at 13 hostels which house some 380 residents. We will increase the level of safety in accordance with the standard that is now required by the Fire Brigades Board of WA. There has been a recognition that the requirements for facilities that house people with disabilities need to be greater than those accorded under the Building Code of Australia.

Mr MARLBOROUGH: How long have those standards been in place? Is the department only now meeting its responsibilities in this budget allocation? Have those standards been applied for a longer period but not until this time been addressed?

Mr LOWE: All our buildings meet the standard, but the way they meet the standard is what causes concern. The requirement is that buildings meet the standard at the time they were commissioned. Standards have improved and not all the buildings would meet the current standard, bearing in mind that the current standard was not that required when the facilities were built.

[8.50 pm]

Mr MARLBOROUGH: Did you say that they are not required by law?

Mr LOWE: The building standards which are required now are much higher than they were in past years. The buildings met the required standards when they were built. The standards have changed and the \$3.6m reflects the fact that we want to bring those buildings up to the standard required by law and then go further, as the Minister said, because the people in those buildings have disabilities. This situation has developed over a number of years. It has not been easy to get the funds to rectify the situation. We are trying to rectify it by staff availability rather than by fire prevention mechanisms.

The CHAIRMAN: Before we debate the next division I wish to clarify a situation which arose tonight and which apparently caused concern to a member who wanted to take part in this committee, but was unaware that it had agreed to deal with division 69 before division 68. The Estimates Committees program which was faxed to all members does not have to be strictly adhered to. As is the case in the Committee of the Whole where clauses can be postponed until a later stage, Estimates Committees are able to postpone various divisions for consideration at a later stage within the time allocated by the Estimates Management Committee. It is worth members keeping that in mind if they want to attend other committee hearings.

**Division 68: Local Government, \$4 976 000 -**

[Mr Ainsworth, Chairman.]

[Mr Omodei, Minister for Local Government.]

[Mr S.M. Cole, Director, Local Government Services.]

[Mr R. Earnshaw, Manager, Corporate Services.]

Mr OMODEI: The department's contribution from the consolidated fund will increase from \$3.68m in 1996-97 to \$4.976m in 1997-98. This increase is, in the main, due to the community facilities grants program, which is \$1m each year until 2001. The department's budget statements will be processed as we proceed through this division.

The major increases which will impact on the department's budget in 1997-98 include \$331 000 to the Local Government Advisory Board to cover salaries of \$106 000; board members' fees, \$35 000; consultants' fees, \$100 000; travel, \$50 000; printing costs, \$25 000; vehicle running costs, \$10 000; and administrative costs, \$5 000. There will be a \$25 000 increase in Local Government Grants Commission membership fees and an increase in the commissioner's salary, which was approved by the Salaries and Allowances Tribunal in August 1996. In addition, there will be an increase of \$63 000 in the Government's contribution as part of the 1995 enterprise bargaining framework agreement. The existing enterprise agreement provided for a 6 per cent increase from 1 January 1996 and a further 2 per cent from 1 July 1996. The agreement expired on 31 March 1997 and the conditions and remuneration under the agreement still prevail.

There will be a decrease of \$206 000 in the transfer of the Minister's office expenses to the Ministry of the Premier and Cabinet. Two additional full time equivalents will be allocated to the Local Government Advisory Board and they include a level 6 executive officer who is responsible for the day to day operations of the board and a level 4 research officer. The cost of those two FTEs is \$106 000. The position of a temporary FTE level 3 will be converted to a permanent position in the monitoring and investigation section. This position involves the monitoring of statutory compliance returns and assisting with inquiries and investigation of local government. Treasury approved the FTE, but no additional funding. Funding of \$35 000 for this position will be provided as part of the increase in the department's budget. The net effect is that the department's staffing level will increase from 48 to 50 in the 1997-98 financial year.

The allocation for capital works in the 1997-98 financial year is \$1.076m and includes \$1m for the community facilities grants program. I mentioned earlier that \$1m for each of the next four years will be allocated to that program. The criteria and conditions of that program are still being developed. An amount of \$76 000 will be allocated to the replacement of computers, facsimile machines and a photocopier. A further net appropriation of \$97 000 will be provided by the Commonwealth for the provision of local government development services in international territories, namely Cocos and Christmas Islands.

Mr McGOWAN: The appropriation and forward estimates on page 578 show a decline in expenditure over the next four financial years. Will the Minister explain the reason for the decline?

Mr OMODEI: It certainly is not the most grandiose budget one will come across. It has always been fairly lean and mean. With only 50 FTEs it is the smallest government department.

Mr EARNSHAW: The decrease is through minor reductions in the administrative contingency expenditures. There are pluses and minuses in, for example, rent, fringe benefits tax and travel. There is nothing of any great consequence. The department has a small budget and the expenditure increases or decreases over time.

Mr OMODEI: One thing that has occurred through the implementation of the new Local Government Act and the decrease in the requirements for ministerial approval is the freeing up of staff to pay closer attention to local government compliance. I am keen to upgrade the department's capacity to monitor local government. The number of FTEs has been increased over the last year from 47 to 50.

[9.00 pm]

Mr McGOWAN: In the table on page 580 reference is made to local government policy and planning. The second dot point underneath the table refers to the Local Government Advisory Board. It is a matter of common knowledge in local government circles that the Local Government Advisory Board's role is to investigate various local government bodies with the view to putting recommendations to the Government about their future - whether they should be disbanded, amalgamated or any number of other things. I want to ask a number of questions about local government districts.

Mr OMODEI: Maybe I should explain the role of the Local Government Advisory Board and the member can follow with his questions.

Mr McGOWAN: I understand the role of the board. Its role is to make recommendations to the Minister and hence to Cabinet and then the Minister asks it to come up with an option for a local government authority.

Mr OMODEI: It is a little more complex than that. The Local Government Advisory Board has taken over the role of the old boundaries commission. It has an increased role under the new Local Government Act. Its normal function is to have matters referred to it by the Minister. There is a capacity for the general public to refer boundary changes to it by way of a specific petition, which must be in the proper form and should include maps, etc. Ward changes are also referred to it. Matters that were once referred to the Minister are now referred to the advisory board for its assessment. Its main role relating to the matters referred to it came from the Structural Reform Advisory Committee. Its report is known as the SRAC report. That committee was made up of local government people and people from

the various peak industry bodies and it came up with 21 recommendations. Two of those recommendations related to referring to the advisory board for its assessment the boundaries of the Cities of Stirling and Wanneroo and their joint resource sharing arrangements. That is what the Local Government Advisory Board does. It is being funded to do those things.

The member should bear in mind that the Federal Government had identified boundary changes and areas that must be addressed. At the same time other States, particularly Victoria and Tasmania, were considering boundary changes with a large amalgamation agenda. Rather than be cajoled or coerced into following them down the same path, I decided we would set up the Structural Reform Advisory Committee to examine the efficiency and effectiveness of local governments in this State with the possibility of boundary changes. There has been a long history of proposals for boundary changes in WA. There have been some boundary changes, including the amalgamation of the old Boulder Shire Council and the Kalgoorlie City Council into the Kalgoorlie-Boulder City Council. That was done by those councils without any intervention by government. The important thing is that local government should be allowed to have some say in what happens. Specific conditions apply to the advisory board under the Local Government Act. It is important that the process is seen to be transparent.

Mr McGOWAN: What are the Government's intentions in relation to the City of Stirling?

Mr OMODEI: As I said, the Cities of Stirling and Wanneroo were referred to the advisory board for assessment of their boundaries and efficiencies and where they wanted to be in the foreseeable future. The process laid down in the Act is very clear; that is, a formal proposal must be made to the board. That can be done by the Minister or anybody in the community. The reasons for the proposal have to accompany it together with the appropriate maps. Once the board receives the formal proposal - it is important the member know the difference between a formal proposal and what we have done in the case of Stirling and Wanneroo - the advisory board has to consult with the community for six weeks. It then makes a recommendation to the Minister which the Minister can accept or reject. In the case of Stirling, neither I nor the department had the capacity to do the research for a formal proposal. I referred to the advisory board a request for it to do a feasibility study on whether it was possible to recommend splitting the Cities of Stirling and Wanneroo or to make some boundary changes. The board was engaged to do that in September 1996. It was asked to provide me with options and to consider whether the proposal was feasible. That report has been given to me. The deadline for that was 30 March 1997. I received the documents soon after that and I will be tabling them in the Parliament in the near future. Five options were presented to me in that document. The document contains a comprehensive background relating to the feasibility of each of the five options. I had a choice as Minister of adopting one of those options or formulating something feasible for splitting the Cities of Wanneroo and Stirling or, if necessary, recommending boundary changes. At present, I am in the process of formulating a formal proposal that will go to the board. It will be going to the Cabinet and the joint party room for consideration this Monday.

Mr McGOWAN: When will you release an outcome?

Mr OMODEI: Once I have received agreement for a formal proposal, I will present that proposal to the Local Government Advisory Board. At that time I will table it in the Parliament along with the feasibility studies that were conducted by the advisory board. I will also brief the Western Australian Municipal Association, members of the Opposition, and the media.

Mr McGOWAN: Will you put that proposal out for consideration by the ratepayers in the Cities of Stirling and Wanneroo at that time?

Mr OMODEI: I will put a proposal to the Cabinet. Cabinet may decide to can it. At this stage I still have to get it through the normal processes. The member has Caucus; we have our joint party room. It is a strange beast to deal with when one wants to do something.

Mr McGOWAN: Assuming that you get an option through the Cabinet, will you then put it out for public discussion?

[9.10 pm]

Mr OMODEI: I will refer it to the advisory board. It is then placed in its hands for the next stage. That stage is laid down in the Local Government Act; that is, the public consultation process. They will conduct meetings, consult with local governments in the area specified, and make a recommendation to me, which I will either accept or reject.

Mr McGOWAN: Will that public consultation include a binding referendum?

Mr OMODEI: It will not, unless there is a provision for polls in the Local Government Act. The only binding poll is one where there are wholesale amalgamations. A referendum can be called by a petition of 250 people or 10 per cent of the electors of the municipality -



Mr McGOWAN: Whichever is the lesser.

Mr OMODEI: I am advised that that is correct. If there is a turnout of 50 per cent the referendum is binding on the Minister. The Minister can call for an indicative poll - in other words, an indicative referendum - should he deem it necessary. A judgment would be made by the Minister based on the results of the indicative poll.

Mr McGOWAN: Are you saying that only if there is a wholesale amalgamation is it compulsory for a referendum under the Act? If the councils are split is it your option to call an indicative poll, not a binding referendum?

Mr OMODEI: I could hold an indicative poll, if there were an overwhelming response; it would be up to the judgment of the Minister. There would not be a compulsory poll for partial boundary changes because of the difficulty in getting a sufficient turnout to a poll, and the necessity for the Government or the Minister to have the ability to effect a boundary change. If a referendum were held on every proposal, there still might be no change. We may go to the expense of a referendum and have a very small turnout, but with an overwhelming result. It may be a 30 or 40 per cent turnout with an overwhelming result, and it would become a question of what the other 60 or 70 per cent think or would have done. The question of referendums is difficult. I have some firm ideas on this. It would not be my intention to allow binding referendums for boundary changes.

Mr McGOWAN: Notwithstanding all that, would you consider legislation such as that introduced for the splitting of the City of Perth? Would you consider legislation in either or both municipalities in the case of the City of Stirling or the City of Wanneroo in relation to boundary composition?

Mr OMODEI: We are not considering specific legislation for Wanneroo or Stirling. The Government always has the option of introducing legislation; it has chosen not to go down that path. Victoria had 210 local governments; it is a very small State geographically. A council in the east Pilbara is the equivalent size of Victoria. Obviously Victoria had too many local governments which were not run efficiently. I do not need to talk about who drew the lines, but the number of councils in Victoria has been reduced from 210 to 78. It was our decision not to proceed down that path. We decided there was a need to look at the efficiency and effectiveness of local government in Western Australia. That is the reason I set up the Structural Reform Advisory Committee, which reported and identified the issues which local government needed to consider. My preference is to have the matter handled by local government. Local government should grasp the nettle and consider which direction to take in the foreseeable future. I hope we will receive some formal proposals from local government on the need for change to either their boundaries or their immediate neighbours' boundaries.

Mr McGOWAN: I understand how Victoria achieved fewer councils. Do you have any intention, thoughts or proposals regarding the amalgamation of some smaller local governments; for example, those in the western suburbs? If you do, why are you examining the larger councils which would have economies of scale, before examining the others?

Mr OMODEI: Even with Victoria's amalgamation agenda, apart from the City of Geelong, that State has no councils as large as the Cities of Stirling and Wanneroo. The populations of the Cities of Stirling and Wanneroo are the fourth or fifth highest in the country. A recommendation of the Structural Reform Advisory Committee was to consider the size of those two cities. Another recommendation was that we should look at doughnut councils such as the City of Geraldton, the Shire of Greenough, the City of Bunbury, the surrounds of the Town of Northam, the Shire of Northam, the Town of Narrogin, the Shire of Narrogin, the Town of Albany, the Shire of Albany, and the City of Mandurah and its close affiliates, to assess the boundaries and joint resource arrangements. Apart from those two recommendations, there are no imminent proposals by the Government to look at an amalgamation agenda for the remainder of Western Australia.

The member referred to the western suburbs, where there are a number of small local governments. No specific reference has been made by the Structural Reform Advisory Committee, and neither has the Government considered any agenda for the area. It is well known that the Towns of Cottesloe and Mosman Park are having preliminary discussions about the possibility of some boundary changes or improved resource sharing. I do not know whether that discussion is ongoing since the last local government election. Councils tend to change their decisions depending on the members of the council.

Mr McGOWAN: From that I take it that you do not have any plans for the western suburbs.

Mr OMODEI: We have no plans in that area. The Local Government Advisory Board will be quite busy looking at the Cities of Stirling and Wanneroo in the near future as well as making an assessment of the doughnut councils. Reference has been made to the splitting of the Town of Augusta from the Shire of Augusta-Margaret River. From time to time the board also has referred to it ward boundary changes, so its time is limited.

The member may have heard me say many times that the Government has no hidden agenda for council amalgamations. We have a preference for councils looking at themselves, particularly from the efficiency angle. All councils were required to reply to the Structural Reform Advisory Committee, and we are in the process of analysing those responses. I do not see the big hurry for change in local government, although change is required in Western Australia. It must be done, more so by local government than by the State Government imposing its will on it. A responsible attitude from local government would be for it to look at itself and come up with proposals that place it in a better position in the future. In other words, it is a policy of change by evolution rather than by revolution. It is hoped local government will take it up.

[9.20 pm]

Mr McGOWAN: I understand what the Minister said about the size of the City of Stirling, but one must remember there is no optimum size for local government authorities, considering, for example, the size of the City of Brisbane. There has been speculation in the City of Stirling that the reason it has been considered for a split is that it is financially secure and debt free, and might even have some financial reserves, and that the Towns of Vincent and Cambridge do not have a sufficient rate base. Is it correct that the City of Stirling may be subsumed into the Towns of Vincent and Cambridge in order to meet their debts?

Mr OMODEI: No, it is not correct. There is a possibility that if boundary changes are made, some of the territory in the City of Stirling may go off to those municipalities. A lot of conjecture and rumour is going on. As well as that, the City of Stirling has hired consultants and organisations to put its point of view to the Local Government Advisory Board. Interestingly, a formal proposal has not been put to the advisory board. I argue that the city is premature in its spending of ratepayers' money.

The Cambridge and Vincent councils were set up in the restructuring of the boundaries of the old City of Perth. The member for Rockingham will recall the Government was criticised for its lack of consultation over that. Knowing how that occurred, I put it to the member that there would be no way there would be a change to the boundary of the city. The heart of the city was dying. Twenty-four councillors on the City of Perth represented suburban areas. Since the decision was made, the break-up has been a great success.

The Towns of Cambridge and Vincent are both debt free. They were set up with \$1m in the bank, with brand new equipment and facilities that cost about \$5m for each town. The Town of Vincent has significant assets it could realise if it wanted to. Likewise, the Town of Cambridge will finish up with a share of the Bold Park split up, which will place it in a very good financial position. I contrast that with the 112 local governments in country Western Australia that live off the smell of an oily rag. If their financial assistance grants were taken away, most of them would be technically broke. It is important to understand that the towns that are referred to as tiny towns are quite financial. Victoria Park, for example, receives revenue of almost \$2m a year in rates from the casino and surrounding land and it has a significant rate base. The Town of Vincent is well placed. The Town of Cambridge receives revenue of \$1m a year from the Wembley Golf Course.

Many people in Western Australia would argue against the change. Pundits will say the decision on the Towns of Vincent and Cambridge will be made to bolster those towns. In reality they do not need bolstering. The Town of Cambridge has one of the lowest rates in the dollar of any municipality in the metropolitan area.

Mr McGOWAN: When Victoria engaged in mass amalgamations the Government imposed an across the board rate reduction in the vicinity of 15 to 20 per cent to show its benefits. If the Minister intends to split the Cities of Stirling and Wanneroo, will he impose a requirement along those lines, or at least a cap on rates? Will he provide assurances for the job security of the labour force at those two local authorities?

Mr OMODEI: The question is hypothetical at this stage. The Act provides guarantees for employees. Victoria achieved a 20 per cent rate reduction in the first year of the amalgamations. It has significant liabilities for superannuation payouts. It is still early days in the analysis of what happened in Victoria. Obviously some of it has been a major success, and I expect there are some anomalies in the system as well. Members will know next week whether that process will occur in the Cities of Stirling and Wanneroo. If that is the case, we should allow the process to take place. In the weeks subsequent to that the member can ask me as many questions as he likes with or without notice. I will brief members should the matter proceed.

Dr TURNBULL: Will the Minister provide examples of where the national competition policy through the clause 7 statement is being applied to local government in a positive manner? Does he have concerns about the application of some areas of the national competition policy, particularly in country councils?

Mr OMODEI: The brief answer to the question is that I do not have concerns about country councils. The application of the national competition policy to local government will not have a major effect in Western Australia. It will have an effect in the Eastern States where a number of councils run electricity schemes or water and sewerage

schemes. Some councils in Western Australia run sewerage schemes, but they will not be impacted on greatly. The requirements of the national competition policy were that the State come up with a clause 7 statement.

A committee was developed that was chaired by John Lynch, the Executive Director of the Department of Local Government, and included people from the Western Australian Municipal Association, the Institute of Municipal Management, and the State Government's national competition policy unit. The statement covers competitive neutrality; in other words, that a local government business enterprise should not have a net competitive advantage over a private sector business as a result of its public ownership. The statement also covers structural reform of public monopolies and it is likely to have limited application to local governments in Western Australia. The other matter that is covered is legislative review.

Local governments must consider competitive neutrality for business activities that exceed \$200 000 annual income. That consideration must take the form of a cost benefit analysis. Larger local governments with an annual turnover of \$2m or more must conduct that analysis by 1 June 1997, while local governments with below the \$2m turnover will have until 1 June 1998. If the benefits are found to exceed the cost local governments will have a year in which to introduce competitive neutrality. That could mean adopting a corporatised model of that business unit, if it is a business unit - imposing taxes or tax equivalent payments and eliminating the debt guarantees on the business activity, or pricing products to reflect the full cost. Local governments will have until the year 2000 to review all their local laws that restrict competition, and that is a requirement under the Act. Their legislation should be amended if it is found that the local laws restrict competition and the benefits of those restrictions do not outweigh the cost. All local laws developed from now on must go through the process of being assessed every eight years, as required under the new Local Government Act.

[9.30 pm]

The CHAIRMAN (Mr Ainsworth): My question relates to the cost imposed on shires undertaking those reviews. Has it been estimated, and has any form of assistance been considered for some of the smaller, less well-resourced shires to undertake that work?

Mr OMODEI: Some of the local shires could do their assessment on the back of an envelope. Certainly those with large budgets will require significant analysis of their operations. They are the local governments that can probably afford it. There is no doubt this will place a responsibility on local governments at the minimum to consider their operations. The same argument could be made about the requirements of the new Local Government Act. Tomorrow I will visit some country local authorities and I am sure this issue will be raised with me. There has been a long hiatus between the old road boards and the current shire councils, which have much more responsibility in this day and age. They will very quickly be brought up to date with the modern process, and it will have an impact on local governments. However, they have access to the Department of Local Government and there are a number of peer support groups they can tap into or seek assistance from.

Dr TURNBULL: I seek some clarification. When you were quickly reading through your notes you said that if the council made a profit from the procedure or service, it would have to be corporatised.

Mr OMODEI: I said if the benefits were found to exceed the cost in those councils with an annual turnover of \$2m or more, they must conduct an analysis of their operations by 1 June 1997. Those with a turnover of less than \$2m, of which there are many, will have until June 1998 to assess the matter. They probably have a business unit, and if the benefits exceed the cost local governments will have a year in which to introduce competitive neutrality. That could mean the adoption of a corporatised model, imposing taxes or tax equivalent payments and eliminating debt guarantees on the business activity, or pricing the product to reflect the full cost. It would try to stop cross-subsidisation within the organisation.

Dr TURNBULL: To whom are the tax equivalents paid? Is it within the local government entity?

Mr OMODEI: They must value the tax equivalents so that they compare with the private sector.

Dr TURNBULL: Do they pay it to an outside body?

Mr OMODEI: No.

Mr McGOWAN: My question relates to metropolitan councils. Notwithstanding what the Minister said, which local authorities have been considered or are currently under review for boundary changes, splits or amalgamations?

Mr OMODEI: There are none in the metropolitan area. There could be a slight boundary change if someone in a rural shire accumulated the property next door and wanted all his land to be in the one municipality. That person could request a boundary change that might involve a couple of thousand hectares. I want to be sure I am not misleading you, but that is not relevant to the question. As I said earlier, requests for boundary changes are made

to the Structural Reform Advisory Committee. The Local Government Advisory Board considers boundary changes in other matters. The SRAC report was made by the committee set up by me to look at the efficiency and effectiveness of local governments in Western Australia and to consider their debt servicing, statutory compliance and so on. Only those matters in the SRAC report are being referred to the advisory board for consideration. There are no others at this stage but that may change in the future. That does not mean it cannot come from local government itself.

Mr McGOWAN: My question relates to the electoral system used in the recent elections, and reference is made to it at page 582. A number of complaints have been made with regard to the use of ticks instead of numbers, and because it was described as a first past the post vote but in operational terms did not work that way. It resulted in confusion, and some people were not elected who would have been had it been a pure first past the post system. Is the Minister proposing to use ticks in the next election or the more conventional system using numbers? Secondly, where there might be two vacancies and people run on a ticket, will the Minister go back to one vote irrespective of whether there are two or more vacancies?

Mr OMODEI: These are very common questions. The Department of Local Government is analysing the election results, and the Electoral Commission has some information to be provided to me. While there has been some conjecture about whether ticks should continue to be used because that method may confuse people voting in future state elections - it is a reflection on the constituency - I understand the system was very effective. The turnout and the voter appreciation was very good. We will consider whether to continue to use ticks or to go back to numbers. With regard to the question about first past the post voting, I am not aware of any anomalies with a single number vacancy. It works very well.

Mr McGOWAN: I agree with you. I am talking about where there is more than one member.

[9.40 pm]

Mr OMODEI: At the same time, even with a single member vacancy, it is possible for a person with a minority vote - that is, under 50 per cent - to win a seat. However, some conjecture has arisen about multi-member vacancies. For example, some three vacancy elections have resulted in people receiving three votes, but I have not had it proved to me that any of those systems would mean that anybody who has anything but a majority vote would be elected under any other system.

Mr McGOWAN: I have a letter sent to me -

Mr OMODEI: From the City of Melville?

Mr McGOWAN: No, from Mandurah prior to the election held there. This chap pointed out that someone might receive a majority of votes in a two vacancy election and receive a larger number of votes than anyone else, but having grasped the fact that candidates can run as a team, other people secure more votes on that basis and receive two ticks. Even though people intended to vote a person number one in the system, the how-to-vote card indicated two ticks. The person who did not run in a team is therefore disadvantaged. I know the Minister has a great deal of correspondence, but is he prepared to take any action regarding the result of this election given that a great deal of dissatisfaction is evident? I do not know the Minister's capacity under the Act in relation to declaring an election void -

Mr OMODEI: Certainly, I will not be declaring it void. That is a matter for the Court of Disputed Returns. I would not make that decision anyway. Most of the complaints have come from people who lost the election; those who won think the system is great! No system of voting is perfect as they are all subject to some kind of manipulation by dishonest people. It has not yet been proved to me that the person who lost that election, where he ran against a team, was disadvantaged by the system. In that circumstance, he would not have been advantaged by a different system of voting.

If I can be convinced to the contrary, I will be more than happy to look at it. Surely, if one is running for office, one would know it was a multi-member vacancy and realise that chances would be improved by running as a team.

Mr McGOWAN: Some people regard that as an artificial way of conducting these things.

Mr OMODEI: The old system of exhaustive preferential voting to multi-member vacancy could be manipulated just as much, if not more. One could run a team on that system. A voting system such as unlimited borders or optional preferential would all confuse constituents. First past the post is fairly easy to understand. Certainly, the experiment raised some anomalies, but we did not expect it to be perfect and the result was quite satisfactory as far as elections go. We will analyse the situation. We may decide to go back to numbers. We will consider it in the total wash up of the election.

Mr McGOWAN: It has been brought to my attention that in some of the local government elections some of the how-to-vote cards were incorrectly authorised in relation to printing. I have a number of questions about that matter, one of which relates to the Town of Albany. What action does the department take when references of this nature are made? Will the department take any action about this matter if the local government authority takes no action? Has the department received a complaint about the matter relating to the Town of Albany?

Mr OMODEI: I will seek advice. The short answer is that matters are not normally referred to the Local Government Department, but to the returning officer who can take action, prosecute and possibly void the election if it involves a blatant misrepresentation.

Mr COLE: We would leave it up to the returning officer and the Court of Disputed Returns. We do not see it as a departmental responsibility.

Mr McGOWAN: Can I leave it as a supplementary question regarding whether complaints have been received on the matter in the Town of Albany?

Mr OMODEI: Yes.

Dr TURNBULL: Does the centralised corporate services allocation on page 581, as part of the department's total overall budget of \$1.7m, include payments for contracts?

Mr EARNSHAW: Some of that is included in corporate services. I do not have the actual breakup, but I can provide it at a later date. We are looking at things from consultants to internal audits.

Dr TURNBULL: Would internal audits fit under corporate services, not under assistance to local government?

Mr EARNSHAW: We are talking about our internal audits.

Dr TURNBULL: Can you provide supplementary information on how much corporate service money goes on consultants?

Mr OMODEI: I will provide that as supplementary information.

Mr McGOWAN: Page 580 refers to services to local government. In relation to forward estimates and revenue, no mention is made of the waste levy. Is that because the Minister does not intend to impose a waste levy?

Mr OMODEI: A waste levy has nothing to do with the Department of Local Government and its budget. The matter should be referred to the Minister for the Environment.

Mr McGOWAN: I refer to the national competition policy, which ties to page 580. The economic and fiscal review states that the State of Western Australia will receive \$41m this financial year from the national competition plan from the Federal Government. The Minister makes no allocation to local government in relation to that payment, even though it is bound by the same rules in relation to the Hilmer report as the State Government. Is the Minister prepared to make any competition payment to local government, recognising that, like the State, it must comply in a number of areas? If not, why not?

Mr OMODEI: Good question. We have looked at this situation. I think the member asked me a question in the Parliament in relation to the Western Australian Municipal Association's comments about local government getting its share of the national competition payments. The truth is that the Federal Government has reduced state government funds by \$490m-odd over the past two or three years. At the same time local government funding under the financial assistance grants has been maintained, and increased in real terms. That is one of the reasons that the State will not be forwarding any of the national competition payment to local government.

[9.50 pm]

Mr McGOWAN: So, local government grants are increasing.

Mr OMODEI: Yes, they are increasing, apart from this year, when local government did not get any real growth other than CPI. The sum this year is \$900 000 less than last year. However, it could be argued that the national competition payment is built into the increases local government has received during the past few years. The grants have been steadily increasing when payments to the States, particularly Western Australia, have been reduced dramatically.

Dr TURNBULL: The Minister said that he did not see the Hilmer competition policy impacting very much on many shires because most of them are not operating any services that are actually returning a profit. In that case, does the Minister see them as not having earned any Hilmer return?

Mr OMODEI: That is a very good question. The majority of small local governments will be required to do the assessment anyway. Members should bear in mind that some of our local governments have budgets as low as \$600 000 and as high as Wanneroo's, which is \$107m. Country Western Australia has 112 councils and metropolitan Perth has only 29 councils, some of which do not have very big budgets, such as Peppermint Grove. Some local governments will be caught in the national competition net and will be required to make assessments as per the policy.

Mr TRENORDEN: Will the Minister introduce a cat Bill?

Mr OMODEI: I am surprised the member for Peel did not ask that question; it is his favourite subject. The Government has no plans to introduce a cat Bill. Six councils are in the process of introducing local laws or are investigating the possibility of introducing local laws to control cats. A local government amendment Bill will be introduced this year and I hope to introduce the Animal Welfare Act Amendment Bill, which is a revamp of the 1920 Prevention of Cruelty to Animals Act, but we probably will not have time to debate it. The Government is also looking at the possibility of introducing integrated building legislation and undertaking a review of the dividing fences legislation next year, which is not before time. We have been fortunate from the local government perspective to have introduced and passed more Bills recently than have been passed in the past four or five years. I am not unhappy with progress. I receive many letters from people wanting a review of the old Act; they are the majority of letters I receive, along with letters complaining about circuses.

Mr McGOWAN: In relation to the national competition payment, the State Government rightly complains that the Federal Government has been treating it poorly. Is it not the case that this Government its treating local government in the same fashion? I asked a question earlier about the Cities of Wanneroo and Stirling. Is the Minister prepared to guarantee that there will be a rate cut if those councils are split? Will he guarantee job security for the employees of those councils?

Mr OMODEI: I cannot comment on the issue of national competition policy and payments as Minister for Local Government; it would be better dealt with under the Treasurer's portfolio. I can talk about the policy only as it impacts on local government.

It is possible for commissioners to give guarantees about rates. However, that is not something on which I am able to speculate. They might decide to do that.

Section 11(4) of the legislation provides that the contract of employment that a person has with a local government is not to be terminated or varied as a result of an order under section 2(1) so as to make it less favourable to that person unless acceptable compensation is made or a period of two years has elapsed since the order had effect.

Mr McGOWAN: So there is job security for the employees?

Mr OMODEI: To the same extent there was under the previous legislation. There were very generous redundancy arrangements in relation to council boundary changes or annexations. No employees of the City of Perth were dealt with harshly. I was surprised that people marched on Parliament House when their concerns had been addressed. People do not like change. As Minister I did not sleep well during the early stages of the City of Perth saga. However, if the member were to talk to the local governments concerned, he would find that not one would want to go back to the old structure. I hope and pray that the same will occur if we make changes elsewhere.

Dr TURNBULL: What is happening in relation to the proclamation of the caravans regulations?

Mr OMODEI: This has been a long, drawn out process. The regulations went back to the Local Government Caravans Advisory Committee a week or two ago and they have been signed off and finalised. Commencement will be 1 July 1997.

*Committee adjourned at 9.57 pm*

---