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Legislative Council

Standing Committee on Estimates and Financial Operations

ESTIMATES COMMITTEE

Tuesday, 6 June 2000

to

Friday, 9 June 2000

Legislative Council

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STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

The meeting commenced at 10.00 am.

The CHAIRMAN (Hon E.R.J. Dermer): On behalf of the committee, I welcome all to today's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. For the information of members, the proceedings will be reported by Hansard and the daily *Hansard* will be available on the morning following the hearing. Hansard will distribute documents for correction to be returned on the A4 document sent to members, and the cut-off date for corrections will be indicated on the bottom of each page. Members are asked to sit at the front of the Chamber so witnesses need not turn their head when answering questions. It will greatly assist Hansard if members give the page number, item, program, amount, and so on in preface to their questions when referring to the *Budget Statements* volumes or the consolidated fund estimates. If supplementary information is to be provided, I seek cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of questions. An example of the required Hansard style for the documents has been provided to advisers. I remind members of the public in attendance that only accredited media representatives may take notes; however, a full Hansard report will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. I note the large number of advisers, so we will take them as introduced and ask people to introduce themselves, and to outline the capacity in which they appear, before they speak.

Division 26: Education, \$1 469 078 000 -

Division 27: Country High School Hostels Authority, \$4 204 000 -

Division 28: Curriculum Council, \$8 819 000 -

Division 29: Education Services, \$165 391 000 -

Hon E.R.J. Dermer, Chairman.

Hon Barry House, Parliamentary Secretary to the Minister for Education.

Mr P. Browne, Acting Director General, Education Department.

Mr R.V. Mance, Acting Deputy Director General, Education Department.

Mrs R. Moroz, Relieving Executive Director, Policy and Planning, Education Department.

Mr P. McCaffrey, Director Finance, Education Department.

Ms V.J. Burns, Director, Early Childhood Education, Education Department.

Mr P. Denton, Manager, Human Resources Coordination, Education Department.

Mr P. Frizzell, Executive Director, Schools, Education Department.

Mr P. de Garis, Assistant Executive Director, Schools, Education Department.

Mr P. Titmanis, Director, National Education Measurement, Education Department.

Ms P. Duckworth, Director, Human Relations Planning and Policy, Education Department.

Mr S. Harvey, Director, Facilities and Services, Education Department.

Mr K. Wyatt, Director, Aboriginal Education, Education Department.

Ms E. Lucas, Director, Student Services, Education Department.

Mr B. McMahon, Manager, Vocational Education and Training, Education Department.

Mr G. Martin, Chief Information Officer, Information Technology, Education Department.

Mr N. Milligan, Acting Director, Learning and Teaching, Education Department.

Mr J. Ryan, Director, Staffing, Education Department.

Mr P. Albert, Acting Chief Executive Officer, Country High School Hostels Authority, Curriculum Council, Department of Education Services.

Mr J. Hopkins, Director, Country High School Hostels Authority.

Mr B. Parkin, Director, Office of Non-government and International Education.

The CHAIRMAN: I ask witnesses whether they have read, understood and completed the "Information for Witnesses" form.

WITNESSES: Yes.

The CHAIRMAN: No-one indicates that he or she has not done so. Do all witnesses fully understand the meaning and effect of the provisions of the witnesses document?

WITNESSES: Yes.

The CHAIRMAN: Again, no-one indicates that he or she has not done so. The hearing has been called for the Education Department of WA, although I understand that the Curriculum Council and the Department of Education Services are also in attendance. I am happy to accept questions for these organisations during the hearing.

Hon BARRY HOUSE: May I introduce the representatives from EDWA and other agencies?

The CHAIRMAN: Given the large number of people in attendance, it will be more appropriate to introduce them when they answer questions.

Hon BARRY HOUSE: I insist on introducing Mr Peter Browne, the Acting Director General of Education, and Mr Mance, the Acting Deputy Director General of Education, who are at the table with me. Officers are in attendance from EDWA, the Department of Education Services, the Curriculum Council and the Country High Schools Hostels Authority.

The CHAIRMAN: I refer to the computers in schools program. The program in last year's *Budget Statements* had an estimated expenditure up to 30 June 1999 of \$20m. Page 413 of this year's *Budget Statements* contains the estimated expenditure to 30 June 2000 of \$28 911 000. The expected expenditure for 1999-2000 was \$20m. Therefore, the expected expenditure by 30 June 2000 was \$40m. What is the reason for the difference between the expectation of \$40m and the actual estimated expenditure of \$28 911 000 in this year's statements?

Mr MANCE: When the allocation was first made available to the department on 1 July of the 1998-99 financial year - I mentioned this in previous estimates hearings - the first six months of that financial year was taken up in developing school technology plans to ensure that the \$80m would be expended appropriately over the period of the program, and that the technology program would be linked to the curriculum to ensure that the ratios specified by the Government would be achieved. The expenditure to 30 June 2000 will be \$29m. Therefore, for the first six months since the money arrived, \$11m did not go out. It is still in the \$80m program, and the \$80m will be spent to ensure that the ratios are achieved.

The CHAIRMAN: I find that explanation difficult to understand. I referred to the *Budget Statements* published in 1999, which stated that \$20m would be spent by 30 June 1999. Also, a further \$20m was to be spent over the financial year 1999-2000. When last year's budget papers were published, the six-month review program to analyse the needs of the schools had long been completed. It was said at the time that the estimated expenditure would be \$20m, with another \$20m expenditure for 1999-2000. The explanation does not clarify why \$11m less was spent than was projected at this time last year. It would have been known when that projection was made that the first part of the program was spent analysing needs.

Mr BROWNE: I can only attribute the misunderstanding to the nature of the presentation referred to on page 413 of the *Budget Statements*. I give an absolute assurance: After the money became available and the six months transpired, as Mr Mance explained, not all the money had been spent in the first year. Subsequently, the commitment to the remainder of that year and each subsequent year of \$20m has been and will be met through to the allocation of the \$80m.

[10.10 am]

The CHAIRMAN: Last year's *Budget Statements* indicate very clearly that \$20m will be spent by 30 June 1999. They also indicate that over the 1999-2000 financial year, a further \$20m will be spent. This year's *Budget Statements* indicate that by 30 June this year only \$28 911 000 will be spent. Therefore, the discrepancy occurred in the second financial year of the program, not the first year. In that sense, the explanation is irrelevant.

Mr BROWNE: Is it possible that some confusion is arising about other moneys? Apart from the \$80m, comprising the four lots of \$20m, another \$10m has been spent. We do not have the benefit of referring to the papers the Chairman has before him.

The CHAIRMAN: I will provide them.

Mr BROWNE: With respect, we will have to agree to disagree. Agreement will be based purely on interpretation of the *Budget Statements*. I categorically assure the committee that the money has been spent in accordance with the commitments made. If the papers do not reflect that, and I understand the Chairman may have some difficulty with that, I assure him that the \$20m has been spent in each of the years and that it will be spent with the exception of the amount relating to the first six months.

The CHAIRMAN: I am now explaining this for the third time and I cannot comprehend why it is not being understood.

Hon BARRY HOUSE: The common courtesies still apply in this proceeding.

The CHAIRMAN: I want the common courtesy of a straight answer. According to last year's *Budget Statements*, the \$20m was to be expended by 30 June 1999 under the same line item. That is very clear. A further \$20m was to be expended during the 1999-2000 financial year. Last year's *Budget Statements* indicate that the expenditure as of 30 June 2000 will

be a total of \$40m. There are no two ways of interpreting that. It is very plain on the photocopy of the relevant page of last year's *Budget Statements* that I have passed to the acting director general. This year's *Budget Statements* indicate that the estimated expenditure for 30 June this year is \$28 911 000. It is not a difficult thing to understand; it is very clear. My question is similarly clear and should be clearly answered. Why, when \$40m was expected to be spent by 30 June this year according to last year's *Budget Statements*, is the actual expenditure \$28 911 000?

Mr McCaffrey: Some interpretation problems arose with Treasury when we were putting together the budget estimates. As has been pointed out, a couple of programs have been broadly entitled "Computers in schools". The program in question now was internally referred to as the "learning technologies funding", and it appears in our capital works funding. Some of the funds have been allocated from the capital works program and some have been allocated from the recurrent side of the program, which involved the other computers in schools money that covered a three or four-year program. We had a number of discussions with Treasury about how best to show this expenditure when we were doing last year's budget estimates. Treasury asked us to show it all against the capital works program to indicate that the \$20m was being used for the purpose intended. I did not agree that that was the appropriate thing to do, but, given the context of the issue, we went with Treasury's judgment. That is why, when the Chairman refers back, he sees expenses that probably more accurately should have been put against the recurrent program - they were funded there but not reflected in our budget papers in that manner.

Hon BARRY HOUSE: I will ensure that everyone is aware of the background of this issue. In 1998, the coalition Government allocated \$100m over four years from the Dampier to Bunbury natural gas pipeline sale for computers and technical support in schools - \$80m for government schools and \$20m for non-government schools. The \$80m for government schools will increase the ratio to at least one computer for every five secondary students and one for every 10 preprimary and primary students in 2002. It will also allow for upgrading of learning technology equipment, installation of networks within and between schools, technical support and professional development programs for teachers. I assure the committee that the \$80m has been spent on target. If there is a misunderstanding in the Chairman's mind, it relates to the compilation of the figures and the papers and not to the money that has been spent.

The CHAIRMAN: I am referring to the *Budget Statements* presented by the Court Government this year. In comparison with last year, by any simple and logical reasoning, they offer a very different picture. Last year the *Budget Statements* indicated that \$20m would be spent by 30 June and a further \$20m would be spent by 30 June this year. This year's *Budget Statements* are clear; they refer to the same line item, which is presented in the same way in both sets of documents. They indicate that the expenditure is \$28 911 000. I do not want to take up too much more time asking the same question, to which I am yet to receive a satisfactory answer. I will ask it one more time. I refer to the computers in schools program on page 413 of this year's *Budget Statements*. How much was spent on that program in the 1999-2000 financial year?

Mr MANCE: In 1999-2000, \$20m was spent.

The CHAIRMAN: How much was spent in 1998-99 on the same program?

Mr MANCE: The expenditure comprised the \$9m we spent and the \$11m held over for the first six months. That is the \$11m that comes back into the program.

The CHAIRMAN: Why did last year's *Budget Statements* indicate that \$20m would be spent by 30 June last year?

Mr McCaffrey: That is explained by the timing. I remind members that these estimates are put together in March. We sent this grant money out as a school grant in February. The timing was one of the issues discussed. We were still debating whether we would send it all out in the financial year. We felt that would be irresponsible because the money would be sitting in schools not being used. We elected to hold it back and offset it against other computers in schools expenditure in recurrent programs. It is a timing issue.

The CHAIRMAN: Therefore, last year's *Budget Statements*, which indicated that \$20m would be spent by 30 June, were inaccurate. The actual expenditure was more like \$9m.

Mr McCaffrey: I said earlier that that \$20m was spent on computers in schools.

The CHAIRMAN: For this program it was more like \$9m.

Hon BARRY HOUSE: Mr McCaffrey has explained that \$11m plus \$9m totals \$20m, and that has been spent.

The CHAIRMAN: He has not explained that at all.

Hon BARRY HOUSE: I provided the figures, which indicate that the Government is ahead of these predictions. The ratio is now one personalised computer for every seven students in secondary schools and one for every 12 students in preprimary and primary schools.

The CHAIRMAN: I think Mr McCaffrey was close to giving me an answer. I want to clarify that the actual expenditure for 1998-99 was \$8 911 000, not the \$20m mentioned in the *Budget Statements*.

Mr McCaffrey: That is correct, but other funding was provided for the computers in schools program. This program is being run on a calendar-year not a financial-year basis, so the \$11m about which the Chairman is concerned will be expended in the final year to complete the program.

[10.20 am]

The CHAIRMAN: When is it now estimated that the ratio of one computer for every five students in high schools will be reached?

Mr MANCE: Based on the projected target population for schools, we will need to purchase 32 000 computers of the 2002 standard. Basically, that standard is that no computer should be more than four years old or at an equivalent level of performance. That means that between 19 500 and 19 800 computers still need to be bought. If my maths is correct, \$43.5m is still to be spent. We have surplus money for those purchases. Schools are approaching the issue in different ways; some schools do their wiring first and that will still guarantee they will achieve the ratio; other schools buy all the units upfront and then do the wiring.

The CHAIRMAN: That is all very interesting, but I return to my question.

Hon BARRY HOUSE: Mr Chairman, can you clarify how this hearing will be structured? That was not done at the beginning. In my estimation, you have asked about 15 questions. Are you the only person who will ask questions?

The CHAIRMAN: When I get a satisfactory answer to my questions other members may proceed.

Hon BARRY HOUSE: So no other member will get a chance to ask questions?

The CHAIRMAN: The parliamentary secretary is wasting the time of the hearing by debating this further.

Hon BARRY HOUSE: The Chairman has heard the answers; if he cannot understand them, that is his problem. If the Chairman needs further information, he can put the question on notice and we will provide the information.

The CHAIRMAN: My understanding of when I receive an answer is crystal clear, as is my understanding of when I do not receive an answer. I will persist until the answers are received. That is a working assumption, and I hope the parliamentary secretary understands that.

Hon BARRY HOUSE: We will take your questions on notice.

The CHAIRMAN: My next question, very simply and clearly, is when will the ratio of five students per computer in high schools and 10 students per computer in primary schools be reached? There is either an answer or there is not.

Mr BROWNE: It has been explained, with respect, that the time at which schools achieve that ratio will vary according to their approach. Some are approaching it now, and some have arrived. The latest time for all schools to reach that ratio will be December 2002.

Hon BARRY HOUSE: That is a very good result.

The CHAIRMAN: That is a clear answer. The line item on page 413 for "Computers in Schools" totals \$80m. In the past it has been made clear that \$20m of that \$100m will go to private schools. I see that the estimated expenditure for 30 June 2000 is \$28 911 000 and the estimated expenditure for 2000-01 is a further \$20m. When I add \$20m to \$28m, the total figure is \$48 911 000. My last question on this matter is - I hope I get a nice clear answer: How do we achieve those ratios which require an expenditure of \$80m when by 1 July 2001, according to the budget papers in front of me, only \$48m will be spent?

Mrs MOROZ: As Mr Browne has said, from February 2000 to December 2002 schools will receive sufficient funds to cover the gap of 19 800 computers that still need to be bought. This will cost schools \$29.7m. That is calculated on \$1 500 per computer. We have more than sufficient funds to achieve that ratio by 2002 and schools have the flexibility to spend part of those funds on wiring, professional development and technical support.

The CHAIRMAN: The budget papers indicate expenditure of \$28 911 000 to 30 June 2000, then a further \$20m for 2000-01. In my plain reading of the budget papers, by the end of June 2001, \$48m will be spent on that program. If the same document lists the program as an \$80m program, when will the further \$31m be spent, which is the difference between \$49m and \$80m?

Mr BROWNE: Mr McCaffrey will answer; however, in simple terms, not all of the \$20m was spent in the first year. It has also been explained that we work on a calendar year and not a financial year. Once the program started to roll, the annual expenditure was to be \$20m, \$20m and \$20m. At the expiry of that time, the difference for the first year will be added onto the last year. However, we will achieve the required ratio before that time.

Mr McCaffrey: To help with the final part of that sum, in the 2001-02 financial year we will spend \$20m. In the original plan, that would be spent at the end of four years. In the financial year 2002-03, we will allocate another \$11m to schools to complete the program by the end of 2002; it appears in a subsequent financial year.

The CHAIRMAN: Is the formula for distribution to schools based on a simple per capita student allocation of money from the program?

Mr MANCE: No, it is a differential-based arrangement for the money that goes out. A portion is allocated to schools based on student population, and the related number of computers needed to achieve the target ratio. Another amount is allocated on the differential based on distance, and social and economic factors. There is also money for software for these schools to use when the computers are installed.

The CHAIRMAN: If a particular school already had, through its own resources, a higher number of computers of the required standard available at the beginning of program - that is, when the survey was conducted in the first year of the program - would that school receive less money because it already had a higher proportion of the information technology infrastructure?

Mr BROWNE: We are confident the answer is no, but we would like to take that on notice.

The CHAIRMAN: The question was clear: How would the department accommodate the variation in the infrastructure that existed in schools at the beginning of the program, and would there be any disadvantage in terms of money allocated to schools that already had the computers in place through their own resources or whatever?

Hon MARK NEVILL: Some months ago, the Prime Minister announced funding for national literacy programs. That received coverage on the front page of *The West Australian*. Has the Education Department seen any money from that initiative to fund people on the dole and, hopefully, people in prisons to improve their basic literacy?

Hon BARRY HOUSE: From memory, the figure in the budget was about \$360 000 from commonwealth funds for three separate programs. One program is aimed at Aboriginal students. Mr Browne will elaborate.

Mr BROWNE: The Commonwealth has made available \$27m. Western Australia was the first State to be granted money under the NIELAN program, which addresses literacy and numeracy and attendant strategies and is directed towards indigenous students, and for which we receive \$6.83m. That will be divided among a series of projects that are allocated to a range of different agencies in the non-government and government sectors.

[10.30 am]

Hon MARK NEVILL: Did that program exist in some other form which has been repackaged or is it a new initiative with an increased amount of funding from the Commonwealth?

Mr BROWNE: We are continuing receipt of commonwealth funding for indigenous students. However, the \$6.83m as part of \$27m, as I understand it, is an additional source of funding.

Hon MARK NEVILL: Has there been any attempt to cost the provision of milk to primary and preprimary students in some of the more disadvantaged areas of Western Australia, and have there been any proposals to look at that sort of initiative?

Mr BROWNE: There has not, as I understand it. However, the notion does have some appeal in areas with which the member and I are familiar, such as the central reserve where students are collected from their homes, showered, exercised and fed. The supplementation of something as nutritious as milk would be consistent with that approach.

Hon BARRY HOUSE: It is an excellent idea. I understand that some schools run breakfast programs. If that idea were taken up, we might be able to solve the nutritional problems in schools and solve the dairy industry's woes at the same time.

Hon MARK NEVILL: I can see the parliamentary secretary's pecuniary interest in that matter! I do not want to know the results, but has there been any evaluation of the performance of the state as against the Catholic education system among Aboriginal communities in the Kimberley?

Mr BROWNE: The Catholic Education Commission does an outstanding job in the remote areas. The Association of Independent Schools has a large number of remote community schools, as does the Government, but I am not aware of any relative comparisons between the three sectors.

Hon MURIEL PATTERSON: On page 37 of the Education Department's annual report for 1998-99 is table 14. Halfway down the list in that table is a reference to primary industry and vocational education and training on the job enrolment. In 1996 some 19 schools were involved; in 1997, 170; and in 1998, 598; but there are no figures for 1999. Is the program still operating; if so, what is the estimated student number for the year 2000?

Mr McMAHON: The program still operates. It commenced in January 1996. At that stage there were 36 schools with 683 students; in 1997 the figure increased to 57 schools with 1 991 students; in 1998, 100 schools with 3 828 students; at February 1999, 136 schools with 7 168 students; at August 1999 the figure had dropped to 125 schools with 5 187 students; and the anticipated numbers in 2000 were 136 schools with 8 834 students. The unaudited figures for last week were 7 850 students.

Hon LJILJANNA RAVLICH: The third dot point on page 392 states that under the LOTE 2000: New Horizons policy over 119 000 students in 705 government schools were enrolled in studies of at least one language other than English in 1999. The parliamentary secretary might remember that in 1996 the Minister for Education supported by the chief executive officer claimed that the LOTE program would see all students from years 3 to 10 study a second language by the year 2000. Obviously the year 2000 is here. The budget papers refer to 119 000 students in 705 government schools, whereas the annual report on page 44 claims that LOTE studies are now offered in 660 schools. Where have the additional 45 schools come from? Has there been a rapid growth over the one-year period? The annual report also states that compared with 1994 participation rates, the total number of LOTE students has increased by 18 per cent.

Mr BROWNE: Given the difference between the two figures of 660 and 705 in the two documents, we may need to take that question on notice.

Hon LJILJANNA RAVLICH: The latest annual report is for the period 1998-99. I am referring to major achievements

for 1999-2000, which is only a year's difference. Is it likely that an additional 45 schools over that period have taken on the LOTE program?

Mr MILLIGAN: During the past 12 months we have almost achieved our target rates for the program in primary schools. From years 3 to 10, 70 per cent of students are doing LOTE; from years 3 to 7, 83 per cent; and from years 8 to 10, 48 per cent. The secondary figure for the number of students who were compulsorily doing LOTE was extended to 2 002 last year. The primary figure for LOTE is for the year 2000, and we have substantially achieved that.

[10.40 am]

Hon LJILJANNA RAVLICH: I seek clarification because the figures that have been quoted are not consistent with the 1998-99 annual report. Page 44 of the report states that compared with the 1994 participation rate, the total number of LOTE students has increased by 18 per cent with more substantial growth in specific year levels of 42 per cent at year 3, 45 per cent at year 4, 44 per cent at year 5, 32 per cent at year 6, 27 per cent at year 7 and 40 per cent at year 8. The point is then made that it is expected that the increase will carry through to years 9 and 10. Therefore, there is a differing range between these statistics and the statistics provided by Mr Milligan. For example, it is 70 per cent at year 3 compared with 42 per cent at year 3 as outlined in the annual report. Given the extent of the variation, what should we believe? At the end of the day, it does not matter whether it is 70 per cent or 42 per cent; the bottom line is that it still falls very short of the Government's target of every student.

The CHAIRMAN: Could Hon Ljiljanna Ravlich form that into a question?

Hon LJILJANNA RAVLICH: Yes. Why has the achievement been so dismal in this area?

Hon BARRY HOUSE: It is difficult when the member takes figures from an annual report that we did not have in front of us until recently. We can take that question on notice, and we will clear up any of those discrepancies for the member.

Mr MILLIGAN: I have not had the opportunity to look through that report, so I will take that question on notice. However, dealing with the numbers of schools, of the 541 primary schools, 531 schools have a LOTE program, and of the 91 secondary schools, 90 have LOTE. Every district high school has a LOTE program.

Hon LJILJANNA RAVLICH: I will preface my question with a statement. I only picked up the annual report about 15 minutes ago, so I do not think that is a very good response from the parliamentary secretary. I refer to the third dot point on page 392.

Hon BARRY HOUSE: Is this a question or a statement?

Hon LJILJANNA RAVLICH: I will ask a question. I refer to the claim that under the LOTE 2000: New Horizons policy, over 119 000 students in 705 government schools were enrolled in studies of at least one language other than English in 1999. What does that figure represent as a percentage of the total year 3 to year 10 school population? I think that is a fair question.

The CHAIRMAN: The question is clear. Can we have an answer?

Hon BARRY HOUSE: We will take that on notice.

Hon SIMON O'BRIEN: I will follow up on that point because I am interested in it as well. Was the figure Mr Milligan read out for year 3 of 70 per cent a participation rate?

Mr MILLIGAN: That is a participation rate, and it is a figure from year 3 to year 10. The figure that I have from year 3 to year 7, which are the primary years, is 83 per cent.

Hon SIMON O'BRIEN: That is clear. That is a participation rate, and it seems to be quite high. I note that page 44 of this annual report mentions growth levels, not participation rates. Can the parliamentary secretary confirm that that is the case; they are two different things?

Hon BARRY HOUSE: I cannot. We will take that question on notice. I find that we are at a bit of a disadvantage if annual reports have been distributed to members. We do not have them in front of us, so it makes it difficult.

The CHAIRMAN: We are always endeavouring to improve the efficiency of the hearings. I will ask the assistant to the committee to make sure that in the memorandum for next year all departments are recommended to bring the most recent annual report with them. That will be an improvement for next year.

Hon BARRY HOUSE: We will take that last question on notice.

Hon SIMON O'BRIEN: The point of my first question followed on from an earlier line of questioning. The witness was telling us about the situation with participation rates, whereas the figure in the report deals with growth rates, so they are different animals.

Hon LJILJANNA RAVLICH: What is the difference?

The CHAIRMAN: Order! Hon Simon O'Brien is asking a question. If other members could refrain from interjecting, I would be grateful.

Hon SIMON O'BRIEN: I think I have made the point, so let us move on.

The CHAIRMAN: Was that a question?

Hon TOM STEPHENS: No, it was not. He objects to anyone else making statements.

The CHAIRMAN: It would be helpful if we did not have interjections from Hon Tom Stephens.

Hon SIMON O'BRIEN: As a member of this committee, I was seeking to clarify, for the sake of the record, what was apparently a slightly confused chain of questions and answers a moment ago. That point has been made, and I do not think we need to dwell on it. I will now ask a question about capital works.

The CHAIRMAN: We are looking for questions, and I look forward to the question Hon Simon O'Brien is about to ask.

Hon SIMON O'BRIEN: I will not keep the Chairman in suspense any longer. The capital works program details commence on page 412 of the budget papers. I note that under completed works, schools such as South Port Kennedy Primary School are at or near their completion at this time. In recent years, there has been other significant primary school growth in that part of the world just south of Rockingham. There will be a new school at Secret Harbour in the next couple of years and so on. I am also aware that the Warnbro Community High School, as it is known, has a pretty full enrolment. Is there a long-term plan to build a further senior high school in that area south of Rockingham which is growing so rapidly?

Mr HARVEY: We have a site allocated for a future high school, but at this stage there are no plans to construct a new high school in the Warnbro area. We believe that the numbers are adequately catered for at the moment. Transportables will need to be used at Warnbro, but at this stage there are no plans for a new high school.

Hon BARRY HOUSE: The Government has a proud record in the provision of schools in the growth areas in the northern suburbs, in the southern suburbs around Thornlie, and in the growth areas along the coast from Rockingham to Mandurah, Bunbury, Busselton and Albany. The provision of schools has well and truly kept pace with the growth rate of schooling.

The CHAIRMAN: I am sure that the record is open to questions from members as we proceed.

Hon SIMON O'BRIEN: I thank Mr Harvey for that last answer, which satisfies my concern.

Hon TOM STEPHENS: Is the parliamentary secretary in a position to table the forward estimates for the Education Department for the capital works budget for 2001-02?

Mr BROWNE: The budget papers indicate the extent of our out years. As Mr Harvey indicated in the previous answer, we continually monitor demographics, and we have sites. However, the allocating of money to those out years has not yet been done, other than that which is disclosed in the budget papers.

Hon TOM STEPHENS: I have the same question really on this issue. What is the status of budget allocations for 2001-02?

[10.50 am]

Hon BARRY HOUSE: What do you mean by "status"? Are you asking about capital works and whether funds are already allocated for those years?

Hon TOM STEPHENS: Yes.

Hon BARRY HOUSE: I think the answer to that is no.

The CHAIRMAN: The question is based on projections that Hon Tom Stephens believes to exist for the allocations for 2001-02.

Hon TOM STEPHENS: I am trying to find out the allocations for the 2001-02 capital works budget.

Mr BROWNE: I am having some difficulty with the question. There may be a question within the question.

The CHAIRMAN: Let us look at the questions one at a time.

Mr BROWNE: The Education Department plans well in advance and determines, through demographic studies, where there might be a need for extra facilities. It also has an idea about where maintenance work will be needed. It would be wrong to say the out-years have no status because they are not listed in the forward estimates, or that they have a definitive status. I am trying to find an answer somewhere between that. Clearly, the department anticipates building in certain areas. A school in the Eaton area is foreshadowed in the *Budget Statements*.

The CHAIRMAN: Does the Education Department estimate a dollar figure for the expenditure that would be required to meet the needs anticipated for 2001-02?

Mr HARVEY: The Education Department has an approved forward estimate for capital works in 2001-02 of \$97.879m, which is listed on page 390 of the *Budget Statements*. The department will structure its capital works program within that ceiling limit. We do not have the details of that program, but there is typically a demand for four primary schools and a high school every second year, as well as ongoing subprograms to which funds will be allocated within that ceiling amount.

Hon TOM STEPHENS: Are you saying that you do not have the full details, or any details, of the projects?

Mr HARVEY: We know where the pressure points are and the likely scenarios of where schools will be needed. However, decisions will not be made until closer to that time.

Hon TOM STEPHENS: Has a decision been made about the funds for 2001-02?

Mr HARVEY: No decision has been made about those funds yet.

Hon TOM STEPHENS: Thank you. I think that answers my question. Mr Crichton-Browne -

Mr BROWNE: No, Mr Browne.

The CHAIRMAN: I am determined to make the best use of this time for questions. It would be good if we can have the least amount of distraction by commentary or policy position.

Mr BROWNE: The department knows that schools will be built in certain areas, but they are not listed in the *Budget Statements*. As Mr Harvey mentioned, they are included in the quantum of the capital works fund.

Hon TOM STEPHENS: Is it possible for a full list to be tabled now, or could you take that on notice? The parliamentary secretary would appreciate the information I am trying to get. A number of statements have been made about schools that will be built on the basis of forward estimates that are not publicly available. I would like the information that is available to be tabled to make sense of the public announcements of these forward commitments.

Hon BARRY HOUSE: The Leader of the Opposition is referring to the announcement of a secondary school in Eaton.

Hon TOM STEPHENS: Regrettably, that is one of many announcements.

Hon BARRY HOUSE: It is the only announcement I am aware of.

Hon TOM STEPHENS: The school at Eaton was announced by a backbencher. However, ministers have made other announcements.

The CHAIRMAN: The Leader of the Opposition is asking for papers describing the estimated expenditure for 2001-02 to be tabled, either now or on notice.

Hon BARRY HOUSE: That is the prerogative of the Minister for Education and I would need to refer the question to him. The documents are internal working papers. Tabling them would be at the discretion of the minister, Hon Colin Barnett.

The CHAIRMAN: As the Parliamentary Secretary to the Minister for Education, will you ask the minister on behalf of the Standing Committee on Estimates and Financial Operations?

Hon BARRY HOUSE: I will refer it to the minister.

Hon TOM STEPHENS: What section of the *Budget Statements* deals with the allocation of funds to schools to purchase power and water?

Mr McCaffrey: That is a recurrent operating expense and is inclusive in the outputs for each school. The outputs cover all the costs of running the schools. The information is also included in the grants to schools under the operating statement. Schools are funded by the utilities management program, whereby centrally funded grants are given to each school to operate a utilities management plan. The last time I looked at the programs, most of the schools were involving the children to ensure they understand utility conservation.

Hon TOM STEPHENS: The allocations to schools include funds to purchase electricity from Western Power. I understand that in a region like the mining and pastoral region, the rate charged to government schools outside the Western Power grid is 31.75¢ a kilowatt hour. However, non-government schools - Catholic and independent - and resorts such as Cable Beach Intercontinental Resort in Broome buy power from Western Power at 20¢ a kilowatt hour. Why has the Education Department not secured a more favourable rate for its schools from Western Power?

Mr McCaffrey: I did not know that the non-government schools were charged a different rate. The department reviews the utility usage and the costs that apply to each school every year. From a central point of view, we ensure that the schools are not financially disadvantaged. I am interested in that information and would like to follow up on it.

Hon BARRY HOUSE: Could we take that on notice, because it needs to be investigated?

The CHAIRMAN: Mr McCaffrey has given a substantial answer and it would be good if further information were provided on notice.

Hon TOM STEPHENS: The 20¢ a kilowatt hour rate for industry in remote areas has been public knowledge for some time. Local governments are charged only 15¢ a kilowatt hour. It is public knowledge that the Government provides these rates. Mr McCaffrey said that the grants to schools include funds to purchase supplies such as power and water. I am flummoxed that the department is not aware that lower rates are available to everybody else.

Hon BARRY HOUSE: We will take it on notice and follow it up.

The CHAIRMAN: It seems that although the department was not aware of this previously, it has been made aware now.

[11.00 am]

Hon TOM STEPHENS: Is there a budgetary explanation for the policy that allows school principals to be on long service or other forms of leave in the middle of the year, which is disruptive to school programs? In my electorate a number of schools have lost their principal in the middle of the year.

Mr BROWNE: Firstly, we are required to reduce our leave liability, and we are working towards that. Secondly, we have in the order of 800 principals, so we must spread their long service leave throughout the year. Therefore, to the best of my understanding it would be illogical to require them to take their leave at a given point within the year. We try to arrange their leave so that it is convenient to the school and the individual. We are conscious of the impact on schools of a principal taking long service leave. We make every effort to ensure there is adequate replacement staff to ensure continuity. We must benefit from succession planning.

Mr RYAN: The timing of an employee's long service leave has no budget implications.

Hon TOM STEPHENS: Why is it not policy to require leave to be discrete to a calendar year, rather than over two periods of six months in two financial years, which timing disrupts the lives of the students and the entire school community? That practice has become almost consistent throughout the schools of the remote parts of my electorate.

Mr BROWNE: Is there a scenario that will demonstrate the issue?

Hon TOM STEPHENS: I am referring to school principals taking long service or other leave in the middle of the year requiring a new relieving principal to be brought in, often from outside the school. This has occurred a number of times in my electorate. I will not identify the individuals because there may be personal explanations for their situation. I cannot understand a policy that allows this to be the order of the day. Could consideration be given to desisting from that policy?

The CHAIRMAN: The question is clear. We must keep to questions rather than statements or commentary on policy.

Mr BROWNE: I am assuming we are referring to a principal who takes leave during terms 2 and 3 and hence his leave straddles two financial years. If we required all principals to take long service leave at the beginning or end of the year it would dramatically affect their choice of destination. We would also have a disproportionate number of people on leave at the beginning and at the end of the year, rather than spreading the leave throughout the year.

Mr RYAN: We would face significant industrial objection if we were to mandate that employees take their leave at certain times of the year.

Hon BARRY HOUSE: In the absence of a specific example, it is difficult to comment due to differing circumstances in schools. The assumption behind the proposal presented by the Leader of the Opposition is that second and third terms are necessarily more important than first and fourth terms.

The CHAIRMAN: We do not need to examine the assumption behind the question.

Hon BARRY HOUSE: Does the Chairman mind if I finish?

The CHAIRMAN: The parliamentary secretary already has a clear answer.

Hon BARRY HOUSE: I wish to comment, if that is all right.

The CHAIRMAN: I would be grateful if the response were brief.

Hon BARRY HOUSE: The question appears to assume that second and third terms are not as important as first and fourth terms. That is not a fair assumption. It is to the great credit of the department that in recent years greater flexibility has been introduced for leave provisions. It is popular with a large number of staff working in high schools and primary schools throughout the State. One example is the opportunity for some teachers to take 80 per cent of their salary over five years and have the last of those five years on leave on 80 per cent of pay. That has been warmly received by staff throughout Western Australian schools.

Hon TOM STEPHENS: This pamphlet refers to a \$300 000 program for the Kununurra District High School, \$50 000 of which is for the next financial year. What will the total \$300 000 be spent on? What will the \$250 000 be spent on next financial year? When would the school community usually be told what the funds were allocated for?

Mr HARVEY: The amount of \$50 000 will be used predominantly for planning. The remaining \$250 000 will be spent during the following financial year on secondary facilities to allow the Kununurra District High School to accommodate to a certain extent years 11 and 12. The exact nature of the facilities is being worked out with the school principal and the district director. The scoping of the project has yet to take place.

Hon B.M. SCOTT: I refer to major initiatives for 1999-2000 on page 392 of the budget papers. Clearly, the Government has made a major change to education in Western Australia by providing two years of non-compulsory preschool for every Western Australian child. The department should be commended for its smooth transition. The second dot point refers to the provision of kindergarten education, but the number of children enrolled in community kindergartens is not identified. Is it possible to identify the number of community kindergarten sites?

Ms BURNS: Were you asking about the number of community kindergarten children?

[11.10 am]

Hon B.M. SCOTT: The first dot point at page 392 refers to government schooling being delivered on 767 sites. I understand government schooling includes community kindergartens, which is an integral and acceptable form of early childhood education. The sites are not identified separately. In dot point two, the number of students enrolled in K programs at community kindergartens has been excluded. Those centres are meant to take preference for enrolment in 2001. Why have they been left out of the budget program?

Ms BURNS: Currently, 2 750 students are enrolled in community kindergartens. The total number of children in kindergarten programs at the moment is 17 890.

Hon B.M. SCOTT: That is very commendable. It is an increase on the number in the *Budget Statements*.

Mr BROWNE: There is no ulterior motive or any significance in excluding the community kindergarten students in dot point two. The Education Department fully recognises their significance and is doing everything it can to support them.

Hon B.M. SCOTT: I am pleased to hear that. In 1997 a budget allocation of four years in advance was made in the budget for the administration of the common funding model which allowed four-year-old children attending community kindergartens to be on the same non-fee paying basis as children in preprimary kindergarten sites. Next year the sessions will double for four year olds in government school kindergartens, including community kindergartens, throughout the State; however, community kindergartens and schools will be enrolling only half of the cohort. Has a budgetary allocation been made to accommodate the fact that children will then be attending not two, but four sessions a week, and that the cost to the centre will still be the same, but the current budget allocation for the common funding model may cover only the two half sessions? Has that been accommodated within the four-year budget allocation?

Ms BURNS: The present funding model expires at the end of the next financial year. At the moment there is an allocation of \$750 000, which will adequately cover additional funding because we are aware of the dilemma to cater for all the community kindergartens' needs when there is only a half cohort. The future and ongoing funding of the community kindergartens is currently under negotiation, but there is no suggestion that that funding will be withdrawn. At present we are renegotiating the common funding model for one that is more appropriate for the new circumstances in which community kindergartens will find themselves.

Hon B.M. SCOTT: In the past that has been paid in March and August. Will that continue? How does the budget allocation to four year olds in the community kindergartens compare with the allocation in the budget for four year olds on primary school sites?

Ms BURNS: The funding for community kindergartens, regardless of their location, is favourable in comparison with the funding of Education Department schools and kindergartens. Because it is favourable and comparable, the amount of fees that can be charged for community kindergartens is the same as those for schooling.

Hon B.M. SCOTT: It is very commendable to provide free primary and kindergarten programs to all our children. I now turn to page 392 and the national literacy and numeracy testing. I note that the Western Australian testing achieved a very high average; that is, 86.6 per cent of year 3 students in government schools met or exceeded the reading benchmark, and similar figures were achieved for the numeracy testing. I understand the literacy and numeracy testing programs are to continue. Is there any additional budgetary allowance to accommodate the literacy and numeracy testing in schools? Even though Western Australian children are a lot younger than their eastern States' counterparts, they have done very well in this testing.

Mr BROWNE: I will start the answer and then I will refer to Mr Peter Titmanis. Mr Titmanis is employed by the Education Department. Because of his expertise in literacy and numeracy testing throughout Australia at a national level, he is now heading up the national section and that work is funded by the Commonwealth. Western Australia has two forms of testing: The monitoring standards in education testing, which will be explained by Mr Titmanis, and in which we lead the nation; and the national testing, to which Hon Barbara Scott has just referred. Currently discussions are taking place at a national level between the ministers and the directors general about whether the national testing and reporting at a year 7 level will be extended. Considerable cost is involved in that and that is why the matter is still being discussed.

Mr TITMANIS: There is likely to be an additional allocation of funding to cater for the testing that is going on, particularly for years 3 and 5. This year, the 1999-2000 allocation was \$680 000, and the allocation required for 2000-01 is \$1.3m. This would be a substantial increase in the money available for the testing program. In addition to that, schools would decide how to prioritise the money that they have available for support work in classes and with their teachers so that there would be some additional relocation of moneys depending on the outcomes of the testing in different schools.

Hon HELEN HODGSON: I refer to the literacy issue, not so much from the point of view of the cost of testing, but the funding for literacy programs which is available in schools. I understand from the response to the last question that a lot of that is left to the local school to determine how to allocate its funding sources. Has the Government put aside money specifically for literacy programs, apart from the incentive of the national English, literacy and numeracy program we have already heard about, and how is that allocated?

Hon BARRY HOUSE: It is worth noting that the numeracy and literacy testing has been widely supported by parents over the couple of years it has been implemented. It has widespread community acceptance from parents at least.

[11.20 am]

Mr TITMANIS: We conducted a survey of parents of children in years 3 and 5 and we discovered that, by and large, parents overwhelmingly supported the additional information provided by the testing. This is in addition to end of school reports, parents receive a report on their child's performance in the test. Therefore, aside from receiving a great deal of information from their local school, the extra information on their child's performance in relation to the literacy and numeracy benchmarks was highly valued by parents.

Hon BARRY HOUSE: Two other officers would like to comment on that: Neil Milligan, and Ken Wyatt, the director of Aboriginal education, whom we have not heard from.

Mr WYATT: Two significant strategies are occurring for indigenous students. One is the national indigenous English literacy and numeracy strategy. The focus of NIELANS is to examine the national benchmarks established by the Ministerial Council for Education, Employment, Training and Youth Affairs and agreed to by all States and Territories to bring indigenous students to a level of standard Australian English which will equip them for the work force. In doing so, the allocation of \$6.83m to Western Australia over the next three years from the possible \$27m available nationally is a significant direction. In addition to that, the indigenous education strategic initiatives program has a number of literacy initiatives to complement the mainstream efforts. Hopefully, therefore, in the next quadrennium, we will see a significant closing of the gap that will enable indigenous students to participate in their rightful way in the work force. The efforts towards numeracy and literacy are therefore significant. The NIELAN strategy is a joint effort between the Catholic Education Commission, the Association of Independent Schools of WA, the Education Department and the Aboriginal community.

Mr MILLIGAN: The literacy funds are a combination of state and commonwealth funds. In 1999-2000 the estimated expenditure of state funds for the early literacy program is \$208 000; the "deadly ways to learn" program, \$363 000; the national literacy and numeracy cross-sectorial project, \$371 000; the literacy net program, \$300 000; the commonwealth contributes \$10.832m for its literacy program; and the ABC two-way literacy program will be \$150 000.

Hon TOM STEPHENS: I raise a point of order. I would like advice from the Chairman if there is a way for me to ask a question on a related area before moving to the next area.

Hon HELEN HODGSON: The Leader of the Opposition had a fair go earlier, but it was worth a try.

The CHAIRMAN: Order! I am unsure to which standing order the Leader of the Opposition has referred. My strategy has been to give members a run, which is the most efficient way for them to ask questions. I am sure that question will be next on the Leader of the Opposition's list when his turn arises.

Hon HELEN HODGSON: I cannot find those figures provided by the officer specifically listed in the budget papers. Are they itemised?

Hon BARRY HOUSE: We can make them available to the member.

Mr MANCE: They are rolled up under the commonwealth and total state funds. However, we can provide a detailed breakdown of that.

Hon HELEN HODGSON: I note that the targets on literacy in the output measures table on page 399 correspond fairly closely to the results of testing reported in the major achievements at page 392. Does that mean no further improvement in literacy standards is expected and we have the best levels we can achieve; or is it simply a case of giving Treasury something to fill in the spaces in the reports?

Mr TITMANIS: We expect some improvements in the longer term. However, there are competing demands on schools at the moment in information technology and many other areas. In our estimation it would be an achievement if we can at least maintain the current standard of literacy, given that Western Australia is extremely well placed compared with other jurisdictions and given the other pressures that schools are facing.

Hon HELEN HODGSON: I now refer to the statement of cash flows on page 410 where reference is made under "receipts" to school charges and fees. The figure for 1998-99 is actual, for 1999-2000 it is an estimated actual, and for 2000-01 it is a budget estimate. I note no significant difference between all those figures, yet last year the major change to the school education legislation made school fees compulsory. Does that mean that the full quota of fees was collected under the former non-compulsory system or that no increase is expected as a result of making the fees compulsory?

Mr MANCE: Peter McCaffrey has the breakdown of details for both years to make these comparisons which includes those charges. Identifying those charges should answer the question.

Mr McCAFFREY: The figures we receive from schools are put straight away into our forward estimates. At this stage we have not been able to estimate the changes, if there are any. In a large number of instances, as far as I am aware, much of the fees have been paid at current levels. However, I will have to find out that for the member. Does the member want the changes?

Hon HELEN HODGSON: Last year we were told that millions of dollars were lost because school fees were non-compulsory, yet the budget papers indicate that no increase in receipts is expected although they have been made compulsory. Is an increase in fees expected now that school fees are compulsory.

Mr McCAFFREY: Not in a great sense. Sections of our community, for various reasons, are unable to pay their fees. I know that discussions have been held in the minister's office about ways in which schools can be assisted when people are unable to meet their fees.

Hon HELEN HODGSON: In other words, the discussion last year about parents who were avoiding their obligations does not seem to have had any validity.

Mr McCAFFREY: I am unaware of those discussions.

Hon BARRY HOUSE: It is worth noting that the provisions under the School Education Act do not come into effect until 1 October.

Hon HELEN HODGSON: Yes, but the forward estimates go substantially forward.

The next issue I raise is about commonwealth and state funding for programs available for retention of students. I understand a program known as the full service schools has now ceased. I received information last week from the Parliamentary Secretary to the Minister for Education that schools had programs available to keep children at school after year 10. How are those programs funded, how much funding is put into them and does the funding come out of the school's own funding initiatives?

Mr BROWNE: The answer will be found very largely in the vocational, education and training programs. I will ask Mr McMahon to give you the best answer available.

Mr McMAHON: The full service program to which the member referred was a response by the Commonwealth Government to the introduction of its common youth allowance when changes to social services for young people were made and there was an expectation they would return to training or to schools. The Commonwealth introduced the full service program for two calendar years, 1999 and 2000. Bearing in mind that it was not recurrent funding, the Education Department chose to allocate resources to communities with considerable unemployment problems and to upgrade the present provision for fast track programs which have been running for almost a decade in Western Australian government schools. Six districts, covering about 50 to 60 schools, were provided with two-year funding from the Commonwealth for the full-service programs. They have been, and are in, the process of upgrading the Fast Track programs which are programs for students who are at educational risk and are returning to school, many of whom undertake vocational and educational training in schools programs.

[11.30 am]

Hon BARRY HOUSE: To put that in perspective, I will cite a few figures. In 1996, only 683 students in 36 schools across Western Australia were enrolled in a vocational education program. In 2000, more than 8 800 students in 136 schools are participating in VET at school, which represents an increase in the participation rate from 3 per cent to around 31 percent over four years. I think those figures put into context the growth of VET in schools over the past four years.

Hon HELEN HODGSON: Are there any comparative figures available for the 8 800 students? One of the problems is that there have been changes in TAFE at the same time. Are any of the 8 800 students retained in the schools system as opposed to the TAFE system? Does the parliamentary secretary have any statistics on that?

Hon BARRY HOUSE: The only general statistics I have is that one-third of school leavers enter university and about two-thirds go to TAFE or enter employment. They are very broad figures.

Hon HELEN HODGSON: It is a problem with the crossover between the two departments.

The CHAIRMAN: Would that be a total figure for students leaving at the end of year 10 and year 12 and any other time?

Hon BARRY HOUSE: Yes.

Hon HELEN HODGSON: How much funding is allocated to the Fast Track programs?

Mr McMAHON: The full-service schools program is \$1.5m over the two years. It was a decision of the district directors that it should be spread across the State because, although there were six black spots for youth unemployment, it was recognised that there was a need across the whole State. The \$1.5m was spread on a student per capita basis across the whole State.

Hon HELEN HODGSON: I may have misunderstood what you said earlier. I understood that the Fast Track programs would continue, but you have just referred to it being funded by the two-year allocation. Will the Fast Track program now cease?

Mr McMAHON: The Fast Track programs began well before the full-service programs and were funded under the usual allocations for schools, staff and resources, and will continue to be so funded beyond the full-service schools program.

Hon HELEN HODGSON: Was it added into that particular funding item for the duration of that funding?

Mr McMAHON: The full service schools funds were seen as an opportunity to upgrade and extend the present Fast Track programs.

Hon HELEN HODGSON: How much will continue to be put into those Fast Track programs? Will it revert purely to what the schools can afford to fund?

Mr McMAHON: It will be part of the normal school allocation of resources for its programs.

Hon HELEN HODGSON: Referring to schools' normal resources and their operating budgets, we have heard today about the computers in schools program. There is an issue with some of the remote schools in respect of the costs of connecting to an Internet service provider and the costs of allowing students to use the system. Have school budgets been adjusted to allow for extra costs for communications as a result of the computers in schools programs?

Hon BARRY HOUSE: My information is that every government school in Western Australia is now connected to the Internet. The member is asking about the costs?

Hon HELEN HODGSON: I am asking whether there is an increase in funding to allow for that or whether it is coming from schools' operating budgets?

Mrs MOROZ: In 1999-2000, there was funding for five hours per day of Internet access for one workstation in each school that was provided with access. The total cost was \$700 000. It was provided mainly for remote and rural schools when they were planning for their learning technology funds. That was a one-year grant and it prepared the schools for the learning technology funding. They now incorporate that item into the learning technology funding.

Hon HELEN HODGSON: Has there been an increase in the amount of money going into schools to pay for the communication costs or are the schools simply having to make their funding stretch further?

Mrs MOROZ: Not directly; however, in terms of the differential - that is, the way the learning technology was funded - there would be some allowance for them to be able to fund the Internet access.

The CHAIRMAN: Is the learning technologies fund the title used by the Education Department which equates to the computers in schools program listed in the budget statements?

Mrs MOROZ: That is correct. It also includes other moneys such as the \$10.96m over the four years.

Mr CHAIRMAN: Is that in addition to the \$80m for the computers in schools program?

Mrs MOROZ: Yes.

Mr CHAIRMAN: Is there a suggestion that out of the program, the \$80m and the \$10.96m would include funds to allow for the cost of Internet service connection for remote schools?

Mrs MOROZ: Once schools have achieved their ratios, they then have the flexibility to use that money for those kinds of services.

Mr CHAIRMAN: Is there a separate and additional budget allocation for schools for Internet access?

Mrs MOROZ: Only the one-off \$700 000 for the 1999-2000 school year.

Mr CHAIRMAN: Will that be repeated in future financial years?

Mrs MOROZ: No.

Mr CHAIRMAN: It would seem unusual a recurrent expenditure is covered by a one-off fund.

Mr BROWNE: It may be of benefit to Hon Helen Hodgson to know that the whole issue of the provision of information technology to schools is being reviewed by Mr Greg Martin, who is responsible for that area. We have traditionally looked at all the different components starting with the purchase of personal computers, the providers, bandwidth and maintenance. This has added problems the further out we go. Mr Martin is currently exploring - I do not think he will be able to go into too much detail about where he is at currently - whether we can approach this with more of an end-to-end approach where all the matters that Hon Helen Hodgson has referred to will be encompassed; that is, the maintenance, the technology support, the assurance of bandwidth and so on.

Mr CHAIRMAN: Is Mr Browne referring to Mr Greg Martin, the chief information officer?

Mr BROWNE: I am indeed.

Mr CHAIRMAN: Could Mr Martin give an indication about when the review of policy that he is undertaking will be available for us to examine?

Mr BROWNE: At that point he may get coy.

Mr MARTIN: As Mr Browne indicated and as members would be aware, technology worldwide is going through a convergence. We have telecommunications carriers, infrastructure providers, Internet service providers and systems integration organisations converging so that there is now a blurring of the divisions between telecommunications organisations and the like. For example, Telstra Big Pond is offering Internet service provision as well as telecommunications. We hope to better leverage the headcount that we have for our students across the system to be able to make the most of the converging technologies to provide more of a packaged solution so there is not a separation of Internet from telecommunications from systems integration, and so on. Over all, the students in our schools should be able to get a better service. We are presently reviewing that but I will not be able to provide any detailed information until later this calendar year.

[11.40 am]

Hon BARRY HOUSE: These questions highlight the fact that, contrary to the Chairman's inference at the beginning of this session that less than \$20m is spent in schools -

The CHAIRMAN: There was no need for inference.

Hon BARRY HOUSE: - the all-up figure for computers in schools funding is \$27.49m for 1999-2000, and \$28.84m for 2000-01. Those figures can be made available to the Chairman, if he wishes.

The CHAIRMAN: I will be interested in what comes forth.

Hon HELEN HODGSON: I noticed a reference in the media over the weekend to people using the work for the dole program to work in some of our schools. Has the Education Department any statistics on how many participants in the work for the dole program are working in our schools? Specifically, are they filling roles which were formerly filled by parents as volunteers or part-time employees of the Education Department?

Mr BROWNE: I will start at the end first: The circumstances in which the work for the dole people work in our schools is strictly conditional upon them not displacing any part-time or full-time employees. That displacement would never happen. Also, they do not replace any parents or volunteers. Our policy is to encourage and maximise parental involvement in education with parents as partners in the system. We never want or will tolerate these people displacing or discouraging parents' involvement in our schools. I will make the statistics available for the member.

The CHAIRMAN: That is a very clear answer.

Hon LJILJANNA RAVLICH: Page 397 of the *Budget Statements* refers to output 1, preprimary education. I note that the number of FTEs for preprimary education has reduced from 2 639 in 1999-2000 to 2 593 FTEs in 2000-01. I take the parliamentary secretary to page 399 and output 2, primary education, which has a reduction from 11 803 FTEs to 11 736 FTEs over the same period. Output 3 on page 401, under subset (a), indicates a reduction in secondary education from 8 779 FTEs in 1999-2000 down to 8 669 FTEs in 2000-01. Therefore, according to my calculations, the all-up reduction is 197 FTEs. Through the parliamentary secretary, does the Acting Director of Education know from where these people will come, where they might go and who they are?

Hon BARRY HOUSE: There is a clear and logical explanation.

Mr BROWNE: The reduction figure is 197, which is recorded in the footnote as a net loss of FTEs. I make a point clear: The confusion and concern appears to be that it is a loss of teaching numbers, which is not the case. Media reports have suggested that a loss will occur. Our outputs are divided into six or seven parts, which relate to the various categories of schooling. However, we have no separate output for corporate services. Therefore, central, district and all auxiliary people are spread across the six or seven outputs. I will try to make this explanation brief and simple. We have contracted out 229 cleaning and gardening jobs during the past 12 months, and central office brought in 50 people on a contract basis to assist with the implementation of the payroll system. Also, a service centre in central office assisted with curriculum matters. A range of these non-school-based functions count for far more than the loss of 197 FTEs; in fact, the number is in the order of 350. The difference between 350 and 197 FTEs is the net increase in the number of teachers over and above that which would have been employed if it were only formula driven. If the number of students in the system increases, the precise formula increases the number of teachers available accordingly. For a range of reasons, we are bringing on many more teachers. For example, the demand on long service leave as a result of the Olympic Games means we must increase the number of teachers available; we are opening five new primary schools; we have new secondary schools; and we have at least 14 promotion positions for which people are needed.

Hon BARRY HOUSE: Rumours have spread far and wide on this matter, and were even reported in the *Albany Advertiser* last week. I table a newspaper article from the *Albany Advertiser* citing the figures Mr Browne has just released indicating that 142 staff will be added this year.

The CHAIRMAN: Mr Browne provided a clear explanation, but I have no problem with the committee taking on board the suggested article.

Hon LJILJANNA RAVLICH: If none of the 197 FTEs is teaching staff, will any of the 197 FTEs be from the student support service area? Are any of these people involved in the provision of counselling, psychological services or other support services to students?

Mr BROWNE: No. I need to clarify the point without in any way weakening the answer. It was also reported in the media that examples can be cited of schools losing a fraction of a teacher. That will always happen. Likewise, schools will gain fractions of teachers by virtue of the formula. I must always qualify the answer by stating that it applies overall.

Hon LJILJANNA RAVLICH: Unfortunately, page 276 of the *Budget Statements* refers to the Department of Contract and Management Services' budget as follows -

With the support of parents, professional associations, the School Teachers union and other stakeholders, CAMS established a project with the Education Department of Western Australia to review the provision of school support services.

Does that mean that we are contracting out these services; if so, over what period are we expected to contract out?

[11.50 am]

Mr BROWNE: The intent of that project is to assist principals and teachers to go about their work in a more effective and efficient manner without being distracted by "administrivia".

Mr MANCE: A number of schools have raised other strategies to lighten the corporate services load on principals so that

they can concentrate on teaching and learning. We already have outsourcing of cleaning and facilities managers who look after school maintenance. We are trying to make it easier for schools to access a range of services such as maintenance and cleaning, and perhaps even relief teaching. Some schools make many telephone calls to obtain a relief teacher. The relief teacher sitting at home waiting for work is already working somewhere else. We are looking for an easier way for schools to make contact to obtain those services without having to make a range of telephone calls. We have had no programs, other than working with the Department of Contract and Management Services and schools and picking up their suggestions about how to lighten the corporate services load to allow principals to concentrate on teaching and learning.

The CHAIRMAN: It has been brought to my attention that a number of principals and deputy principals are concerned about the recent requirement for them to undertake human resource management tasks using the PeopleSoft program at the school level. I understand this involves organising relief staff for holidays and in other circumstances. A number of deputies and principals are concerned that this is an extra administrative workload, given that this work was previously undertaken at head office. Has any allowance been made for this administrative load that has now been passed to the schools?

Mr BROWNE: All processes implemented at the school level are designed to benefit school administration. One of the major problems has been the delays occurring between the schools and the centre as a result of the bureaucratisation of data. If data can be effectively inputted at the school, the turnaround time for pay and leave processes will be decreased dramatically. Schools are now enjoying those efficiencies.

Mr RYAN: It is not a matter of work being moved to schools; rather, the nature of the work has changed. Schools have previously filled in forms by putting pen to paper. They now put the data straight onto the computer and send it down the line. The change has caused some difficulties as administrators have been required to become more computer literate. The budget estimates include an extra \$2m for discretionary days for schools to assist with this change in the nature of the work.

The CHAIRMAN: It is interesting to hear that. The position put to me by school administrators is that they have a greater administrative role and that that has impeded their capacity to undertake other duties.

Mr RYAN: Sometimes, given the time it takes for them to become more competent and confident, it may appear to be an extra workload. However, the learning load is the issue.

The CHAIRMAN: The Auditor General has also identified problems with the PeopleSoft program.

Hon LJILJANNA RAVLICH: I refer to the question of leave liability and page 411, which mentions a significant upward trend in teachers' leave liability over the forward estimate period due to the difficulty in funding leave replacements. Answers to generic questions asked of the Standing Committee on Estimates and Financial Operations indicate an 8.1 per cent increase in the leave liability rather than the Premier's instructed 10 per cent reduction. I understand that, as at 30 June 1999, the liability was \$263.9m and, as at 30 June 2000, that liability will be \$281m, which is a \$17.1m increase. I imagine that that amount will continue growing at a similar rate unless drastic measures are taken. Is that amount taken out of operational funding and put somewhere else until it needs to be paid out? I would like to know what problems this is causing at an operational level.

Mr BROWNE: Our department is not like any other organisation. The Education Department of Western Australia is the largest employer this side of Melbourne and at any time may have 40 000 full-time or part-time staff on its books. The vast majority of staff are in schools and their leave is dictated by the school breaks. We must organise long service leave and so on taking into consideration the well-being of our schools. There will not be an escalation in the liability. About 12 or 18 months ago the Government instructed all agencies to address their leave liability, and that is being done. We cannot precipitously address the issue and in the process cause considerable problems. The department has strategies in place and the problem is being brought under control.

Hon LJILJANNA RAVLICH: I would like a comment about the impact on staffing and why it is so problematic. The department is experiencing an upward trend rather than a downward trend.

Mr RYAN: As the member is aware, the department has faced a major challenge in the past two years in supplying enough qualified teachers for the State. The problem has been overcome this year, and at any one time we have only 15 or 16 vacancies. In comparison to the other States, that is a wonderful result. However, in supplying these teachers on a daily basis, the number of relief teachers has diminished. Thus, it has been difficult to grant all the leave we would like to have granted. That is one of the reasons it has been difficult to make a dent in the leave liability.

Mr McCaffrey: Part of that leave liability includes teachers' annual leave. As the statements are prepared on a financial year basis, we are obligated to show that accrued liability. That liability, which is about \$13m or \$14m, is acquitted every year because of the December-January break.

[12 noon]

Hon BARRY HOUSE: I am advised that the non-teaching leave liability has decreased, whereas the teaching leave liability has increased slightly. We need to consider other factors. With the ageing profile of teachers in the State it is not unexpected that leave entitlements will increase. We would not want to force teachers to take leave, which might result in unnecessary disruption in schools.

Ms DUCKWORTH: I will pick up on the point made by Mr McCaffrey. We are not able to reduce two components of

leave liability: Vacation leave and non-current long service leave. Non-current long service leave accrues for the first six years of an accrual period, but is not available for employees to take until after the seventh year.

Hon LJILJANNA RAVLICH: The Minister for Education commented on 11 March 1999 that the PeopleSoft contract had blown out to \$23m. In addition to that contract the department has a human resources management information systems program and the Personnel 2000 program. Is there a contract for the supply of application development and support services for the department's human resources and financial management systems? I understand that the value of that contract is expected to be in the order of \$9.4m, a panel contract is likely to cost \$1.5m and a local area network contract is likely to cost \$1.7m. I am particularly concerned about the first contract, because I wonder what the application development support services will do that the \$23m PeopleSoft system was not able to do? It seems that all these computing and management information systems are a bottomless pit and never seem to end.

The CHAIRMAN: We have the question, and in the last half hour we need to stick to questions rather than commentary.

Mr BROWNE: We may need to move between a couple of people for the answers, because some of the questions that were asked related to the human resources component and some to the department's computing section.

The CHAIRMAN: We will be guided by you.

Mr RYAN: The system requires ongoing support from a private organisation that can provide services for which nobody in the department has expertise - as with any of the current application systems. Every time a change is made to the industrial environment the system needs to be changed to ensure that employees are paid the correct amount. In addition, when the department changes its policy the system changes and we need to ensure that employees are paid correctly. The contract to which the member referred is for five years with an extension of possibly another three years. That contract ensures that the system continues to operate effectively and efficiently and we can make any modifications required due to industrial negotiations.

Hon LJILJANNA RAVLICH: Do you see an end point to these contracts?

Mr RYAN: No, because we live with constant change, and industrially things are changing all the time; we have new enterprise bargaining agreements every two years. We can make these changes more effectively and efficiently through technology. However, there will always be a need for ongoing maintenance and upgrades to ensure we get value for money.

Mr MANCE: I will separate the two elements of the tenders to which the member referred: A local area network and wide area network support. The best way to differentiate between the two is that the information runs on a local area network, and we have a wider network which connects all of our schools. We have 800 sites on the wide area network. To keep that up and running we let a contract for all of the technical aspects. We do not do that in-house. An example of that under the tender is the help desk. For instance, if a school has problems with its local area network or the wide area network it can make a telephone call. As Mr Ryan mentioned, as new software comes on or procedures change, sometimes the hardware in the network needs to be changed accordingly. This is the support for that.

Hon LJILJANNA RAVLICH: Could you give us an assurance that, in view of the fact that the original projected estimate for the PeopleSoft contract was between \$3.5m and \$4m and it blew out to \$23m, the application development and support services contract will not blow out in the same manner and will be contained around that \$9m or \$10m mark and will not blow out to \$60m or \$80m five years down the track?

Mr BROWNE: I make the point on the member's use of the word "blow-out" that it needs to be clearly understood that the Education Department had an archaic payroll system that was continually condemned by all and sundry, including the Auditor General. We were required to shift from a manual system to a state-of-the-art system that yields data now, as required, in all audits and management of our staff. We had to shift the records of 40 000 people, and it was a moving feast because every year among those 40 000 personnel records were many variations. The system now in place pays close to \$1b in salaries each year and is operating well.

Mr MANCE: It is not just a payroll system; it is a human resource management system which includes a lot more functionality with leave management and other aspects. To pick up on Mr Browne's point, the previous system was archaic. It was programmed in old language. It was difficult to maintain and we could not have retrospective payments. We had all sorts of problems with it. We did not just replace one payroll system with another payroll system; this is a totally integrated human resource management information system.

The CHAIRMAN: Before we proceed with that there was reference to the expression "blow-out". What Hon Ljiljanna Ravlich said was clear: The budget allocation was \$3.54m and the actual expenditure was \$23m, which is what the member was referring to, if members need a definition of the term "blow-out".

Mr RYAN: We need to clarify the point that the figure of \$3.5m was for the original supply of the software and contract. The figure of \$23m takes into account the total cost, including resources, that went into the project. It is not fair to compare the two amounts of money without ensuring that people understand that one is a total cost including employee records and the other is for a contract for the supply of software.

Hon LJILJANNA RAVLICH: I will finish my line of questioning and pick up on the point made by Mr Mance that we are dealing with a complete human resource management package. In view of that why is the Education Department looking at the possibility of outsourcing temporary staff and teacher relief? If this system is so great, why not do that in-house so the department can gain the benefits of this "you beaut" human resource facility?

Mr MANCE: That is one of the options.

Hon BARRY HOUSE: Many members in this Chamber, and generally, have received representations from people with problems with that program going back a year or so. They would agree that in that time the program has well and truly covered all of the complaints that were coming to my office.

[12.10 pm]

Hon LJILJANNA RAVLICH: Would the parliamentary secretary also agree that with a projected cost and an actual cost of the magnitude of the PeopleSoft initiative, even accounting for variations and changes to the program, that money could be better spent on education in classrooms or the provision of teachers?

Hon BARRY HOUSE: If one were comparing apples with apples, I would agree, but it has been clearly outlined that is not the case. It is bringing in a whole series of costs from the Education Department generally.

The CHAIRMAN: I think we are getting into debate, which we will look forward to when Parliament resumes.

I understand that Mr Ryan said earlier that the administrative load on principals and deputy principals was reduced by the new system. I have received different advice from principals and deputy principals. Has the Education Department received any complaints or expressions of concern from principals or deputy principals about the increase in workload? What action has the Education Department taken to find out from principals and deputy principals how they find the operation of the new system of human resource management and how the administrative load has been increased or decreased?

Mr RYAN: We have received complaints which we have investigated. We have increased the amount of training to administrators by over 100 per cent. A training team constantly operates to up-skill administrators and registrars, so that they can become competent and confident. One must remember that an important issue is that we have taken the Education Department into the twenty-first century human resource environment by putting information straight onto a computer and downloading it at central office. Until September 1998, the information used to be filled in on paper and mailed, in the same way that it was done back in the 1940s. The change to bring the department into the twenty-first century has caused anxiety to our administrators. Training is constantly being provided, and we are monitoring the workload.

The CHAIRMAN: Have you done anything else?

Mr RYAN: We are looking at the system all the time as part of the upgrade and new contract to improve the performance of the system, so that the speed across the lines is quicker.

Hon BARRY HOUSE: This years' budget has an additional allocation of \$500 000 committed to support staff for registrars in schools who will carry a high proportion of that load.

Hon LJILJANNA RAVLICH: I understand that a figure of \$900 000 for the implementation of the goods and services tax was given in answer to some generic questions from the committee. Does the figure apply to ensuring that schools can effectively meet GST compliance requirements, or is that purely to do with the Education Department at 151 Royal Street, and other costs associated with the implementation in schools not being factored in?

Mr BROWNE: The \$900 000 is the across-the-system implementation cost. The reason we have been able to keep it so low compared to other jurisdictions is by virtue of our computers and technological facilities in our schools and the system.

Mr McCAFFREY: We were first faced with the issue of trying to implement the GST and training school administrators to bring them up to date at a time when the South Australian Department of Education, Training and Employment issued a press release on how much implementation would cost it. We were asked at that time to give a comparative figure. We were compelled to use that model, which we did. The figure came out to be around \$7m, which included a whole range of information requirements, including hardware, software and additional support time in schools. When we went through the process we found that we had GST-related components which needed very minimal cost to upgrade. We are in the process of testing the software and distributing it to schools. We found that most of our hardware configurations are suitable to run the software. The \$900 000 was specifically for a team of people training district office staff and teachers. The money covered travel, some relief for staff and the whole box and dice. We are getting the schools ready for the implementation of the GST after 30 June. As was mentioned earlier, \$2m has been allocated for additional support time for registrars. Our staff are experiencing some uncertainty and insecurity about how the implementation of the GST will affect them. We will examine that as the year goes on. We have people in each district office to support them. We will look at the support, and if it is not enough we will re-address the issue.

Hon MURIEL PATTERSON: The fourth to last dot point on page 392 refers to the Making the Difference strategy being implemented with all government schools developing processes for the identification of students at educational risk. The second dot point of the major initiatives for 2000-01 on page 393 refers to the implementation of the Making the Difference strategy continuing. What is the success of the strategy which the Education Department will continue and exactly what does the strategy cover?

Ms LUCAS: The implementation time is up to 2005, so schools are in the process of coming to terms with what the policy means for them for establishing, as the major achievement states, a process for identifying students at educational risk. Over the next few years, they will have the time to look at processes for delivering programs. We always ask schools to stress the notion of prevention, and early identification and intervention where possible, so that we can stop children being at risk.

Hon BARRY HOUSE: Much unheralded but valuable work is done in schools when working with students at risk. It is often difficult to quantify the effects. Having been a youth education officer in a high school a few years ago, my experience is that a lot of work was done in that area at that time. Those officers and others are still doing that work under this strategy. As I have said, it is not obvious to the eye and it is difficult to quantify sometimes; nevertheless it is very valuable.

Hon MURIEL PATTERSON: I totally agree. I am really pleased to hear that work is continuing. The budget papers refer to the fact that in 1999 the minister announced an education program for Albany over the next five years. I understand that the first part of the program will be the building of Albany primary school. Has a date been set for the commencement of the building?

Mr BROWNE: There are some issues at the moment.

[12.20 pm]

Hon MURIEL PATTERSON: Heritage is one such issue.

Mr BROWNE: The heritage value of the front part of the old primary school site is one issue, although that would not present a big obstacle to us. The cost of the development of the oval at the back of the senior high school may in turn cause us to rethink the time lines. Mr Harvey will give us a better answer.

Mr HARVEY: We have engaged consultants. Planning has started for the primary school. We expect that planning to continue through to the end of the year, when tenders will be called. We had hoped that construction would start at the end of this year or the beginning of 2001, and the school would be ready by October 2001.

Hon TOM STEPHENS: In view of the time constraints and the number of questions that I still have to ask, it is my intention to take the opportunity of rattling off my questions so that the answers may be provided by way of supplementary information.

The CHAIRMAN: They will be taken on notice. Is the parliamentary secretary happy with that?

Hon BARRY HOUSE: We will try to answer them. If they are briefly put, they will be briefly answered.

Hon TOM STEPHENS: I am interested to know the number of teachers who are accommodated in Government Employees Housing Authority housing. I also want to flag again the concern I have about commitments previously made by Mr Browne's predecessor to replace GEHA accommodation in Cue; that is, a teacher's house at lot 32 Dowley Street. The house is substandard and was recognised by Mr Browne's predecessor as substandard. Despite commitments that it would be replaced, it still has not been. I recognise that it is just one little teacher house in a -

Hon BARRY HOUSE: We will quickly answer that question.

Mr BROWNE: Dealing with the second issue, although the teachers live in the houses, teacher housing falls outside our direct responsibility. Does Mr Ryan have the figure of the number of teachers living in GEHA housing?

Mr RYAN: No, we will have to take that on notice.

Hon TOM STEPHENS: I will leave on notice also the question of when the Government will provide a replacement house specifically for that substandard house in Cue.

I refer to some other capital facilities. I see that the Kimberley School of the Air has had funds allocated for the replacement of the school buildings, with \$100 000 of expenditure, I think, in the coming financial year, presumably for planning, the remaining funds to be allocated at some stage in the future. I am concerned that there does not appear to be within the *Budget Statements* any indication of funds having been allocated to bring about a dramatic improvement in the technology available to the schools of the air throughout the State. It was cute 25 years ago to watch schoolchildren struggle with radio communications in schools of the air. However, schoolchildren are still struggling with radio communications in the absence of all the modern telecommunications methods that should be available to students in any system, particularly to ensure that those students who live in rural and remote areas are able to participate in quality education and training to achieve their potential - they are words from the priority one country roads document. When will the department allocate funds for more appropriate telecommunications learning methods for those students? Specifically, the opportunity for teleconferencing, better access to the use of emails, Net access, Westlink and Net meeting are a bunch of the techniques that the students of, and the parents associated with, schools of the air seek. I am happy to leave those as questions on notice.

Hon BARRY HOUSE: The member has taken five of his seven minutes asking the question, so let us have a go at answering it.

The CHAIRMAN: If Hon Tom Stephens reads his remaining questions into *Hansard*, they will all be taken on notice. I think that is the best course.

Hon BARRY HOUSE: Can the member not just put them on notice?

Hon TOM STEPHENS: Yes, but then the Government never answers them.

The CHAIRMAN: For us to further the dialogue on this would be a waste of time. I would like Hon Tom Stephens to quickly read his questions.

Hon BARRY HOUSE: I must admit I find that pretty unusual, Mr Chairman.

Hon TOM STEPHENS: I refer to a number of schools within my electorate. The Exmouth District High School continues to be constrained by classrooms that were built in the 1960s for small class numbers associated with the United States education programs that existed at that time. The school classrooms apparently remain too small for standard class sizes, and no funds are in the current budget. When will funds be made available to replace the Exmouth District High School buildings so that the classrooms are appropriate to the needs of contemporary education requirements? When will the system respond to the concrete cancer within those school walls? Those walls have recently been patched, but no efforts have been made to fix the problems whereby the classrooms have had blow-outs in their electricity systems that have not been -

Hon BARRY HOUSE: These are not questions. This is a statement.

Hon TOM STEPHENS: No, they are questions.

The CHAIRMAN: I draw Hon Tom Stephens' attention to the time. Could he minimise the commentary and maximise the questions?

Hon TOM STEPHENS: When will funds be available for dust extraction facilities in the manual arts classrooms of the Exmouth District High School? In other schools within the Mining and Pastoral Region, do manual arts classrooms exist which are similar to the one at the Exmouth District High School and which do not have the dust extraction facility that would seem to be a prerequisite? I refer to the Broome High School. The gymnasium there, which is the official cyclone evacuation centre, was used recently during cyclone Rosita, but without the facility of toilets. Will the budget currently before Parliament provide funds to equip that high school gymnasium with toilets for future cyclone evacuation purposes?

The CHAIRMAN: I ask Hon Tom Stephens to conclude at that point.

Hon B.M. SCOTT: My two questions are brief and unrelated. However, I guess they have an overriding connection in that probably the most important thing for schools and education is the curriculum, which has not been addressed this morning.

Hon BARRY HOUSE: We have officers here from the Curriculum Council of Western Australia, so the member can address the questions to them.

Hon B.M. SCOTT: With the introduction of the curriculum framework, which is a positive way to proceed, what support services are being provided in that area for home schooling students, and what support services are being provided for curriculum upgrades to ensure that schools and principals are putting in place best practice, in line with the curriculum framework, for early childhood education? The concern is growing in the community that early childhood education will be seen as the bottom rung of the formal education system. The curriculum framework puts into place the outcomes, and that is considered a much better practice. What budgetary allowances have been made to increase or improve best practice in the area of principals and supervisors within the Education Department to ensure that professionals who understand best practice in those areas can best be supported?

[12.30 pm]

Mr ALBERT: The two issues the member raised are critical to the implementation of the framework. The Department of Education Services has allocated about \$14 000 of the professional development funding to provide assistance to people who are home schooling. It has also been engaged in discussions with the Education Department to identify ways in which the development of people providing education for their children at home can be enhanced so that it aligns with the curriculum framework. The Curriculum Council has met with the early childhood education directorate because the training of principals and school leaders involved in early childhood is a problem. There is a tendency for some principals to view that area as primary school education, and not early childhood education. As a consequence, the Curriculum Council is preparing a special support document on early childhood in conjunction with the early childhood education directorate. Professional development funding totals \$1.5m and the Department of Education Services has indicated that professional development in early childhood education for administrators is an important issue.

The CHAIRMAN: I thank everyone for participating: My parliamentary colleagues, Hon Barry House as the Parliamentary Secretary to the Minister for Education and the extremely busy staff and officers of the education departments. I appreciate your time and cooperation this morning.

Hon BARRY HOUSE: I also thank all the officers. I think the committee has found the answers to be frank and informative and it can rest assured that education is in good hands.

Sitting suspended from 12.32 to 2.00 pm

Division 33: Fisheries, \$17 327 000 -

Hon Mark Nevill, Chairman.

Hon M.J. Criddle, Minister for Transport.

Mr P. Rogers, Executive Director.

Mr A. Cappelluti, Principal Policy Officer, Fisheries.

Mr J.C. Nicholls, Director, Strategic Planning and Policy.

Mr P. Millington, Director, Fisheries Management Services.

Mr N. Austin, General Manager, Corporate Services.

Dr J. Penn, Director Fisheries Research.

Mr S. O'Donoghue, Senior Policy Officer.

The CHAIRMAN: On behalf of the committee, I welcome you to today's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to your advisors. For the benefit of members and Hansard I ask the minister to introduce his advisors to the committee and for advisors to please state their full name and capacity in which they appear before the committee.

Have all witnesses read, and do they fully understand, the documents they have signed?

WITNESSES: Yes.

Hon M.J. CRIDDLE: The Fisheries WA overall 2000-01 budget is \$48.3m, of which the consolidated fund contribution is \$20.9m, including \$1.73m, in voluntary fisheries adjustment schemes, or 43.3 per cent. This is made up of a \$17.3m CF budget allocation; that is, \$14.464m, plus \$2.863m capital, a \$1.23m carry over of voluntary FAS balance and \$2.3m carried forward funding for asset replacement and asset sales.

The CHAIRMAN: A couple of years ago the department started the decentralisation of the Fisheries Department. Has that been completed or is it still progressing?

Mr ROGERS: It is largely completed, but I guess we continue to evaluate the agency's staffing position and seek to address changes where it is appropriate to do so.

The CHAIRMAN: Has that decentralisation meant a net increase in the proportion of staff placed in the regions compared with the metropolitan area?

Mr ROGERS: The answer would have to be yes.

The CHAIRMAN: Can you provide the committee with a breakdown of that figure if it has changed over the past three or four years?

Mr ROGERS: Yes, but it will have to be provided as supplementary information.

The CHAIRMAN: What Environmental Protection Authority examination has occurred of Fisheries Department programs generally, in particular the Abrolhos Islands and Shark Bay work? Does it oversight what occurs?

Mr ROGERS: From time to time the EPA asks us to account for our aquaculture policies. I understand we also have a memorandum of understanding associated with translocation of species. We also have an agreement in relation to preparations of bycatch plans associated with processes such as trawl fisheries or other fisheries in which we have an in-principle concern.

The CHAIRMAN: Does it take any direct interest in the level of exploitation of fisheries?

Mr ROGERS: Not directly.

Hon M.J. CRIDDLE: It is probably fair to say that the Fisheries Department has done pretty well over the past few years in managing the fishery.

The CHAIRMAN: Or managing the EPA!

Hon M.J. CRIDDLE: The fishery is the important part.

The CHAIRMAN: I noticed a couple of years ago that the department's workers compensation charges were being brought under control. How has that evolved over the past two or three years?

Mr ROGERS: Generally, fairly well, except for the unfortunate accident that occurred at Fremantle 18 months or so ago when a vessel blew up, causing two officers to be badly hurt. We are still managing those cases as part of that unfortunate accident.

The CHAIRMAN: Which aquaculture projects among Aboriginal communities have been successful? Which are defunct and which are ongoing in your recent year's experience?

Hon M.J. CRIDDLE: There must be a responsibility on both parties to progress these issues.

[2.10 pm]

Mr ROGERS: A number of aquaculture projects are underway: One is the Australian Centre for International Agricultural Research project managed by Dr Chan Lee, associated with a trochus project involving Indonesia, Vanuatu, from memory, and the Bardi community in the north west of Western Australia. Part of that project was to attempt the reseedling of trochus on certain reefs to recover some of those reefs. We also established a pilot hatchery at One Arm Point, and it successfully produced about 150 000 to 160 000 juvenile trochus as part of the replenishment program for the research. By and large that work is still proceeding. Over a period we have been negotiating with different Aboriginal communities, particularly in the Dampier peninsula, with a view to getting approvals for them to undertake aquaculture. Some of those applications have proceeded to the point of approval, but others have stood in the pipeline. That has been connected to a separate government project which is not tied to our department. In the end we will have some involvement in the management of the construction of a multi-species hatchery which is to go into the Broome aquaculture park later this year and early next year.

The CHAIRMAN: Was the Department of Commerce and Trade driving that aquaculture project?

Mr ROGERS: Yes, as far as I know.

The CHAIRMAN: Was that with input from Fisheries WA?

Mr ROGERS: Yes, principally through Dr Chan Lee. In terms of other projects, we have had some minor involvement in the outback oceans project. That project is looking at the introduction of trout into farm waterways with a view to seeing whether we can develop a small industry based on trout raising, production, processing and marketing. I understand an Aboriginal community at Katanning is involved in that, but I do not know the full detail. Again, outside of our department, there has been some interest in an abalone hatchery development at Albany, but that is the only detail I have.

Hon M.J. CRIDDLE: Apparently they are both part of the Southern Aboriginal Corporation and operate under its jurisdiction.

Hon KIM CHANCE: Page 577 has a reference to the impetus for the development of aquaculture industries. The tuna industry at Port Lincoln was discussed during the Assembly estimates committee hearings. It is clear that that is a large and successful example of commercial aquaculture. However, it has been associated by implication with the disease outbreak that decimated the Southern Ocean pilchard stocks. What progress has been made in getting some kind of certainty about the possible link between the disease outbreak and the importation of fish which is used as feed for the tuna feedlots?

Mr ROGERS: A number of pieces of work have been undertaken and are yet to be concluded, although some elements have been concluded. A national research task force was set up under Dr Gary Morgan, who was then the director of the South Australian fisheries. It was looking at a range of research, one aspect of which related to the modelling for the disease vectors. That work has been completed by Dr Brian Jones from our department. It is essentially saying, based on the work that was undertaken, that the translocation mechanism was from fish to fish. The other parts of the work related to typing the DNA of the viruses from the two outbreaks in 1995 and in 1998-99. That work is still progressing. I have not seen a final report on that, but I suspect it is probably the same - a family of herpes viruses was involved. That is still my view until I see anything else. Some work was to be done in sequencing the nucleotides of the DNA to see whether a probe could be developed for detecting the presence of that virus in other organisms. To date there has been little success in that technique. As I understand it, the virus is particularly difficult to work with. I also understand that there will be a further review meeting of the work group in Western Australia in the near future, noting that Dr Gary Morgan has since left South Australian fisheries and a new project leader needs to be appointed.

Hon KIM CHANCE: Is it still an ongoing research project?

Mr ROGERS: Yes.

Hon B.K. DONALDSON: The fourth last paragraph on page 581 under the major achievements for 1999-2000 refers to the development of a draft paper on policies for the live holding, fattening, processing, aquaculture and enhancement of western rock lobster. Those draft policies were released. At what stage is that research and development currently and how much more do you intend doing with it? Does that include holding lobster offshore in sea pens or cages?

Mr ROGERS: There are two thrusts with this issue: A draft paper on policies has been completed by a subcommittee of the Rock Lobster Industry Advisory Committee and has been forwarded to both the minister and to the Rock Lobster Industry Advisory Committee for consideration. One of the issues that sits with that set of draft policies is how it interconnects with national competition policy. That is a matter on which the Rock Lobster Industry Advisory Committee and others are yet to report to the minister. In relation to the research, a fairly significant amount of work is being done on rock lobster research in Australia. It is funded as a separate program by the Fisheries Research and Development Corporation. We are doing some work on the variability around puerulus settlement and are trying to understand the impact that taking puerulus from the wild would have on the rock lobster fishery. The report from that work is yet to be completed, but it is fairly advanced. In addition, there is some early work being proposed around Australia on the development of new feeds and work which looks at closing the cycle for rock lobster species, including western rock lobster. There are also engineering studies of various types of aquacultural design. A small joint project is being undertaken with us with FRDC funding to look at closing the western rock lobster breeding cycle, but I need to refer to Dr Penn to confirm it.

Dr PENN: The research project on puerulus is one that Fisheries WA is undertaking. The other projects are all proceeding with interstate collaboration. We as an agency are not directly involved. In the case of closing the life history, Curtin University has a small grant and we are collaborating with it to undertake research on that topic. On the specific question of the offshore holding, a project was undertaken in South Australia, but no project is currently operating in Western Australia.

Hon B.K. DONALDSON: Is there any likelihood of any research being done using waters around the Abrolhos Islands to hold lobster?

[2.20 pm]

Mr ROGERS: The matter cannot be considered until I receive an application. At this stage there is no application before me seeking to undertake that work.

Hon B.K. DONALDSON: At the bottom of page 581 under "Major Initiatives for 2001", the third last paragraph states -
Amendment of the management plan for the Western Rock Lobster fishery to allow for the creation of new rock lobster authorisations on the acquisition of a minimum holding of existing pot entitlements.

That is a pretty good statement. Could you deal with what it really means? Does it include a further review of the 150 pot entitlement?

Hon M.J. CRIDDLE: It is an indication that the number of pots may reduce. I will ask the executive director to reply.

Mr ROGERS: Drafting is being undertaken currently to introduce amendments to the western rock lobster management plan to allow for what is called licence reactivation which will allow people to split large holdings into two units subject to certain conditions. Similarly, it also allows for people to transfer their pot entitlements to a holding of one pot on an authorisation. Concern has arisen in the industry about the development of more and more large units and that there should be a two-way flow in the use and number of authorisations in the fishery. It had the support of industry and the Rock Lobster Industry Advisory Committee. I hope that legislation for that can be presented to the minister in the near future with a view to it being available in the 2000-01 financial year.

No advice is currently in front of the minister on the question of the 150 pot entitlement. Neither has the Rock Lobster Industry Advisory Committee supported any change or given advice on the amendment of those rules. The matter was raised in separate correspondence by people from Geraldton which will be dealt with at the next meeting of the Rock Lobster Industry Advisory Committee.

Hon B.K. DONALDSON: You are really talking about creating more licence units. In fairness, you should be looking at the other side of that question. Operators who have a larger holding for efficiency should be given the same consideration rather than creating more units.

The CHAIRMAN: That sounds more like advice than a question.

Hon KIM CHANCE: Very good advice though!

Hon M.J. CRIDDLE: Mr Chairman, this area is getting towards advice that is probably a policy matter for the Minister for Fisheries.

Hon BARRY HOUSE: An article in this morning's *The West Australian* referred to licence buybacks. Can the minister update me on what is happening in buying back licences in the Peel-Harvey inlet, the Leschenault Inlet, Geographe Bay and Augusta?

Hon M.J. CRIDDLE: Is the member talking about recreational or professional fishing?

Hon BARRY HOUSE: Professional.

Mr ROGERS: Under the various schemes as at 2 May 2000, 10 offers have been received for the Mandurah estuary, five accepted, four declined and one still being finalised. Currently nine units remain in the fishery and Mandurah fishermen have identified 10 fishermen as being the optimum target level they want to proceed to for the ongoing management of that fishery. That is more than the current nine units in the fishery now.

The buyback scheme for Leschenault has received six offers, none accepted or declined and, obviously, awaiting government and industry consideration before finalisation. That fishery currently has six units. The member will be aware that Leschenault fishermen sought en masse to leave the fishery because of their ongoing interactions, both politically and otherwise, in that area. Two offers have been received for the Hardy Inlet, two accepted, none declined. That is none awaiting finalisation. We have not received any further offers. One gentleman whom the member saw in today's paper, continues to operate in that fishery. The optimum number for that fishery which has been previously talked about, is between zero and one; therefore arguably it is on target.

I am unaware whether a specific scheme exists today at Geographe Bay for a buyback arrangement. My understanding is that the industry, when talking to the department, was seeking the introduction of management arrangements for the beach fishery in that Geographe Bay region.

Hon KIM CHANCE: On that same matter, although I support the spirit behind what is occurring at the face of recreational

and commercial fisheries, particularly in estuarine fisheries, what will occur when we buy back all these licences. Where will my constituents in Mullewa, Merredin and Lake Grace buy their fish if it is all tied up by amateurs? Will they have to go to the amateurs to buy their fish?

Hon M.J. CRIDDLE: They deliver fish to my farm.

Hon KIM CHANCE: Who, the amateurs?

Hon M.J. CRIDDLE: No, the commercial people.

Hon KIM CHANCE: Is that a concern for Fisheries WA?

Mr ROGERS: Yes, it is. We released a discussion paper under the minister's direction as part of the coastal fisheries initiative which referred to setting target levels at the lower end of the number of people who are allowed to fish there. Practically, commercial fishermen provide good technical information to us about what is happening in those waters and support us in many of the research programs we undertake from time to time. They are the ears, eyes and nose of the department that monitor the changing environments that take place over time in those estuaries. The purpose of the discussion paper was to get industry and community agreement around those target levels and the direction proposed to be taken. At the end of the day, faced with public submissions and the final response, I expect the minister will have before him a paper that will set longer term certainty around the rights of commercial fishermen in those estuaries. That paper refers to all estuaries and marine embayment fisheries from the Kimberley fishery, the Shark Bay beach seine and the Exmouth Gulf beach seine to the Swan River, the Leschenault, Peel and Hardy Inlets and indirectly to the south coast estuarine fisheries. I understand the Western Australian Fishing Industry Council and the industry are in the process of putting together a coordinated submission to go to government fairly shortly.

Hon GIZ WATSON: My question relates to an item on page 577 which refers to the ecologically sustainable use of the marine environment. With the recent initiative of the Marine Stewardship Council, are there any budget implications for Fisheries WA meeting the certification process? I understand other requirements must be met for that certification process. Are there budget implications for meeting those requirements of additional study?

[2.30 pm]

Mr ROGERS: The answer is yes. Those costs will be met from the rock lobster industry as part of the arrangements for cost recovery associated with rock lobster marine stewardship accreditation. That was understood by the rock lobster advisory committee at the time the work was initiated. Some funding came from the industry development unit within the Western Australian Fishing Industry Council. That has been the direction of the budgetary issues surrounding the accreditation.

Hon GIZ WATSON: So it is not an impost on Fisheries Western Australia as such?

Mr ROGERS: Not in that case.

Hon GIZ WATSON: There was mention earlier of the collapse of the pilchard fisheries as a result of the two viral incidents. I am interested in research on the effect on the food chain rather than on the fishery itself. What continuing research is being done?

Mr ROGERS: I will ask Dr Penn to comment in a moment. We have been successful in getting a grant which will allow us to monitor what is happening to the pilchard stock and other things associated with that pilchard stock over the next six years. That will give us information about what is happening in the environment on the south coast and, in particular, the west coast. We are pleased with the outcome. There is no specific research funding that I am aware of for specific work on seals, dolphins or seabirds, although there may be different funding being administered by the Fisheries Research and Development Corporation.

Dr PENN: The current project, which has been approved for funding over the next six years, does have an element in it of looking at the effects on the food chain of changes in the abundance of pilchards. However, it will be difficult to do that at present because of the lack of pilchards in the environment. It is part of the ongoing project, but at a fairly low level given the difficulties of undertaking the research.

Hon GIZ WATSON: Can you advise what other things will be monitored?

Mr ROGERS: One of the things I often ask the fishermen on the south coast is what is happening with the condition and state of the Australian salmon stocks in relation to what they process. I would have thought that the early indications of an ecosystem problem would start to appear in the salmon fishery. It is through the collection and use of that type of information, which we do as part of normal Fisheries WA work, that we get early signals of problems developing.

Hon KIM CHANCE: I want to turn to the national competition policy process. There is a reference to a review of the Fish Resources Management Act on page 580. Page 586 states that the review has been completed in respect of the Pearling Act. I was not aware that that review had been finalised. When might a report be released? This question was asked in the Legislative Assembly estimates committee hearings but it was not clear to me from the answer whether the review had been completed. It was my understanding that the review was due at the beginning of this year.

Mr ROGERS: In practical terms, Fisheries WA is required to undertake the review at least to the first phase, which is to provide a report to the minister. At this stage the reports are now complete in terms of the first phase of the national

competition policy review. Government processes go well beyond that in terms of further advice from the Treasury policy unit and other processes before ministers make decisions. The reality is that although we have completed our part of the exercise, it must be recognised that there is a much greater process to be gone through before the Government finalises its decisions.

Hon KIM CHANCE: There seems to be some confusion that Fisheries WA has completed its process but the Government has a way to go before it completes its process.

Mr ROGERS: I will have to qualify that.

Hon M.J. CRIDDLE: I hope that is not a confusion.

Hon KIM CHANCE: No, but that was why I was confused. I am now more clear.

Mr ROGERS: There is one qualification to that: I have gone back to the pearling industry and asked technical questions about the national competition policy review report, and the industry is providing me with further information which I then pass on to the minister. On all other accounts the information is quite good.

Hon KIM CHANCE: Who carried out the review of the Pearling Act? I understand it was done for Fisheries WA, but was it a multidisciplinary committee?

Mr ROGERS: It was the Centre for International Economics.

Hon KIM CHANCE: Given the inherent problems that might arise in the pearling industry by the application of the national competition policy process to the Pearling Act, are you able to give me a hint of whether it looks like being a problem?

Mr ROGERS: I cannot give a hint at all.

Hon M.J. CRIDDLE: We should not allow for hints.

Hon B.K. DONALDSON: I refer to page 587 and the major initiatives for 2000-01. The third point states -

Expansion and progress towards commercialisation of research on use of Western Australian agricultural products in aquaculture feeds in Australia and overseas.

I understand there has been some continuing research on lupins. Is canola now being looked at as a grain that may be suitable? Regarding commercialisation, are the results coming out favourable to lupins?

Mr ROGERS: Yes. We have been successful with Grain Research Council funding and I think work is being done on lupins as well as on canola. It is not particularly difficult to take feeds to commercialisation once performance has been established. We need to come up with empirical formulas on the feeds so that they can be used as a stalking horse for international markets on aquaculture feeds.

Hon B.K. DONALDSON: I refer again to page 587 -

Undertake a study to identify significant sites for the onshore farming of finfish in both temperate and tropical areas.

Are we talking here about saline water, hypersaline water or freshwater or are we focusing on the available use of saline water in agricultural areas?

The CHAIRMAN: In agricultural areas or tropical areas?

Hon B.K. DONALDSON: There are vast areas of land that we call agricultural which have a great deal of saline water. Will you look at sites in those areas?

Hon M.J. CRIDDLE: I know that in some pastoral areas fish are kept in tanks. I am sure that the member is acquainted with them or has seen them for himself.

Hon B.K. DONALDSON: I am also interested in the use of ponding techniques in those areas.

Hon M.J. CRIDDLE: I have also seen that arrangement in my area as well.

Mr ROGERS: There are a number of opportunities, and saline areas in agricultural areas represent an increasing opportunity, provided the economics are fundamental. That is where some of the issues sit. I am aware of some work going on in relation to this. Agriculture WA is looking at townsites and rehabilitating them by pumping water from underneath them. It creates an engineering opportunity for other forms of aquaculture which might otherwise not be undertaken. I would hope that the preliminary survey in relation to significant sites for onshore farming of fin fish extends to inland agricultural areas as well as coastal areas of the State. Similarly in the north, when one looks at Aboriginal lands, I still think there are enormous opportunities in the Kimberley for onshore aquaculture. The key issue in establishing the industry is whether it is economic and viable.

[2.40 pm]

Hon GIZ WATSON: What resources are available to monitor and enforce compliance with translocation permits, and what steps are being taken to counter illegal translocations?

Mr ROGERS: A monitoring program is in place at Perth Airport courtesy of Agriculture's quarantine officers. We also follow up where issues of transgression of translocation come to our attention. It is not possible to give 100 per cent coverage of every translocation. Nevertheless, we have a compliance group spread across the State which is generally familiar with the requirements of translocation compliance. More particularly, the aquaculture development officers, who are also spread across the State, provide coverage of those issues; that is, they provide feedback to us when they come across translocation matters. We take a stronger line when we can demonstrate non-adherence with yabbies and so on.

Hon GIZ WATSON: Are translocations discovered at the airport through tip-offs? What are they checking?

Mr ROGERS: They check the movement of fish into Western Australia, which gives us information about what is happening. If something unusual is occurring, our compliance people hear about it.

Hon GIZ WATSON: What was the final cost of Fisheries' involvement in the aquaculture program's attempts to establish bluefin tuna in sea cages at Esperance?

Mr ROGERS: I do not know. I will provide that as supplementary information.

Hon M.J. CRIDDLE: We take that question on notice.

Hon KIM CHANCE: Reference is found on page 591 of the *Budget Statements* to the review of the management plan for the western rock lobster fishery. Quality problems have been identified in more than one market regarding the use of hides as holding baits; that is, the hair from the hides has turned up in markets in which head meat is used. This has been identified as a quality problem, particularly in Japan and some European markets. I understand it has been suggested that a ban be applied to the use of hides as a holding bait, but that this ban never seems to be implemented. What can I be told about the ban, and what development has taken place of an alternative holding bait?

Mr ROGERS: In broad terms, industry agreement has not been reached on the use of hides or hocks; namely, regarding the adoption of an industry standard. Therein lies part of the problem. It is ineffective for us to do much without industry agreement. A range of research has been conducted on bait. The industry development unit funded some work on alternative grain-based baits, and others have added to that work. It was reported to the industry last year. By and large, the alternatives have not outperformed the traditional baits. Therein lies another part of the problem. With all the bait initiatives one comes across from time to time over a 20-year or 30-year period, the ultimate proof of performance is tied to the industry's willingness to pay for and take up that product.

Hon B.K. DONALDSON: Page 590 of the *Budget Statements* refers to major initiatives for 2000-01 and the release policies for the translocation of trout, barramundi and artemia in Western Australia. Will the minister expand on that program? Is "artemia" a generic name for paratemia? What does the department have in mind with those policies?

Mr ROGERS: At this stage paratemia are not included in "artemia". There is considerable opportunity for artemia production to be used in association with saltworks around Western Australia - mainly because the artemia are already found in those places to a large extent. Outlining what is proposed would prejudice the preparation of a draft translocation protocol and involve making an assessment before it is in place. That process is yet to be proceeded with around that group of species.

Hon B.K. DONALDSON: Could translocation place restrictions on movement from area to area?

Mr ROGERS: It is not having an open run on them. It states that one can use artemia from point X to point Y, or use trout in stocking these rivers or certain locations in farming trout. It minimises the interaction between non-endemic and endemic species in the movement of fish.

Hon B.K. DONALDSON: Is paratemia exempt from the policies being developed?

Mr ROGERS: We would look at it on its merits. The member knows as well as I know that paratemia has a specific number of species found throughout the wheatbelt. Any approach should be cautious. It is essentially dealing with only one group of people who have acted responsibly. The priority is not to set up a complex legislative framework until we know the type of development which will proceed.

Hon LJILJANNA RAVLICH: I cannot find the cost of vehicle leasing in the budget papers. On 30 June 1999, Fisheries had 104 cars for which it paid \$675 400. It currently has 101 cars at a cost of \$780 000. In other words, it has three fewer cars for which it is paying \$105 000 more. Why? Where does this additional \$105 000 come from? Is it from the agency's operational budget? Given this economic arrangement, can Fisheries get out of the arrangement; and if not, why not?

[2.50 pm]

Mr ROGERS: Firstly, it is due to an increase in lease costs. Secondly, we take that money out of the operational budget because we rework our budget each year to account for project priorities and costings given the funds we have available. Thirdly, I would need to research the documentation before I could indicate the extent to which I would be able to step outside the existing contract.

Hon LJILJANNA RAVLICH: Does the department have any idea whether it can step outside it?

Hon M.J. CRIDDLE: The answer is that it needs some research.

Hon LJILJANNA RAVLICH: Surely that research should have been done before entering into the contract. If a decision

is made to enter into a contract, surely the parties would go to the effort of understanding what it would take to get out of it. If that is the response, and the executive director is not aware of whether he can exit the contract, I do not think that is very satisfactory.

Hon M.J. CRIDDLE: I am saying that we were asked to respond in a very definitive manner.

The CHAIRMAN: The minister can take the question on notice.

Hon M.J. CRIDDLE: The executive director is not sure of the detail, so we will take the question on notice.

Hon KIM CHANCE: I refer to the fisheries research and development trust account and the fisheries adjustment schemes trust account mentioned on page 599. The fisheries adjustment schemes trust account is heading south at a rapid rate; in fact, it has gone from an opening balance of \$2.28m to a zero balance for the budget year. Why are those two trust accounts in such substantial decline?

Mr ROGERS: In simple terms, because we are catching up. In broad terms, we have been involved in an \$8m resource sharing initiative that is reflected in the fisheries adjustment schemes with a further \$500 000 from this year's budget. By the end of next financial year, the total funds allocated for that purpose will have been expended. It was initially designed as a four-year program, but it is now going into its fifth year, and that accounts for the \$500 000 and the balance carried forward.

In the past few years, we have had significant growth in the number of projects we have succeeded in getting from commonwealth sources within the fisheries research development trust account. That growth naturally involves a time lag between getting the funds and spending them. Unless new funding is provided by industry to the Fisheries Research and Development Corporation, the activity will reach its natural ceiling. The ratio of research dollars going into this account versus the research programs coming out represents a 7:1 return. It normally operates at 4:1 return. I would not expect the differences in those balances to be significant in future years; in other words, we will not be carrying over significant funds from year to year. A balance of about \$500 000 worth of research money will be returned to FRDC because the work has been completed, but not all the funds have been expended.

Hon GIZ WATSON: Have all the virus samples of infected fish and seabirds taken following the last pilchard kill been analysed? If so, what are the conclusions?

Mr ROGERS: That work is being done by the animal health laboratory at Geelong. It has not completed the virus identification or the virus probe. Therefore, it is probably premature to extend that work into other species.

Hon GIZ WATSON: Is there any indication why it has not completed the work?

Hon M.J. CRIDDLE: We cannot answer for some other organisation about whether work has been completed.

The CHAIRMAN: Is that organisation doing work for Fisheries WA?

Mr ROGERS: It is doing it for all of Australia.

The CHAIRMAN: Is it doing work specifically for the department?

Mr ROGERS: No. The work is being funded by other organisations, not Fisheries Western Australia.

Hon GIZ WATSON: Page 577 contains a reference to meeting community expectations for new and existing marine reserves. Does Fisheries WA have a policy about no-take areas and marine reserves, both proposed and existing?

Mr ROGERS: No.

Hon DEXTER DAVIES: I refer to page 583, on which reference is made to the commencement of negotiations with the Commonwealth on fishery management strategies for migratory species such as billfish and tuna. At what stage are those negotiations?

Mr ROGERS: I understand that the Administrative Appeals Tribunal made a decision yesterday, and I am waiting for legal advice on that decision. The member is aware that Fisheries WA is very concerned about the prospect of the Commonwealth's allowing, either through legal action or by policy making, a large number of tuna boats from the southern tuna fishery to enter the west coast. The AAT decision is very important. I believe we did win the case, but I do not know what orders are involved. As I said, I am awaiting legal advice. Irrespective of that, we must be very proactive with the Commonwealth to push it towards an effective tuna management arrangement for the west coast fishery. When one compares what is happening in Western Australia with what is happening on the east coast, one sees that the effort in the east has expanded too greatly. That has affected the catch rates and therefore the capitalisation of the east coast tuna fishery. We would not want that repeated in Western Australia. We will make every effort through the commonwealth management advisory process to encourage effective management of that fishery.

Hon KIM CHANCE: Can that question be taken on notice pending further analysis of the court's decision?

Hon M.J. CRIDDLE: We need to await the final analysis.

Hon KIM CHANCE: That was my request.

Hon M.J. CRIDDLE: I do not think the minister would have any problem giving the member a briefing on the issue outside this environment. It would be better handled in that way.

[3.00 pm]

Hon B.K. DONALDSON: Was the marron industry successful in its grant application to investigate a marron breeding enhancement program and nutritional requirements of marron, similar to the program for yabbies? Will research take place on the Fisheries WA land alongside the Pemberton Marron Growers Association of Western Australia?

Dr PENN: The State was successful in getting a grant to undertake marron research work. It is a four-year project that will cost in the order of half a million dollars. The work will be carried out in a University of Western Australia facility in the metropolitan area and the trial will be run at Pemberton inside the existing trout hatchery and ponds which have been constructed outside of the Marron Growers Association land. They are partners in the project and funding has been provided specifically for their involvement with it.

The CHAIRMAN: That ends the session on Fisheries WA. Thank you for your attendance and cooperation.

Division 30: Agriculture, \$102 221 000 -

Hon Mark Nevill, Chairman.

Hon M.J. Criddle, Minister for Transport.

Dr G. Robertson, Chief Executive, Agriculture WA.

Mrs A. Murrell, Principal Policy Officer, Office of the Minister for Primary Industry.

Mr M. Marsh, Executive Director, Corporate Services, Agriculture WA.

Mr R. Delane, Executive Director, Agriculture WA.

Mr B. Thorpe, Director, Farm Business Development, Agriculture WA.

Mr D. Beurle, Project Manager, Agriculture WA.

Miss S. Clancy, Senior Policy Officer, Office of the Minister for Primary Industry Office.

Hon M.J. CRIDDLE: In the 2000-01 financial year a total of \$190.4m has been allocated to Agriculture Western Australia to deliver research services and other programs to the State's rural industry. This comprises \$138.6m from the State Government, \$27.7m from the Commonwealth and \$24.1m from industry contributions.

Hon KIM CHANCE: A significant issue and trend on page 75 refers to international trade competitiveness and reduced trade barriers. Although I concur with the sentiments expressed, I am uncertain about the assertions about trade liberalisation. It seems that after the positive movement in this area in the Uruguay round of trade talks, we have been going backwards and the Seattle World Trade Organisation conference was a disaster from the viewpoint of the Cairns group of countries. Given the interest groups that expressed a contrary view, including the European Union, the third world grouping, the North America labour unions and the United States President, is it fair to say that Seattle represents what is probably the end of the line for the gains that can be made by the Cairns group and that it is time we recognised this reality and adopted a different bilateral rather than multilateral approach to trading?

Hon M.J. CRIDDLE: We are getting into the global view of things here.

Hon KIM CHANCE: The significant issues and trends led straight into it.

The CHAIRMAN: Can we have a question and answer format and keep the answers focused?

Hon M.J. CRIDDLE: That is what I was endeavouring to do. This has always been of interest to Australian farmers, and I ask the chief executive officer to outline his views. It is very dear to the producers of Australia and Western Australia.

Dr ROBERTSON: Agriculture in Australia generally and Western Australia particularly has benefited as a result of the world trade agreement that was concluded as a result of the Uruguay round. However, it is not all plain sailing. An analysis of the figures would show that products have gone into well over 300 new markets or combinations of new markets and products, and the collateral damage in Western Australia has been minimal. The existing agreement still offers enormous opportunity for us to continue to challenge countries that are using other than the agreed scientific framework to prevent products from Australia going into those markets. There is probably enough work there for a number of years on a product-by-product basis. As was indicated, the Seattle meeting has put future developments on hold. Having said that, it will probably take international Governments a number of years to work their way through that. New opportunities are still arising for Australia as a result of new countries acceding to the current World Trade Organisation framework - Taiwan and China in particular. China has just acceded, and Taiwan is likely to accede in the near future. Both of those actions should provide significant opportunity for Australia on a bilateral basis to negotiate better access for agricultural products.

Hon KIM CHANCE: The minister in the other House undertook to supply the member for Eyre with additional information on this matter when he raised it last week, and perhaps I am simply going to the next stage. The Commonwealth seems to be set on pursuing that level playing field agenda.

The CHAIRMAN: I have to ask the member to desist from personal observation and focus more on questions.

Hon KIM CHANCE: It is a short question.

Hon M.J. CRIDDLE: That information will be supplied to the member for Eyre.

Hon KIM CHANCE: Does the agency have a view on this matter that differs from the Commonwealth's position in any respect, given in particular the Commonwealth's position on Canadian pork and salmon and the US position on Australian lamb?

[3.10 pm]

Hon M.J. CRIDDLE: I am a little concerned that we are getting a long way from the requirements of the estimates committee.

Hon KIM CHANCE: This is an important matter.

Dr ROBERTSON: Agriculture Western Australia's particular concern is the adequate and comprehensive analysis and risk assessment which might be carried out before it is possible to bring a product into Australia. We are very much committed to a transparent, open and scientific evaluation of that. The agreement that the Commonwealth Government has entered into, and to which the States are committed, is that scientific analysis will not be rolled up into a framework that gives a de facto protection of an agricultural product. At the end of the day we are a scientific organisation, and that is the beginning and end of our focus in that area.

Hon LJILJANNA RAVLICH: The only reference I can find to vehicle leasing is on page 100, which refers to plant, equipment and vehicles. On 30 June 1999 Agriculture Western Australia had 698 passenger and light commercial vehicles and paid a sum of \$4.56m for them. Currently it has 691 vehicles, which is seven fewer, and it is paying \$6.37m; in other words, Agriculture Western Australia is paying \$1.81m more for seven fewer vehicles. Why is this the case; where is this extra \$1.81m coming from; and why is the department not getting out of this arrangement?

Hon M.J. CRIDDLE: We have a changing financial environment.

Dr ROBERTSON: There are a number of reasons why the total expenditure on leasing for Agriculture Western Australia is significantly higher than last year. We now have virtually totally moved from a mix of a leased and owned fleet to a totally leased fleet. The last of our light commercial vehicles with a four or five-year life have been replaced by leased vehicles during the financial year. Leasing rates are affected by interest rates, which have increased during the past year. Used-car prices have very significantly declined, largely as a result of a lot of competition at the low end of the price range from new cars. Finally, the leasing rates from all contractors at the moment are affected by uncertainty over the goods and services tax. Obviously it is not clear what the used-car market will look like after the GST comes into effect.

Hon LJILJANNA RAVLICH: How can the agency justify the expenditure, even given all that Dr Robertson has outlined, of an additional \$2m for seven fewer cars?

Dr ROBERTSON: It involves a reduction in ongoing capital expenditure, so there are some savings there. The factors which have caused this represent a significant financial impost.

Hon LJILJANNA RAVLICH: Why does the agency not get out of the arrangement, which is clearly not good?

Dr ROBERTSON: As the member will be aware, the lease is at a whole-of-government level and is a long-term lease. However, the changes to the government lease are not out of kilter with what is occurring right across lease arrangements and are not confined to any one arrangement but are reflecting market forces that are affecting lease costs.

Hon LJILJANNA RAVLICH: A number of government enterprises, including the Water Corporation and Western Power, have simply not wanted to enter into this leasing arrangement because they deem it to be commercially unviable.

Hon M.J. CRIDDLE: I think the answer has been given to that question.

The CHAIRMAN: I was up in Kununurra valley recently, and it appears that leucaena, the crop that is used for fattening cattle, has gone wild down the river.

Dr ROBERTSON: I was not aware of that situation. Leucaena has been growing wild in the lower Ord and in marshy wasteland around Kununurra for 20-odd years. I am not aware of any recent increase in that area, but I can certainly look into it.

The CHAIRMAN: In the management and protection areas, what plants and animals are getting out of hand around the State and what strategies are in place to address that situation?

Hon M.J. CRIDDLE: This brings back memories of some of my previous efforts. Skeleton weed and goats are two that readily come to mind.

Mr DELANE: Perhaps the Chairman will explain what he means by "getting out of hand"?

The CHAIRMAN: For example, there are the Noogoora burr, mesquite and feral pigs. I thought Mr Delane might be aware of most of them.

Mr DELANE: The Agriculture Protection Board takes a risk management approach to all issues, whether weed, animal or plant diseases and pests, and in a number of cases those issues are waxing and waning. It is fair comment that some

commentators judge a number of the weeds which have been with us for many years since their introduction - such as Paterson's curse - as being out of control now. The APB's role and, therefore, the contractual role that Agriculture Western Australia fulfils with those, is one of communication and regulation. The responsibility for their control in the past 25 years has been that of the individual landholder. It has been the responsibility of the board and of Agriculture WA to implement that. Where they are out of control on individual properties, the landholders have chosen not to or have been unable to fulfil their responsibilities. I am happy to discuss any particular issue. However, we have, through the resourcing of the APB and Agriculture WA, responsibility for an enormous diversity of plants and animals and pests and diseases. I could spend a long time going through that list.

The CHAIRMAN: Mr Delane has told me that Paterson's curse has got out of hand. Can he name half-a-dozen plants and animals with which the board is losing the battle?

[3.20 pm]

Mr DELANE: There are very few with which we are losing the battle. I have indicated that there are some weeds, but there are some outstanding successes with animals and pests. Feral donkeys and feral goats are well managed in the pastoral areas. To the extent that the technology allows, mesquite is not out of control. It is true that Noogoora burr on the Fitzroy River is widespread, but not substantially more so than it was quite some time ago. Until we acquire control agents which allow us to address that very large area, we have containment strategies in place. In the agricultural area, all of the animal pests are managed or controlled to the extent that they have been for many years. A number of weeds - Paterson's curse is one and Cape tulip is another - are now quite widespread, and some commentators might judge them to be out of control. Others like skeleton weed are on a large number of properties, but an effective containment program, and eradication on individual properties, is in place. Footrot and a number of animal diseases are also prevalent on a number of properties, but effective control, containment or eradication programs are in place. In summary, in answer to the question, a number of weeds may be judged by some to be out of control. I do not believe that is the case with other serious pests or diseases, although in previous years there have been some like brown rot in stone fruit and downy mildew in grapes where there have been incursions of those diseases which have spread very rapidly and which are now endemic.

Hon M.J. CRIDDLE: It is fair to say that effective control or containment policies and eradication programs are in place to deal with most of the issues covered by Mr Delane.

Hon E.R.J. DERMER: My questions relate to an initiative referred to in a Department of Commerce and Trade publication, *Budget 2000/2001*. I have not been successful in finding the appropriate line item in the Agriculture Western Australia budget which covers it, so I would be interested in guidance from the minister or from the people from the department.

The CHAIRMAN: Hon Ed Dermer should address his question to the minister, who can distribute it as he sees fit.

Hon E.R.J. DERMER: An item was listed as a government initiative in that Commerce and Trade paper. It says that \$200 000 has been allocated to implement a world-class system for management and delivery of agricultural information online. Is that money coming from the Department of Commerce and Trade, or is it provided through Agriculture WA's allocation?

Dr ROBERTSON: That is through Agriculture WA's allocation.

Hon E.R.J. DERMER: Which line item does the \$200 000 come under in the budget statement for Agriculture?

Dr ROBERTSON: It is at a level lower than that reported in the *Budget Statements* to Parliament. The funding is approximately 40 per cent from the industry development area and 30 per cent each from the sustainable rural development and agriculture protection areas.

Hon E.R.J. DERMER: Over what period is the \$200 000 to be expended?

Dr ROBERTSON: That will be spent this financial year.

Hon E.R.J. DERMER: Can the department give me an insight into the nature of the information that will be managed and delivered online?

Dr ROBERTSON: The agency has set itself a challenge this financial year to provide the large part, if not all, of the information of a technical nature regarding agriculture and agricultural production systems or land use in a way that is readily available to customers, whether they come in through the front door, telephone us, fax us or come in through the electronic gateway. It is a comprehensive program that focuses on documenting information and making it readily available.

Hon E.R.J. DERMER: How will this program achieve any more than could be achieved by Agriculture Western Australia's web site link through the Government's single doorway program?

Dr ROBERTSON: It will be linked through the Government's single doorway program, and it will be Agriculture WA's web site. It is not duplicative. It will include a large amount of information that is not already on the web site. A great deal of effort is being made to make sure that it is a comprehensive system. Also, the current web site is complicated or is a rather dated architecture to navigate. That web site is probably four years old now. We were one of the first organisations in the State to have a web site. There have been significant changes in the way information is put together. The Government's online program through the Department of Commerce and Trade has developed a lot of the architecture that we will be able to use to make ours a more efficient site.

Hon E.R.J. DERMER: Essentially, the \$200 000 is being spent on a review of Agriculture WA's web site.

Dr ROBERTSON: It is for rebuilding the site, collating and documenting the information and making it available.

Hon E.R.J. DERMER: Will the \$200 000 totally cover the cost, or will Agriculture WA seek other sources to cover part of the cost?

Dr ROBERTSON: No, there will not be other sources.

Hon E.R.J. DERMER: Therefore, the \$200 000 will cover the entire budget.

Hon B.K. DONALDSON: The worsening rainfall situation is not in the framework of the budget because one could not predict it. What additional resources, if any, are being provided in the wheatbelt? Is the department setting aside additional people to provide a better information flow to farmers as they will be required to look at other options if the rainfall does not come in the very near future? Many farmers will have to make hard decisions. I hope that Agriculture WA will ensure that that information, assistance and support are immediately forthcoming.

Hon M.J. CRIDDLE: Some information is already being collected. In fact, I was at home on the weekend and we had a review of our own situation because of the dry conditions. Decisions of this ilk are really the province of the minister. We are not suggesting that we should take up any assistance packages. Perhaps Dr Robertson can outline the framework at present.

Dr ROBERTSON: The agency's focus at the moment is to ensure that farmers have access to the best information to make the changes that they need to make to their cropping program. As an example, many farmers have obtained Camm wheat, which is resistant to rust. They would have expected to have planted that this year. The maturity date of that variety is now starting to get very marginal. Therefore, farmers must consider what the second best option might be. Unfortunately, most of the second best options are not rust resistant, and the whole issue of district-by-district rust threats must be taken into account. We have a team that started last Friday week to consider the whole framework and the changing situation, and it will make certain that we can make information available to farmers which will help them to make the decisions they must make at the moment.

Hon B.K. DONALDSON: I know what is happening at the moment, but how does the department propose to circulate that information? Will there be telephone numbers that farmers can ring to discuss some of their options? It is a worsening situation at the moment. How will the department be able to assist those farmers? It is their final decision, but a number of options are available. Will there be numbers that farmers can ring to gain access to people?

Dr ROBERTSON: Our CropAdvice line, which is one number across the State, is working at the moment. Calls from farmers who are thinking about tactical responses to the current situation are increasing. In the next few days, Agriculture WA AgMemos with a compilation of some of the relevant information will be mailed to all farmers. In the past few days there have been a number of programs on rural radio dealing with some of those issues. We will make certain that we cover as many communication channels as possible.

Hon M.J. CRIDDLE: It is in the interests of farmers to make those decisions sooner rather than later. Consultants are also out in the community, and they have the same intention to pass on those messages. A team effort is going on.

[3.30 pm]

Hon SIMON O'BRIEN: My question relates to the Agriculture Protection Board. I understand that the minister has someone from the APB to advise him. I refer to one of the major achievements shown in the budget papers which relates to the eradication of codling moth. How long has the codling moth been a problem in our orchards? What was the cost in ballpark figures to relevant industries, the APB and other government agencies to achieve the eradication of codling moth?

Mr DELANE: The codling moth eradication program has been operating for three years. We believe we have achieved eradication, which will be confirmed in the next financial year with a small allocation of \$80 000. The industry contribution over that period was \$650 000 and the contribution of the APB was approximately 50 per cent more than that. Industry has also contributed compensation funding to affected individual growers. I am happy to provide specific details about the three-year program. The industry funds were raised by the Horticultural Produce Commission through a charge on apple production.

Hon KIM CHANCE: Page 78 of the *Budget Statements* states that the first payment of the dairy industry assistance package is \$12.3m. Where is that item included in the output and appropriation summary of the coming year's budget?

Hon M.J. CRIDDLE: It is in the first line.

Hon KIM CHANCE: In industry and market development? Budget paper No 3 contains the economic and fiscal outlook. Reference is made in chapter 6 to state assistance to the industry of \$37m, which includes support for the development of cooperatives as a means of providing countervailing power to dairy farmers. What exactly is proposed and what part of the budget-year appropriations is dedicated to financial support for dairy cooperatives?

Hon M.J. CRIDDLE: Do you mean \$27m?

Hon KIM CHANCE: Chapter 6 of budget paper No 3 states that it is \$37m. I imagine that includes both the reserves of the Dairy Industry Authority and the state payment.

Hon M.J. CRIDDLE: Yes.

Hon KIM CHANCE: What part of the budget-year appropriations is dedicated to financial support for dairy cooperatives?

Hon M.J. CRIDDLE: There is \$12.5m of dairy industry assistance. These are only draft figures and negotiations are continuing. The dairy cooperatives may have some access to funding.

Hon BARRY HOUSE: My question relates to Agriculture WA's role in the planning process, particularly with subdivisions. Does Agriculture WA have input into subdivision proposals, and if so, what input does it have?

Dr ROBERTSON: The Ministry for Planning does not invite Agriculture WA to provide comment on individual subdivision or development proposals. The department's resources are focused on endeavouring to provide the Ministry for Planning with the best information about land that is subject to a development or subdivision proposal. In that context, the department has recently completed a statewide assessment of the prime agricultural land. We have indicated areas for most of the State in which we think the subdivision of land would be a significant detriment to future agriculture or where further development for special rural or other zoning might be suitable, from both an environmental and economic point of view. The department focuses on providing information about the agricultural industry and the land resource that allows the Ministry for Planning to make the appropriate decisions.

Hon MURIEL PATTERSON: The major achievements section on page 82 of the *Budget Statements* states that a number of new industry opportunities were investigated, including green tea crops in the Manjimup area, the export camel industry and so on. What has been the success of these trials?

Dr ROBERTSON: These projects are ongoing. The research into the olive area has proved the most successful in commercial uptake over the past few years. All the other project operators are in the process of finalising the technical feasibility before making a commercial decision. Most of the crops - green tea, burdock, hoodia, agonis and rice - are grown with collaborative investment by a party wishing to establish those activities in Western Australia.

Hon MURIEL PATTERSON: What is the research into opium poppies for?

Dr ROBERTSON: The main company in Australia, Glaxo, operates in Tasmania and it is interested in a counter-season supply. Opium poppy is a summer crop in Tasmania and the company would like to maintain production in the winter period. That is its motivation to trial it in a tropical area.

Hon KIM CHANCE: Chapter 6 of budget paper No 3 deals with microeconomic reform. Page 155 refers to \$108m compensation for the loss of dairy quotas. I am confused, because both the Government and the report of the Senate standing committee have said that the amount is not a subsidy, but an aid for structural adjustment. Why do the budget papers specifically refer to it as compensation for the loss of dairy quotas? Is there some misunderstanding within government about what it is?

[3.40 pm]

Dr ROBERTSON: This volume was certainly not written by Agriculture WA or the Minister for Primary Industry, but it supports the structural adjustment resulting from the removal of quotas. Both the Commonwealth and the States have clearly pointed out that this was not a compensation payment.

Hon LJILJANNA RAVLICH: I refer to an answer which the committee received relating to the cost to the agency of implementing the goods and services tax as at 30 June 1999. The figure provided by the agency was \$1.03m. Was any compensation received by the agency from Treasury or any other source to assist with the cost of implementation? If not, how was the \$1.03m funded by the agency?

Dr ROBERTSON: No financial provision was given to the organisation to undertake the implementation of the GST. The agency applied a similar level of funds that it had expended on the year 2000 compliance issues. It used the funds which were not allocated to project activities for the previous financial year; therefore, it was able to accommodate the compliance cost of implementing the GST.

Hon LJILJANNA RAVLICH: Will Dr Robertson list some of the projects that were not undertaken as a result of the requirement to meet the \$1.03m GST compliance costs?

Dr ROBERTSON: Because the agency had planned ahead for this activity, it had not planned projects that did not get funded.

Hon LJILJANNA RAVLICH: Is the agency expecting any additional compliance costs over the next 12 months?

Dr ROBERTSON: The department is confident that it is ready for the implementation of the GST. There are likely to be some ongoing compliance costs given the significant changes in the taxation arrangements that will occur as of 1 July. Some of those costs will not be determined for some time.

Hon LJILJANNA RAVLICH: Why does it take the agency so long to prepare each parliamentary question? I refer once again to the answer provided by the agency which states that it takes 15 hours for somebody in the agency to prepare one answer. In view of the fact that so many of the questions the agency has been asked are on notice, how does it justify taking 15 hours to prepare each answer? It is a legitimate question.

Hon M.J. CRIDDLE: My experience with questions is that if a deal of research is required, obviously the time must be expended. Members should recognise that when they ask questions.

Hon LJILJANNA RAVLICH: I make the point that the department takes three times longer than a lot of other government agencies.

The CHAIRMAN: We are here to ask questions. The figure of 15 hours to prepare an answer for each question is obviously an estimate. Does the minister have a subjective view of what the error might be in that estimate?

Hon M.J. CRIDDLE: We will give you an answer - not a subjective one, Mr Chairman.

Dr ROBERTSON: The types of questions Agriculture WA is often asked are complicated questions about delivery of services and activities. The agency has people in 92 locations across the State. The estimate is based on the coordination within the office, and the time taken for communication and getting responses. Some questions are able to be answered straight off the financial system in 20 minutes; for example, questions about the information of financial control. Others require significant amounts of research and development.

Hon KIM CHANCE: Page 76 of the *Budget Statements* refers to dairy deregulation. The second sentence of the first dot point states, "However, it will also make the Western Australian dairy industry more attractive to investors contemplating manufactured milk products for export." Although I have not asked this question in this session of the estimates committee, it was asked in the Assembly. A substantial amount of money - around \$10m or \$12m - of this State's \$27m assistance package will go directly to the processors. If deregulation makes the industry more attractive to processors, why is the Government giving them \$10 to \$12m of taxpayers' money?

Hon M.J. CRIDDLE: Hon Kim Chance might have heard me say "may". It was a draft when I answered the initial question. He is saying it will go direct to the industry.

Hon KIM CHANCE: To the processors, is my understanding.

Hon M.J. CRIDDLE: That is not the answer I gave. I said it "may" and it was a draft. In fact, it will go to the dairy industry initiative. That is my understanding of it.

Dr ROBERTSON: I will amplify on that answer. The package put together was done in consultation with the industry. The industry is very much of the view that there needs to be alternative opportunities for processing milk in Western Australia. At this stage a figure has been notionally earmarked - although the money has not been signed off or agreed to finally by either party at this stage. The notional figure is signed off to provide assistance for the development of new processing options within Western Australia. That may be to support a grower cooperative that wishes to establish a plant to produce a product, or it may be some other yet-to-be-determined allocation of those funds.

Hon KIM CHANCE: For the sake of clarity, the question I asked and the minister answered in the manner he referred to related to new cooperatives. The question I just asked related to the existing processors. It was my fault that I did not say "existing processors". It is my understanding that a sum of money of that nature is earmarked for the existing processors. Have I misunderstood that?

Dr ROBERTSON: It is my understanding that when it was indicated in the other House that some of that money would be focused on processing, that was taken to mean existing processors. At this stage, there is no suggestion that any of that money will go to existing processors. It is specifically to support the capacity of the industry for the further processing of milk to pick up what is likely to be a difficult situation in developing new market opportunities for processing milk.

Hon M.J. CRIDDLE: We need to know that that issue is clarified. Is Hon Kim Chance happy with the answer? It is an important issue.

Hon KIM CHANCE: I will analyse the answer. Members will have an opportunity to explore that later outside this process. Are we dealing with each division in order?

The CHAIRMAN: Ask any question.

[3.50 pm]

Hon KIM CHANCE: Does the Government really believe that the halving of farm income and the decimation of \$500 000 of quota asset represents an opportunity? If so, what is the nature of that opportunity?

Dr ROBERTSON: The industry in Western Australia has been very much focused on the domestic market. Exporting was done with surplus milk. Analysis of the industry has shown that Western Australia can produce milk as cheaply as anyone else in the country and for very similar prices to that for which New Zealand produces milk. Some people believe that the quota system inhibited the industry from growing and focusing on export markets. The opportunity will not be easy to grasp, but a number of people in the industry believe there is a real opportunity for us to switch the focus of the industry in the next few years to export development and export growth rather than domestic supply. The domestic supply market scarcely grows; it is static.

Hon KIM CHANCE: With respect to you, Mr Chairman, this is not the place to argue the logic of that argument and so I will not pursue the line.

Hon M.J. CRIDDLE: Some farmers are going into the industry and some are leaving, so obviously some people think an opportunity exists.

Hon J.A. SCOTT: At page 83 under "Improving industry productivity", reference is made to AgWest's safe food quality system, SQF 2000, continuing to expand in Western Australia, as well as nationally and internationally. How do people achieve certification for this program and how does it differ, for example, from the organic certification process that is used internationally?

Dr ROBERTSON: SQF 2000 is a HACCP-based quality assurance program, by which farmers analyse their whole production process and identify the risks they wish to manage. Through SQF it is possible to manage certification for organics, for example. Any risk to organics such as pesticides, herbicides or fertilisers would be identified in that production process. The main difference is that it is an internationally accredited HACCP approach rather than the organic accreditation, which is local and differs from one place to the other and is very much customised around various industries.

Mr LONGSON: HACCP is a voluntary certification system built on the requirements of the customers. As Dr Robertson indicated, SQF is based on the HACCP system to ensure safety of product to the consumer. It includes any quality specifications that customers have for the product. It is built product by product, whether it be honey or milk, specifically for the customer's requirements, including organic certification if required. It is a way of third-party auditing that meets the organic certification requirements of the customer. It is a very flexible quality assurance food safety program that can be used for a number of quality plans by companies or industries.

Hon J.A. SCOTT: Is that certification given by AgWest?

Mr LONGSON: No, the system has been developed by AgWest in Western Australia. The certification is given by an internationally recognised third party auditor, which is a member of the International Audit Federation. That auditor provides the certification and audits six monthly or annually to ensure compliance with the system.

Hon KIM CHANCE: I refer to the operating statement for the Agriculture Protection Board at page 114. In the account line "Services and Contracts", we see a significant growth from \$3.5m in 1998-99 to \$5.8m in the current year and in the budget year to \$6.1m. I imagine that growth represents the trend in the agency towards the contracted provision of the APB's operational services. I find it a little confusing that not only are contracted services becoming more expensive, which I could possibly understand, but also we are paying more for salaries - almost \$400 000 more - than in the financial year 1998-99. Why does it appear that there is growth in both line items? When a change like this occurs there is often an interchange of figures.

Mr DELANE: You will notice the total cost of services is increasing. The APB's budget figures include all services that are largely delivered through Agriculture Western Australia, but include sizeable contracts, such as delivery of aerial baiting for wild dogs and substantial contracts for searching pastoral areas for skeleton weed and the like. The total cost of services, quality and range delivered under the APB's budget is increasing, which accounts for, if we like, the dual increase in those line items.

As I have indicated, the contracts are largely in those major programs such as the skeleton weed program.

Hon KIM CHANCE: If that is the case, why is the figure declining for "User charges and fees"? Surely if we were providing more services, a growth would correspond to the growth in contract costs.

Mr DELANE: I will provide supplementary information on the reduction from 1998-99 to the current year. Hon Kim Chance will notice that user fees and charges are, within an error term, stable and dominated by the skeleton weed levy. Depending on some changes being negotiated with the industry at the moment, those figures may increase. The item in 1998-99 is the anthracnose outbreak period. After that it is dominated by the skeleton weed program and is quite constant for the budget estimates that are available at the moment. As the member is aware, the Agriculture Protection Board is negotiating with the industry at the moment for a potential expansion of the program. That would be reflected in next year's figures.

Hon KIM CHANCE: I take the point. I would have to go back further to make that assumption accurately.

Hon M.J. CRIDDLE: It is a one off.

Hon KIM CHANCE: I would have to take out the anthracnose.

Sitting suspended from 4.01 to 4.15 pm

Division 80: Contract and Management Services, \$14 970 000 -

Hon Simon O'Brien, Chairman.

Hon M.J. Criddle, Minister for Transport.

Dr P.R. Schapper, Chief Executive Officer.

Mr P. Stafford, Manager Financial Services.

Mr J. Tondut, Director Contracting and Tendering.

The CHAIRMAN: On behalf of the committee, I welcome you to today's hearing. Government agencies and departments

have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to your advisers. May I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations.

At this time, I ask each of the witnesses whether they have read, understood and completed the "Information for Witnesses" form.

WITNESSES: Yes.

All witnesses having indicated in the affirmative, I now ask, do all the witnesses fully understand the meaning and effect of the provisions of that document?

WITNESSES: Yes.

The CHAIRMAN: Again, the witnesses have indicated in the affirmative.

Hon LJILJANNA RAVLICH: I want to ask some questions relating to common-use contracts, to which reference is made on pages 273 and 276. I cannot find a reference to the use of common use contracts by government agencies specifically. Will the Department of Contract and Management Services be imposing a charge on the use of its services and government common-use contracts by agencies? If so, how much is the charge to be, when will it be implemented and how much revenue is expected to be generated from such a charge?

[4.20 pm]

Dr SCHAPPER: I would like to firstly provide some background. There are about 50 to 60 common-use contracts in the Western Australian public sector, and they have a turnover of about \$800m. Most, but not all, have had no direct charge associated with them up until now. With the shift in Treasury policy towards "user pays", we are moving to a direct user charge associated with each of the contracts. Typically, it is designed to partially recover the administration, development and various other costs associated with the contracts. The cost, as a percentage of turnover, is averaging from 0.75 to 1.5 per cent. That compares with a similar regime in New South Wales, which charges universally on all contracts a figure of 2 to 2.5 per cent. A similar regime is imposed in South Australia and a regime identical to that has been universally in place for many years in the United Kingdom, which charges about 4 per cent. Our figure is from 0.75 per cent to 1.5 per cent, depending on the contract. We try to structure our charges to reflect the specific costs of each contract. Some contracts have no charges attached and others are quite expensive to run. We are expecting to recover in the order of \$2m to \$2.5m a year in the context of \$700m to \$800m worth of turnover.

Hon LJILJANNA RAVLICH: Dr Schapper has provided a reason for the department moving down this path and it is, as I understand it, that there are costs associated with administration and the development of the cross-government, common-use contracts. Can I suggest that they are really just one-off costs, especially the development cost, and yet every time an agency uses a common-use contract it will be charged 1 per cent, or whatever the levy is. If I understand correctly, it means that \$2.5m worth of revenue from other government agencies will be paid into CAMS' budget. Is that correct?

Dr SCHAPPER: That is partially correct. There is \$2m to \$2.5m paid to CAMS from a variety of sources, some of which are government agencies and some are from industry suppliers. Quite often it is administratively convenient and correct in principle to achieve partial cost recovery from suppliers rather than from client agencies. It is true that some of the contract development costs are on a one-off basis; however, one-off bases occur quite frequently as many contracts are only for 12 months to two years. By far the larger proportion of the costs of running the contracts is often the so-called marketing costs. It is no good developing one of these contracts, signing it off and putting it into a filing cabinet. They need to be actively promoted and explained to about 10 000 buying points throughout state and local government and the public beneficiary institutions. It is an ongoing and intensive education and communication role. In the context of \$700m to \$800m worth of turnover, our associated costs of \$2m to \$2.5m - which is what we seek to recover - has only a marginal impact.

Hon LJILJANNA RAVLICH: Will that recovery rate stay fixed at 0.75 per cent to 1.5 per cent or is there potential for an escalation of the fee rate charged?

Dr SCHAPPER: I cannot envisage that the charge will ever rise to more than 2 per cent except in very specific cases of low-volume, low-turnover contracts for which a minor overhead is a large proportion of the turnover. That would happen only in a very minor number of instances and would not result in significant revenue.

Hon LJILJANNA RAVLICH: Would it be imposed on every common-use contract that government agencies use or would it be applied only to contracts over \$50 000?

Dr SCHAPPER: The charging regime is best considered in two parts. The member's initial line of questioning focused on common-use contracts. Common use contracts apply to all agencies throughout government and a number of entities outside government. All those contracts tend to be for large turnovers - certainly way beyond \$50 000. They tend to be

in the millions of dollars. CAMS also develops and manages contracts specifically for agencies on a one-off basis - one agency at a time, one contract at a time - and for these contracts we charge the agency the development costs. As a general rule, we do not charge a turnover cost. It is for the work that we are required to do to work up the contract. It tends to be a one-off charge associated with the development of the contract.

Hon LJILJANNA RAVLICH: I have been advised by a number of government agencies in the past few weeks that they have been advised by CAMS that for every contract over the value of \$50 000 they are required to pay a fee of \$4 000. Is that true?

Dr SCHAPPER: That is categorically untrue.

Hon G.T. GIFFARD: I am interested in the figures printed on page 279. The page has an output description table that indicates to me that the costs are related to the development of a mature and professional contracting organisation. I want to know what the department's view is of the level of suitably qualified people it has. In light of the dramatic increase in contracts handled by CAMS, when does the department consider that it will have developed an appropriate number of trained people to handle the volume and scale of its contracts?

[4.30 pm]

Dr SCHAPPER: The skill base in the Department of Contract and Management Services is comprehensive by any standard. The last audit conducted about 12 months ago discovered about 1 000 person years of complex contracting experience resided within the department. We categorise "complex contracting" as spending time on contracts of \$1 m or more. Nevertheless, a turnover of such people occurs as they are a scarce commodity and are poached on occasions by the private sector and other organisations.

The department has an intensive education training program. About 45 officers at the moment are on full scholarship at Curtin University of Technology paid for by the department to engage in complex and strategic procurement training at the university's business school through to postgraduate level. We have ongoing training regimes within the department. A serious level of attention is given to professional development within the organisation. Undoubtedly, keeping together an experienced team in this economic environment in which these people are a scarce commodity is treated as a serious matter.

Hon M.J. CRIDDLE: Skill is a vital aspect of any agency dealing with contracts. As the CEO outlined, the department is mindful of that matter.

The CHAIRMAN: I am interested in the 45 scholarships at the Curtin University of Technology business school. Can I be told more? Are they full-time scholarships?

Dr SCHAPPER: No. They fit into the full-time jobs of the officers involved. They lead to recognised degrees, diplomas and, in some cases, masters certificates. These courses have been provided at the request of CAMS. We entered into an understanding with Curtin University, which extended its bachelor of commerce degree to incorporate our requirements. They are provided by the department with no strings attached, other than that officers must reimburse the scholarship if they withdraw from the course. Officers are not tied ultimately to the department. It is not a cadet situation. We seek to enrich the skills level of the public sector, although we like the officers to stay in CAMS for some time.

The CHAIRMAN: You have answered my next question: The officers are not tied to CAMS at the end of the course, and some course costs are met by the department. Does the department contribute some or all of the hours involved?

Dr SCHAPPER: Officers are required to be away from the department at times, and we are flexible in that regard. The university has been flexible and has scheduled much of the work after hours. As a basic principle, we are flexible.

Hon G.T. GIFFARD: Does the department have a formula regarding the level of skill, and the number of skilled people, required to handle the volume and size of contracts? Is a basic formula applied regarding the level of trained and experienced persons required, or is it a matter of waiting to see what comes out the other end? I am interested in the 45 full-time officers with scholarships. Does CAMS see that as a level needed to operate to cover both expansion and attrition, or are the 45 officers being trained to get CAMS to the desired level?

Hon M.J. CRIDDLE: The real value is that the people with these skills will be available right across the community in contracting out. I am sure Dr Schapper will enlarge.

Dr SCHAPPER: I do not perceive that we have any significant gaps in our expertise. This training is substantially to strengthen the expertise which already exists. CAMS already has a formidable expertise base. This training fills the role of succession planning as people do not stick around for ever; therefore, we target people to fill their shoes. Until recently we had a graduate recruitment program for exactly the same purpose. The organisation has a gradient of expertise, with some very experienced senior officers and - as with any other organisation - some relatively junior and inexperienced officers. We allocate work according to the risk exposure of each contract. All our contracts are subject to a risk management framework. The more experienced and senior officers are allocated the high-risk contracts. The regime is that people start with much on-the-job training with relatively low-risk contracts, and move up through the ranks with experience.

Hon G.T. GIFFARD: Does the department anticipate that it will maintain the same level? Going back to the 45 people at Curtin, can we expect in future years that CAMS will report to us that it has around the same number of people engaged in that level of study?

Dr SCHAPPER: I hope so. This initiative was launched 12 or 18 months ago and was made available to essentially all staff - that is, those who had some basic prerequisite training who wanted to enter into this commitment could do so. Our contribution was the scholarship cost, and their contribution was to do the work. However, the costs are to be reimbursed if they withdraw. There is a commitment on both sides, and 45 people have committed to enter the scheme. When we get towards the end of the program, I will make it available again, when I hope another 40 or 50 couple will take it up. No compulsion is involved, obviously.

[4.40 pm]

Hon B.K. DONALDSON: The third paragraph of page 276 of the *Budget Statements* outlines a major achievement for 1999-2000 as a merchant services contract to provide agencies with lower credit card management rates has been established with the Commonwealth Bank. Can that program be clarified? Is that part of the deal which arose when the Commonwealth Bank won the tender from the Reserve Bank to handle government funds? A major initiative for 2000-01 is that a merchant services contract will be rolled out to agencies so that they can access more competitive merchant services for credit card payments. This will support the broader use of credit cards by the public in paying for a wider range of government services. Does that mean all agencies will be encouraged to participate in the contract with the Commonwealth Bank? I believe that a number of agencies do not use Commonwealth Bank credit cards. Is this being applied only to those agencies that use that bank, or will information be provided to agencies that are not using it so that they can access that facility?

Dr SCHAPPER: The merchant services contract is not tied to the original conditions under which the Commonwealth Bank won the Government's banking contract. I can give only a qualified answer because the negotiations about the Commonwealth Bank's taking over from the Reserve Bank were undertaken by Treasury. I understand it was not tied. It became clear that various government agencies were paying different merchant fees on credit card transactions. Some were paying up to 4 per cent or even more, but some were in much more competitive arrangements. As has been stated, a contract has been negotiated with the Commonwealth Bank in respect of merchant fees, and I understand the rate is below 1.5 per cent for all participating government agencies. I cannot say whether some agencies will fall outside this contract by using other banking arrangements.

Mr TONDUT: The merchant services contract is about the public's paying for services. Credit cards used by public servants are under a separate contract arrangement.

Hon B.K. DONALDSON: Reference is made to rolling out this arrangement to agencies so that they can access more competitive merchant services for credit card payments. Is CAMS encouraging agencies to use the Commonwealth Bank or is it simply informing them so that they can make a choice?

Mr TONDUT: Treasury and CAMS will work together to explain the benefits of the new contract. They speak for themselves.

Hon LJILJANNA RAVLICH: I am interested in the area of risk management as referred to on page 273. When was the risk management policy released by CAMS?

Dr SCHAPPER: CAMS has a risk management policy as required by the Financial Administration and Audit Act. That relates to financial management generally and also to contract management. CAMS has a risk management framework within which it operates as a department, but it is not a publication. It relates more to using professional discipline in the way the department comprehensively approaches the risks associated with each of the contracting exercises entered into. Those risks are multi-dimensional and relate to many issues apart from finances, such as time delays and threats to health and safety.

Hon LJILJANNA RAVLICH: It might be happening in CAMS, but is there a policy for government agencies to follow to determine the risks before entering into a contracting process? If I understand the answer, that is their own responsibility. How many contracts exist and are they on a database?

Hon M.J. CRIDDLE: Risk management is the responsibility of the individual agencies.

Mr TONDUT: The government bulletin board on the Internet is the best source of information about existing contracts valued at greater than \$20 000. However, not all government trading enterprises have their contracts on the bulletin board.

Hon M.J. CRIDDLE: Providing a definitive answer is difficult because at any one time contracts are being completed and new contracts are commencing.

Hon LJILJANNA RAVLICH: That bulletin board does not include contracts up to \$20 000 or contracts entered into by agencies that have devolved purchasing authority - there are probably 100 or more. Where are those contracts listed?

Dr SCHAPPER: All government agencies other than the government trading enterprises publish the details of contracts of \$20 000 or more on the bulletin board. All those agencies have a degree of devolved purchasing authority. That makes no difference to the policy that has been articulated by the Government numerous times - that is, that agencies are required to put all contracts valued at \$20 000 or more on the board. CAMS puts all contracts valued at \$5 000 or more on the board simply because there appears to be more interest in CAMS contracts because of the volume.

Hon LJILJANNA RAVLICH: Has any government agency had its devolved purchasing authority revoked in the past two years?

Dr SCHAPPER: I am not aware of any having had their authority revoked in the past two years. About a year or two before that, Stateships had its authority revoked at one point, but I am not aware of any case in the meantime.

Hon MURIEL PATTERSON: Does CAMS have a 10 per cent favour in tendering for local or country area tradesmen?
[4.50 pm]

Mr TONDUT: The regional buying compact has a range of preferences depending on the type of work. It is one figure in the buildings area and another in goods and services. The preference for local and regional employers ranges from 5 to 10 per cent.

Hon G.T. GIFFARD: What is 5 per cent and what is 10 per cent?

Mr TONDUT: I do not have the exact details in my head. It is 5 per cent in the works area and 10 per cent in the goods and services area. However, that cuts off at a limit. Once the preference as a quantum goes past, I think, \$50 000, it cuts off.

Hon G.T. GIFFARD: That has been explained to me before, but I am not sure I understand the rationale for building contracts under the regional compact being less than other contracts? Why is that 5 per cent in some cases and 10 per cent in others?

Hon M.J. CRIDDLE: If there is a requirement for a briefing on a particular issue, I am happy to ask the minister about that.

The CHAIRMAN: Is the member happy to pursue his question in that way?

Hon G.T. GIFFARD: Yes.

The CHAIRMAN: The member has indicated he will follow it up in some way afterwards.

Hon M.J. CRIDDLE: I am sure the officers here will pass that message on to the minister and if Hon Graham Giffard contacts these people he will get the briefing he requires on that issue.

Hon BARRY HOUSE: A major achievement for 1999-2000 on page 276 states that the Department of Contract and Management Services has worked with agencies on 50 projects with outcomes of service improvement and lower procurement costs. Could the minister give us two or three examples of the sorts of contracts in which the service improvement and lower costs can be clearly identified?

Mr TONDUT: For example, we work with the Education Department to look at the way it arranges its support facilities at schools. We workshop with the various stakeholders and identify different ways to procure those services. Another example is our work with local government to look at the way its procurement processes are currently working and to develop new procedures that will help improve the efficiency of the procurement.

Hon M.J. CRIDDLE: That will be relevant to the parliamentary secretary for Education.

Hon BARRY HOUSE: I am aware of a group of councils that have worked with CAMS in the south west. Output 3, "Development and management of contracts for services and goods" lists the department's successes in taking services to regional areas. That is relevant because it resulted in the department winning the award in the category of services to remote and regional areas of the 1999 Premier's award for excellence in public sector management. Can you outline some of the ways the department has been so successful?

Dr SCHAPPER: The Department of Contract and Management Services has maintained, among other things, a country services network of 14 offices from Albany and Esperance through to Kununurra. These offices are designed almost entirely for the single purpose of undertaking the work associated with the department at a regional and local level. In the absence of this regional network, officers of the Education Department, the Health Department and so on would substantially contact their head offices in Perth whenever they sought to have some significant work done or contract executed. The head offices in Perth would almost by default undertake that exercise in the metropolitan area. The physical presence of the network throughout the regions is fundamental to keeping the work at that level and promoting regional involvement in the work that we do. At another level entirely, we also seek, wherever possible, to restructure our common use contracts - the whole of government contracts - so they have a small business and often a regional slant to them. For example, our personal computer contract, which has a turnover of about \$40m worth, is not delivering personal computers to the Western Australian public sector at the lowest cost. It is designed to deliver PCs under an agenda other than cost. That agenda is to assist local industry, of which there are 13 local assemblers of PCs in Western Australia, and also to address the regional distribution of PCs. We seek to structure our common use contracts to also accommodate small business and regional issues. If we did not take those issues into account in that contract and went for a straight out bottom line result, we would probably do a bulk deal on PCs straight out of Taiwan or India and get a very basic price. However, that is inconsistent with regional and small business policies. At another level entirely the department has a special branch dedicated to educating regional and small businesses. The supply and development branch within the Department of Contract and Management Services conducts seminars and workshops throughout the State and seeks to help businesses, particularly small and regional businesses, to become more capable of winning government work. To give an idea of the scope of the program, that branch has run seminars recently targeted at Aboriginal businesses and how to get them to win government work. It is a highly specific, well-targeted statewide program to help regional and small business interests. The department is not simply focusing on extracting a bottom line result.

[5.00 pm]

Hon M.J. CRIDDLE: Through those 14 country officers, the Department of Contract and Management Services is intending to deliver something like \$45m-worth of contracting in 1999-2000. That demonstrates the point that Dr Schapper was highlighting.

Hon LJILJANNA RAVLICH: The third dot point on page 282 of the budget papers refers to a common use rental facility to provide agencies with access to operating lease finance from a panel of financiers as having been designed and developed. It states that the facility aims to provide competitively priced finance using a standard set of terms and conditions for a wide range of equipment, and it addresses many of the issues raised in the July 1999 Auditor General's report "Lease Now - Pay Later". Why is there a need for this facility, and why are government agencies through this arrangement to be encouraged to secure operating lease finance from private financiers?

Mr TONDUT: CAMS is working very closely with Treasury to develop guidelines for the use of the facility. The process will involve comparing government buying of equipment versus government leasing of equipment. Each case will be looked at on its merits.

Hon LJILJANNA RAVLICH: I will restate the question, which was: Why will government agencies through the use of this contract be encouraged to secure operating lease finance from private financiers as opposed to Treasury? What is the impetus for this initiative?

Dr SCHAPPER: The choice for finance alluded to in the question is a choice between public budget funds and private borrowings. There are no public borrowings out of the budget, so it is either public budget funding out of the consolidated fund or private borrowings. As the member will be aware, the Government has a choice between the outright purchase of equipment, which competes for budget funds in a very lumpy way, or Treasury's seeking to manage its funding in a much smoother way through leasing arrangements with the private sector, which implies private funding because the Government will be doing a deal with a private supplier of equipment on a rental basis.

Hon LJILJANNA RAVLICH: Will the private borrowings for government agencies show up in the budget where they choose to borrow from a private financier?

Dr SCHAPPER: That is a budget management issue which I think needs to be referred to Treasury.

Hon LJILJANNA RAVLICH: Dr Schapper will be aware that some agencies lease quite substantially. The Auditor General's report called "Lease Now - Pay Later" refers to the fact that from 1995 to 1998, the cumulative value of leases had increased more than fivefold from \$5m to over \$27m in the Education Department alone, which is a substantial sum of money. My concern is that the impact of this new arrangement will encourage government agencies to go for the leasing option. Over a short period they may experience some benefit but over the longer period substantial risks could be involved. Given the changes brought about by the taxation reform as a result of the work of the Ralph committee, which basically means that there is no accelerated depreciation provision over a three-year period for capital but rather that capital must be depreciated over the life of the asset, the cost of capital will increase making the cost of leasing likely also to increase substantially over the longer period. What work has CAMS and Treasury done on the long-term impact on the financial health of government agencies as a result of what is being promoted by CAMS? If any studies have been done, would the minister provide me with an undertaking that the studies will be provided to this committee?

Hon M.J. CRIDDLE: CAMS facilitates the contract, but I feel we are getting into a Treasury matter. In some cases it may be better to lease equipment from the point of view of financial arrangements and the turnover of the equipment.

Hon LJILJANNA RAVLICH: I understand that Dr Schapper was involved with the original arrangement for the Matrix Finance Group vehicle contract and that his agency was involved in that contract. A report from CAMS to the estimates committee relating to the generic questions on government agencies shows that at the moment the agency hired fewer vehicles this year than last year for an additional cost of around \$30 000-odd. This is supposed to be one of the benefits of leasing. If this is what government agencies can expect when leasing photocopying equipment or medical equipment, somebody is not conducting a risk assessment on what at face value may appear to be a lovely contract but which has real-life implications over the long term.

[5.10 pm]

Mr STAFFORD: With regard to CAMS' role in ensuring the best value is obtained, the whole objective of the Auditor General's report in the leasing area was to highlight the need for all agencies to make sure that they have undertaken a full net-present-value analysis of any proposed acquisition in order to determine whether it is cheaper in the longer term to lease or buy. If it turns out that the net present value calculation produces a cheaper leasing option as opposed to capital outlay, the effect in the accounts would be to have all those lease payments go through agency accounts as operating expenses. Those expenses are still recognised as they occur, but they are spread over the life of the lease as opposed to being lumpy in the case of individual acquisitions.

The CHAIRMAN: Dr Schapper will address the other part of the matters raised.

Dr SCHAPPER: I will comment on the member's observation that we have fewer vehicles than we used to and we are paying more. Under the Matrix contract, that is perfectly true. The Matrix contract, like many other leasing-type arrangements, ties the day-to-day leasing rate to a number of variables, one of which might well be the market interest rate. In the case of the Matrix contract, it also ties the rate to the performance of the second-hand car market, the cost of new cars,

imported cars and the like. There are a number of variables. Also, a time lag is in the contract, which makes it difficult to relate the lease payments on any day to interest rates, the performance of the second-hand car market and other matters on that same day. Undoubtedly, it would be one of the most complex contracts in government. However, there is nothing unusual about the observation that the current leasing costs at a particular time may well be higher than they were at a previous time. They may also at some point in the future be lower. That is all determined by the way the contract treats the variables that impact upon it.

The CHAIRMAN: Did Hon Ljiljanna Ravlich have another question or two that she wanted to read into the record, if we cannot get an immediate response, because we must move quickly?

Hon LJILJANNA RAVLICH: The point I make is that the risk assessment on the Matrix contract could have been better in view of the fact that all the variables could have been factored in. However, by the same token, whether it is a lease arrangement for a photocopier or a piece of medical equipment, unless all the variables are factored in over a long period, and all those special provisions or circumstances -

Hon M.J. CRIDDLE: I think that is just a statement.

The CHAIRMAN: Yes. I think possibly that point has been made.

Hon LJILJANNA RAVLICH: I cannot state it often enough.

The CHAIRMAN: That is enough for now anyway. I thank the minister and the witnesses for their attendance today. I also thank members for their cooperation.

[5.20 pm]

State Housing Commission -

Hon Simon O'Brien, Chairman.

Hon M.J. Criddle, Minister for Transport.

Mr G. Joyce, Chief Executive Officer, Ministry of Housing.

Mr J. Coles, Executive Director, Finance, Ministry of Housing.

Mr B. Beaver, Executive Director, Business Strategies, Ministry of Housing.

Mr R. Thomas, General Manager, Homeswest, Ministry of Housing.

The CHAIRMAN: I welcome the minister, witnesses and committee members to today's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to your advisers. The committee clerk is Miss Lisa Hanna and the advisory research officer is Mr Paul Grant. May I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. I ask members to do likewise as we have limited time. For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee, and for advisers to please state their full name, contact address and the capacity in which they appear before the committee.

At this time, I ask each of the witnesses whether they have read, understood and completed the "Information for Witnesses" form. Do all the witnesses fully understand the meaning and effect of the provisions of that document?

WITNESSES: Yes.

Hon MARK NEVILL: Does Homeswest still have a policy of constructing one public house for every five or six private houses? I have a property in Broome, and it might be the American Embassy. There are 15 Homeswest houses within a stone's throw of my place. Has there been a change of policy? All my neighbours are excellent, except for a few of the dogs, which is the shire's problem. Has that policy been abandoned?

Mr JOYCE: Since 1983, the normal construction policy has been one Homeswest dwelling for every eight private dwellings; that is, one in nine houses. When Homeswest enters into new joint ventures, such as those in Ellenbrook, Butler, Bunbury and Geraldton, the policy is modified to one in 12 because that is all the land that is needed. However, we are stuck with the legacy of a clustering of Homeswest dwellings in about 40 housing estates in Western Australia, which Homeswest built en masse in the late 1960s and early 1970s. We have addressed that through the New Living program, but pockets still exist. I have no doubt that the one in Broome exists.

Hon MARK NEVILL: In Forrest Street.

Mr JOYCE: Several other streets in Broome have a similar situation. The regional manager is working very hard to reduce that density. When vacant blocks become available in areas of heavy congestion, we will either sell them as is or renovate

them for sale as part of the New Living program. Hopefully, in about 10 years we will achieve our overall goal of having all Homeswest dwellings coming under the principle of one in nine.

Hon NORM KELLY: Page 1295 of the *Budget Statements* lists the funds for Aboriginal housing. There seems to be a 25 per cent decrease in funding from last financial year. Can you explain the drop from \$16m to \$12m?

Mr JOYCE: There is a difference of about \$4m between the Aboriginal programs in 1999-2000 and 2000-01. The reason for that is that there is not enough money to go around. The Ministry of Housing believes it needs to support the big infrastructure programs, such as the management support program, the remote area essential services program and the Aboriginal community strategic investment program, which is about fixing up communities. The department will support those through funding next year. However, there will be a slight decrease of \$4m in the construction program because there is not enough money to go around. That funding traverses both the remote area construction program and the urban situation.

Hon NORM KELLY: Are the three programs you referred to included in the *Budget Statements* as "Other" programs and funded \$19.5m, which is a similar amount to that of the previous financial year?

Mr JOYCE: That is right.

Hon NORM KELLY: It seems odd that funding for capital works for Aboriginal housing will be cut by 25 per cent, but the total funds from the State Government will be cut by only about 5 per cent, once commonwealth grants are factored in. There seems to be an imbalance in the areas from which funds are cut.

[5.30 pm]

Mr JOYCE: It is not a cut in funds, but a combination of two sources of money. One is the Aboriginal rental housing program, which comes under the Commonwealth-State Housing Agreement, and is funded \$15.8m annually. That funding source has traditionally been used for three of the programs: The construction in urban areas, construction in the villages and also the Management Support Program. The Remote Area Essential Services Program and the Aboriginal Community Strategic Investment Program are both funded by the consolidated fund. The ministry has had to balance those five great programs against the money that is available from both the Commonwealth and the State. It has taken the view that that is the best balance between the five of them. It is not a cut when compared with last year. Last year was a catch-up year because in the previous year the ministry had difficulty spending the money in remote areas because of heavy rains, and in the urban areas it had difficulty acquiring land. The full extent of the money the ministry gets, both from the Commonwealth and the State, is being applied across those five programs.

Hon NORM KELLY: Is that \$16m from last year the catch-up amount.

Mr JOYCE: Yes.

Hon KEN TRAVERS: My question is directed to the way the budgets are presented and also leads on from the issues Hon Norm Kelly has been raising. Most other departments provide figures for completed work, works in progress and new works. Is there any reason why that is not provided in the State Housing Commission's budgets? It makes it very hard for parliamentarians to be able to compare last year's figures with this year's figures. Last year, the budget provided a breakdown of the Commonwealth grants, whereas this year, just one grouped grant has been provided. Is there any way of getting a breakdown of that either now, or in the future budget presentations?

Hon M.J. CRIDDLE: Mr Joyce will commence answering that question, and then we will have a follow-up answer.

Mr JOYCE: It is always a matter of presentation. The ministry felt the presentation last year was confusing. It worked out this system to hopefully better present it so that members would understand it. I will refer to my finance director, Mr Coles.

Mr COLES: In previous years, the ministry had presented carry-overs. However, it found some difficulties with that because it was difficult to ascertain in cash terms exactly how much from previous programs was spent in the current year. This year, in discussions with Treasury, it was agreed that the minister would show the amount of cash for the program for the year. The estimate for next year will show the amount of cash that it will spend for that year. That meant that if programs were brought forward, as was mentioned earlier, that would roll through and be part of the expenditure program for this coming financial year.

Hon KEN TRAVERS: It would appear that a range of cuts have been made to the estimated expenditure for 2000-01 compared with what was spent in 1999-2000. Is it possible to provide on notice a breakdown of how much has been cut in the amount the commission allocates and how much is being carried forward?

Mr COLES: Yes, we can provide that detail.

Mr CHAIRMAN: That is taken on notice.

Hon BARRY HOUSE: Page 1293 of the *Budget Statements* refers to the Keystart and GoodStart schemes. Home loans total 5 330 units comprising those two loans. Is that the number of former Homeswest tenants who have moved into home ownership? Does it represent that number or is it another figure?

Mr JOYCE: I will elaborate. The department has five programs in respect of home ownership. The first one the member mentioned is Keystart. The figure of 5 000 represents the number of people off the street who want home ownership who

cannot get a loan through the commercial sector and would otherwise be in public or private rental. That is the biggest program. Beneath that are four smaller programs. GoodStart is one of those mentioned. That is a generic term for three of our programs. One is the Aboriginal home loan scheme, the other is the people with a disability scheme. The fifth scheme which is not mentioned in the *Budget Statements* - which is an oversight - is the Right to Buy scheme, which has approximately another 250 units in it.

Hon KEN TRAVERS: That is further on in the budget.

Mr JOYCE: The total effort in respect of home ownership is approximately 6 000 starts this year. Of those latter four schemes, they are the ones primarily aimed at tenants in occupation. Under the Right to Buy scheme tenants get a discount, and under the other schemes they get concessions, particularly if they are Aboriginal or have a disability.

Hon BARRY HOUSE: Historically, what percentage of people have defaulted on their loans?

Mr JOYCE: Over the life of the Keystart program, which has been going now for 11 years, there has been a three per cent failure rate. The Keystart program has put in about \$3b for about 30 000 families; that is probably about 80 000 people. Three per cent of those loans over the 11 years have failed. We think that is manageable and within good principles of home ownership management. The Ministry of Housing's philosophy is to put as many people into home ownership without putting them into housing poverty. The home ownership arm of the organisation is the centrepiece of how it operates. It encourages everyone to get into home ownership. Western Australia is the only State between the last two censuses in which home ownership has increased. It is now equal third in Australia and only a couple of points behind Victoria.

Hon BARRY HOUSE: The figure of three per cent sounds pretty good to me, but how does that compare with the commercial world?

Mr JOYCE: The commercial world does not get the same rate of failures because it takes a hefty deposit. Generally speaking, the banks do not lose a cracker. When they take loans that do not meet the deposit requirements, they have insurance. The Keystart scheme has neither of those. It has almost 100 per cent lending, particularly under Keystart and it does not have insurance, even though its interest rate is a little higher than the commercial rate, simply to cover the losses that it sustains. The Keystart scheme is pitched between the commercial operators - the banks and the mortgage originators - and those people who go into public or private rental; which is the area the schemes are pitched at. Although there is some failure, it is limited. The ministry has a big scheme within Keystart, called a safety net, to try to keep as many people in home ownership as it can. Everything is designed to keep people in their houses, but ultimately there is some failure.

Hon M.J. CRIDDLE: It should be applauded that people who are at the lower end of the economic scale are given the opportunity of owning their own home.

The CHAIRMAN: I was at Coolbellup the other day. The New Living estate improvements program has been under way for over a year now. I looked at some of the refurbished flats and some of the other private free-standing dwellings that some people had been camping out for a night or two to bid for. I also visited some Homeswest tenants. Some people had been living at a house for 35 years. They had moved out of it into temporary accommodation for six weeks while it was refurbished. They are not in home ownership, but they are continuing to be tenants. They are very happy with the refurbishment of their home and gardens and what have you. How much do the Homeswest properties kept for refurbishment cost the taxpayer?

[5.40 pm]

Mr JOYCE: On average, we are probably spending in the order of \$25 000 to \$30 000 on each property in the New Living programs. It depends on the locality and how much is needed.

The CHAIRMAN: Does that come from government funds?

Mr JOYCE: Yes, it is funded within the Government's operations with the money we have. We have been amazed at the market response at Coolbellup. It is where property values have increased the most. We are receiving between \$120 000 and \$150 000 when we sell. As you said, Mr Chairman, people are queueing. There has been a terrific market response generally by the first home buyer who wants a good deal. It will allow Homeswest to retain one in nine homes; that is, about 12 per cent. We are pleased with the way Coolbellup is progressing. Fini Homes Pty Ltd, appointed under a public tender process, is a good project manager. We are making big inroads into Coolbellup.

The CHAIRMAN: Thank you for those comments; they match my observations. All the local people are happy with it.

Hon MURIEL PATTERSON: Recently I attended the launch of the delightful Woodrise development in Albany. How long did the planning for the project take? Will Homeswest retain one in nine homes or one in 12 there?

Mr JOYCE: Our share is one in 12 and the project has been planned for approximately two years. It is another example of a joint venture scheme. We went to public tender and appointed Heath and Co Pty Ltd, a well established developer from Perth. It too has proved to be successful not only in the management of the project but also in the sales of properties. Most of the lots in the first stage have been sold. We are very proud of what is being achieved there. It is becoming the modus operandi of the ministry's land development arm; that is, the joint venture. We believe the principles are working very well and are good for the State. It is a success commercially and socially.

Hon KEN TRAVERS: I refer to the Keystart loans. Is the \$507m for loans that will be repaid?

Mr JOYCE: That is correct.

Hon KEN TRAVERS: I assume Homeswest gets money back and that is where a number of the internal funds and balances come from. How much new money is contributed to that program each year?

Mr JOYCE: That is money raised in the capital markets with a guarantee by the Ministry of Housing, and ultimately guaranteed by the State under the Crown Suits Act. It is all new money coming in. It is the net figure of all our returns and outgoings.

Mr COLES: What Mr Joyce said is correct. We raise money for the scheme in the private bond market with a government guarantee behind it. We repay those bond holders through the borrowers' repayments. As we do a mixture of bond raisings - the bond may roll over in one year or in 10 years compared with the borrowers' loan repayments over 20 years - it is not possible to match up exactly their repayment money to the rolling of the bonds to determine the exact difference to which Hon Ken Travers referred. However, because we roll the money over various periods to get better interest rates, all the money for those new loans is "raised" by the Government.

The CHAIRMAN: Where is the \$507m expenditure for the Keystart scheme on page 1295 shown as repayments to government?

Mr COLES: The \$507m represents loans that will be advanced or given out to borrowers. At the bottom of the page against "Internal Funds and Balances" is approximately \$444m. Part of that is what we will receive during the year as borrowers' repayments. The member is referring to the ministry's capital works program here, which represents the capital side. Operating income is involved, which is repayments both from rental and home ownership. That side of it is what we call operational income and the budget papers presents only capital.

Hon KEN TRAVERS: Why does it not show up as borrowings rather than internal funds and balances? What is the actual annual net cost of the Keystart program? Obviously it costs the Government underwriting charges and the risk carried at 3 per cent default.

Mr COLES: Since the scheme began in 1989 it has not made a loss. As mentioned earlier by Mr Joyce, included in the interest rate is our self-insurance. Included in the cost of putting out that scheme is the default rate, which is very low compared with the rate in the eastern States. We are also required to provide proper capital adequacy. In fact the scheme provides approximately \$15m each year for capital adequacy which must be used to assist people with the safety net and for any defaults. In net terms, the scheme is self-sufficient.

Hon KEN TRAVERS: Is there a separate account that shows that balance? Has a profit been made?

Mr COLES: It is not a profit; it is a surplus that goes to the self-insurance part of the scheme.

Hon KEN TRAVERS: There would be an expected contingent liability. Is there now a differential between what is held in surplus and what the liabilities are expected to be?

Mr COLES: Yes. I can provide those figures as supplementary information.

Hon BARRY HOUSE: Will Homeswest administer the \$7 000 first home buyer grant?

[5.50 pm]

Mr JOYCE: The scheme is being jointly administered by our department and the State Revenue Department. The Ministry of Housing is responsible for its promotion and the accounting is done by the State Revenue Department. We are now working in close cooperation with that department to make sure things go smoothly come 1 July.

Hon BARRY HOUSE: In the federal funds which will be transferred to finance, is there a fee for your administration services?

Mr JOYCE: That is currently being debated with the Commonwealth. One view is that there will be some figure for it, because the Commonwealth is arguing some multiple of \$7 000. We are still thrashing that out at this stage.

Hon LJILJANNA RAVLICH: I cannot find any reference to the goods and services tax in the three pages of the budget papers. However, in answers that were provided to the estimates committee, the cost of the implementation of the GST was \$985 000. It also included a note that some of the final expenses are yet to be determined. Has that \$985 000 been subsidised by Treasury or from any other source? What is to be the likely final cost of the GST implementation?

Mr JOYCE: Our current projections are that it will cost us approximately \$1m, and that is primarily made up of professional services to KPMG, which was selected through a public tender process, and to Fujitsu Australia Ltd, which is the organisation responsible for the software of our mainframe. Those are the two main expenditure items that make up the approximate \$1m. We are almost at that figure now and it will be as close to \$1m as damn it is to swearing. A further component is the administration. There are three major elements in it: The software, the professional advice and the way in which we have administered the implementation of the GST.

Hon LJILJANNA RAVLICH: Again, information provided to the committee about the statutory functions of the department, which experienced reduced expenditure of more than 10 per cent over the past two financial years, indicates

that community housing has decreased from \$15 269 378 in 1998-99 to \$13.379m in 1999-2000, representing a decrease of \$1 890 378, which is a 12 per cent decrease for community housing. Why has that decrease come about? Does that mean there will be less community housing available for people in need of accommodation?

The CHAIRMAN: This is question 19 of our generic questions.

Mr JOYCE: I am endeavouring to reconcile those figures with what is in front of me. Community housing is a generic title that embraces two large programs which are funded directly from the Commonwealth under the Commonwealth-State Housing Agreement.

Hon M.J. CRIDDLE: Is that already in the generic answers?

Hon LJILJANNA RAVLICH: Yes.

The CHAIRMAN: The member is asking for an explanation of why the figure is as it is, not what it is. However, if there is an inaccuracy with the question, that raises another issue.

Hon LJILJANNA RAVLICH: Why has there been a 12 per cent reduction in community housing?

Mr JOYCE: The funds from the Commonwealth are fixed. The two major programs - the crisis accommodation program and the community housing program - are fixed under the CSHA. The spending in each year roughly equates to the allocation. Both programs are difficult to administer, particularly when building crisis accommodation. Sometimes there is a lag, in some years we catch up and in some years we are about even. When spending has fallen behind, the main reason for it is a carryover from previous years. However, the funds for CAP and CHP are fixed and the funding comes from the Commonwealth. From our point of view, it is a normal year. Perhaps the year before had some additional catch up in it, but we do not have this year's figure.

Mr THOMAS: There has not been a reduction in the crisis accommodation program or the community housing program. They are fixed allocations from the Commonwealth. The funding for the community housing is about \$6m a year and the crisis accommodation funding is about \$3m. As Mr Joyce said, in the past there have been some difficulties in our consultation process in spending that money, and we have slipped behind a little. We are now in the process of catching up. However, the basic allocation has remained the same for the past five or six years.

The CHAIRMAN: If we look at the 1998-99 figure of just over \$15m, which has been provided under this generic heading, and the 1999-2000 figure of just over \$13m, does that indicate that in 1997-98 the figure was underspent and there was a catch up in 1998-99?

Mr JOYCE: That is correct.

The CHAIRMAN: That is similar to the response you gave about the Aboriginal housing expenditure at the start of the hearing.

Mr JOYCE: That is correct.

The CHAIRMAN: I point out that our time is slipping by. We can do a lot more in 20 minutes, but it will need a bit of discipline in keeping our questions and answers short, because a number of members want to ask questions.

Hon KEN TRAVERS: Can you outline the cause of the delays with the construction of particularly crisis accommodation?

Mr THOMAS: There are a number of reasons for the delays. Our allocations for crisis accommodation are made according to funding allocations made by Family and Children's Services for supported housing assistance funding. We then need to work with that department to design the crisis centres. Obviously the consultation process, particularly with safe houses and women's refuges, takes a bit of time to develop. We also need to go into a public consultation process over the local government by-laws if we are building hostel-type accommodation. That all adds to the delay, and there is no one reason that that can occur. It depends on each project.

Hon KEN TRAVERS: Is one of the problems a lack of the necessary funding for the supported accommodation programs once the crisis centres are built? Is that not coming through?

Mr THOMAS: No, that is not coming through. There appears to be sufficient support funding, and it is a matter of negotiating with the groups about where they want to build and what they want to build.

Hon NORM KELLY: My question is about Aboriginal housing and commonwealth grants. What is the Aboriginal housing grant for 1999-2000 and what is the estimated figure for this year?

Hon M.J. CRIDDLE: From the Commonwealth?

Hon NORM KELLY: Yes.

Mr JOYCE: The amount of money that we received from the Commonwealth for last year and this year under the CSHA, which is called the Aboriginal rental housing program, is \$15.862m. That has remained static between the two years and has remained at that level over the past five or six years.

Hon NORM KELLY: Following on with commonwealth grants in general, I note there has been an \$8m increase over the past year as well. Can you explain that?

[6.00 pm]

Mr JOYCE: That is purely to compensate the States for the GST. There is an approximate increase of \$9m between the two years under the Commonwealth-State Housing Agreement to compensate for the goods and services tax.

Hon MARK NEVILL: Has Homeswest been able to contain the cost of each lot it has developed in the past 12 months to two years, considering some of its land has been sold off by LandCorp? Is Homeswest managing to contain the lot costs?

Mr JOYCE: I do not have exact figures in front of me. However, the lot development costs, if that is what the member is referring to, have been reasonably contained in a year which has been fairly tight. However, recently the market has drifted, not as much land development is occurring and we are getting better prices. Generally speaking, development costs have been contained although the natural ingredients of some subdivisions have required more money to be spent on them.

Hon MARK NEVILL: With Homeswest self-insuring, will premiums rise this year because of the floods and cyclones throughout the State? Has that caused extra damage to Homeswest properties and will it affect its insurance premiums?

Mr JOYCE: As the member said, we self-insure most of our property, although our insurance is a complex issue and can be divided into five or six areas. Some properties are self-insured; some properties have insurance subject to a minimum level of damage being reached; some properties have complete insurance; and some properties are not insured at all. It therefore depends on the nature of the insurance we are talking about. We have insurance for property damage which must reach a minimum level and, as we have not reached that level with the natural disasters experienced in the past year, they will be self-insured by the organisation and we do not apply premiums. Mr Coles may wish to add to that as he is in charge of insurance.

Mr COLES: No, that was covered quite well.

Hon B.K. DONALDSON: I refer to pages 211 to 214 of the *2000-01 Economic and Fiscal Outlook*, part of budget paper No 3 concerning the summary of state government social concessions. From the total social concessions made by the Government of \$308m, rental subsidies to Homeswest amount to \$84.7m. The total subsidies to Homeswest amount to around \$90m, which is getting close to a third of the total. Is that rebated back from consolidated revenue or is it generated from profits?

Mr JOYCE: We are funded primarily from two sources. One is from the Commonwealth under the CSHA, from which we receive about \$100m. As someone mentioned, it has increased to \$109m this year. We internally generate the rest of our funds, either by the sale of property or through the income from rent, which brings in about \$100m; or, alternatively, through the income from mortgages. We spend about \$1b each year.

Hon B.K. DONALDSON: I am talking about the social concessions which are quite substantial. From a total of \$308m, Homeswest receives about \$91m.

Mr JOYCE: Yes.

Hon B.K. DONALDSON: They are concessions to very worthy recipients but it runs into a number of people. The estimated number of recipients of a Homeswest rental subsidy is about 28 000. Is that \$90m-odd that is generated Homeswest's own profits or is it funded directly from consolidated revenue?

Mr JOYCE: Yes, the \$1b comes from those three major sources. The subsidy is financed from the big bucket of those three funds, the major element being the rent forgone, which is the difference between the rent we charge and the predicted market rent. We lose about \$85m a year, as someone suggested. That is because about 93 per cent of our tenants have their rent assessed according to their income and they pay up to 25 per cent of their income in rent. It is, therefore, the difference between the rent we receive and the market rent, which must be made up from the funding source. Over time it can be equated to any one of those funding streams but it is a loss to the organisation and is our major social concession. There are other areas that cost the organisation; for instance, the \$1m a year supported housing assistance program - SHAP - which is designed to keep tenants, primarily Aboriginal tenants, in their houses so that we do not evict them. We make other social concessions, but we lose nearly \$100m a year that we would otherwise have, and if we were a commercial organisation obviously we would receive that money. However, it is always difficult to try to balance up those social concessions against a commercial return.

Hon B.K. DONALDSON: Another item is the Homeswest right to buy subsidy of about \$3.1m which allows tenants to receive a discount of up to \$20 000 to assist them to purchase their rental property. The estimated number of recipients is 172. Is that number fairly constant or is this a program to encourage people to purchase the Homeswest homes in which they are living, especially people in some country areas and naturally in the metropolitan area? Do you expect that number to rise in future or does that indicate an increasing number now?

Mr JOYCE: The number has remained constant. The right to buy program has been established for eight to nine years and was designed to give longstanding tenants a substantial discount and an opportunity to get into home ownership. The number is dwindling as the lists have been thoroughly raked over and every tenant has either considered or exercised his or her option to buy in the program in the past seven to eight years. The base of possible applicants therefore is dwindling. The tenants must have the financial capacity, notwithstanding the \$20 000 discount they can receive, to finance the balance in the private sector. We anticipate that number will be maintained. We have allowed for a slight increase this year in the right to buy program as we believe some people will take the opportunity of the \$7 000 under the goods and services tax housing grant, together with the discount to get into home ownership. The numbers are receding over time. However, it

is a program that we are very proud of as many people have got into home ownership who otherwise would not have got in there.

Hon B.K. DONALDSON: In the same document on page 214 reference is made to the first home buyers' stamp duty rebate of \$1.8m. This rebate allows first home buyers who purchase a home valued at no more than \$135 000 to claim a stamp duty rebate of \$500. Will that rebate remain when the \$7 000 grant under the GST is paid?

[6.10 pm]

Mr JOYCE: It is an issue that the Commonwealth is a very firm on. There are to be no trade-offs with the current concessions that are being given to home ownership. The \$7 000 has to stand alone and is not to be eroded by any compensation.

Hon E.R.J. DERMER: I am interested to learn what will be spent on computer and Internet tuition when it is provided as part of a package to residents in Ellenbrook, Wandina in Geraldton and Dalyellup in the Shire of Capel?

Mr CHAIRMAN: Is Mr Joyce able to answer that question or will it be taken on notice?

Mr JOYCE: We do not have a specific figure. The member is talking about the Premier's online policy. The ministry is tackling the issue on two fronts. One is to ensure that our joint ventures are smart wired, and that is being used in at least three of our joint ventures at Ellenbrook, Geraldton and Bunbury as a marketing ploy, and those schemes are going well.

Hon MARK NEVILL: What is smart wired?

Mr JOYCE: It is a range of things and it is a generic term for a whole range of issues. Wires are put in place, at a reasonable rate, during the subdivision process and they extend to the edge of the house. Residents can then have access. It varies according to the subdivision but access is available for the Internet and a range of other things.

Hon E.R.J. DERMER: I am interested in how the Internet and computer tuition will be provided. I am advised that wiring and cabling to homes in those areas has a budget commitment of \$600 000, which is the figure to which Mr Joyce appears to be referring. Specifically, how much will be used for tuition? If that figure has not been settled, when will it be settled? When can we anticipate that the tuition will be available to residents?

Mr JOYCE: I was going to answer that. It was the second limb of the argument; that is, what we can do about things like education and tuition. At this stage, we are still negotiating with the Department of Commerce and Trade on what money may be available from the general loan fund. At this stage, we have not been given any answers. We are looking at what we can provide to do something about tuition. With our New Living program, we are looking at what we can provide in the new computer houses: Putting computers in and providing encouragement through the local schools for the local community to get involved, particularly with the schoolchildren in the use of the new electronic equipment.

Hon E.R.J. DERMER: Is it envisaged that computers will be provided to residents as part of this program?

Mr JOYCE: In respect of the joint ventures we are paying the money because it is seen as a good marketing tool and we accept that cost.

Hon E.R.J. DERMER: Which cost?

Mr JOYCE: The cost of providing the wiring to the edge of the properties.

Hon E.R.J. DERMER: Is it envisaged that computers will also be provided?

Mr JOYCE: That is a very good question. We are currently negotiating that with the Department of Commerce and Trade. One possible option is that under our New Living program, through which we currently provide white goods such as stoves and fridges, we could provide computers. There is then the added problem, when someone buys the property, of who will pay the monthly cost. We are currently looking at that to see what can be made available. To be frank, we have not decided.

Hon E.R.J. DERMER: When do you expect the decision to be made?

Hon M.J. CRIDDLE: I do not think that we need to go into the realm of possibilities. I think we should deal with realities.

Hon E.R.J. DERMER: It has been presented as an initiative.

The CHAIRMAN: Is the minister able to hypothesise at all to satisfy the member?

Hon M.J. CRIDDLE: I do not want to provide a hypothetical answer.

Hon E.R.J. DERMER: So the information is not available? Are the three suburbs listed in the publication of the Department of Commerce and Trade the only three suburbs to which this service will be provided or are there other suburbs? The three suburbs are Ellenbrook, Wandina and Dalyellup.

The CHAIRMAN: Mr Joyce, does this fall under your purview or is this under a different section of the budget or another portfolio?

Mr JOYCE: No direct expenditure is nominated in the figures that have been given. The three suburbs mentioned are the first joint ventures that we have done but there are more in the pipeline, including Amarillo, Butler and Clarkson. Those

three additional joint ventures will have the same wiring in place and they will become smart suburbs. We intend to enhance the program and let it flourish over the years. There is no doubt that the process will generalise in time. For anyone to sell a block of land in, say, five years, the block will need to be smart wired.

The CHAIRMAN: Thank you, members, for the way the hearing has been conducted. Thanks go to the minister and the witnesses here today for their cooperation.

Sitting suspended from 6.15 to 7.15 pm.

Division 46: Environmental Protection, \$20 390 000 -

Hon Ljiljana Ravlich, Chairman.

Hon Norman Moore, Minister for Mines.

Dr B. Jenkins, Chief Executive Officer, Department of Environmental Protection; Accountable Officer for the Environmental Protection Authority.

The CHAIRMAN: On behalf of the committee, I welcome all to tonight's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia; the committee values that assistance. For the information of members, the proceedings will be reported by Hansard and the daily *Hansard* will be available on the morning following the hearing. Hansard will distribute documents for correction to be returned on the A4 document sent to members, and the cut-off date for corrections will be indicated on the bottom of each page. Members are asked to sit at the front of the Chamber so witnesses need not turn their head when answering questions. It will greatly assist Hansard if members give the page number, item, program, amount, and so on in preface to their questions when referring to the *Budget Statements* volumes or the consolidated fund estimates. If supplementary information is to be provided, I seek cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of questions. An example of the required Hansard style for the documents has been provided to advisers. I remind members of the public in attendance that only accredited media representatives may take notes; however, a full Hansard report will be available to the public within a week of the close of these hearings. The committee reminds the agency representative to respond to questions in a succinct manner and to limit the extent of personal observations.

Has the witness read and completed the "Information for Witnesses" form, and understood the meaning and effect of the provisions of that document?

Dr JENKINS: Yes.

Hon N.F. MOORE: As far as the Financial Administration and Audit Act is concerned, Dr Jenkins is the responsible officer for the Environmental Protection Authority. I understand that the EPA Chairman is not considered the appropriate person to attend this hearing. I represent Hon Peter Foss, who had another function to attend tonight. He will be here later.

Hon GIZ WATSON: Page 474 of the *Budget Statements* notes that the volume of statutory responsibilities for the EPA continues to increase with further expansion of industry and development. The figures indicate that the sum allocated and staff numbers in this area have not increased. Does this allocation meet the expectation of increased workload through the expansion of industry and development?

[7.20 pm]

Dr JENKINS: The output from the agency shows an increase in the output and efficiencies gained in the provision of statutory requirements. We have met the increased statutory workload through efficiency gains in administrative processes.

Hon GIZ WATSON: Can you clarify what those efficiencies are?

Dr JENKINS: For example, in licensing, we have gone from a process in which everyone had to obtain the same form of statutory licence to a tiered approach in which major industry has the choice of either a statutory licence, a monitored licence, or a best practice licence. The monitored and best practice licences put more onus on industry. We have a system of registration for the smaller premises that have only a minor pollutant load. That system of registration to a set of regulations achieves the same level of environmental protection, but with a substantial reduction in the administrative load in that the premises are registered once and we do not have to go through the annual renewal of licences. If there is a requirement for change it is in the regulations which apply to all industries that are covered by those registrations. It is a more efficient way to deal particularly with the smaller premises, and it achieves cost efficiencies without loss of environmental effectiveness.

Hon GIZ WATSON: I have a particular interest in the area of evaluation proposals. Are there efficiencies in that area or only in the licensing arrangements you have just outlined?

Dr JENKINS: I could cover the issue of assessment process as well. Over the past three or four years there has been an increase in the level of resourcing for the evaluation division that deals with the environmental impact assessment process. We have also increased the level of effort to gain some efficiencies there. There have been some expedited assessment processes. The Environmental Protection Authority can now provide a quick "no" if a proposal is clearly unacceptable. Rather than going through the entire process, the EPA can say no up front. That has occurred on a number of occasions.

We also have the environmental protection statement system. We have had about three or four of those now. If there is agreement with the stakeholders to a shortened form of process without the loss of the provision of ministerial conditions, we can reduce the processing time. There has been a mixture of administrative efficiency and an increase in the allocation of resources to the evaluation division to meet the increasing workload.

Hon J.A. COWDELL: As we are dealing with the EPA, are we limited to output 2 and output 8?

The CHAIRMAN: That is my understanding.

Dr JENKINS: The Department of Environmental Protection provides services to the EPA. The EPA has direct responsibility for a number of functions. In output 1, Policy Coordination, the EPA provides the initial statutory environmental protection policy document which is then converted into a ministerial process, so that is partly EPA, partly the minister, and then the department on behalf of the minister. In output 2, Environmental Impact Services, the measures relating to the assessment of proposals referred, and proposals referred, are EPA components. The compliance auditing component is undertaken by the department on behalf of the minister and the environmental conditions attached to assessments are ministerial conditions. The member is entirely correct in relation to output 8; that looks specifically at the allocation to the EPA.

Hon J.A. COWDELL: Could this not be put a little more clearly? I refer to the four staff under output 8. Does that mean they are staff of the Environmental Protection Authority or support staff for the EPA from within the department? Given that some of the functions are distributed across so many outputs, I found it hard to ascertain precisely the number of staff and resources that were allocated.

Dr JENKINS: Under the organisational arrangements that we have in place to service the EPA, it has its own executive officer and administrative support staff. When it comes to technical staff, the Department of Environmental Protection provides the main services for the administration of the Act. However, under the provisions of the Act, the EPA can call upon any public servant to provide assistance to it.

Hon J.A. COWDELL: How many staff does the EPA have, and where is that shown in the *Budget Statements*?

Dr JENKINS: There should be a specification under output 8. I refer to page 494, footnote (a) under the output measures.

Hon J.A. COWDELL: That is the question I asked: Are they the four staff?

Dr JENKINS: They are the four staff who provide the support services within the EPA. However, clearly the resources of the entire department are available to the EPA to service all the other functions. For example, for the environmental protection policies, the technical work is done by the policy division, and its staffing numbers appear under output 1.

Hon J.A. COWDELL: On page 494, I note that the measure of satisfaction with timeliness was 100 per cent last financial year, and that the proposed target for next financial year is 100 per cent. How does that reconcile with the major initiative indicated, which is the review of EPA administrative procedures to provide for the possibility of a more timely environmental impact assessment process? What needs to be more timely and what is not timely at the moment, given that 100 per cent satisfaction rate?

Hon N.F. MOORE: It is after 110 per cent.

Dr JENKINS: There is a target indicator for the timeliness of dealing with all issues. That timeliness indicator has been met. If one looks at the major concerns that come from the stakeholders in the assessment process, everyone is seeking a faster turnaround in dealing with the assessment process. Dealing with what has happened in our annual reporting of timeliness, four years ago the average time was 11 to 11.5 weeks. That is now down to nine to 10 weeks, and we are clearly trying to get even faster processing to deal with these issues.

Hon J.A. COWDELL: I suppose I should desist from asking my next question, although I will mention it. It is obviously not part of the situation as we do not have Mr Bowen with us; therefore, I cannot ask whether the EPA is satisfied with the quality of the advice it has been receiving from the department.

Hon MARK NEVILL: Has the southern metropolitan coastal waters study been completed; and, if so, what was the cost of it?

Dr JENKINS: The southern metropolitan coastal waters study was started in about 1993. To get a grand total, we need to sum up the work that has been undertaken over a number of budget years. I do not have that information at my fingertips, but I am happy to extract it, if the member seeks that level of detail.

Hon MARK NEVILL: If there is a report or some outcome from that study, I would like to see it.

Dr JENKINS: Some major reports have come out.

Hon MARK NEVILL: I refer to the Peel-Harvey management strategy. I notice that in last year's annual report, the EPA was examining the performance of the Dawesville Channel compared with the predictions modelled and management targets. Has that been completed and is it part of the southern metropolitan coastal waters study?

[7.30 pm]

Dr JENKINS: It is not part of the southern metropolitan coastal waters study. It is part of the review of the Peel-Harvey estuary system environmental protection policy, which is almost complete. I understand it will be another month or two

before it is completed. The study will be considered when determining whether there should be any modification to the environmental protection policy.

Hon MARK NEVILL: Are you examining the cumulative effects of the Dawesville Cut? I think the Environmental Protection Authority investigates specific problems quite well. The nutrients are now dumped in the ocean. Is the EPA looking at those issues?

Dr JENKINS: Yes, but that is a separate process. The EPA has released a document about the environmental values and objectives of Perth coastal waters, which was based on work derived from the southern metropolitan coastal waters study. That report clearly indicates that a number of needs must be addressed. The key target of the Peel-Harvey estuary environmental protection policy was phosphorus. Some of the more recent EPA assessments address the concern you have raised by including nitrogen as a target when proposals for the Peel-Harvey estuary are considered. Nitrogen is the nutrient of concern in coastal waters, whereas phosphorus is the nutrient of concern in estuary waters.

Hon MARK NEVILL: Are you looking at the bigger picture of the effect the Dawesville Cut will have on the coastal waters?

Dr JENKINS: Yes.

Hon NORM KELLY: Page 494 of the *Budget Statements* includes the number of referrals received by the Environmental Protection Authority and it indicates that the development of memorandums of understanding with agencies will reduce the need for referrals. Which agencies are involved with the development of these MOUs, and what stage are they at?

Dr JENKINS: I do not have the full list with me tonight, but I can make that information available. For a number of years the EPA has been trying to get a clearer understanding with the referring agencies about the nature of impacts that would be considered significant under section 38 of the Environmental Protection Act, which triggers the formal referral. The EPA has been devising guidance statements and policy positions so that government agencies and private proponents have a better understanding of the sorts of issues that warrant referral under section 38.

Hon NORM KELLY: I will get that information on notice.

Hon SIMON O'BRIEN: Is the Kwinana industrial area air buffer zone a responsibility of this portfolio? What responsibilities does the Environmental Protection Authority have for the maintenance of the buffer zone?

Dr JENKINS: An environmental protection policy for the Kwinana air shed is in place, which defines the buffer zone.

Hon SIMON O'BRIEN: That was my understanding; however, I wanted to relate it to the outputs in the *Budget Statements* to pose my next question. What role does the EPA play in assessing and reviewing, on an annual or other basis, the appropriateness of the location of the buffer zone?

Dr JENKINS: The buffer zone is used as a management tool so that the licensing of industry is geared towards the location of that zone. The buffer zone needs to be retained to maintain the current licence regime within the Kwinana industrial estate. The Department of Environmental Protection also monitors air quality for compliance with the environmental protection policy with respect to the land uses around the Kwinana industrial estate area.

Hon N.F. MOORE: The last question related to the department as well as to the EPA. As I said, we are dealing with the EPA tonight. It would be inappropriate to ask questions about the Department of Environmental Protection; the committee could have invited officers from that department if it wanted to. This is EPA stuff.

Hon SIMON O'BRIEN: As we have seen from examining the outputs, there are concomitant aspects of these outputs. If, of course, my question is not within the purview of this hearing to answer, that is the answer. In respect of the Kwinana air buffer zone, and the advice Dr Jenkins has just given, is it fair to say that the buffer zone is established on an arbitrary basis or upon a scientific basis? Does the EPA have to review this from time to time?

Dr JENKINS: There has been a review by the EPA of the buffer. The policies have to be reviewed every seven years. The original Kwinana EPP was done in 1992. The EPA went through a review process last year in relation to the Kwinana EPP, and has reaffirmed the definition of the buffer zone.

Hon SIMON O'BRIEN: Could that be described as a scientific process or an arbitrary process?

Dr JENKINS: The EPA undertook a scientific process. If one looks at the purpose of the buffer, it is a line to be managed to. All of the work that is done in the licensing industry to retain compliance with the EPP is done on a very scientific basis. A very sophisticated computer model has been verified. A major verification test was undertaken a number of years ago because there is a problem with shore-line fumigation that has to be dealt with at Kwinana. A detailed model connects the air emissions to the ambient levels. The ambient levels must be within the requirements for the entire length of the buffer zone. In that sense it is a very scientific analysis.

Hon BARRY HOUSE: On page 474 of the *Budget Statements*, under major policy decisions, the line item organochlorine pesticides collection strategy totals \$600 000. The existence of organochlorines, particularly in beef, was a major issue over a decade ago. I notice there is no ongoing collection after the year 2000-01. Is this the end of a strategy over a series of years?

Dr JENKINS: A scheduled waste group was established nationally to determine what the situation was with organochlorine

chemicals, particularly in rural areas. It found that some of the previous collections had not been complete and there were still organochlorines in a number of rural areas throughout Australia. The Australia and New Zealand Environment and Conservation Council, which is the ministerial council covering conservation and environmental protection issues, came to an agreement between the Commonwealth and the various jurisdictions that there would be a shared funding arrangement to collect the remaining organochlorine chemicals. When that had occurred, a further agreement was reached with the manufacturers of the chemicals and also with the National Farmers Federation. They would then take on the responsibility in the future as part of product stewardship for dealing with organochlorine chemicals. Once government had effectively provided a clean bottom line, industry and the users would take on the responsibility for managing organochlorine chemicals with the ability for government to audit the process. It is a one-off collection to deal with past chemicals and the start of a new regime of product stewardship across Australia.

[7.40 pm]

Hon BARRY HOUSE: Does the EPA play any role in the testing regime on the sales?

Dr JENKINS: Our role is to remove the organochlorine chemicals from rural areas, not in the testing.

Hon GIZ WATSON: I refer to page 478 on which reference is made to finalisation of the Perth Bushplan. When do you anticipate that will occur? Are there any reasons it has not happened sooner?

Dr JENKINS: I understand Perth Bushplan has been recently submitted to the EPA and it is considering a current version of the document at this very moment, as are other bodies, such as the WA Planning Commission and the National Parks and Nature Conservation Authority.

Hon GIZ WATSON: Does that involve working on the memorandum of understanding between the agencies?

Dr JENKINS: This is not a responsibility of the EPA; it is a responsibility of the Department of Environmental Protection and the Ministry of Planning.

Hon GIZ WATSON: What sort of proposals were anticipated would be dealt with under the MOUs that I understand would not require a formal assessment? Would those MOUs make any difference to the ability for any member of the public to refer something under section 38 of the EPA Act?

Dr JENKINS: There would be no constraint on a third-party referral. I am not certain of the point of your question. As I explained earlier, we are trying to make it much clearer in terms of what proposals will have the potential for a significant impact and, therefore, require formal assessment under section 38 of the Act. The purpose of the MOUs is to provide the agencies with a clear understanding of what should or should not be referred. The absence of a referral by the agency does not change the referral rights of anyone else.

Hon GIZ WATSON: It sounds as though the approach is to develop a guideline to streamline the process so that agencies are clear about what is likely to attract a referral and what will not attract one.

Dr JENKINS: That is right.

Hon GIZ WATSON: I am interested in why an MOU is seen as an appropriate vehicle for that rather than any other process. It is a binding process.

Dr JENKINS: It has worked well in the past and it seems to be a very useful way of getting a non-statutory agreement between the EPA and other agencies to ensure people focus on the critical issues and avoid the non-critical issues.

Hon J.A. COWDELL: With reference to the Perth Bushplan, is the EPA satisfied with the current multi-agency approach? Is the authority concerned about the loss of Perth remnant bushland in the past 12 months?

Dr JENKINS: The process has identified from a state perspective what it sees as the most appropriate bush to be reserved for conservation purposes.

Hon J.A. COWDELL: I am not referring to the 52 000 hectares, but to the lesser amount that was being considered for reservation, on which no action has taken place.

Dr JENKINS: I am not aware that particular sites have been excluded from Bushplan for that reason.

Hon J.A. COWDELL: That is not what I asked.

The CHAIRMAN: Can the member clarify the question?

Hon J.A. COWDELL: I noticed that last year's annual report contained criticism of the multi-agency or multi-departmental approach to the salinity program, apparently because of the lack of coordination and the delays in doing things. Looking at the Perth Bushplan, it appears that there is a lack of coordination and that there is delay. I am asking specifically whether the EPA is satisfied with the level of coordination in a multi-agency approach and whether there have been undue delays which have put at risk some areas that may have been intended to be reserved.

Dr JENKINS: The issue of multi-agency arrangements is something which the EPA is considering at this moment, because that represents one of the crucial components of the Perth Bushplan. I do not think the EPA has formed a view on the proposals. It is in the process of reviewing what has been put to it recently.

Hon J.A. COWDELL: I know the minister is a last minute stand-in and perhaps this question should be taken on notice. Why is Mr Bowen not here to answer questions of this nature on the EPA rather than have us surmise what the EPA's opinion is?

Hon N.F. MOORE: My understanding is that the Standing Committee on Estimates and Financial Operations invited the EPA to be here, and the responsible officer from the point of view of the Financial Administration and Audit Act is Dr Jenkins. I was also advised that Mr Bowen was told that he was not the appropriate person to be here. Members can sort it out among themselves, but that is the advice I received.

Hon MARK NEVILL: That certainly did not come from the committee.

Hon N.F. MOORE: I do not know where it came from. I do not have a problem with Mr Bowen answering questions, but this is an Estimates Committee and we are looking at the budgets of various agencies. If members want to talk to Mr Bowen and the EPA, they can do that at any time.

Hon J.A. COWDELL: I put on notice my question: Is the EPA satisfied with the quality of advice from the Department of Environmental Protection? Obviously, more than one officer attends most hearings to cover more than one aspect of the operation of a particular authority. Clearly, in terms of outputs and service, it would have been appropriate to have two officers.

Hon N.F. MOORE: Before we go any further, I will seek to find out why that is the case so that no assumptions can be made. My understanding is that advice was given to the minister's office that the appropriate person to be here was Dr Jenkins as the responsible financial officer. I will follow that up to find out where that advice came from. There is no problem with Mr Bowen being here, but somehow Dr Jenkins was advised, and I have been subsequently advised, that it was considered appropriate for him to be here as the responsible financial officer. If members have questions for Mr Bowen, I am happy to take them on notice.

The CHAIRMAN: That question will be taken on notice.

[7.50 pm]

Hon MARK NEVILL: Is the Environmental Protection Authority just a reactive organisation when taking references or does it initiate its own inquiries? What inquiries has it initiated of its own volition?

Dr JENKINS: The EPA is available to react to proposals, which is its statutory responsibility. However, in part 2 of the Act, it has a broad set of responsibilities under which it can initiate action. I cannot provide a full list but I can provide more detail. For example, there was a concern relating to a cumulative impact assessment in Cockburn Sound and the EPA took on board that issue to provide further advice to the Government on cumulative impacts. That is one example of the EPA initiating an activity to get information which was beyond just a reaction.

Hon MARK NEVILL: Did it result in a public report?

Dr JENKINS: Yes, it did.

Hon MARK NEVILL: Has the EPA taken any interest in fisheries matters? It seems to have a blind spot when evaluating fisheries and the impact on the environment of allowable catches.

Dr JENKINS: No, the recent EPA has taken a very active role when examining aquaculture issues.

Hon MARK NEVILL: On land?

Dr JENKINS: No; in general, on land and in the sea. It has also been extremely active in its work on Perth coastal waters whereby it is proceeding with the development of an environmental protection policy. Recently, it issued a statement on environmental values and objectives for Perth coastal waters. It has also been active in establishing an environmental protection policy for the marine areas of Western Australia which will provide broad coverage. I, therefore, do not believe that is a fair statement.

Hon MARK NEVILL: Has it undertaken or evaluated any programs for the control of feral animals or noxious plants?

Dr JENKINS: Those issues are considered in a range of assessments undertaken by the EPA. Other government agencies have direct responsibilities for those two activities.

Hon MARK NEVILL: Other agencies have those responsibilities but does the EPA not act as an independent arbiter? Whether other agencies have responsibility for those issues is beside the point; the EPA has the power to examine those matters to ensure they are conducted to objective standards of satisfaction.

Dr JENKINS: The EPA can report on environmental matters generally.

Hon MARK NEVILL: Can a list of matters which the EPA has investigated of its own initiative in the past five years be provided to the committee?

The CHAIRMAN: To be taken on notice?

Hon MARK NEVILL: Yes.

Hon M.D. NIXON: My question relates to significant issues and trends on page 473. The final dot point on that page reads -

Regional assessments of the North West Shelf, Cockburn Sound water quality and West Midlands vegetation are demonstrating the value of an improved information base for environmental decision making.

What new or endangered species have been discovered in the west midlands which are now proving of value?

Dr JENKINS: The clearing of west midlands vegetation has been an area of particular concern to the EPA. It has attempted to achieve a more rational, regional basis for determining areas that have particular conservation significance. That is where the regional assessment is being undertaken. That is in conjunction with CALM and the Commonwealth.

In terms of the specific question, in looking at endangered species, it is only one component of the overall assessment. That area is one of the major biodiversity regions in Western Australia and quite a substantial amount of vegetative work has been undertaken to try to determine species richness and some of the broader terms of conservation significance for that area. The work that has been undertaken for the Environmental Protection Authority on the west midlands area involves trying to get all the information that has been previously developed correlated in a systematic way so that areas of high conservation significance can be clearly identified. It has not been undertaking specific surveys to identify further endangered species; it has been collating the information that exists in a variety of data forms to get a regional assessment of that information to get a better understanding of conservation significance.

Hon M.D. NIXON: Has anything unknown arisen or is it just a matter of cataloguing what is there?

Dr JENKINS: It is a matter of determining relative conservation significance. That has been the significant component of the work, particularly as it applies to clearing proposals that have been put in the west midlands area.

Hon NORM KELLY: I have a couple of questions on the workings of the EPA. The *Budget Statements* state on page 494 that there are four FTEs. Are these four positions full time?

Dr JENKINS: Yes.

Hon NORM KELLY: So they obviously work distinctly for the Environmental Protection Authority. Can Dr Jenkins explain the levels or types of work those four people do?

Dr JENKINS: An executive officer undertakes all of the coordination of the EPA's business. Three support staff provide personal assistance to the chairman and administrative assistance to the executive officer.

Hon NORM KELLY: My second question is one that may have to go on notice. I notice on page 33 of the 1998-99 annual report, which refers to administration costs, that there is a discrepancy of about 5 per cent with the costs as outlined in output 8 on page 493 of the *Budget Statements*. Could I put on notice that I want that discrepancy explained?

Dr JENKINS: Which discrepancy is that?

Hon NORM KELLY: On page 493 of the *Budget Statements* the total cost of the output or cash costs of the output for 1998-99 are different from that in the annual report.

Dr JENKINS: What is the difference?

Hon NORM KELLY: It is about \$25 000 either way. I am curious about how the figures work.

The CHAIRMAN: We will take that on notice.

Hon J.A. COWDELL: Does the EPA have any guidelines that apply to consultancy work by members of the authority; that is, with a view to ensuring the integrity of the authority?

Dr JENKINS: There are the general government requirements for consultancy work.

Hon J.A. COWDELL: By board members. Are there only general government guidelines?

Dr JENKINS: There are specific requirements that each agency will take on board for the engagement of consultants.

Hon J.A. COWDELL: I am referring to work performed by the board members of the authority.

Dr JENKINS: There are circumstances in which the Chairman of the EPA wishes work to be done beyond the scope of work for individual members or the deputy chairperson of the EPA. As the EPA can request any person to undertake further work, it is certainly within the ambit of the EPA to undertake that. The EPA cannot enter directly into contracts for the same reason that I am here tonight.

Hon J.A. COWDELL: I am referring to individual board members entering into private contracts for private work.

[8.00 pm]

Dr JENKINS: They would undertake work only on behalf of the EPA.

Hon J.A. COWDELL: Does that apply to part-time board members?

Dr JENKINS: Yes. Members are expected to devote a limited time to the EPA; however, I assure Hon John Cowdell that all EPA members devote well above that expected time to the task. When situations arise in which specific technical work is required that is beyond the effective job description of the EPA member, but is within the member's competency, the chairman has asked people to undertake that work to enhance the technical work of the EPA.

Hon J.A. COWDELL: Do EPA board members undertake additional work only at the request of the Chairman of the EPA?

Dr JENKINS: That is right. All contracts are with the department. We must have a difference between the contract principal and the contract superintendent. That is clearly specified in the arrangements for the EPA.

Hon BARRY HOUSE: Controlled burns have been cut back in recent years when the smoke haze may impinge on the metropolitan area. Does the Department of Conservation and Land Management seek approval from the EPA to proceed with a controlled burn? What role does the EPA play in that process?

Dr JENKINS: The EPA does not play a particular role in that process. Haze alerts have been developed which indicate periods in which meteorological conditions are conducive to haze becoming a pollution problem. That is when constraints are applied to burning activities, such as those carried out by CALM.

Hon BARRY HOUSE: Does the EPA play a role with the Bureau of Meteorology?

Dr JENKINS: No.

Hon BARRY HOUSE: Who issues the haze alert?

Dr JENKINS: It is the Bureau of Meteorology, based on meteorological conditions. The department has worked with the bureau to evaluate the program over a number of years to ensure a match between the predictions by the bureau and the occurrence of those conditions as predicted.

Hon BARRY HOUSE: Has the EPA adjusted its criteria in any way given the growing backlog of areas that -

Hon NORM KELLY: I raise a point of order: Can members conduct a line of questioning relating to the Department of Environmental Protection, not the EPA?

The CHAIRMAN: My understanding is that the question sought an opinion on the EPA. Therefore, I rule it to be in order.

Hon BARRY HOUSE: I want to establish that the EPA has a role in developing the criteria used in haze alerts.

Dr JENKINS: It does not. The Department of Environmental Protection works with the Bureau of Meteorology.

Hon GIZ WATSON: A major initiative on page 488 of the *Budget Statements* relates to the completion of the WASTE 2020 strategic planning project and commencement implementation. The target, set either by the EPA or the Government, was to reduce waste in landfill by 50 per cent by 2000. How are we going? If not very well, why is that the case?

Dr JENKINS: I refer the honourable member to discussion of that issue in the DEP's annual report - it is a DEP issue - in which the lack of progress towards that target was identified. The performance indicators state that the target was a 50 per cent reduction over 10 years from 1990 to 2000. We have converted that to an ongoing target of a 5 per cent reduction per annum as the target for waste management in Western Australia.

Hon GIZ WATSON: Is that a 5 per cent reduction on 1990 levels?

Dr JENKINS: No; it is per annum from the previous year, which is a more realistic annual target.

Hon GIZ WATSON: My second question relates to the new commonwealth legislation on biodiversity which will be operational in July. Has the Environmental Protection Authority been involved in discussions on the regulations that will be part of that Act?

Dr JENKINS: Yes.

Hon GIZ WATSON: Are those negotiations near completion?

Dr JENKINS: To be completed there would need to be a decision on what happens with bilateral agreements, and that is still under negotiation.

Hon MARK NEVILL: What impact will the national biodiversity agreements have on the EPA?

Dr JENKINS: In what sense?

Hon MARK NEVILL: This is what I am asking you. What is the impact in any sense?

Dr JENKINS: A lot depends on the triggering of programs by the Commonwealth, and whether the basis is for triggering changes. The advice from the Commonwealth is that it does not anticipate a greater rate of proposals than that which currently occurs. At the moment the joint commonwealth-state assessments run at about three per annum in Western Australia, and the expectation is that it would be about the same. The one significant change will be that it will be possible to get triggering of the commonwealth process to match the triggering of the state process, which will be an advantage. Often the commonwealth process has been triggered much later; often after the state process has been completed. The integration of the two systems will be an improvement.

Hon MARK NEVILL: Will state environmental law apply only to the extent that the Commonwealth chooses not to legislate?

Dr JENKINS: I do not think that would be a reasonable interpretation of the situation.

Hon MARK NEVILL: Nothing will stop the Commonwealth moving completely in on the role of the EPA and controlling what happens in environmental terms in this State?

Dr JENKINS: Not the way the Act is currently written. The triggering process is one of national environmental significance, and that is limited to a number of specific factors that are defined in the legislation. I expect that for most proposals it will be business as usual for the Western Australian environmental impact assessment process. Only about three assessments would be typically joint commonwealth-state assessments. Western Australia has about 800 referrals and about 50 formal assessments in a typical year and I would not see that changing.

Hon MARK NEVILL: I will read those comments back to you in five years' time.

Hon B.K. DONALDSON: Under the outcome on page 483 of "Management, conservation and enhancement of the environment" the figures in output 4, "Community Awareness", show an allocation during 1999-2000 for five community awareness programs at a cost of \$110 800 each for a total of \$554 000. In 2000-01 there will be two programs at a cost of \$188 000 each for a total of \$376 000. The major initiatives for 2000-01 refer to the development of programs to encourage individual contributions to reduce environmental effects. In 1999 the EPA released a draft environmental education strategy for Western Australia for public comment. What were the five programs during 1999-00 and what are the two programs proposed for this coming financial year?

[8.10 pm]

Dr JENKINS: This is a Department of Environmental Protection function rather than an EPA function. AirWatch is one of the major programs being run. That provides meteorological and air quality kits to secondary and primary schools.

Cycle 100 is another program under which we have been encouraging workplaces to sponsor people to cycle to work as an alternative to using their motor vehicles. TravelSmart Workplace is another program under which a broader range of behaviours are being considered to try to reduce the number of single occupant cars being driven to work. Earth Carers is another program under which we have been working with local government - I think Gosnells has been one of the major areas - to develop specific programs so that there will be ongoing community involvement to reduce local environmental impacts. There has also been National AirWatch. The AirWatch program was recognised nationally and is being funded by the Commonwealth to apply to schools outside of Western Australia. We have a contract with the Commonwealth to deliver that. I think something like 250 schools within Australia are now covered by AirWatch. As the member will note on page 484, the sponsorship for the AirWatch program ceases in 1999-2000, so it will revert to a state program. That is certainly one program that will be continued during the next year.

Hon B.K. DONALDSON: One of the major initiatives is to encourage individual contributions. That does not really mean financial contributions. It is more a case of the community becoming involved.

Dr JENKINS: They are behavioural change issues.

Hon B.K. DONALDSON: Yes, rather than individual contributions, which could be mistaken for financial contributions being collected.

Dr JENKINS: Yes.

Hon J.A. COWDELL: Under the air quality management plan, what is the position with suggested outputs for the next 12 months? Is there a proposal to review the Department of Conservation and Land Management's dieback report? What is the position concerning any final report on CALM's forest management plan? I thought they would be principal outcomes to which we would look in the next 12 months.

Dr JENKINS: The air quality management plan is certainly a function being undertaken by the department. The Environmental Protection Authority has a role in developing a statewide air quality environmental protection policy, which will provide the statutory basis for implementation of the standards consistent with the national environmental protection measure. That work is in progress at the moment through the EPA. The EPA is currently preparing a report on dieback matters. It will report to the minister on that. The minister made a request for the EPA to provide her with advice on that issue. The member would be aware that there has been a 10-year forest management plan, which I think will be completed in 2003. There will then need to be a new forest management plan which continues beyond 2003. When CALM has prepared that plan, which will follow on from the current plan that is in place, it will require environmental assessment by the EPA.

Hon J.A. COWDELL: I noticed in the annual report that particular attention was drawn to land clearing, certainly in terms of the greenhouse effect. Is there an identified impact of land clearing in Western Australia on greenhouse gas emissions; and if so, what is it?

Dr JENKINS: An assessment of land clearing has been undertaken, and that appears in the Western Australian component of the national greenhouse inventory. I could obtain details of that for the member. I do not have information with me at the moment that assessed the situation in 1990. I think the most recent information is for 1995. There is a degree of uncertainty about the method of calculation of that, but an estimate has been made. In the most recent EPA bulletin that deals with clearing, a specific assessment was made of the greenhouse implications of that particular parcel of clearing.

Hon J.A. COWDELL: What is the Environmental Protection Authority's role in the assessment of land-clearing applications? Is the EPA satisfied with the current process?

Dr JENKINS: A memorandum of understanding about land clearing between the various government agencies has been signed off by the EPA and the National Parks and Conservation Authority. The MOUs have different scales of reviews. An application is subject to an EPA assessment if it reaches level 4. A number of EPA assessments on land clearing have recently been released. The EPA is effectively the final level for dealing with land-clearing applications under the MOU process developed and agreed to by the agencies and the EPA.

Hon BARRY HOUSE: I would also be interested in a copy of the information to be made available to Hon John Cowdell.

Dr JENKINS: Is that the information on land clearing and greenhouse effects?

Hon BARRY HOUSE: Yes.

Hon J.A. COWDELL: It is a question on notice.

Hon MARK NEVILL: Does that information include the memorandum of understanding?

Dr JENKINS: They are two different components. The MOU deals with individual land-clearing proposals, whereas the question was about land clearing in Western Australia and its contribution to greenhouse gas emissions. That information is an aggregate of emissions across Western Australia, calculated on the difference between the rate of clearing in 1990 and the rate of clearing in 1995. One is a statewide document and the other is proposal specific. They are not necessarily related.

Hon KIM CHANCE: What is the legal status of the memorandum of understanding?

Dr JENKINS: The MOU is an agreement that has been signed off by department heads and the Chairman of the EPA. It is based on administrative arrangements agreed to by the agencies.

Hon KIM CHANCE: Does it have no legal status?

Dr JENKINS: It has the status of an agreement between the departments.

Hon KIM CHANCE: Could the committee be provided with a copy of the MOU?

Dr JENKINS: It is a public document and has been in the public arena for some time. I am happy to provide a copy if the member has not seen one.

Hon GIZ WATSON: Page 490 of the *Budget Statements* states that the Kalgoorlie environmental protection policy has been reviewed and a strategy has been developed for achieving the national environmental protection measure standards for sulfur dioxide emissions. Will Kalgoorlie now have the same standards as Kwinana?

Dr JENKINS: The sulfur dioxide standards in the 1992 Kwinana environmental protection policy are framed slightly differently from the national environmental protection measure. Likewise, the existing Kalgoorlie environmental protection policy has slightly looser standards than that for Kwinana, and they have been progressively increased to meet the NEPM standards. The goal is for the proposed Kalgoorlie EPP to achieve the NEPM standards. If the characteristics of the Kwinana and the NEPM strategies were compared, the Kwinana strategies would be marginally more stringent, even though the number appears higher as it relates to the number of times emission levels were exceeded. Because there is a sophisticated process of going through a redetermination of the licence conditions, the EPA believes it would stay with the current Kwinana EPP standards. However, with Kalgoorlie, because that deals with individual emissions and achievement of ambient concentrations rather than cumulative emissions, it would change to the national standard. There is a progressive reduction to that national standard that has been put out as the proposed EPP for Kalgoorlie.

[8.20 pm]

Hon GIZ WATSON: Would there be a phased-in time frame to achieve the NEPM?

Dr JENKINS: Yes.

Hon GIZ WATSON: Would that result in a reduced SO₂ level ?

Dr JENKINS: That is right.

Hon GIZ WATSON: Over what period of time?

Dr JENKINS: The national environmental protection measure has until 2008 to run. The period the EPA proposed was 2003. I can confirm that date.

Hon GIZ WATSON: Page 478 of the *Budget Statements* refers to the greenhouse strategy. Is the EPA considering a document produced by the CSIRO on the impact of climate change in the south west? Is that document likely to be released; and, if so, when?

Dr JENKINS: That document is publicly available. The document is not being considered by the EPA because it was prepared for the WA Greenhouse Council. The document is being reviewed by the WA Greenhouse Council. The member would be aware from the cabinet decision that there is a climate change technical panel. The document has been referred to that panel.

Hon BARRY HOUSE: It is obvious, even in this forum, that the boundaries between the EPA and the DEP are slightly

blurred. Even in this forum there is a lack of full understanding of the responsibilities of both the DEP and the EPA. Is there a document held between the two agencies that clearly sets out what the responsibilities and boundaries are?

Dr JENKINS: There is a document which sets out the relative responsibilities of the minister, the EPA and the department. Clearly, the document we all refer to as the basis for who is responsible for what is the Environmental Protection Act. That clearly states whether it is the minister's responsibility, the EPA's responsibility or the CEOs' responsibility.

Hon J.A. COWDELL: Does the EPA keep a record of board attendance; and, if so, could we have a copy?

Dr JENKINS: The EPA records its board attendance in its minutes. It would not be a problem to provide that.

Hon M.D. NIXON: My question relates to page 494 of the *Budget Statements*. Under the subheading "Quantity, Referrals Received - Levels of Assessment Determined" in the column headed "Reason for Significant Variation" it mentions the development of memoranda of understanding. Is this the clearing MOU?

Dr JENKINS: No. This is a range of MOUs with other agencies.

Hon M.D. NIXON: Does it include, but not exclusively, the clearing?

Dr JENKINS: That is right. The EPA is trying to get a better understanding by other agencies of what proposals could trigger formal assessment under section 38. If there is a focus on proposals that are more likely to be assessed, it clearly reduces the workload without compromising environmental protection within the State.

Hon M.D. NIXON: Would somebody who had a clearing application have referral to the minister for determination as final resort?

Dr JENKINS: As the member would be aware, under the Environmental Protection Act, the EPA provides advice to the minister; the decision making is made by the minister. That is for all proposals.

Hon M.D. NIXON: Would the EPA already have made a declaration before the person appealed to the minister? Would the EPA have already knocked back the application before the right of appeal?

Dr JENKINS: The EPA, under the process that is set out under part 4 of the Act, provides its advice to the minister in a public way. That is advertised in the Press and is available in the DEP's library and is publicly accessible. People have the ability to appeal the EPA's report. Those appeals go to the minister. All the EPA's decisions are appealable.

Division 67: Office of the Information Commissioner, \$1 224 000 -

Hon Ljiljana Ravlich, Chairman.

Hon Peter Foss, Minister for Justice.

Ms B. Keighley-Gerardy, Information Commissioner.

The CHAIRMAN: On behalf of the committee, I welcome you to today's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. Members are asked to sit at the front of the Chamber so that witnesses will not have to turn their head when answering questions. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to your advisers. May I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard, I ask the minister to introduce his adviser to the committee, and for the adviser to please state her full name, contact address and the capacity in which she appears before the committee.

At this time, I ask the witness whether she has read, understood and completed the "Information for Witnesses" form.

Ms KEIGHLEY-GERARDY: Yes.

The CHAIRMAN: Does the witness fully understand the meaning and effect of the provisions of that document?

Ms KEIGHLEY-GERARDY: Yes.

Hon PETER FOSS: Ms Keighley-Gerardy is not an adviser. As the Information Commissioner, she is an independent officer who reports directly to Parliament. I am the minister responsible for the Freedom of Information Act, but she is not advising me; she is here in her own right.

I draw attention to a typographical error on page 726 of volume 2 of the *Budget Statements*. Paragraph (a) refers to nine FTEs employed during 1999-2000; it should read four FTEs. Where it refers to estimated nine for the 2000-01 budget, it too should be four FTEs. The information was sent with the correct figures, but somehow during the printing, the 4 was transformed into a 9 in each case.

[8.30 pm]

Hon KIM CHANCE: Page 727 of the *Budget Statements* refers to user charges and fees. I recognise that this is a relatively small item, but can you describe the nature of the user charges and fees that make up that figure? I ask that because it flows to my next question.

Ms KEIGHLEY-GERARDY: The user charges and fees line item does not apply to charges for my services. They are the charges that my office pays to other agencies; for example, we have a notional fee for the services provided by the Auditor General and also by the Ministry of Justice, which provides corporate services to us.

Hon KIM CHANCE: However, they are shown as operating revenues. Note (b) on page 727 refers to those charges under the operating revenues.

Ms KEIGHLEY-GERARDY: That applies to the services that I have just mentioned. It is the resources that we receive from other agencies, which is the corporate services provided by the Ministry of Justice and the notional fee that we pay the Auditor General for auditing our accounts.

Hon KIM CHANCE: Can you point to the sources of your income, because that seems to show a source of revenue other than the appropriations?

Ms KEIGHLEY-GERARDY: We do not have any revenue. Some of our decisions are sold on disk. If people supply a disk, we will supply a copy of the decision at a notional charge. That is the only revenue that comes into our office. No other charge is made to members of the public for our services.

Hon KIM CHANCE: I now turn to page 729 under "Cashflows from operating activities". Under "Payments" there is a goods and services tax line item and under "Receipts" there are the input credits for the GST payments. The figure on both line items is \$22 000 for all the forward estimates. What services create a need for incurring a goods and services tax?

Hon PETER FOSS: I believe the Office of the Information Commissioner will have to pay that amount in goods and services tax, which will be refunded by government.

Hon KIM CHANCE: Will that payment be made on consumables?

Ms KEIGHLEY-GERARDY: It would be likely to be those kinds of things. I can provide specific details of that as supplementary information.

Hon KIM CHANCE: Has there been an adjustment of your appropriations which have been identified as intending to reflect a reduction in your costs due to the new tax regime?

Ms KEIGHLEY-GERARDY: Not that I am aware of.

The CHAIRMAN: I refer to page 722 of the budget papers. The first dot point under significant issues and trends states -

Applications under the Freedom of Information Act reflect a continual high interest by the public in exercising their rights to apply for documents when they consider it necessary.

Where has the growth in the work of your office occurred? Has it been in people applying for personal information or in the area of government work associated with accessing information about government activities?

Ms KEIGHLEY-GERARDY: Firstly, applicants apply to agencies for access and my office comes into play only at the external review stage when they are unhappy with the decision that has been made on access. They have generally been denied access to documents or have another complaint about the way agencies have handled their application. In other jurisdictions, freedom of information applications tend to be high in number when legislation is first enacted and then tend to level off and remain reasonably level and we have found exactly the same has occurred in Western Australia. There was an increase in complaints to my office this year involving access to non-personal information. I cannot account for that other than to say it is one of those cycles that people go through. However, most applications across all agencies in the public sector are generally for personal information and that is true in all jurisdictions.

The CHAIRMAN: Related to that, do you have a percentage figure, for example, of the increase in external reviews in the past 12 months?

Ms KEIGHLEY-GERARDY: I have some figures. Up to today, my office has received 263 complaints or applications and we have resolved 264. That does not mean we have handled more than we have received as there is a carryover from the past financial year.

[8.40 pm]

The CHAIRMAN: In terms of external reviews of government agencies, over the past two years has there been a growth in the number of applicants seeking external review in relation to information which may be declared commercially confidential by government agencies?

Ms KEIGHLEY-GERARDY: I can only talk about matters that come to my office on complaint because until I get the final figures from the agencies for the end of the financial year I will not know what exemptions have been used to deny access. If I had that information I could answer the question more succinctly. Of complaints that come to my office, there

have been a number recently where access has been denied on the grounds of - for the want of a better term - commercial confidentiality.

The CHAIRMAN: Section 5(1)(b) of the Act deals with the potential for another party to take legal action against a government agency or any person who is party to a contract. Do you think that there has been an increase in the use of that provision as well as that of section 8 by some government agencies in order to withhold information?

Ms KEIGHLEY-GERARDY: Section 5(1)(b) is part of the law enforcement exemption provisions, and it exempts a matter if its disclosure could reasonably be expected to reveal the investigation of a contravention or possible contravention of the law, whether or not any prosecution or disciplinary proceedings have resulted. As a result of a Supreme Court decision involving the interpretation of that provision, it applies to a wide range of documents that extend far beyond mere law enforcement documents. It would be fair to say that a number of complaints have come to my office - once again I cannot at this point quantify the number - because people have been unhappy with an agency's use of that provision in circumstances that certainly have not involved law enforcement investigation of the kind that I think should be exempt, but have involved a range of other investigations under a range of other laws, including more regulatory laws. As the provision contains no public interest test, I have had to uphold the agencies' decisions on those complaints. I think it is fair to say that the provisions in the Act which allow an agency the discretion to disclose documents that may be technically exempt, when there would be no harm by disclosure, are not always used by agencies in circumstances that I think they should and could. During the external review stage, my staff and I will often try to persuade an agency that there would be no harm in the disclosure of a document that might technically be exempt. On some occasions we have been able to persuade agencies. It also provides a ready means for agencies to just apply the strict legal interpretation and thereby it is exempt.

The CHAIRMAN: Do you find that your hands are tied by the current legislation because legally the agencies can take a hard line and you have to uphold its stance because the Act requires you to do so?

Ms KEIGHLEY-GERARDY: I find that with any of the exemptions that do not have a public interest test or any exemptions that have been interpreted by the courts in a particular way, I am bound to apply the law, and that is the law that I must apply.

Hon MARK NEVILL: I notice from your annual report that your office dealt with a complaint involving the Carnarvon Aboriginal Medical Service. How does that come under your jurisdiction?

Ms KEIGHLEY-GERARDY: If I dealt with it it was because it was an agency under the Act.

Hon Mark Nevill: Incorporated under state incorporations legislation.

Ms KEIGHLEY-GERARDY: I cannot recall off the top of my head the grounds on which it was an agency, but I can only deal with matters that involve an agency. If that was the issue that was determined, it would have been on the basis that it was incorporated and receiving some kind of government funding.

Hon MARK NEVILL: I notice that there are no complaints listed dealing with King Edward Memorial Hospital. Does that come under one of the northern health services?

Ms KEIGHLEY-GERARDY: No, it is an agency in its own right.

Hon MARK NEVILL: There are complaints against lots of other hospitals but none against King Edward Memorial Hospital.

Ms KEIGHLEY-GERARDY: I have found that King Edward Memorial Hospital and Princess Margaret Hospital are two hospitals that tend to have a very open approach to giving access to their records and that has resulted in no complaints to my office.

Hon KIM CHANCE: Successive annual reports have indicated a need for some limitation to apply to the matters which might be deemed to be exempt. The only changes - I do not make a judgment here - that I have seen have increased the range of exemptions. Is that a fair comment; in practice does the commissioner find that to be a fact?

Ms KEIGHLEY-GERARDY: Yes, the only changes made have increased the range of exempt matters.

Hon KIM CHANCE: I ask that question as I have noticed some difficulty in obtaining information from bodies which serve a public purpose that no-one would want to keep secret. I have great difficulty in getting information from these organisations when a wide range of exemptions are applied. In one case, seven exemptions applied to no more than the minutes of a meeting. I find it to be a very frustrating process.

Ms KEIGHLEY-GERARDY: I find it frustrating at times as well.

Hon KIM CHANCE: I do not have a point beyond that comment - I just wanted to ensure I was not the only one who felt that way.

Ms KEIGHLEY-GERARDY: By way of comment - although I am aware that the committee asked for limited personal observation - nothing stops an agency from applying any number of exemptions. Some exemptions overlap. If an agency is not sure which exemption to apply, it may apply three or four exemptions to cover the field. My problem is not with agencies specifically doing that, but if an agency at the last minute changes its mind and invokes a new exemption on a matter which comes before me on complaint; therefore, the principles of administrative law require me to put the new

claims to an agency, which has the effect of extending the time it takes for my office to deal with the complaint. Also, it can be an effective delaying tactic.

Hon KIM CHANCE: Very!

The CHAIRMAN: How does the commissioner believe the problem could be remedied?

Ms KEIGHLEY-GERARDY: Mainly policy questions need to be considered which go to the crux of an access law. Some interesting provisions apply in other jurisdictions I have looked at recently. An example is the Administrative Appeals Tribunal in Victoria, which performs the external review role I perform, but in a more legal concept; however, parties can change the grounds for exemption only by agreement once a matter is listed before the tribunal. That would be one way of doing it. A more effective way of proceeding would be to look at the need for so many categories of exemptions. Perhaps we could apply a completely different test based on harm, rather than identifying specific heads of public interest. If that were to be the case, one would not need to change one's mind at the last minute about which exemption applies. One would only explain the harm in disclosure, which in itself would identify a public interest.

Hon PETER FOSS: I do not agree with the former idea for a number of reasons. First, it would require people to take much more detailed legal advice before raising an objection, which would be wrong. The important thing is to get the right decision, not to have it decided on a technicality. Anyone who has had dealings with the income tax office knows that one cannot change the grounds of objection, which can lead to some unreasonable circumstances. The second option is a better policy than the first one.

[8.50 pm]

Ms KEIGHLEY-GERARDY: I agree with the minister's comment; it would force agencies into a much more legal approach and I do not think that is what Parliament intended for freedom of information. That provision is peculiar to the legal system in which it operates.

Hon MARK NEVILL: In the federal arena, few FOI applications are made against the Aboriginal and Torres Strait Islander Commission as, unfortunately, people do not know their rights. Are any state government departments screened from the FOI Act by some factors - for example, the Ministry of Justice?

Ms KEIGHLEY-GERARDY: I cannot think of any departments off the top of my head. Most government agencies are covered. The definition of an agency in the FOI Act is quite broad. It covers a range of smaller bodies that perhaps people might think are not covered, but are.

Hon PETER FOSS: The point Hon Mark Nevill has raised is that the FOI Act applies to government bodies, but because of lack of knowledge on the part of their clients people do not seek information under the FOI Act. The Health Department and the Ministry of Justice receive a huge number of FOI applications, but I suspect other departments should be asked, but are not.

Hon MARK NEVILL: ATSIC gets very few applications.

Ms KEIGHLEY-GERARDY: I cannot think of any off the top of my head.

The CHAIRMAN: Have government trading enterprises been given an exemption from the FOI Act in a formal or informal sense?

Ms KEIGHLEY-GERARDY: The only agencies that are exempt are those in schedule 2.

Hon MURIEL PATTERSON: Who determines commercial confidentiality? Is that your decision or that of the business associated with the product?

Ms KEIGHLEY-GERARDY: A provision in the FOI Act deals with an exemption for a matter that would be a breach of confidence for which a legal remedy is available. For example, that exemption covers confidentiality clauses in contracts. The Act describes the scope of the exemption and if it comes to me on complaint I merely apply the law to the facts, the documents and the circumstances before me.

Hon MURIEL PATTERSON: Following on from the question asked by Hon Mark Nevill, I notice that the Health Department and the Police Service are two areas that receive a large number of inquiries from people seeking their personal records. Why are those records not made available by hospitals in particular?

Ms KEIGHLEY-GERARDY: Many hospitals make records available. Princess Margaret Hospital for Children and King Edward Memorial Hospital for Women over the years have put policies and procedures in place to allow people access outside of the FOI Act. However, some provisions in the FOI Act provide some degree of protection for disclosures, and agencies prefer to make access to records available through the FOI Act provisions in order to avail themselves of the limited protection against things like defamation, inadvertent disclosure and that type of thing.

Hon M.D. NIXON: Skimming through the commission's annual report I was surprised at the relatively few FOI applications made to Family and Children's Services and the massive increase in the number of applications made in the past 12 months. In 1998 there were just over 30 applications, which would appear to be very low, which increased to 70 in 1999. Do you have any explanation for why the number of requests to that department is so small and why there has been a dramatic increase?

Ms KEIGHLEY-GERARDY: To my knowledge, it has developed procedures in conjunction with, I think, the Aboriginal

Affairs Department, for example, to make many personal records involving the old Native Welfare Department available outside the Freedom of Information Act. Therefore, those kinds of initiatives in agencies tend to reduce the number of applications. We always encourage those kinds of developments.

The CHAIRMAN: The third dot point on page 722 of the *Budget Statements* refers to informal processes of dispute resolution achieving a high level of conciliation of complaints without the need for a formal determination. I use the FOI process quite a lot. One of the limitations is that once a preliminary determination has been made, it is almost a pointless exercise in some cases to then get the final determination. Once again, there is a problem with process and the Act. How much of a problem has the commissioner recognised this to be?

Ms KEIGHLEY-GERARDY: Does the Chairman mean the informal processes in my office?

The CHAIRMAN: Yes, and the role the Office of the Information Commissioner plays as a go-between for the agency, the applicant and the office.

Ms KEIGHLEY-GERARDY: It would be fair to say that one thing FOI has taught me over the last six years is that most agencies tend to deal with applicants at arm's length, and there really is not a good dialogue and communication between them. When complaints come to my office, one of the things that we do right from the beginning is to talk to the applicants and invite them into our office for a cup of tea if necessary to ascertain exactly what they are looking for. That is because in many cases an FOI application is a symptom of a problem that an applicant has with a particular agency, and it is usually an ongoing and longstanding concern. FOI sometimes will not solve those kinds of problems, because even obtaining access to documents will not always give people the answers they want. Therefore, we try to help them achieve the resolution of their problem in some other way. That is what our informal processes are. When that cannot achieve a resolution of a complaint, and the complaint is still before me and involves a particular document or documents to which access has been denied, I have no choice but to determine that complaint by a decision. Before I do that, I give the parties, set out in letter form, detailed reasons for my view of the complaint so that they know the facts I have before me and the grounds on which I am basing my decision, and they have an opportunity at that stage to reconsider their stance. If the complainant does not withdraw, or if the agency does not change its position on access, once again I must go to a formal determination. However, in some cases, when no new principle about which I should advise the public is involved, I will do that by an informal letter between the parties and publish it only as a note.

Hon MARK NEVILL: Under table 11 in the annual report, "Requests received by agencies", there are 131 requests for Princess Margaret Hospital for Children, yet none for King Edward Memorial Hospital for Women. I find that extremely unusual.

Ms KEIGHLEY-GERARDY: Those are the figures that agencies give me. If they receive no applications because they have other processes in place to give people access, that would be the only explanation for it.

Hon MARK NEVILL: It seems very odd.

Ms KEIGHLEY-GERARDY: I do not have an answer to it, other than to say that I am not surprised. Many agencies do not receive any applications at all.

Hon BARRY HOUSE: I notice that the four public universities are cited in the annual report as having some FOI applications. They are clearly regarded by the Office of the Information Commissioner as agencies. Has the commissioner met any resistance to that from the universities? How has that been generally accepted?

[9.00 pm]

Ms KEIGHLEY-GERARDY: I regard the universities as agencies because the Freedom of Information Act defines them as such. I have not met any resistance.

The CHAIRMAN: I understand that it takes 44 days to finalise each complaint and conduct an external review. Therefore, an FOI application that ends up in the Office of the Information Commissioner will have taken at least 104 days to get there; that is, 45 days for the initial application, 15 days for the internal review and 44 days for the external review to be finalised. That is a substantial length of time. Are you concerned that government agencies and your office do not have the necessary resources to allow documents to be obtained promptly, as required by the Act? Are you concerned about the length of time that the process takes?

Ms KEIGHLEY-GERARDY: The time it takes to obtain access to documents under the Freedom of Information Act will always be a problem. In Western Australia, the initial processing of the application takes 45 calendar days, which is less than seven working weeks. That is probably a bit long after six years of operation; however, it is probably not long enough for those dealing with large applications. The time the Office of the Information Commissioner takes to review an application varies, although the average is 44 days. Some applications will take one or two days and others six to nine months, depending on the number of documents involved. The number of days is only an average and does not reflect the amount of work involved. I have no complaints about the resources my office is given. The Government has properly resourced it from day one. Most agencies are managing with the resources they are given.

The CHAIRMAN: Page 725 of the *Budget Statements* outlines two major initiatives. The first one states -

Emphasis on alternative dispute resolution techniques and timeliness of finalisation will continue within legislative and procedural requirements.

Will there be no legislative changes to freedom of information? The second initiative states -

Publication of some decisions in note or summary form will assist in dealing with increased numbers of complaints.

That appears to be an efficiency measure to reduce the workload. If your office is properly resourced, why is there a need for alternative shortcut measures?

Hon PETER FOSS: Madame Chair should pay attention to the warning she gave to members about general observations and statements of opinion.

The CHAIRMAN: I will ignore that remark.

Ms KEIGHLEY-GERARDY: I am always looking for ways to make the Office of the Information Commissioner more efficient. It is important to do that, or I would have to ask for more resources. Dealing with some matters and closing them off in note or summary form is not a shortcut measure. The initiative complies with the legal requirements of the Act and does justice to the parties. If the application raises no new matters of principle, about which I am obliged to inform the public at large, then it is not necessary to write pages of reasons why a document is exempt under section 5(1)(b) or section 8(1) or under the personal information provisions of the Act. Those reasons have been outlined in a number of my decisions over the past six years. It becomes a pointless exercise to keep saying the same thing over and over again. That is one reason why I have moved towards a more efficient way of finalising the complaints in my office. The emphasis on alternative disputes is the informal process we go through, as I have explained, to try to achieve some type of satisfaction for a party who clearly has a dispute with an agency that cannot always be resolved by freedom of information. FOI is being used as a tool to try to get some justice.

I will give members an example of a procedure that I use quite often when I am talking to people about the kind of work my staff do. We received a complaint from a lady who was seeking access to the post-mortem report on her daughter. The post-mortem report was claimed to be exempt because it contained personal information about her daughter; that is, another person. It was clearly within the exemption provisions of clause 3. There was a dispute between the daughter's husband and his mother-in-law. He would not give permission for his mother-in-law to have access to the document. I do not know whether members have ever read a post-mortem report, but they are very difficult to understand at the best of times. A member of my staff who was handling the complaint spoke to the woman and asked her what she was looking for in the document. She explained that she had never been told why her daughter died or what she was treated for in hospital. Because she had other children, she was concerned that maybe she had something that was hereditary. When we found out the reason that she was seeking access to the document, we were able to go to the doctor who treated her daughter and he wrote her a letter in plain English explaining what her daughter had been treated for, what she had died from and that it was not hereditary. That resolved the complaint. FOI would not have resolved that complaint. Giving her access to the post-mortem report would not have helped her in any way, shape or form. That is the kind of alternative procedures that we are looking for. Cases are not always that simple; however, there are sometimes other ways of helping people with their concerns.

Hon MARK NEVILL: Under the FOI Act, are departments and agencies required to draw up information plans?

Ms KEIGHLEY-GERARDY: Information statements.

Hon MARK NEVILL: Are all those information statements adequate, and have they been updated since those earlier years? Is that information available on web sites? In their annual reports and on their web sites, do departments advise people that FOI is available?

Ms KEIGHLEY-GERARDY: The Act requires them to submit an information statement every year. Mostly, if there are no changes, they will advise my office and the ones I already have on file are sufficient compliance with those obligations. All agencies have prepared information statements. Copies of current information statements are available from my office. I keep them all on file. They have different uses in agencies, and to some extent it is a lot of unnecessary work that agencies have to go through. A lot of the information in statements is already in the agencies' annual reports.

Hon MARK NEVILL: Are they largely a waste of time?

Ms KEIGHLEY-GERARDY: They are a good learning exercise for agencies to let their own staff know about their record holding, their policies and their procedures. Once it is done once I do not think they need to keep doing it again and again. The structure of agencies, which is another thing they must report on, as I said, is in their annual reports, and sometimes those structures are changing anyway.

Hon MURIEL PATTERSON: How is the cost structure formed for complaints or information?

[9.10 pm]

Ms KEIGHLEY-GERARDY: Applications for personal information are free. Applications for non-personal information require an application fee of \$30. Agencies may charge a fee of \$30 an hour for dealing with applications. Photocopies are 20¢ a page. If, for example, someone requires a copy of a record, a tape recording or a film, the person must pay the actual cost of reproduction. I have not had too many applications or complaints involving documents other than paper documents.

The CHAIRMAN: Are you concerned that some agencies have no idea about how to apply costs to an FOI application and, therefore, in some cases they include as costs the number of hours it takes an officer to search for information and the number of times certain officers meet? Unusual internal costings are often in the order of \$1 000 to \$2 000.

Ms KEIGHLEY-GERARDY: Overall, I have received very few complaints about charges. That is because most agencies are responsible for what they charge for and the charges they apply. Charges can be and are sometimes waived or reduced. However, there are always glitches in the system whereby agencies make mistakes or try to charge for things for which it is not appropriate for them to charge.

Hon PETER FOSS: I think the secret is for the agencies to seek to ensure that the breadth of the inquiry is narrowed. One of the obligations under the Act is for agencies to seek a narrowing of requests.

That will frequently overcome that problem, because many people phrase a very broad request that could take in 20 000 documents which costs a lot of money. That is not in anyone's interests. If the parties can get together and narrow the area of search, costs can be much more reasonable.

I refer to a question asked by Hon Kim Chance about amendments to the Act. Sometimes other arrangements impinge on the FOI Act. The understanding between the commissioner and me, for which I have cabinet approval, is that if anyone wishes to do anything that impinges on the Act, I must be consulted before a cabinet minute is put forward. I then refer it to the commissioner.

Any relevant change in the law is made to the FOI Act so that people get the full information from the Act. Changes have been made to widen the Act because various state agreements have been passed and caused an impact.

I observe that rule and we try to keep the FOI Act as the bible of the FOI, so it is not necessary to refer to any other Act.

Hon MARK NEVILL: It means we do not need exemptions in other Acts.

Hon PETER FOSS: That is right. The other Act might refer to it, but the exemption is granted under the FOI Act. That is a good principle of policy. Although the commissioner does not always agree when we include exemptions, at least we agree on how they should go in.

Ms KEIGHLEY-GERARDY: I think I have agreed with all the ones that have gone in so far.

The CHAIRMAN: Will any amendments be made to the FOI Act, particularly those dealing with the exemptions?

Hon PETER FOSS: None is coming through this year, but some amendments, which have arisen out of the review, are being drafted. I do not see them getting up this year.

The CHAIRMAN: I take it the minister recognises the need for some amendments to tighten up the Act.

Hon PETER FOSS: The Chairman is using emotional language again. Some matters arose from the review that the Government has acknowledged could prompt some amendment. That has gone for drafting and in due course will come through the legislative process.

Hon MARK NEVILL: Who conducted the review of the Freedom of Information Act?

Hon PETER FOSS: Peter Richards, the Commissioner of the Office of State Corporate Affairs.

The CHAIRMAN: From memory, I think there were only one or two recommendations from that review.

Hon PETER FOSS: I cannot remember the number. It was more than one or two, but they may have been of a kind; in other words, through various parts. I cannot remember what they were. They were reasonably technical in nature and I tabled them in Parliament.

Committee adjourned at 9.16 pm
