

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Division 61: Local Government, \$20 991 000 —

Mr J.M. Francis, Chairman.

Mr G.M. Castrilli, Minister for Local Government.

Ms J. Mathews, Director General.

Mr G. Brennan, Chief of Staff, Office of the Minister for Local Government.

Mr L. Nagy, Manager, Financial Services.

Ms M. Osman, Executive Director, Office of Multicultural Interests.

Ms S. Siekierka, Principal Policy Adviser, Office of the Minister for Local Government.

Mr B.P. Jolly, Executive Director, Governance and Legislation.

Mr A.G. Shaw, Executive Director, Strategic Business Management.

Dr C. Berry, Acting Executive Director, Strategic Policy and Local Government Reform.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

Mr P. PAPALIA: I refer to the dot point on page 745 of the *Budget Statements* that concerns the state investing \$1.5 million over each of the next two years. It regards significant issues impacting the agency and money allocated over the next two years to assist with structural reform within the Perth metropolitan area. Would the minister be able to indicate which councils will receive that money and what amounts each of those councils will receive?

Mr G.M. CASTRILLI: No, I cannot at this stage, because the amount of \$1.5 million per year over the next two years will broadly assist with some structural reform in the metropolitan area and generally assist with research, community consultation, community engagement and related activities that will assist with meaningful structural reform of the metropolitan area. That is broad as it is now. Obviously the details and how it goes is a subject for cabinet to decide and endorse.

Mr P. PAPALIA: The minister is already engaged in processes with some metropolitan councils. Under this dot point can the minister indicate which local governments they are, how they are going and how that is progressing?

Mr G.M. CASTRILLI: At the moment we are engaged with the Cities of Subiaco and Nedlands, which have formed a regional transition group. That is a separate process to what I have just indicated in answer to the

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

question the member has asked of me now. Subiaco and Nedlands have already engaged in an RTG. Those councils were already part of the reform process that I have entered into. That is totally separate from the \$1.5 million per year for the next two years.

Mr A.J. SIMPSON: My question refers to page 743 and the line items under “Major Spending Changes” and it relates to local government reform. How much has been invested into local government reform programs to support voluntary amalgamations sourced from royalties for regions in the past 12 months? What have those funds assisted with?

Mr G.M. CASTRILLI: Over the past 12 months royalties for regions projects have contributed \$2.4 million out of a total \$4 million. That is allocated to the voluntary amalgamation of eight local governments to form three new entities. Those local governments include the City of Geraldton–Greenough and the Shire of Mullewa to form the City of Greater Geraldton, which will be formed from 1 July this year. The Shires of Westonia and Yilgarn will also form a new entity. There was a proposed merger of the Shires of Morawa, Perenjori, Three Springs and Mingenew, but, as the member might be aware, that was terminated because of the poll results in Perenjori. That happened on 16 April 2011.

To date, \$245 000 out of the \$2.4 million has been released. The remaining portion is due to be released prior to the end of this financial year. The funding provided to the local governments pursuing those amalgamations has been structured in a manner that accounts for the possible amalgamations. In the event of a poll coming through, it will proceed. However, it also ensures that the money has been allocated responsibly and has been appropriately spent in those areas for the ongoing benefit of local councils. In case it should not proceed, obviously the money that has been spent will be to the benefit of those councils anyway. It is something that they can enjoy for their communities and get more efficient and better processes going. That is how it is structured. In case it does not proceed, that money is not lost.

Mr P. PAPALIA: In the group of councils in which Perenjori voted not to participate, exactly what was the money spent on? When the minister says it is of benefit to the councils involved, what is the benefit?

Mr G.M. CASTRILLI: It was on amalgamation pre-planning, including community consultation, employee consultation, staffing and elected member training, regional business planning, reviews of rating, financial management and human resources. The shires certainly would have looked at their current operations and how to better structure their current operations. That money would have been to the benefit of those communities.

Mr P. PAPALIA: How much of the money expended was spent on that particular process, which has now been made defunct?

[7.10 pm]

Mr G.M. CASTRILLI: I am advised that it was \$550 000 for the Three Springs group.

Mr P. PAPALIA: What is happening with that group now? What is the next step?

Mr G.M. CASTRILLI: Perenjori has pulled out, but the shires of Three Springs, Morawa and Mingenew are determined to proceed. I understand they are meeting together shortly. They are coming back to me. They want to proceed, but whether the three of them proceed together or in what configuration it will be and whether it will be inclusive or expanded is something they are working out right now. They are adamant that they want to proceed because they see enormous benefits to the community. One of the things that pre-business planning identified was the enormous benefit to the community, which is probably why they are proceeding. The member might know that the communities of Three Springs, Mingenew and Morawa did not ask for a poll—only Perenjori asked for a poll. Those three communities are reassessing where they are going, and they certainly want to proceed with local government reform.

Ms J.M. FREEMAN: I refer the minister to page 743 of the *Budget Statements* and the items for appropriations, expenses and cash assets.

Mr G.M. CASTRILLI: What line is the member talking about?

Ms J.M. FREEMAN: I refer to “Delivery of services” and total appropriations. Can the minister outline what percentage of local government contracts of service have been awarded to Western Australian companies?

Mr G.M. CASTRILLI: I do not have that exact figure with me, but some consultants have been engaged on the reform agenda in template development for asset management, financial management and integrated strategic planning. Also, CAMM Solutions has been involved in preparing templates for the 22 councils engaged with Indigenous communities in the north involved with the Council of Australian Governments’ Closing the Gap agreement. The state and federal governments have an agreement by which local government service delivery will be the responsibility of the state government on 1 July 2012 at this stage. The templates for scoping works

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

need to be done for that. I cannot give the member the exact date, but I can provide that as supplementary information.

I will provide the member for Nollamara with supplementary information on how much money or percentage of moneys we have paid to consultants and local Western Australian companies.

The CHAIRMAN: The minister has agreed to provide that information and I am happy with the explanation of exactly what the minister will provide.

[Supplementary Information No B32.]

Ms J.M. FREEMAN: I have a further question on the same item. From liaising and consulting with local government agencies throughout the reforms and the general consultation process, is the department aware of how many contracts are awarded in local government to Western Australian companies? Is that something the department has discussed?

Mr G.M. CASTRILLI: We are not aware of that because every local government is an autonomous body. I suspect that a better place to find that information is the Western Australian Local Government Association, which is the peak body for local governments. WALGA acts on behalf of local governments and has preferred suppliers that local governments tap into with private companies. I would not be able to give the member that information.

Mr P.T. MILES: My question relates to “Outcomes, services and key performance information” on page 744 of budget paper No 2 and refers to building the strategic capabilities of local government. Can the minister explain the activities that have taken place to achieve that please?

Mr G.M. CASTRILLI: It is quite extensive because the objectives of local government reform are to secure fewer, stronger and more regionally focussed local governments that are sustainable in the long term. To be able to do that, one of the key planks is to lift the capacity of local governments. Of course, they need to strategically plan for the future. Successive reports have indicated that local governments can do much better in that regard. In 2010, our local government steering committee reported that the majority of local governments in the state do not have strategic community plans, effective asset management plans or long-term financial plans. The local government department has been working closely with the sector to develop those resources and to adopt that integrated approach to strategic planning. We have produced integrated frameworks, such as those that I have with me here, to assist local governments in doing that. There is a corporate business plan that needs to be supported by specific resourcing plans, including asset management plans, long-term financial management plans and human resources. Those frameworks will assist local governments. For asset management planning, we have asked them to look at the whole-of-life costing of a project. The easiest thing to do is to build something, but as the member for Wanneroo might remember from his days in local government, it is the ongoing maintenance that gets you in the end. The Department of Local Government is working very closely with Local Government Managers Australia to conduct master classes on integrated planning. They are doing that, and they will be taking them to the local government sector. The other thing that I am doing concerns amendments to the Local Government Act, which are being planned and which will ensure that local governments have to prepare strategic community plans and corporate business planning. They will also be encouraged to reduce the number of councils from a minimum of six to a maximum of nine, because I want them to focus on macro issues rather than the day-to-day operations of local government. The member for Warnbro was at the launch of the City of Rockingham’s integrated plan on 12 May. I think they did a very good job. It is very good plan which will take their community into the future. It is essential, regardless of the size of local government—whether they are big or small—to have these plans in place for the sake of their communities into the future.

Mr P. PAPALIA: How many of the state’s councils have integrated framework plans like Rockingham? Beyond that, how many have asset management and strategic plans that may not necessarily comply with their integrated framework?

Mr G.M. CASTRILLI: I do not have the exact figure with me, but from memory about 82 per cent of local governments in Western Australia do not have, or have very little, integrated planning.

Mr P. PAPALIA: That was in 2010.

Mr G.M. CASTRILLI: I am talking about now.

Mr P. PAPALIA: Does the minister know whether that has changed at all?

Mr G.M. CASTRILLI: I am talking about this current year. From 2009, when we got checklists in for local governments, to now, when we developed those templates, if you like, to assist local government, on average

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

around 81 or 82 per cent of local governments in Western Australia had very little or no integrated strategic planning linked to their asset management or financial planning on a 10-year horizon.

[7.20 pm]

Mr P. PAPALIA: Is it possible for the minister to provide accurate numbers? I am assuming that some change might have occurred after the self-assessment checklists were completed. I know that money was spent on consultancy for a number of councils. I am assuming that there is at least some work down the road in getting asset management plans and strategic plans as that was a requirement.

Mr G.M. CASTRILLI: The department is embarking on a very comprehensive program. I will get the director general to expand on that if she can.

Ms J. Mathews: Certainly we are rolling out a major initiative. The information we have to hand at the moment about what is available and what local governments are doing comes from those self-assessment checklists that local governments completed as part of the reform process. That gave us a percentage of how many local governments have strategic plans, asset management plans or long-term financial plans. The self-assessment data shows a significant number—over half—in each of those areas do not have plans. Therefore, we will send out a survey to local governments to revalidate some of that data. The survey will revalidate in an objective and more rigorous way exactly what is out there, rather than relying on what came out of local government self-assessments. The survey will establish a threshold against which the department can measure improvement. That threshold will certainly be reported as part of our key effectiveness indicators and reflected in this year's 2010–11 annual report. We hope to have those results by then. That baseline will be reflected and reported in our 2010–11 annual report.

Mr P. PAPALIA: Does the director general think that she might have the breakdown of which councils have the plans and which do not in time to provide as supplementary information?

The CHAIRMAN: The member for Warnbro must make it clear that he is directing his question to the minister, and the director general must answer through the minister.

Mr P. PAPALIA: My question is to the minister, because he will have to say —

[Interruption from the gallery.]

The CHAIRMAN: I do not think people can be called by telephone from the President's gallery!

Mr G.M. CASTRILLI: I think I got distracted.

Mr P. PAPALIA: Does the minister think that he will have that information available in time to provide as supplementary information or does he think that it will not be available until the annual report?

Mr G.M. CASTRILLI: No, I think we will be able to get that information from those self-assessment checklists that were submitted to us. We will try to get that supplementary information to the member by 10 June.

The CHAIRMAN: The requirement is to provide that information by 10 June. If the minister cannot do so, he must put in writing when he expects to provide it.

Mr G.M. CASTRILLI: I will provide supplementary information, from the results of the checklists, on which local governments have or have not got the asset management, strategic planning and financial management plans.

Mr P. PAPALIA: Those are the primary ones.

[*Supplementary Information No B33.*]

Mr P.T. MILES: Once we get some broad baseline figures—we are helping some of these local governments move forward to get some of these statistics—are the local governments being made to do this compulsorily or is it voluntary? How will we manage it after we get some figures?

Mr G.M. CASTRILLI: As I said, I am intending to amend the act so that local governments need to do long-term strategic planning and asset management and financial management plans as a reporting requirement. The department will then be able to assess all the local governments through the reporting requirements. Obviously, size and structure will vary, because we have big local governments down to small local governments. The documentation will be varied depending on the size and complexity of the operations of the council.

Ms J.M. FREEMAN: It is interesting that the minister talks about plans and strategic plans. However, one of the things that local governments do most is local government laws. Is the minister extending that across to ensure consistency and planning in local government laws, so that we do not have one particular law applying on one side of a border and another law applying on the other side?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: I am really pleased about that question because the member for Nollamara is basically endorsing my approach to government reform and why reform is necessary. I welcome the question. However, planning laws at the moment are the province —

Mr P. PAPALIA: There is a big assumption there.

Mr G.M. CASTRILLI: It is a very good assumption. I think the member for Nollamara has made statements before about local governments and how they operate

Ms J.M. FREEMAN: I am happy for us to not have local government laws and we make the laws, but considering that that is not what the minister is talking about when he refers to local government reforms —

Mr G.M. CASTRILLI: I will not comment on that. However, planning comes —

Mr P. PAPALIA: It is time to stop, member!

Mr G.M. CASTRILLI: The member for Nollamara will be coming over to this side soon!

Ms J.M. FREEMAN: I am happy to get rid of local government.

Mr G.M. CASTRILLI: Planning is the province of the Minister for Planning. I do not have regard to local governments over planning legislation, but I certainly hear and appreciate what the member for Nollamara says.

Ms J.M. FREEMAN: The minister was talking about ensuring that each council has planning and is operating in a consistent manner with the expectations of the community and large organisations, which is just strategic planning and other plans for government. Given that most people are affected by laws that local governments make—we will leave aside planning laws—such as parking and various other things, how is the Department of Local Government ensuring local government laws are consistent across local governments?

Mr G.M. CASTRILLI: Local governments are still autonomous bodies and can still make their own local laws. Local governments refer to model local government laws. Some of those laws have been knocked back by the Joint Standing Committee on Delegated Legislation because they do not conform. We are encouraging local governments to contact the department before they enact or draw up their local laws so that the department can give them guidance on local laws. We encourage local governments to run local laws past the department so that at least the department can give input to try to turn the laws in a way that might be acceptable to the Joint Standing Committee on Delegated Legislation.

One of my aims with strategic planning is to try to encourage consistency with local government in planning and reporting across the board. As I said in another forum, imagine Bankwest throughout Western Australia having different management structures, different information technology systems and different lending criteria; it just would not work. Although local governments are autonomous bodies, we are trying to encourage local governments to have an air of consistency about them in what they do. That also gives us the opportunity to compare apples with apples, if members like, across the local government sector.

Ms J. Mathews: The minister has covered all the key points, but just to reinforce, yes, the department plays an important role in monitoring and vetting local laws. Local governments refer these to us for advice and checking, particularly with quality control and consistency.

Ms J.M. FREEMAN: I am of the understanding that the department only vets or discusses local laws or makes recommendations to local governments if local governments approach the department. Does the department go through and analyse the *Government Gazette* to see whether local laws are consistent or whether local governments are making local laws in policy areas that are beyond their capacity, or does the department simply wait for local governments to come to it?

[7.30 pm]

Mr G.M. CASTRILLI: There are two parts to that. The first is that local governments are autonomous bodies, so they have the right to make their own local laws. Once they have made those local laws, we do not vet them as to whether they are acceptable to the Joint Standing Committee on Delegated Legislation. However, as I said before, we strongly encourage local governments to talk to the department, and the department is proactive in sending out information to local governments.

Mr P. PAPALIA: On page 744, I refer to the second table titled “Service Summary” and to the first item listed, which is “Build the Strategic Capability of the Local Government Sector”. An issue that has been quite topical in the past week is the significant rate increases in a number of councils, particularly across the metropolitan area. I am wondering whether the minister’s department has, as part of its process to build the strategic capability of the local government sector, taken into account the impact on local governments of the very significant rises in electricity and water costs imposed on local government by the state; and, if the department has done that,

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

whether the minister is able to indicate what the calculations are regarding the impact on each local government. Does the department do that sort of calculation? Does it estimate?

Mr G.M. CASTRILLI: No, it does not. However, every local government is an autonomous body, and it runs a business, if you like, based on all the inputs and outputs of that business. One of the inputs is the cost of power and water, as is the cost of wages and all that sort of thing. They are inputs. Local governments go through the annual process, just as we do, of forming their budgets. In forming their budgets, they take account of all those inputs, plus all the capital spend and recurring expenditure such as increases in those inputs, as well as increases in wages. I have not done a calculation on each local government. I do not think the department has done that, and I do not think it is its province to do so.

Mr P. PAPALIA: I have a further question on that. The problem for all these local governments, which are independent bodies, as the minister referred to, is that, beyond grants from the state government and the federal government, they have only a single revenue stream in the form of their rates base. Therefore, in the event that their costs are altered significantly as a result of an action by the minister's government, which has happened over the past three years, unless the government provides them with a greater amount of revenue through grants, they have only one alternative, and that is to increase rates, which has a significant impact on households, many of which are confronted with a set income base. Therefore, an increase in rates of 12 percent, for example, in the City of Rockingham will hurt a lot of people. Beyond the strategic plan and the whole-of-life management and maintenance of assets, and procuring new assets and good management in that regard, a lot of those increases have been imposed on councils by the state government putting up the cost of electricity, water and other things like street lighting. I believe that is a role that the Department of Local Government should take on to assess the impact. Would the minister not consider it to be one of his roles to argue in cabinet that there is an impact?

Mr G.M. CASTRILLI: No, I do not consider it —

Mr P. PAPALIA: I am sorry; I put a question at the end.

The CHAIRMAN: I was going to ask the member to please get to his question.

Mr G.M. CASTRILLI: No, I do not consider it is a role. In my experience with local governments—I knew local governments before this term of government—some local governments were putting up their rates by eight, 10 or 12 per cent back then. Rates and grants are not their only income stream. There are fees and charges such as building and planning application fees, and recreation centre fees and charges; local governments have a range of fees and charges. As the member said, they get commonwealth grants through financial assistance grants—FAGs. The point is that local governments are autonomous bodies. I try to tell councillors that they are similar to a board of directors. Their job is to look at their budget. They can amend and adjust their budgets year after year. That is their job.

There is another thing that local governments must be aware of. I have talked before about whole-of-life costing. One of the things that local government has not been good at is looking at recurring costs, maintenance costs and the replacement value of assets that they have built up over the years. That is where a lot of them get into trouble. It is a combination of things. That is why local governments need to look at and readjust their budgets every year. That is their primary role.

Mr P. PAPALIA: I have a further question. Accepting what the minister has said, the minister has already used the City of Rockingham as a good example. It is using its integrated framework. It has its strategic planning in place. It has analysed the costs that it is confronted with, and it has planned for the future maintenance and replacement of assets. However, the minister's government has just put up its street lighting charges by 29.8 per cent. How could that council have planned for that, and how is that to be accommodated in the strategic plan? All those other sources of revenue to which the minister referred do not really amount to much in the scheme of things in comparison with state and federal grants and rates. Therefore, we know that the only real tool they have to cope with a significant increase of that nature is to make the strategic decision to not turn on the lights or to put up rates. The council will be compelled to put its rates up again next year by another significant amount.

The CHAIRMAN: I ask the member to come to the question.

Mr P. PAPALIA: In light of that, how can the minister say that it is not his role to analyse the cost associated with the state government imposing massive increases in utility charges?

Mr G.M. CASTRILLI: It has not been my role, and I do not think it has ever been the Department of Local Government's role, to do that; it never has been.

Mr P. PAPALIA: But in the history of the state, has there ever been such a rapid increase in utility costs? I do not think so.

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: I cannot go back through time immemorial. All I can tell the member is that the whole process that has been adhered to this year in respect of local governments setting their budgets is the same process that has been used year after year. For all the years that I had been involved in local government, that had been the process. As I said, they are all inputs, and councils need to adjust their budgets. The job of councils is to look at their budgets and adjust them accordingly.

Mr P. PAPALIA: I will put it a different way. Does the minister agree that the good strategic planning that has been done by some councils, one of which the minister has referred to tonight, is being undone by very short notice, large-scale increases in the cost of utilities and other services imposed by the state on those local governments, which did not know about those increases until now?

Mr G.M. CASTRILLI: No, I do not, not to the degree that the member is talking about, because local governments have the capacity to adjust their budgets.

Mr P. PAPALIA: They can turn the lights off.

Mr G.M. CASTRILLI: Local governments can please themselves what they do, to a certain degree.

Mr P. PAPALIA: That is going to read well in *Hansard*!

Mr G.M. CASTRILLI: If they operate outside the act, I have jurisdiction, but if they operate within the act, they are autonomous bodies and they set their budgets according to all the inputs, all the outputs and everything else that I have talked about before. Strategic planning is going to make the majority of local governments that are doing all this much more aware of the true cost of running their organisations. That is what it will do to them. When local governments adopt these integrated strategic planning guidelines they will become very much aware that what they have been doing in the past has been inadequate for long-term financial sustainability and delivery of services to their communities. Through the integrated strategic planning framework we are providing a very good and comprehensive guideline as to how local governments should be looking at and running their business.

[7.40 pm]

Mr A.J. WADDELL: Is the minister tracking what impact these increased fees and charges are having on local governments and what impact it is having on rates and charges?

Mr G.M. CASTRILLI: No.

The CHAIRMAN: Before I allow the member for Warnbro a further question, I make this comment: I allowed a fairly long bow on the member for Warnbro's last further question, which was really seeking an opinion from the minister rather than addressing a particular line item. If the member tells me he will stick to the rules in his further question, go for it.

Mr P. PAPALIA: Will the minister increase grants to local governments in the metropolitan area—which are not eligible for royalties for regions grants—to assist them in coping with massive rises in utility costs which will then be passed on to householders if he does not?

Mr P.T. MILES: Mr Chair, where is that coming from in the budget—what line item on what page?

The CHAIRMAN: It is a further question from an original question that I think you asked.

Mr P. PAPALIA: Pay attention! Stay with us!

The CHAIRMAN: It was actually an original question asked by you. I will allow the question.

Mr P. PAPALIA: You have forgotten your own question!

The CHAIRMAN: Thank you, members; all of you! When I am talking I want to be heard in silence, members for Wanneroo and Warnbro. I will allow the question.

Mr G.M. CASTRILLI: The short answer to the question is no. There is no money in this year's budget for those specific grants to metropolitan local governments. It is up to metropolitan local governments, as is the rule, and other non-metropolitan local governments, to look at their budgets and readjust their budgets accordingly.

The CHAIRMAN: Member for Morley, you had a new question.

Mr I.M. BRITZA: Yes. I refer the minister to “Major Spending Changes” on page 743 of the *Budget Statements*. Can the minister explain what the national partnership to support local government reform actually is and what the grant is being used for?

Mr G.M. CASTRILLI: In August 2010 the Western Australian and federal governments signed the national partnership agreement to support local government and regional development. The objective of the agreement

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

was to improve the capacity, resilience and infrastructure of communities; especially to build up the capacity and resilience of local governments. Under that agreement, Western Australia was successful in attracting \$2.351 million to support the integrated planning reform in local governments. That grant was matched by \$2.4 million from the WA government from consolidated funds and royalties for regions. That joint funding has enabled frameworks and guidelines for integrated planning and asset management, like I showed members before. That was developed in consultation with the Western Australian Local Government Association and Local Government Managers Australia. Individual grants were provided to more than 50 local governments to enable those guidelines to be implemented, so they can engage specialist business consultants to help with integrated strategic planning. Those consultants are people who have had experience in local government processes and management systems. As a result of that, Western Australia will be able to demonstrate alignment with national frameworks. Local government asset and financial management to be adopted by local governments will be similar to those adopted by other jurisdictions across Australia. Although that funding was provided as important seed funding, there is a lot more work to be done in capacity building work for local governments.

Mr P. PAPALIA: Was the national partnership to support local government reform only implemented in non-metropolitan areas?

Mr G.M. CASTRILLI: That was for metropolitan areas and regional areas, yes

Mr P. PAPALIA: Yet it had royalties for regions funding involved?

Mr G.M. CASTRILLI: That component is for non-metropolitan areas.

Mr P. PAPALIA: How did the minister manage that? How did he ensure that no part of the royalties for regions money was allocated to metropolitan areas?

Mr G.M. CASTRILLI: Out of the \$2.4 million, a component from royalties for regions was allocated to non-metropolitan councils.

Ms J. Mathews: Basically, we used the royalties for regions funding to fund regional, non-metropolitan local governments in capacity building. We drew from the commonwealth funding to provide support in that area to metro local governments. We did that through our grants administration and made sure we directed that funding accordingly. That was an agreement with the commonwealth.

Mr A.J. WADDELL: There was a pool of money—some from the state government; some from the federal government. When the commonwealth government money came through, the minister said, “Here; go to the local councils in the metropolitan area.” When the state money came through, the minister said, “It is the regions; we’re going to brand that royalties for regions.” Did the minister not just really shaft the regional governments out of their amount of commonwealth money and then brand it royalties for regions? They did not get anything extra; they got exactly the same as everyone else.

Mr G.M. CASTRILLI: No. I do not see it that way. The amount of \$2.4 million came from state money. Some of it was royalties for regions money. The amount of \$2.351 million came from the commonwealth. We lumped that together and made sure that the royalties for regions money was isolated. As the member knows, it is only for regional Western Australia. We had to isolate that portion to make sure that portion only went to regional councils. We used the other portion to be even-handed across all local governments in the metropolitan area.

The CHAIRMAN: I will give the next question to the member for Wanneroo, if members are going to fight about it.

Mr A.J. WADDELL: I am again probably failing basic maths here, but if everyone got an equal share, how did the regions benefit from the royalties for regions program?

Mr G.M. CASTRILLI: It is not an equal share. They did not get exactly the same money each. It only went to reforming local governments. It was based on the size and complexity of councils, and the groupings of councils. That is how it was determined.

Mr A.J. WADDELL: There is some complexity to it, I grant the minister that. The question I think anybody in regional Western Australia would ask is: how were they better off under the royalties for regions umbrella in this particular program than somebody in a metropolitan area? Essentially, the minister has treated everyone in accordance with their complexity, not in accordance with their region. The minister is really re-branding money as royalties for regions when it is an ordinary program.

Mr G.M. CASTRILLI: The vast portion of that commonwealth money went to regional councils.

Mr A.J. WADDELL: That is the majority of councils, though, is it not?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: I am talking about the reforming councils. The councils that put up their hand to engage in reform, that is what we did. Out of the Perth metropolitan councils, Subiaco and Nedlands got some money for strategic planning and asset management planning. Claremont got some money for asset management planning. That is about it.

[7.50 pm]

Mr P. PAPALIA: That is the whole —

The CHAIRMAN: Member for Warnbro, let the minister finish.

Mr G.M. CASTRILLI: The whole point of this exercise is that reforming local governments that have put up their hands are the ones that are being assisted in this strategic planning. If three or four councils want to get together, they need to harmonise their systems so that when they agree to amalgamate, it will be much easier for them to do so. In the end, it is all part of the reforming process. Therefore, that money went to those reforming councils. I ask the director general to elaborate further.

Ms J. Mathews: I need to clarify an earlier comment that I made. The royalties for regions money went, of course, only to regional councils, because only regional councils are eligible to receive royalties for regions funding. The commonwealth money was spread across both metropolitan and regional councils. Therefore, the total pool was in fact spent largely on regional local governments, because that is where most of the local governments are, but the funding has also been quite deliberately directed to those councils that are engaged in reform. That was also a requirement of the commonwealth government. The commonwealth government was keen to ensure that that funding was directed to those councils that are engaged in reform.

Mr P. PAPALIA: Was it the state government and the minister's department that determined which local governments would receive that money and where it would be spent or did the federal government have a direct role in selecting which local governments would receive that money?

Mr G.M. CASTRILLI: No. The federal government did not have a direct role in selecting the individual local governments. It was left up to us. But the federal government did put parameters around capacity building. The commonwealth government has been extremely supportive of the reform agenda and of the capacity building of local governments, because that is what that partnership agreement is all about. It is about building the resilience of local governments Australia-wide. As the member knows, Western Australia is one of the last states to do anything in this area. The federal government was very keen to ensure that we did this, and that is why we were given this money.

Mr P. PAPALIA: Could the minister provide as supplementary information the breakdown of which local governments were given what amount of money out of that national partnership reform program?

Mr G.M. CASTRILLI: I can read that out to the member, if he would like.

Mr P. PAPALIA: Sure; that would be great.

Mr G.M. CASTRILLI: I need to say that when the commonwealth government provided that money, it was only for reforming local governments.

Mr P. PAPALIA: I understand that.

Mr G.M. CASTRILLI: The commonwealth government set the principles.

Geraldton–Greenough–Mullewa was given \$70 000 for strategic planning, \$130 000 for asset management and \$50 000 for long-term financial planning. Yilgarn–Westonia was given \$70 000 for strategic planning, \$147 500 for asset management and \$50 000 for long-term financial planning. Mingenew–Morawa–Perenjori–Three Springs was given \$90 000 for strategic planning and \$130 000 for asset management. Brookton–Pingelly was given \$80 000 for strategic planning, \$100 000 for asset management and \$50 000 for long-term financial planning. Cunderdin, Beverley, Quairading, Tammin and York were given \$110 000 for strategic planning, \$130 000 for asset management and \$125 000 for long-term financial planning. Mt Marshall, Koorda and Trayning were given \$60 000 for strategic planning, \$145 500 for asset management and \$75 000 for long-term financial planning. Narrogin shire, Narrogin town, Cuballing and Wickopin were given \$90 000 for strategic planning, \$164 000 for asset management and \$100 000 for long-term financial planning. Nedlands and Subiaco were given \$140 000 for strategic planning and \$160 000 for asset management funding. Carnarvon–Exmouth–Shark Bay was given \$70 000 for strategic planning, \$140 000 for asset management and \$85 000 for long-term financial planning. Broome, Derby–West Kimberley, Halls Creek and Wyndham–East Kimberley were given \$64 000 for asset management and \$120 000 for long-term financial planning. Ashburton, Karratha, East Pilbara and Port Hedland were given \$90 000 for strategic planning, \$164 000 for asset management and \$120 000 for long-term financial planning. Murchison and Upper Gascoyne were given \$60 000 for strategic planning,

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

\$147 500 for asset management and \$60 000 for long-term financial planning. Coolgardie, Dundas, Esperance, Kalgoorlie–Boulder, Laverton, Leonora, Menzies, Ngaanyatjarraku, Ravensthorpe and Wiluna were given \$20 000 for strategic planning, \$350 000 for asset management and \$270 000 for long-term financial planning. Claremont was given \$60 000 for asset management. Boddington was given \$25 000 for long-term financial planning. Bridgetown–Greenbushes was given \$25 000 for long-term financial planning. Broomehill–Tambellup was given \$60 000 for asset management and \$25 000 for long-term financial planning. Bunbury was given \$25 000 for long-term financial planning. Coorow was given \$80 000 for asset management and \$25 000 for long-term financial planning. Dandaragan was given \$70 000 for asset management and \$25 000 for long-term financial planning. Irwin was given \$70 000 for asset management and \$25 000 for long-term financial planning. Katanning was given \$25 000 for long-term financial planning. Mandurah was given \$25 000 for long-term financial planning. Plantagenet was given \$70 000 for asset management and \$25 000 for long-term financial planning. Kellerberrin, Manjimup, Merredin, Moora, Murray, Northam, Wagin, Wongan–Ballidu and Donnybrook–Balilup were each given \$25 000 for long-term financial planning. Boyup Brook was given \$80 000 for asset management and \$25 000 for long-term financial planning.

It has been pointed out to me that I need to add that this is the funding that has been paid to date. Some more money will be paid out by the end of this financial year, and in 2011–12.

Mr P. PAPALIA: Is the minister suggesting that each one of these councils is, in his terms, reforming?

Mr G.M. CASTRILLI: Let me put it this way: a total of 72 local governments in Western Australia, or 52 per cent of local councils in Western Australia, have put up their hand that they want to engage in the reform process. Twenty-two of those councils want to engage in that process, but they cannot, because their surrounding neighbours will not talk to them, or in effect will block them. The remainder are either engaged in amalgamations, are in regional transitional groups that are doing their regional business plans to see whether they can transition to one single council, or are in regional collaborative groups, the majority of which are in the northern part of the state, and the Goldfields–Esperance area.

Mr P. PAPALIA: It is not a big impost to ask them to engage in a regional collaborative group, though.

Mr G.M. CASTRILLI: If we combine all those councils, that is 72 local governments.

Mr P. PAPALIA: Even if those councils are surrounded by other councils that are not willing to engage in that collaborative process, the minister's department has given them money that is supposedly to assist them to amalgamate.

[8.00 pm]

Mr G.M. CASTRILLI: Yes, because they have shown a willingness to engage in the reform process and through no fault of their own they cannot proceed. They want to engage in the reform process and they should not be penalised for the local governments around them in effect blocking them from doing that. They see the long-term benefit to their community. They understand the benefits and they want to engage but are being blocked by the surrounding councils. I do not think it right that they should be penalised for wanting to do something on behalf of their community but that the surrounding local governments do not want to do. The 22 local governments engaged in the reform process will receive money only for capacity-building initiatives.

[Mr P.B. Watson took the chair.]

Ms J.M. FREEMAN: A further question to seek clarification. I understand that \$2.4 million was from royalties for regions and \$2.35 million from the commonwealth. Can the minister clarify whether a requirement of that \$2.35 million in federal funding was matching state funding? Was there any requirement, in terms of getting that funding, for matching?

Mr G.M. CASTRILLI: Yes, there was.

Ms J.M. FREEMAN: There was a requirement for matching funding?

Mr G.M. CASTRILLI: Yes. The commonwealth gave us \$2.351 million and we put in \$2.4 million of state money. It was a requirement of the agreement.

Mr A.J. SIMPSON: I refer to page 743 and the number of local governments that have voluntarily agreed to reduce the number of elected members—ranging from six to nine. My local shire council in Serpentine–Jarrahdale is currently going through that process. Details went out for public submission and next October the council will reduce from 10 to nine councillors. I wonder how many other councils have taken up that option.

Mr G.M. CASTRILLI: I am sorry member, but what is the line item?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr A.J. SIMPSON: I refer to page 743, “Local Government Reform” and the number of elected members of council.

Mr G.M. CASTRILLI: Yes. As part of the reform process all local governments were asked to consider voluntarily reducing their numbers to between six and nine councillors. Basically, I want to shift councils to a strategic focus rather than a focus on the day-to-day stuff. I also want to increase the contestability of elected members.

Mr A.J. SIMPSON: The quality of local members is important.

Mr G.M. CASTRILLI: As the member might know, some councils are having difficulty attracting people.

The reform program also resulted in the local governments reviewing their wards and representation structure and in the reform submissions lodged with me in September 2009, 36 local governments indicated an intention to reduce their elected member numbers. Since then, I have received proposals from 19 local governments to reduce the number of elected members to between six and nine. The Local Government Reform Steering Committee encouraged the department to assist those local governments to go through those processes. The department advised those local governments that if they wanted to reduce the number of elected members they must make submissions to the Local Government Advisory Board by December 2010 to ensure the changes would be made in time for the 2011 elections. Of course, that deadline has been extended to February 2011 to give them enough time to submit and to still get ready for the 2011 elections. Thus 19 local governments have made submissions and I can provide the member with the names if he wants.

Mr A.J. SIMPSON: Yes, please.

The CHAIRMAN: Minister, we are trying to make the questions and answers very quick.

Mr A.J. SIMPSON: It is very important information.

Mr G.M. CASTRILLI: I understand that, Mr Chair, and that is why I am rushing my answer. I will very quickly provide the list: Bassendean, Belmont, Bridgetown–Greenbushes, Broomehill–Tambellup, Bruce Rock, Busselton, Corrigin, Cottesloe, Dalwallinu, Dundas, Esperance, Exmouth, Halls Creek, Laverton, Murchison, Northampton, Quairading, Serpentine–Jarrahdale—which is the one the member is interested in—and Wongan–Ballidu. As a result of the 2011 local government elections, 102 local governments will have between six and nine members. Looking beyond the 2011 elections, I have proposed amendments to the Local Government Act that will require each council to comprise between six and nine councillors. I put that out to the Western Australian Local Government Association for consultation in December and elements of WALGA’s submission are now being considered by me. I hope that in the second half of this year, I will be in a position in which I can maybe introduce an amendment bill into Parliament.

Mr A.J. SIMPSON: Thank you, minister.

The CHAIRMAN: Minister, I advise that the Chair’s opening statement indicates that —

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

I have nothing against the minister; I have said this to every minister so far. However, we are here to get through as many questions as we can and I know that the minister wants that too.

Mr G.M. CASTRILLI: I am very conscious of that and I am trying. I have cut out a lot of what I wanted to say, but in balancing that I need to make sure that appropriate information is given out—if that is quite okay.

The CHAIRMAN: That is fair enough, minister.

Mr A.J. WADDELL: I refer to page 746, “2. Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation”. If we were looking for a specific line item I would refer to the “Net Cost of Service”. My reference is to the proposed cat laws that the government has been touting. I would like to know the impact of these proposed laws on the net cost of service to the department.

Mr G.M. CASTRILLI: Hopefully there will be no net impact, for the simple reason that we are in consultation with local government and it is my intention to provide financial assistance to local governments in terms of microchipping for breeders, pounds and training for rangers. At the moment, only vets can microchip animals, but I am trying to change that so that other authorised persons can implant microchips. That will involve a training element. It is my intention to engage with local government to get a better feel for the total costs of that service and then assist them with some of the financial cost of that service.

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr A.J. WADDELL: I have a further question. In respect to that “feeling out” process the minister is going through, I anticipate several cost elements, including the cost of enforcing these new laws, the cost of providing sterilisation to any animals that might fall into that category and, obviously, advertising and education costs. Does the minister have any sense of what the quantum of those will be and what impact that will have on local governments?

Mr G.M. CASTRILLI: That is a scoping exercise that we are doing with local governments, bearing in mind that I intend to have a fairly lengthy lead-in time for this legislation. Although the bill might be passed in 2012, it is my intention that it not come into effect until 2013. In the meantime, we are doing a lot of scoping work with local governments on this issue. Also, it is my intention to financially assist low-income earners with the cost of sterilising their cats.

[8.10 pm]

Mr A.J. WADDELL: With long lead-in times, will the minister be entering into discussions about whether the grants will be modified in the longer term when local governments receive an ongoing cost for administering the system?

Mr G.M. CASTRILLI: The intention is that there will be income for local governments from the registration. That income will assist local governments in the administration of the act. As the member said before, advertising and letting people know are the elements that will come into that process.

The CHAIRMAN: I am allowed one question as the Chair and I will get it in now while I am still awake.

Mr G.M. CASTRILLI: Is the Chair really allowed one question?

The CHAIRMAN: I am allowed more than one, but I generally only ask one, because my colleagues get upset!

I refer to the stakeholder satisfaction rating with the services provided by the department to build capability in local government on page 745 of the *Budget Statements*. I am not sure whether that is the right line item.

Mr G.M. CASTRILLI: Which line is the Chair referring to?

The CHAIRMAN: The line will probably not make any difference; I am just trying to get a question in! It is on page 745 under the outcomes and key effectiveness indicators, “Stakeholder satisfaction rating with the services provided by the Department to build capability in local government”. I ask about the Local Government Standards Panel. A constituent of mine in Albany put in a complaint to the panel in October last year and has not heard anything back at all. He has rung and has been fobbed off. I think I asked a question last year about the Local Government Standards Panel and there was going to be a review on it. Can the minister please explain why so much time has passed without feedback to my constituent?

Mr G.M. CASTRILLI: I will have to find out about the answer to the Chair’s constituent. However, the panel is an autonomous body; it receives complaints and deals with them. It is currently under review, because I have not been entirely happy with the length of time that it takes to deal with complaints. I am told that it is expected that that review will be finalised and provided to me in June this year.

The CHAIRMAN: Is the panel still working at the moment? Could the minister investigate why a complaint made last year still has not been looked at? We are looking at the standards of local government but nothing has been done about them.

Mr G.M. CASTRILLI: I ask Brad Jolly, the chair of the panel, to enlighten us further on the Chair’s question.

Mr B.P. JOLLY: First, it has been well documented that the standards panel is currently dealing with a backlog of complaints. Some of those complaints stretch back to 2010. There has been a conscious effort by the panel to expedite those and it has recently met to review each of the outstanding complaints. Complaints have been historically dealt with on a first-in-first-out basis. As a result of a recent meeting, the panel has adopted a slightly different approach in an attempt to expedite the completion of the handling of a number of outstanding complaints. The department has also provided additional administrative resources to the panel in an effort to be able to expedite those complaints. A streamlined process has also been put in place to improve the efficiency of the panel. They are three things that are happening. I also add that the frequency of the panel meetings has increased to deal with that workload. With regard to the Chair’s constituent in Albany, I think I have spoken with that person; he raised his complaints with me and I provided him with the same information I provide to the committee now.

The CHAIRMAN: I say to the minister that this is a standards panel looking at the correctness of local councils. Elections are coming up very soon, and some of the people complained about will be gone by the time this panel has dealt with the complaint. Does the minister think it is satisfactory that 12 months could have passed by the time the complaint is dealt with?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: What approximate date was the complaint lodged?

The CHAIRMAN: It was October or November last year.

Mr G.M. CASTRILLI: As I have said before, neither I nor a lot of other people have been entirely happy with the panel.

The CHAIRMAN: I mean that some of these people will escape punishment, if there is punishment, because they will not be on the council anymore. What is the good of having a system in which people go to a panel that should enforce accountability and nothing gets done?

Mr G.M. CASTRILLI: I agree with the Chair, and I understand those sensitivities. That is why I have asked for the review and that is part of the review process. People need some answers quickly because they need certainty about the way forward. Like the Chair, I do not want this issue to be hanging around for a long time, because it is not right.

Mr P.T. MILES: Further to the Chair's question, how many complaints have gone through to the Local Government Standards Panel? Does the minister have that information?

The CHAIRMAN: Can the member please go through the Chair to ask a question instead of simply saying he wants to ask question and asking it?

Mr P.T. MILES: It is hard to hear the Chair from down here.

The CHAIRMAN: The member should look at who is speaking. Does the minister have the requested information?

Mr G.M. CASTRILLI: I have just asked the executive director.

Mr P. PAPALIA: I inform members that we have a semiformal arrangement by which the minister's other two portfolios will take up the second half of the time. Therefore, we only have another 13 minutes left on this local government division.

Mr G.M. CASTRILLI: The standards panel received 34 minor complaints this financial year; it has dealt with 21 of those. It also has 33 other complaints yet to be dealt with, some of those having been carried forward from 2008–09. It is estimated that our governance branch will field approximately 220 complaints this financial year. Therefore, in addition to those complaints, others are coming through.

Ms J.M. FREEMAN: I take the minister to the service summary on page 744 of the *Budget Statements*, in particular strengthening good governance. I refer to the ability to raise rates as part of good governance. Does the department collect details on the number of people who have requested extensions to pay their rates, in particular for the Cities of Joondalup, Stirling, Swan and Cockburn; does the department collect extension requests rate payments or know the number of extensions that have been requested; does the department collect information on defaulted rates payments; and, does the department collect information on the necessity of the local governments in Joondalup, Stirling, Swan and Cockburn to provide hardship funding to ratepayers?

Mr G.M. CASTRILLI: The department does not collect information about local councils' individual rate notices to ratepayers who are in arrears. People who experience difficulty in paying their rates can access special payment arrangements through their local governments. Local governments can negotiate with those individuals and it is up to each local government to make whatever determination it needs to make. Generally speaking, if people are suffering hardships, they can negotiate time payments, payment on a quarterly basis, or whatever the local government determines is an appropriate payment regime for those ratepayers.

[8.20 pm]

Ms J.M. FREEMAN: Given that it is an aspect of strengthening good governance and ensuring that local governments are able to govern, does the department collect any details on the impact of people not being able to pay rates at this time and how departments are meeting those requirements? Even if it is not collecting details for those individuals, is the department at least collecting that anecdotally or in a broader reference? Are they having those conversations with departments to ensure that they have the financial stability to ensure their ongoing operation? As part of that, how many people are paying rates and defaulting on rates?

Mr G.M. CASTRILLI: The department collects a rate recovery ratio from local governments. Local governments should, like any other normal businesses, have a provision for doubtful and bad debts. They should be doing that. I will ask the director general if she wants to add anything further to that.

Ms J. Mathews: I would just confirm that, as part of our monitoring of local governments in their compliance with the act and in particular their financial reporting requirements, we collect a range of financial data from

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

individual local governments as part of their reporting requirements. We pool that together and analyse that. That forms part of what we call a “financial health check” for each local government. We collect information in a more generic sense under the title of a rate recovery ratio. That indicates how successful they are in actually recovering rates. Then we can look at that in the context of what impact that has on the overall financial health and sustainability of the local government.

Ms J.M. FREEMAN: Further to that, is the minister able to provide details, if not tonight then on notice, on the rate recovery ratios of Joondalup, Stirling, Swan and Cockburn?

Mr G.M. CASTRILLI: Yes, we can provide that. So it is Joondalup —

Ms J.M. FREEMAN: Yes, it is Joondalup, Stirling, Swan and Cockburn. Can we put Wanneroo in there as well? Can we do that in relation to some historical data on the rate recovery ratio for this financial year, last financial year and the previous financial year?

Mr G.M. CASTRILLI: So the last three years?

Ms J.M. FREEMAN: Yes.

Mr G.M. CASTRILLI: We should be able to do that. Mr Chairman, I am going to supply supplementary information on the rate recovery ratio for the last three years on Stirling, Joondalup, Wanneroo, Swan and Cockburn. I think that is all.

[Supplementary Information No B34.]

Mr P. PAPALIA: I return to the heading “Major Spending Changes” on page 743 of the *Budget Statements*, and the line item “National Partnership to Support Local Government Reform”. We discussed it earlier on, and the minister read out the long list of who got the money. Can the minister tell us, firstly, why Subiaco and Nedlands got \$300 000? What did the federal government get for that money on the minister’s recommendation that that money go to them? How far along the reform agenda are Subiaco and Nedlands as a result of getting \$300 000?

Mr G.M. CASTRILLI: Subiaco and Nedlands formed a regional transition group. Last week—the member probably saw the report—KPMG did their business planning, which suggested enormous benefits would incur from that potential amalgamation.

Mr P. PAPALIA: We got a business plan for \$300 000.

Mr G.M. CASTRILLI: Basically KPMG did a mergers and acquisitions paper. It is a fairly comprehensive mergers and acquisition paper.

Mr P. PAPALIA: It is a very expensive one.

The CHAIRMAN: Member, let the minister answer the question.

Mr G.M. CASTRILLI: It is a very comprehensive one, member. It found that Subiaco and Nedlands, through the potential merger, would have operational savings per annum of between \$3.1 million and \$4.4 million a year. I think in Nedlands that equated to a reduction in rates of \$390 per household. In Subiaco it translated into a reduction in rates of \$137 per household. Subiaco and Nedlands can then look at that and put in bigger and better service delivery to their community. The plan identified improved service delivery to their community through economies of scale and also through rationalisation of plant and equipment. There were other further savings opportunities in the rationalisation of plant and equipment. The report also found that they could leverage much more off state and federal governments as a new entity than they could possibly dream of as two separate entities. That demonstrates in a very succinct way the benefits of local government reform in this state. I cannot put it any clearer than that.

Mr P. PAPALIA: In effect, for \$300 000 of taxpayers’ money from the federal government we got one report on two councils. They have not done anything but they have a report.

Mr G.M. CASTRILLI: Money is also being spent on strategic planning by both those councils—on asset management planning and funding for both those councils. Funding also went into strategic planning and asset management planning templates, which I referred to before.

Mr P. PAPALIA: But they have done nothing, and there is no compulsion upon them to do anything further. They got the \$300 000. All the other councils in the metropolitan area that got nothing would be looking at the minister and saying, “Maybe we should have said we were going to form a regional transition group and one day in the long-term future think about amalgamating. Then we might have got \$300 000 to spend on KPMG.” KPMG could have made millions out of the state, producing a whole bunch of reports but not actually compelling anyone to do anything.

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: As the member for Warnbro well understands, this is a voluntary process. For over two and half years now I have been encouraging local governments to form RTGs for the very simple reason that they have three chances of getting out. Firstly, they do not even have to agree to form one; and, secondly, they can form one and we will help them financially to do, if you like, their mergers and acquisitions paper, so that each individual council can determine whether it is worth their while proceeding to amalgamation. Even if they decide to amalgamate, if 50 per cent or more of them decide to pull out, they can still pull out. However, the money allocated to them if they put up their hand to participate in reform would not have been wasted, because the information they would have gleaned from just doing that process—to enhance their operations through asset management, financial planning, long-term strategic planning—would be more than compensated for by the better performance of those local councils.

[8.30 pm]

Mr P. PAPALIA: How much of that \$4.751 million that was spread around the state on that particular process went straight to consultants such as KPMG?

Mr G.M. CASTRILLI: I cannot say off the top of my head but I can certainly supply that information for the member by way of supplementary information.

The member said that Subiaco and Nedlands have done absolutely nothing. Those councils are meeting on 7 July to look at a council resolution on whether to proceed with an amalgamation. This whole process has been geared to that final outcome. They have to go through that process to get to that final outcome; on 7 July they have to decide whether to agree to transition to one council.

Mr P. PAPALIA: Can we confirm what the supplementary was?

Mr G.M. CASTRILLI: I will provide to the member the amount of money from the national partnerships that we have paid to KPMG or any other consultants in this reform process.

[*Supplementary Information No B35.*]

Mr A.J. WADDELL: I wish to follow up from my earlier question from page 746 on strengthening good governance and the cat laws. I understand that there has been a delay in amendments to the Dog Act 1976 because the government is waiting for the proposed cat bill to get out of the way first. A number of constituents have come to me with concerns that our laws are a little archaic with respect to the muzzling of greyhounds in particular. They are very keen to see those amendments. Given the time line that the minister outlined earlier of this legislation not coming in until 2012 and it being implemented in 2013, how long will we have to wait for a review of the Dog Act?

Mr G.M. CASTRILLI: The cat bill is proposed for 2012–13. The government's priorities are to get the cat bill through and then look at the Dog Act. The revision of the Dog Act started in 2002. The consultation was carried out in 2002 and 2003. In both those years 1 500 submissions were received by the former Labor government. In 2004 the former Labor government drafted amendments to the act but never proceeded with them. When we were drafting the cat bill, we got feedback about microchipping of not just cats, but also dogs. People thought it was a good idea to put that in. That is something that we have been looking at. We also want to ensure that greyhounds that have been retired are retrained by authorised persons. They are some of the things that we are looking at.

Mr A.J. WADDELL: Is there a capacity problem with the department that means it can deal with only one of these acts at a time? Is there some other impediment that says it can only deal with one form of small furry creature at a time?

Mr G.M. CASTRILLI: It might be a flippant question to the member —

Mr A.J. WADDELL: It is not; it is very serious. Why can we not do cats and dogs at the same time?

Mr G.M. CASTRILLI: Members are laughing. This government sets the agenda and the priorities. The department has gone through a complete restructure of the priorities of local government reform that we have set, which was a major initiative of this government. We have prioritised what we need to do. The department is working on the priority of the government.

Ms J.M. FREEMAN: I refer to the heading “Promotion and Support of Multiculturalism in Western Australia” at the top of page 747. I draw the minister's attention to the number of full-time equivalents. The 2009–10 actual is 23, even though the budget was for 33. The estimated actual for the next budget period is 30. Can the minister explain why the Office of Multicultural Interests is shedding about 10 per cent of its staff given that it is considerably under its staff allocation?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: It is not shedding any staff. When it came under the umbrella of the Department of Local Government, it had 23 staff. In 2009–10, there was an allocation of 33 across the corporate services divisions of local government. In 2010–11 there were four service divisions in the Department of Local Government. They have now been revamped into three divisions. The reallocation of the corporate services is the reason the FTEs are shown as they are. The short answer to the member's question is that they have not lost any staff.

Mr J.N. HYDE: I refer to the final dot point on page 745 on advocating participation, and page 156 of budget paper No 3, which indicates that \$400 000 per annum is being allocated for peak bodies. Which peak bodies are to be funded? There is no mention in the budget papers of the new \$100 000 for the Ethnic Communities Council of Western Australia. Will this come out of the Premier's budget or the minister's budget?

Mr G.M. CASTRILLI: There is \$100 000 in the budget. It has not been specifically allocated to ECCWA. ECCWA is reviewing the way it does business. That report is going to its board for consideration. Once I have received that report and looked at the new governance arrangements, I will have the flexibility to allocate some money to it. I have not allocated any money to it or anybody else at this stage. There is \$100 000 there because other worthwhile bodies might be eligible for that money.

[8.40 pm]

Mr J.N. HYDE: So no groups have been told that they are definitely getting their funding after 1 July? Previously the minister indicated that four peak bodies were funded out of the \$400 000.

Mr G.M. CASTRILLI: I have allocated \$200 000 a year from the ethnic organisation fund to that group, and three groups got the money on a triennial basis

Mr J.N. HYDE: Which groups?

Mr G.M. CASTRILLI: The Metropolitan Migrant Resource Centre, the Edmund Rice Centre in Mirrabooka, and the Coalition for Asylum Seekers, Refugees and Detainees all got some money.

Ms J.M. FREEMAN: All good organisations, minister.

Mr G.M. CASTRILLI: They are, otherwise I would not have given them the money. Further to the member for Nollamara's point, collectively they receive \$200 000 a year to provide a range of services. They have shown considerable progress in their second year of funding, achieving all the key performance indicators that were established at the commencement of their funding cycle. The Metropolitan Migrant Resource Centre has modified five modules of governance training for new and emerging communities, and three quarterly training sessions have been delivered by them, and 35 individual support and mentoring sessions were conducted, including 21 community groups.

Mr J.N. HYDE: What is the third group, minister? The question was specifically regarding the names of the groups. We know about the excellent work they do.

Mr G.M. CASTRILLI: I have told the member for Perth what the three groups are. The member asked me about the third group, and I said that it was the Coalition for Asylum Seekers, Refugees and Detainees.

Mr J.N. HYDE: Within that \$400 000 the minister still has \$100 000 potentially for the Ethnic Communities Council of WA.

Mr G.M. CASTRILLI: No, that \$100 000 is in a different fund.

Mr J.N. HYDE: Budget paper No 3 indicates a figure of \$400 000 for the peak bodies. The minister just indicated that those three were getting \$200 000. Is the minister saying that is not where the ECCWA funding will come from, if it cuts the mustard?

Mr G.M. CASTRILLI: That is \$400 000 spent over four years, which is \$100 000 a year. That is funding I have not allocated to anybody. The member mentioned ECCWA, which may well be a recipient of some of that money, or there could be other worthwhile groups that receive some of that money. ECCWA had consultants in to do a complete report on its operations, as the member knows perfectly well. The ECCWA board is going to review that report. Once it has reviewed that report and made a decision on it, I am assuming it will come to me and talk to me about what that report says. Obviously I want to see the new governance structure of that board, and, once I am satisfied, I will see whether I allocate any funding to it or to any other worthwhile group that comes along.

Mr J.N. HYDE: Is it feasible then that that \$100 000 a year may not go to one group, but may go to a number of groups?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: It may be. I have not decided that yet, but I have the flexibility to look at that.

Mr J.N. HYDE: When does the minister think he may make a decision?

Mr G.M. CASTRILLI: First of all, it is up to ECCWA to come to me.

Mr J.N. HYDE: They have been to the Premier already.

Mr G.M. CASTRILLI: I am the Minister for Citizenship and Multicultural Interests. I work closely with the Premier. That money has been put there so that I have the flexibility, if I think they are doing it right, to give them some money. Whether it is all, some or whatever, I have not decided yet, but I have the flexibility to do it.

Ms J.M. FREEMAN: I refer the minister to “Service Summary” on page 744 of the *Budget Statements*; item 3 is the promotion and support of multiculturalism in Western Australia. The minister would be aware that previously the Office of Multicultural Interests funded the integrated service centre program and that in the past two years it was funded through the Department of the Premier and Cabinet. The minister would also be aware of the negotiations over continuing funding for that. Can the minister tell me whether the integrated service centres for Koondoola and Parkwood will continue to be funded after 30 June this year?

Mr G.M. CASTRILLI: The short answer to the member’s question is yes. As the member knows, I have been intimately involved with that, and the management and funding was transferred to the Department of Health in January this year. A memorandum of understanding was signed by OMI and the Child and Adolescent Health Service for transfer of the management, and the responsibility for chairing the steering committee was formally handed over to the executive director of the Child and Adolescent Health Service. The Department of Health will be coordinating a cabinet submission for the ongoing funding for the ISCs, and OMI and other agencies have been involved in input to that submission. I totally support this, as do the Ministers for Health, Education and Mental Health. The member knows my views, and I think this is extremely important, and that submission will be finalised for 2012–13. In the meantime, the Department of Health and the Mental Health Commission have committed to extend the funding for ISCs for a further 12 months to enable the centres to operate until cabinet has made a decision on that submission in time for the next budget.

Mr J.N. HYDE: I refer the minister to page 745, the “Outcomes and Key Effectiveness Indicators” block, in particular the last line, “Extend to which policies and practices of public sector agencies reflect the principles of multiculturalism”, which I am sure should have read “extent” with a “t”. In relation to the OMI partnership with the Public Sector Commission to develop cultural competency within the public sector, which I was told in this committee last year would take 12 months, when can we expect to see the report on the outcomes of that major reform agenda?

Mr G.M. CASTRILLI: It is being finalised now and we anticipate it will be completed by August.

Mr J.N. HYDE: It will be tabled and published then?

Mr G.M. CASTRILLI: Yes, we anticipate by roughly around August.

Mr A.J. SIMPSON: My question refers to “Major spending changes” on page 743 and the allocation of \$100 000 to enhance multiculturalism outcomes. Can the minister explain what the fund will be used for?

[8.50 pm]

Mr G.M. CASTRILLI: I think that is where the confusion was before with the \$400 000. An amount of \$100 000, to which the member referred on page 743, will be allocated in 2011–12, 2012–13, 2013–14 and 2014–15, which totals \$400 000. As I explained, that additional amount has been provided to not-for-profit organisations. That funding will be used for two main purposes—one-off assistance to the organisation’s operating costs to ensure its viability, or for specific projects that it considers particularly beneficial or innovative to assist culturally and linguistically diverse communities. As I mentioned to the member for Perth, the ethnic organisations fund provided \$200 000 a year to be split between those three organisations. I will not go through that again. As I said, the Ethnic Communities Council completed an independent functional review of the organisation, and that report is under consideration by its board. I am not sure when the council will get the report to me. Obviously, the council must have its board meeting first. Once I receive that report, I will make a decision regarding the release of those funds.

From time to time, not-for-profit organisations submit requests for financial assistance to my office, and that funding means that I am able to consider those requests and support the viability of the sector, and promote new, exciting and innovative projects that will assist CALD communities in the long run. That is what it is all about.

Ms J.M. FREEMAN: Is that \$400 000 part of the \$600 million announced in the budget that will go to the community sector?

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

Mr G.M. CASTRILLI: No, that is a separate allocation under my portfolio.

Mr A.J. WADDELL: I refer to page 747 of the *Budget Statements* and in particular to the line item “New Works: Computer and Office Equipment Replacement”. I note the peculiar phenomenon of the cost always being \$103 000. Historically, it has always been \$103 000, and then by another huge coincidence \$103 000 seems to be the exact amount spent regardless of the exact number of staff working there or what they are doing. My specific question relates to the \$103 000 to be spent on the replacement program in 2011–12. Will any of this money be used for the digitisation of the Office of Multicultural Interests documents and historic records?

Mr G.M. CASTRILLI: I might get Mr Shaw to answer that question for the member. Basically, that \$103 000 has traditionally been there, like the member said, to keep the replacement of computer and office equipment in accordance with the department’s asset replacement program. That program covers computers, notebooks, servers, printers, fax machines, photocopiers, projectors and software licences. That is what I understand. If there is anything more than that, I ask Mr Shaw to expand.

Mr A.G. Shaw: That estimated expenditure is also to purchase high-speed scanners that enable us to digitise the records of not only OMI, but also local government. That project is ongoing.

Mr A.J. WADDELL: We were told 12 months ago that the digitisation program would take 12 months to finish. Has this been achieved; and, if not, how far do we have to go on that program?

Mr G.M. CASTRILLI: Is the member referring to our department specifically?

Mr A.J. WADDELL: I am referring to the OMI records and the historical records of OMI.

Mr A.G. Shaw: I cannot give the member the exact percentages. Quite a large number of the OMI records have been digitalised over the past 12 months.

Mr A.J. WADDELL: Could we get that as supplementary information?

Mr G.M. CASTRILLI: I will undertake to provide the member for Forrestfield with the information regarding the percentage of digitalisation of OMI records to date.

[*Supplementary Information No B36.*]

Mr J.N. HYDE: I refer to page 747 and total cost of service in the table under the heading “Promotion and Support of Multiculturalism in WA”. How much money has OMI spent on external consultants in the 2011–12 budget year, and how much does the department expect to spend on consultants in the coming budget year?

Mr G.M. CASTRILLI: I will ask Ms Osman to comment on that if she knows the answer. Otherwise, I am happy to provide that as supplementary information.

Ms M. Osman: I will take that on notice.

Mr G.M. CASTRILLI: I do not have that information with me. The member for Perth wants as supplementary information how much money OMI paid consultants in 2010–11.

Mr J.N. HYDE: I also want to know the number of consultants, and I seek the same information for the current year, 2011–12.

Mr G.M. CASTRILLI: Under “3: Promotion and Support of Multiculturalism in Western Australia”, I will provide the member of Perth with the number of consultants paid through OMI for 2010–11 and 2011–12. It might be a bit hard to give that information for 2011–12 because we have not spent the money yet. It might be difficult to pluck some figures out of the air or project who we may or may not engage as consultants. We may not engage anybody; there may not be a need. However, then again, there may be a need. Therefore, I cannot really give the member that information. I can only give the member the historic figures for 2010–11.

Mr J.N. HYDE: The minister can come up with \$103 000 for digitalisation every year in the budget; therefore, the minister must have some idea.

Mr G.M. CASTRILLI: I do not think that it has gone to that extent in predicting what sort of money will be spent and how many consultants we may or may not employ in 2011–12. I can give the member the historic figures. I will check to see whether we have notionally allocated any money.

Mr J.N. HYDE: Have any tenders been put out for coming —

Mr G.M. CASTRILLI: No.

Mr J.N. HYDE: No? Nothing is happening.

The CHAIRMAN: We will just leave it with the original supplementary information, and the minister will supply what he can.

Extract from *Hansard*

[ASSEMBLY — Wednesday, 1 June 2011]

p396b-413a

Chairman; Mr Paul Papalia; Mr John Castrilli; Mr Tony Simpson; Ms Janine Freeman; Mr Paul Miles; Mr Andrew Waddell; Mr Ian Britza; Mr John Hyde

[*Supplementary Information No B37.*]

The appropriation was recommended.

[9.00 pm]