

**STANDING COMMITTEE ON ESTIMATES AND  
FINANCIAL OPERATIONS**

**2015–16 BUDGET ESTIMATES HEARINGS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
TUESDAY, 23 JUNE 2015**

**SESSION TWO  
DEPARTMENT OF COMMERCE**

**Members**

**Hon Ken Travers (Chair)  
Hon Peter Katsambanis (Deputy Chair)  
Hon Martin Aldridge  
Hon Alanna Clohesy  
Hon Rick Mazza**

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**Hearing commenced at 1.30 pm**

**Hon MICHAEL MISCHIN**

**Minister for Commerce, examined:**

**Ms ANNE DRISCOLL**

**Acting Director General, examined:**

**Mr PETER GOW**

**Executive Director, Building Commissioner, examined:**

**Mr LEX McCULLOCH**

**Executive Director, WorkSafe, examined:**

**Mr KEN BOWRON**

**Executive Director, EnergySafety, examined:**

**Ms KRISTIN BERGER**

**Acting Executive Director, Labour Relations, examined:**

**Ms SANDRA DRAPER**

**Acting Director, Industry and Innovation, examined:**

**Mr GLEN RADICA**

**Chief Information Officer, Director of Information Services, examined:**

**Mr DAVID HILLYARD**

**Acting Commissioner for Consumer Protection, examined:**

**Mr MATHEW SQUIRES**

**Acting Chief Finance Officer, examined:**

**Mr MARTIN CONNOLLY**

**Principal Policy Adviser, Office of the Minister for Commerce, examined:**

**The CHAIR:** On behalf of the Legislative Council's Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Firstly, can the witnesses confirm that they have read, understood and signed a document headed "Information for Witnesses"?

**The Witnesses:** Yes.

**The CHAIR:** Thank you. Witnesses need to be aware of the severe penalties that apply to persons providing false or misleading testimony to a parliamentary committee. It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private either of its own motion or at the witness's request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an

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important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia and the committee values your assistance with this.

[Witnesses introduced.]

**The CHAIR:** Do any of the witnesses wish to provide an opening statement; otherwise we will go straight to questions? Hon Kate Doust.

**Hon KATE DOUST:** I refer to “Spending Changes” on page 494. It is in relation to the first line which deals with “1% General Government Efficiency Dividend”. I have a couple of questions around this area. Can the minister outline how the Department of Commerce achieved the one per cent general government efficiency dividend over the 2013–14 period? Then I have a couple of questions that flow on from that.

**Hon MICHAEL MISCHIN:** Thank you to the member for the question. It is through a variety of efficiencies and rationalisation of programs, everything from saving on stationery through more efficient use of existing resources.

**Hon KATE DOUST:** Can you speak up?

**Hon MICHAEL MISCHIN:** I will start again. Through a variety of strategies including the rationalisation of the use of current resources and everything from using more information technology that is available to the department, saving on stationery—a variety of measures that will save the one per cent that is called for by Treasury.

**Hon KATE DOUST:** That is how you have done it in the 2014–15 period. How do you plan on achieving the one per cent efficiency dividend in the out years of 2016–17, 2017–18 and 2018–19? What impact will the one per cent general government efficiency dividend have on front-line service delivery on all officers within the Department of Commerce?

**Hon MICHAEL MISCHIN:** There are a number of proposals currently being developed by the department in order to achieve the savings targets that have been set by government. Likely initiatives include repeal or reduction in regulation in a number of areas that will not only save costs to government but reduce red tape for business, including questioning whether certain licensing processes that are currently provided for by legislation need to be in fact done; enhanced electronic transaction technology to reduce administrative costs; streamlining of processes and improving the means by which industry bodies under the supervision of the department are dealt with by the department—some of them, for example, online licensing and features of that nature—more use of information technology and the internet and the web generally; more targeted investigations by regulatory authorities such as WorkSafe, Labour Relations and the like; review of the use of the transport fleet; and reviewing the activities of the department and the way in which those are executed. It may be that it can be achieved through the reduction in staff through non-renewal of contracts and the like where employment contracts are coming to an end and a variety of matters that are currently under review by the department. Part of that process will be consultation with staff. That is currently underway but no final decision has been made on any of the proposals.

**Hon KATE DOUST:** I am really interested, flowing on from that: What impact will it have on direct contact, if you like, between consumers in this state and staff who work in the department? Will there be a reduction in the level of customer service, if you like?

**Hon MICHAEL MISCHIN:** My objective and the department’s objective is that there be no reduction in front-line services that are provided by the department. Indeed, some of the proposals that are under consideration, and as part of the government’s continuing process of looking at the manner in which services are delivered, we would hope to enhance that process. Allowing, for example, online licensing rather than the submission of documents has got to make life easier for those that are requiring licence renewals and registrations and so forth. There is an increasing use of social media and other media platforms in any event to interact with members of the public.

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The public generally are not writing letters so much or seeing people across the counter as opposed to using other means of contacting the services that are available through the department.

**Hon KATE DOUST:** Do you think, minister, there might be pressure put on staff to perhaps prioritise the types of matters that they deal with and perhaps some consumers will be left out in the cold because they will not get the attention that they need to address their matter because of these types of cutbacks?

[1.40 pm]

**Hon MICHAEL MISCHIN:** I do not think that you can attribute that to the cutbacks. Certainly, the objective would be that that not happen. I am always interested to hear of those instances that do occur, and that way they can be corrected.

**Hon KATE DOUST:** I am pleased you mentioned that, minister.

**Hon MICHAEL MISCHIN:** But I am not aware of cases where that is happening any more than has been in the past. You will always have some consumers, some members of the public, who will complain that they have not had a satisfactory response from any government agency, and those issues do get dealt with as part of the quality control that the department undertakes on the way that it delivers its services.

**Hon KATE DOUST:** Minister, as you know, there have been some ongoing issues in the residential building area. I know that we are going to deal with the Building Commission later, but I want to deal with this in terms of consumer issues. I have in front of me a copy of an email provided to me by a member of the public. It is from a staff member in the Department of Commerce. I just want to share this with you, because you said that you are interested in those types of instances. This is the email from the staff member; it says: I have previously explained to you that the last few months have been nothing short of manic with regards to the shortage of staff and the jobs that have been drawn to the attention of the minister's office, so please excuse me if my mind has been elsewhere. All of this I have articulated in the below email. Then it goes on to say: Unfortunately, I have to prioritise my workload, and your particular query has a much lower priority.

I must say to you, minister, this has only come to me in the last few days, but I am aware that the matter that was canvassed by this particular member of the public was quite a significant matter. It is a concern to me that this person is being told that their significant matter is of a much lower priority, because, obviously, there are staff shortages in this area and this staff member is not able to provide that level of service to the member of the public. This is just one case, and my concern is that because of the reductions that are occurring across the department, this might be one of many, and, at the end of the day, it is the consumer that will lose out.

**Hon MICHAEL MISCHIN:** I cannot comment on that particular case. I do not know what the circumstances were, who the member of the public was, what the nature of the complaint was or which particular officer is concerned.

**Hon KATE DOUST:** It is all right. There will be more information coming to you.

**Hon MICHAEL MISCHIN:** I think it is pretty patent, though, that from time to time the services required by or expected by some members of the public may exceed the resources that are available. That is not a question simply of just overall resources, but from time to time there are rushes of work. I am aware that certain divisions in the Department of Commerce have been under stress for a variety of reasons. I will just use as an example—although I am not suggesting in any way that it is a comment on that particular case, but more generally—where, for example, registrations or licences all have to be renewed by a particular date, you are inevitably going to get an enormous amount of work in the lead-up to that date, but very little activity in that particular area at other times. That does not mean that the overall resourcing for that particular division or section is inadequate, simply that the workload fluctuates from time to time, and there may very well be other

priorities that need to be attended to. For example—again, I am not commenting on this particular case because I do not know enough about it—it may be that there may be a rush of complaints about a particular area of operation that will occupy the time of inspectors, and that work has to be triaged or prioritised, and from time to time there will be more work that they can handle at that specific moment. But, again, that is a different issue to whether the overall resources are adequate or inadequate.

If the member would care to provide me with details of that particular issue, then I will happily have that investigated.

**Hon KATE DOUST:** I will, minister. I am happy to do that. In fact, I will include the letter that your office sent back to this person in January, and I will include all the materials that have been provided. I understand that they have been pursuing this matter with both your ministerial office and the department since January. I am sure that you personally may not be across the detail, but it is just one example that demonstrates the frustration of one consumer, who I am saying to you is probably one of many. It is not necessarily the fault of the individual staffer; they are just trying to obviously manage the difficult arrangement in which staff have been cut back. I will provide all that to you, and perhaps you can refresh yourself and provide some comfort to this person and maybe a solution.

**Hon MICHAEL MISCHIN:** I am happy to do so. To draw the conclusion that it is probably only one of many—yes, I suspect that there is more than just one complaint, but there are always complaints, as I say, about just about any service that is delivered. Some are very legitimate complaints and others are less legitimate. I receive a number of complaints across my portfolios every day about some inadequacy in the service that is provided, whether it is because judges make a decision that people do not like or whatever it happens to be. But if there is a systemic issue that needs to be addressed, I will certainly address that. Just allow me a moment. I take it that complaint was regarding the Building Commission, was it?

**Hon KATE DOUST:** Yes.

**Hon MICHAEL MISCHIN:** I have been reminded that in fact there is a recognition in the budget as to the need for additional resources with the Building Commission and there has been a further injection of funds in respect of that. Indeed, the increase in the building services levy will help provide the basis for the Building Commission to achieve further efficiencies and reforms of its operations. So, yes, the government is aware of the need in certain areas that additional resources may be necessary, and those resources are being provided.

**Hon KATE DOUST:** Minister, I am sure we will flesh that out when we come to our next session that deals with the Building Commission.

**Hon PETER KATSAMBANIS:** On page 494 of budget paper No 2, volume 2, the last line there refers to industry and innovation grants. They have been phased out in the forward estimates. I understand that those grants were provided to start-ups; they were effectively vouchers for about \$20 000 or so that could go towards things like protection of someone's intellectual property. Is there any intention that this program will be replaced by a different type of program that would target that sort of area of innovation?

[1.50 pm]

**Hon MICHAEL MISCHIN:** I thank the member for the question. What is reflected in that particular line is the historical situation. The grants over the coming years depend on what is provided from industry sponsors and the like to provide for particular programs—the innovation vouchers program and so forth—and in the future years it is a matter of particular budget bids. There is currently work being done to find the funds for specific grants and programs. I will ask Ms Draper, who is acting executive director for industry innovation, to expand on that and how it is done.

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**Ms Draper:** The figure actually relates to some private sector investment into both the innovator of the year program and the industry facilitation program. The figure is actually carried over from previous years, so particularly around the innovator of the year program it straddles a calendar year rather than a financial year, so we have had some moneys from the private sector that have been carried forward into this particular year. The figure represents private sector investment from Chevron, Mitsubishi, Woodside and Amcom—Cisco into both those programs.

**Hon PETER KATSAMBANIS:** So it is not anticipated that that funding from the private sector will continue in the future?

**Ms Draper:** It is anticipated that it will continue, but it is not committed to as yet.

**Hon PETER KATSAMBANIS:** In that same area of innovation—encouraging start-ups and venture capital projects—I note that on page 495 it is stated that the government proposes to introduce the limited partnerships bill into Parliament, which I have been told by people in the sector would encourage the access to venture capital for WA businesses. Is it still intended that that bill will be introduced this year?

**Hon MICHAEL MISCHIN:** Yes, look, it is currently being drafted. That is a piece of legislation that is a long time overdue. The current Limited Partnerships Act 1909 had fallen out of favour for quite some time and then there was an excitement of interest in it in, I think, about the late 1990s or early 2000s. Since then the interest in amending it fell out of favour; however, it has become more apparent that it is sufficiently out of date, but allowing for new forms of limited partnership, including incorporated limited partnerships and the defining liabilities amongst them, it may be a very worthwhile vehicle for encouraging greater investment in not only start-ups—I think your interest is start-ups and the like—but also in much larger operations including resource industry operations. The bill is currently under preparation. Some of the key issues that will be addressed will include provision for the registration of incorporated limited partnerships for use with commonwealth-based taxation and equity-based venture capital programs; amendment of the limitation of liability provisions to increase investment protection under the limited partnership structure; clarification, formation and memberships of limited partnerships, and the registration process and alignment with other Australian jurisdictions; clarification of the interaction between the Limited Partnerships Act and the Partnerships Act 1895; and restrictions on certain persons being involved in the management of limited partnerships. We have received, I think, six submissions in response to a discussion paper from representative bodies and other government agencies; all respondents supported the proposed changes to the act and it is still my intention, subject to parliamentary counsel doing its job and getting the necessary instructions from time to time, to introduce it into Parliament by the end of this year.

**Hon PETER KATSAMBANIS:** Thank you for that, that is helpful. I know it is something that is wanted by a number of sectors. You raised the interaction between the concept of limited partnerships and the traditional partnerships under the Partnerships Act. Yes, the whole concept of those traditional partnerships has fallen out of favour over a long period of time, but there are still plenty of businesses, both small and large, particularly professional businesses, that are operating under that old act. Is there an intention in conjunction with the introduction of this limited partnerships act to review the operation of that older act or make changes, or is it only intended to make changes to clarify the interrelationship between, let us them call “traditional partnerships” and “Limited Partnerships”.

**Hon MICHAEL MISCHIN:** The current intention is just the latter: clarifying the relationship. The Partnerships Act itself, albeit old, is fairly straightforward. The actual concept of a partnership with its limited liability and the like is one that is fairly well known to the law and operates effectively. The fact that a lot of the traditional businesses that may have operated in partnership arrangements, such as law firms and the like, have moved to other corporate structures is a feature of other imperatives that are acting on their liability. Limited partnerships on the other hand are

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ones where you have the sort of sleeping partner who does not want to be responsible for the whole or wants to provide the funding and does not necessarily want to be responsible for the unlimited liability of an ordinary partner in accordance with the Partnerships Act. To have an effective contemporary piece of legislation there will provide the flexibility for new forms of investment and arrangements, and in terms of even start-ups and the like, I think it will be a very useful addition. It has been quite some time in the coming, but I am committed to trying to get something into Parliament before the end of the year, if at all possible, in order that that can be advanced, along with other reforms such as amendments to the Co-Operatives Act. We already have before our house the Associations Incorporation Bill that has passed through the other place.

**Hon PETER KATSAMBANIS:** Also on page 495 there is reference to the electronic bonds transactions. I seek clarification and some information in relation to this dot point. The first part of the dot point states that the Consumer Protection Division will be moving to an electronic system of rental bond lodgement and disbursement during this forthcoming financial year. I just want a yes-or-no answer; does that mean the whole sector, including tenants and everyone else who is involved in the sector will be moving to this electronic bond transaction system?

**Ms Driscoll:** The intention is that the tenancy bonds lodgement and disposal arrangements will go to an online exchange. The way in which it will operate is very similar to the way in which one undertakes a banking transaction at the moment, so it will involve a combination of email and SMS addresses. Clearly, that is dependent on the familiarity and availability of those two forms of communication with, in particular, the tenant to confirm that they are in agreement with particularly the disbursement of the bond at the end of the tenancy. In relation to the other services provided by consumer protection, which extend particularly to telephone advice, conciliation activity and then investigation in relation to breaches of legislation, that will continue in its current form. It is intended, though, to really drive the savings that are available through this initiative, once the system is tested and bedded down. It is being implemented at the moment; it is possible for all real estate agents now to lodge bonds electronically and we are testing with a pilot group the facility to disburse bonds electronically as well. It is envisaged that we will actually drive to look to mandate that where it is possible through real estate agents, because we need to make savings in this area to ensure that the rental accommodation account is viable and that the funds accumulated through that can be directed to assist those most in need. As all bonds were moved from real estate agents across to the department we have had a strategy of engaging temporary contract people, but more recently temporary agency staff in anticipation of the fact that we would have surplus staff as we move to the online arrangement. It is very expensive and we need, of course, to move to what is a much more appropriate, efficient and commercially appropriate form of transaction.

[2.00 pm]

**Hon PETER KATSAMBANIS:** With the pilot project that you mentioned and that is referred to here in the budget papers, what have been the identified savings, I guess, or improvements or enhancements in the bond system generally that have come out of the pilot program, and have there been any issues, red flags or areas of concern that have arisen through the pilot program?

**Ms Driscoll:** Firstly, we have taken a very conservative approach to testing this. We have a small number of agents, about 10, who basically are our pilot program, and they test every aspect of it. We have been delighted with the success of it, so we have gone live with the first phase, the lodgement phase. That was fairly soon after the test with the control group. There were no major issues. There was one bug fix that was of some significance, but it certainly did not result in an error in lodgement or in the financial process in exchange of funds. As I indicated, we are now piloting the second phase, the disposals. We are hoping to achieve savings in the order of about \$400 000. I am confident we should do that in the first year, but certainly in the out year in which we expect to drive and push hard this alternative method of lodgement, we would expect to at least make that again on top of the base \$400 000 and, hopefully, more into the million dollars plus.

We have had great success and cooperation from REIWA in this process, which is at the moment rolling out a compatible system that will actually assist its agents to basically import into their own systems their own information that automatically populates ours. REIWA has really very much supported and championed this initiative, so it is a win-win and the agents themselves who are the pilots have been our primary promoters in looking to engage other agents in the same process.

**Hon RICK MAZZA:** Just on the electronic bond transaction, you said that you had 10 agents involved in the pilot program. How did you select them?

**The CHAIR:** That is a good question.

**Ms Driscoll:** Again, we were working with REIWA and, basically, it was somewhat on a volunteer basis, but we deliberately chose those with large portfolios and some with small portfolios to really test the variety. I am not sure whether Mr Hillyard would have anything to add to that.

**The CHAIR:** That has not answered the question, which was: how did you select them? Did you have a formal process? Did you go to some sort of expression of interest? Did you choose them at random? That is why I thought Hon Rick Mazza's question was such a good question—I had the same thing in my mind.

**Ms Driscoll:** In implementing this arrangement, we approached REIWA to basically get its input on the design. It has a property management chapter that is a component of REIWA, so it has representatives who focus on that area of activity. We firstly had their input on its design and then we invited that chapter to make nominations, setting out criteria that we had to ensure we were dealing with both the small end of town and the large.

**The CHAIR:** So REIWA selected who was used?

**Ms Driscoll:** It was REIWA through its membership. I am not sure REIWA was the decision-maker. As part of that chapter people volunteered to assist, and then we made sure —

**The CHAIR:** Can we get this clear? Did REIWA put forward a list of 10 agents or a list of people who were prepared to volunteer and then you chose them?

**Hon RICK MAZZA:** We can take that on notice.

**Ms Driscoll:** I cannot answer that. I will have to check the details.

**Hon MICHAEL MISCHIN:** Perhaps we had better take on notice the mechanics of how that was done.

**The CHAIR:** If you are taking that on notice and the department had a formal selection process, can we get the matrix sheets of how you then selected those agents?

**Ms Driscoll:** I can certainly say we did not have a formal selection process. It was very much an agreement so that people nominated and there was agreement on that nomination, but we are happy to come back with more details.

**The CHAIR:** If there was a group of people who nominated and you selected from that, could we have the list of people who nominated and how you arrived at who you selected?

*[Supplementary Information No B1.]*

**Hon RICK MAZZA:** Can you tell me the cost to set up the system?

**Ms Driscoll:** I can in broad terms. My understanding is that it was around \$550 000, but we have our chief information officer here who can perhaps confirm that.

**Mr Radica:** I think we just passed \$550 000 and we had another change request that brought it up to about \$640 000, and that is what we would expect to get to conclude the project at around a September time frame.

**Hon RICK MAZZA:** When do you expect it to be fully operational?

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**Mr Radica:** In about September–October.

**Hon RICK MAZZA:** Is it still the case that the interest earned on residential tenancy bonds is retained by the department?

**Hon MICHAEL MISCHIN:** The interest is applied to a number of purposes. The bonds themselves, of course, that are held in trust by the bonds administrator have to be returned, but the interest can be applied to a number of operations, including towards the funding of Magistrates Court cases to deal with bond disputes, to the administration of the bond fund and even as grants for particular purposes such as education, information and assistance.

**Hon RICK MAZZA:** So, basically, they are retained by the department?

**Hon MICHAEL MISCHIN:** Yes, to be used for specific purposes provided for under the Residential Tenancies Act. The director can expand on those particular issues. One of the pressures being faced at the moment is because of the low interest rates. The interest being earned on those bonds is decreasing over time, which is one of the imperatives for more efficient ways of dealing with them.

**Hon RICK MAZZA:** Is it mandatory now for real estate agents to lodge bonds with the bond administrator and that real estate agents can no longer hold their own bond trust account?

**Ms Driscoll:** That is correct, yes.

**Hon RICK MAZZA:** Are you looking at a similar thing for purchase deposits when someone buys a home and pays a deposit? Are those deposits still going to be held by real estate agents in trust accounts or are you looking at an administration system for that?

**Ms Driscoll:** As I understand, there is no intention to change that arrangement. We have close scrutiny of those accounts. There are usually two trust accounts held by agents. One is a trust account related to property transactions, as you say. There is also money held that is rent being paid by tenants, which will then in part be passed on to the property owner or the landlord. Those two trust accounts continue to be held by agents. The department receives annual audit returns to confirm that they have been appropriately managed. We are very satisfied with the level of scrutiny of the auditors. Fortunately, the nature of issues for this year, as was the case last year, reflects very detailed analysis and quite high standards in terms of the sorts of areas that have been identified, which are often quite unimportant.

**Hon RICK MAZZA:** Is the interest that is earned on transaction deposits and on rent that is being held by the real estate agent until they do a payout to the owner of that property also retained by the department?

**Ms Driscoll:** That is correct. A proportion of it flows through, which is basically prescribed through the legislation, and a certain amount below the standard interest rate comes into the department. These are all in accounts that clearly are not available to the department for its standard use. We have the rental accommodation account that holds in excess of \$300 000 and interest earned on that goes to a variety of purposes. That certainly contributes to the Magistrates Court costs associated with residential tenancies. A component also goes to a group of not-for-profits to provide tenancy advice services. A small proportion goes to Child Protection to assist youth at risk of homelessness, so that is also going out to not-for-profits. Certainly an amount, obviously, is retained by Commerce for the processing of the tenancy bonds but also those other services I referred to previously in terms of investigations of breaches and education generally—so the landlords' handbook and the tenants' handbook. The money is disbursed to the extent that the accommodation account can pay. Separately, there are the real estate accounts; we have three accounts for them, and one for fidelity guarantee account.

[2.10 pm]

**Hon RICK MAZZA:** Yes; I am going to ask about that.

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**Ms Driscoll:** There is one for our ongoing compliance costs et cetera, and another that also supports education such as the compulsory professional development for real estate agents.

**Hon RICK MAZZA:** Can I just go back a little bit? I asked about the interest earned on these deposits and also bond deposits and whether the department retains that interest, but from what I understand, from what you said, some of the money actually goes to departments like child services; is that correct? So not necessarily something your department is involved in?

**Ms Driscoll:** Basically, Child Protection is the department used as the vehicle to disburse the funds, but it is actually going to not-for-profits. We have an MOU with them to disburse the moneys to not-for-profit associations.

**Hon RICK MAZZA:** Moving on to the fidelity guarantee fund you mentioned, I know the real estate industry has a fidelity guarantee fund: is there also one for settlement agents?

**Ms Driscoll:** There is.

**Hon RICK MAZZA:** Are they two separate accounts?

**Ms Driscoll:** Yes.

**Hon RICK MAZZA:** What would the balances of each of those accounts now be?

**Ms Driscoll:** I certainly can find out perhaps another —

**Hon RICK MAZZA:** To save time, maybe, Chair, we can that on notice as to what those balances are. I would also like to know the number of claims against those funds in the last three years and the amounts of those claims by year.

*[Supplementary Information No B2.]*

**Hon RICK MAZZA:** As I understand it, the claims on those particular funds are for fraud that may be committed by an agent.

**Ms Driscoll:** That is correct.

**Hon RICK MAZZA:** Where someone is at a loss because of that fraud.

Considering that the building industry often has issues with that type of thing and it affects insurance, has there ever been any plan to have a fidelity guarantee fund for the building industry?

**Hon MICHAEL MISCHIN:** For the building industry? We do have the home indemnity insurance scheme that is prescribed under the Home Building Contracts Act that requires that there be insurance for the grant of a building permit that will cover not only the defalcation of the builder by way of collapse, disappearance or death, but also to provide a guarantee or a warranty period for six years after the completion of the building. There is that element, and —

**Hon RICK MAZZA:** I appreciate that, minister. The premium for that indemnity insurance is generally paid for by the owner of that particular building. With the fidelity guarantee fund, as I understand it, for the real estate agents and settlement agents it is actually a portion of their licence fee that is paid by real estate agents, sales representatives and settlement agents that go into that fund and it is accumulated over a long period of time. I am just interested to know why builders are not paying an amount for their building licence through the industry to build up a fidelity guarantee fund, where if fraud is committed by a builder the consumer can be recompensed.

**Ms Driscoll:** May I say that the proportion of revenue sourced by the licensing regime from real estate agents and settlement agents is a very small component of the amount in the fidelity guarantee account. It almost entirely is sourced through the interest on trust accounts.

**Hon RICK MAZZA:** Yes, but the industry itself is what has contributed to those funds.

**Ms Driscoll:** One might argue that it actually is consumer funds that are being held in an account while a settlement is pending, so it is not really money contributed by a real estate agent; equally,

the money paid by a tenant pending transfer to the landlord is really, again, money held in trust on behalf of those two stakeholders.

**Hon MICHAEL MISCHIN:** I think what you are driving at here is that there are the fidelity funds that are extracted from licence fees —

**Hon RICK MAZZA:** Yes.

**Hon MICHAEL MISCHIN:** — as a component of that, part of the licence fee being to provide for the costs of the department administering and regulating that particular profession, and part of it going towards a fidelity fund that can deal with defalcation, and why is that not being done in the case of builders?

**Hon RICK MAZZA:** Yes. Maybe it could be explored for the building industry as well?

**Hon MICHAEL MISCHIN:** As part of —

**Hon RICK MAZZA:** Yes.

**Hon MICHAEL MISCHIN:** That would require then a levy on top of the licence fee to pay a sufficient amount to cover any potential defalcation. The difficulty with that, I would have thought, is trying to set an appropriate sum to cover the necessary risk where not everyone is necessarily as risky as everyone else, and in the light of already requirements that there be a certain amount of insurance taken out to cover the potential collapse of the builder or its loss. Now, there may be mechanical and practical difficulties in imposing that. I have to say that I have not explored it myself; perhaps the Building Commissioner might be able to make some comment on that issue and whether it is a realistic proposition or not.

**Mr Gow:** The possibility has been looked at on and off, but it has not had a lot of legs because of the difficulties of setting a levy or an amount that would actually generate sufficient funds to remove the need, say, for indemnity insurance. There are two broad areas that have been looked at: one is in housing as part of the reviews the government has done over the last three or four years with home indemnity insurance. The Economic Regulation Authority looked at some alternatives to the current insurance scheme, including fidelity funds, and it was not completely convinced that that was a useful way to go. We have spoken to industry associations about the possibility of them setting up a fidelity fund as an alternative to the insurance arrangement. A similar sort of arrangement to that did operate in the Northern Territory, where the Master Builders Association ran a fidelity fund. Essentially, the associations were not willing to go down that path either as one they held or, to some extent, on that the government would hold. The big killer for Western Australia, really, is the very heavy skewing of the industry to a number of very big players in the housing industry. We have the top two builders in the country here, and it is a very skewed market here and so the amount you need to accumulate quickly to be able to fund a very large builder default is almost impossible to do through that sort of fidelity arrangement.

[2.20 pm]

The other area that is being looked at in the commercial sector is particularly looking to provide some security for subcontractors, so there have been a number of examinations of things like fidelity funds, statutory trusts or project bank accounts et cetera that hold money in some form of trust, so should the builder or someone in the contracting chain go broke, those funds are still available to pay people. There is what I would call an experiment or a trial going on through BMW at the moment on project bank accounts, which is not quite the same thing. There is some possibility of providing some statutory trust arrangement. There is a review currently going on of the Construction Contracts Act by Professor Evans of Curtin University that is looking at how that deals with security of payment for subcontractors. Potentially coming off the back of that, we can look at whether there is any need for trust arrangements, but by and large, the difficulty with that sort of thing is to ensure that you have somehow tied into the turnover of the builder, and that means that you cannot have a flat fee; you have really got to monitor builder turnover and then what

contribution they make that relates to their turnover. It has been looked at. We have not found a better solution in the housing area at the moment than the current indemnity insurance arrangement, and there are some sporadic tests being done in the commercial area.

**Hon RICK MAZZA:** So it is not a totally foreign idea, then; it has been floated?

**Mr Gow:** Yes.

**Hon RICK MAZZA:** Chair, I know we are a bit stuck on time; just one last quick question. With the new bond administration system, what is the turnaround time going to be for tenants to receive their bond once the real estate agent has lodged it with you?

**Ms Driscoll:** Basically, an instantaneous disbursement. As soon as the parties agree online and confirmation through their texts, it will be instantaneous.

**Hon RICK MAZZA:** Right; very good.

**Hon MICHAEL MISCHIN:** Mr Chair, I have just been provided with some figures for the amounts in the fidelity funds; I am not sure whether that was asked. It is my understanding that the real estate and business agents' fidelity fund currently holds, as of May 2015, \$43.348 million, and the settlement agents' fidelity fund, \$38.478 million.

**Hon ALANNA CLOHESY:** I refer to the "Service Summary" table on page 498 of budget paper No 2 and the second line item, "Industry and Technology". Why was \$10 million cut out of industry and technology from the 2013–14 actual to 2014–15? What was cut worth \$10 million out of that program area?

**Hon MICHAEL MISCHIN:** I will ask the acting chief financial officer, Mr Squires, to answer that.

**Mr Squires:** Within the industry and innovation service costings there is the royalties for regions funding for their programs. They are quite sporadic in nature and have, I guess, a profile over a number of years where it builds up, spends a lot of money and obviously spends less on the tail of that. We had a large program —

**Hon ALANNA CLOHESY:** Sorry, the communications tower?

**Mr Squires:** That is right. So in 2013–14 we had a lot of money that was spent on the first stage of the regional telecommunications program, and we are now seeing moneys coming into that for the new second stage of that program coming through in the latter years; 2014–15 was a quieter year for that program. We brought one program to an end and started off that other program.

**Hon ALANNA CLOHESY:** So that \$10 million was exclusively the royalties for regions communications tower component, or was it also the industry participation component as well?

**Mr Squires:** Around about \$6 million related to the telecommunications program; the balance related to other measures.

**Hon ALANNA CLOHESY:** To which outcome measures? What are they?

**Hon MICHAEL MISCHIN:** Other measures.

**Hon ALANNA CLOHESY:** Yes; what are they?

**Mr Squires:** There was \$1.5 million for Buy Local.

**Hon ALANNA CLOHESY:** So the \$1.5 million for Buy Local was cut.

**Mr Squires:** Yes.

**Hon ALANNA CLOHESY:** What else?

**Mr Squires:** I think cabinet's submission will be seeking to continue that, so it may continue on in the later years, once current priorities are given to that, and \$2 million relates to the

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Pilbara common-use facility that was deferred, given cabinet discussions, so those moneys moved into 2015–16.

**Hon ALANNA CLOHESY:** Which could possibly answer my next question. I am just not sure that that adds up; \$1.5 million; \$2 million; \$4 million from royalties for regions.

**Mr Squires:** So \$6 million related to the regional telecommunications program, the two stages of that; \$1.5 million for the Buy Local; and \$2 million related to the Pilbara common-use facility.

**Hon ALANNA CLOHESY:** That is \$9.5 million.

**Mr Squires:** That is right.

**Hon ALANNA CLOHESY:** Why, then, is there a discrepancy between the 2014–15 budget of \$14 million, when \$23 million was actually expended?

**Mr Squires:** That relates to the carryover of royalties for regions moneys. There were delays in the program so we were unable to acquit all those moneys in 2013–14, so it was sought at midyear review to carry those moneys into 2014–15 and expend on those.

**Hon ALANNA CLOHESY:** What money was carried over?

**Mr Squires:** Eight million dollars, which related principally to the regional mobile communications program.

**Hon ALANNA CLOHESY:** Which was royalties for regions money.

**Mr Squires:** That is correct.

**Hon MICHAEL MISCHIN:** Payable to Telstra.

**Hon ALANNA CLOHESY:** Why was carried it over?

**Hon MICHAEL MISCHIN:** It related to the finishing of the program, so there were some small delays, as I understand it, in the completion of the program, so the moneys would only be acquitted at the time that the project was completed. Some of those delays related to land tenure issues and the like. It was money that was drawn from royalties for regions, payable to the service providers who were establishing the towers as part of that regional mobile telecommunications program, but that money would only be budgeted for to be paid in a particular year, but until those towers were completed and the appropriate acquittals obtained, money would not actually be paid, and so it would have to be carried over into the next year as necessary.

**Hon ALANNA CLOHESY:** The budget fluctuates by about \$8 million in the forward estimates between this year and next, and then in 2017–18 we are looking at a projected budget of about \$40 million. Why is that?

**Hon MICHAEL MISCHIN:** I ask Mr Squires to explain that.

**Mr Squires:** Again, this relates to royalties for regions moneys, specific to the regional telecommunications program. We see a growth in that program over those years, coinciding with a \$20 million payment in 2017–18. The program escalates as additional sites are brought on board from that, and as that program grows, so does the costing for that service.

**Hon KATE DOUST:** Has the state government sought any federal funding for the continuation of that project; and, if so, how much?

**Hon MICHAEL MISCHIN:** Yes, we have, and in fact I hope to make some announcements regarding that very shortly, but I will ask Ms Draper to expand on the work that is being done in that area in relation to the commonwealth's black spot telecommunications program. We have been in negotiations for about a year in respect of that. Ms Draper may be able to provide you with some further information.

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**Ms Draper:** Yes, certainly. We are expecting an announcement by the commonwealth government towards the end of this week or the beginning of next week. Telecommunications carriers had the opportunity to bid for commonwealth funding. We understand from our interactions with the telecommunications carriers that Western Australia is positioned to do very well out of that program. The program has \$100 million worth of commonwealth funds, and early indications are that we will probably achieve a third of that funding.

**Hon MICHAEL MISCHIN:** Part of the advantage that Western Australia has had with the completion of the last tranche of towers as part of its regional mobile telecommunications project and the commencement of the next one—where the next lot of towers are currently being built; I think it is called the regional telecommunications program, with some change of name for reasons that I do not understand, but at any rate—is that Western Australia had already done the projections as to where its towers ought best to be located. So when the commonwealth announced its \$100 million allocation last year towards its black spot program, Western Australia had the leverage to be able to persuade the commonwealth that much of the process that it was intending to go through with the other states was unnecessary here, and it put us at a distinct advantage. There has been a lot of work done by the department and by the industry and innovation division in particular in consultation with local governments and communities in identifying the best places to install mobile telecommunications towers, and also with the various police and emergency services and ancillary services that are able to use those towers to their advantage. I am very pleased with the way that the work has been done there, and, as has been indicated, we are expecting the commonwealth to make an announcement towards the end of this week or early next week as to what they plan to do and how we will be able to leverage over on that.

[2.30 pm]

**Hon ALANNA CLOHESY:** On that consultation, is there any consultation undertaken in Esperance or around Esperance?

**Hon MICHAEL MISCHIN:** Consultation has been undertaken with all local government areas. I am aware, having been down in Esperance earlier this year or last year, that there was a lot of discussion about whether further towers would be built in particular places, and some will be and some will not; but it is all done on the basis of a needs assessment and where the best advantage can be taken of the location of a tower. The first project was largely focused on trying to improve telecommunications through mobile phones across highway 1, so that now you should be able to travel from the South Australian–Western Australian border all the way around to the Northern Territory border and have mobile coverage most, if not all, of that way—there will always be black spots. There was a lot of focus in the northern half of the state; this current one is dealing with more communities and towns and focusing more on the southern half of the state, but there will be a spread of towers across the state. It will be an enormous boost to our regional connectivity not only from the point of view of amenity of life for people in the country, but also for the advantage of businesses and for emergency services and the like.

**Hon ALANNA CLOHESY:** I got an extensive briefing from the young agricultural professionals regarding communications at the event recently.

**Hon MICHAEL MISCHIN:** Hopefully a favourable one.

**Hon ALANNA CLOHESY:** Can I continue on this budget line, please?

**The CHAIR:** Yes; on which line?

**Hon ALANNA CLOHESY:** On this line 2, “Industry and Technology”.

**The CHAIR:** I just have one question following on from one of your earlier questions. You mentioned the Pilbara common-use facility. Did you say that the money for that has been deferred or been cancelled? I could not quite understand what you were saying.

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**Hon MICHAEL MISCHIN:** It has not been cancelled.

**Mr Squires:** It has very much just been carried into 2015–16, just awaiting further, I guess, advice from cabinet as to what will be progressing on there. Small money has expended so far, but the bulk of it will occur next year.

**The CHAIR:** How much is allocated for the Pilbara common-use facility in the 2015–16 budget?

**Mr Squires:** A little shy of \$2 million—around about \$1.8 million.

**The CHAIR:** What is that money actually to do?

**Mr Squires:** I believe it is to work on the business case to understand the exact merits of that process and to understand how it will be delivered if it was to proceed.

**The CHAIR:** The original studies for that were done some years ago, but does the constant deferral of the progression of that process mean we now need to revisit a whole range of the work that has previously been done?

**Mr Squires:** I do not believe so; we are continuing with our existing plans. This is about further developing those prepared for if we were to deliver on that facility.

**Hon MICHAEL MISCHIN:** It certainly has not been cancelled, but plainly any business case for the amount of money involved in establishing such a facility has to be sound, and as we are all aware, there have been changes in the resource market and the like, but it has not been cancelled by any means.

**The CHAIR:** There were four different individual studies, if I recall rightly, done regarding that project some years ago, so I am trying to work out what has caused the delay in progressing it to the next stage?

**Hon MICHAEL MISCHIN:** The latest studies were completed only last year. The next stage, if my memory serves me, is the preparation of the business case to establish just what is necessary and whether it is still a viable proposition, so that is what those funds are devoted to.

**The CHAIR:** I will go back to Hon Alanna Clohesy, but I do note that I have got Hon Samantha Rowe, Hon Mark Lewis and Hon Kate Doust. Is Hon Samantha Rowe happy to defer to Hon Kate Doust?

**Hon SAMANTHA ROWE:** Yes.

**The CHAIR:** So Hon Mark Lewis and Hon Kate Doust are seeking the call; I want to give them both a bit of time.

**Hon ALANNA CLOHESY:** In the 2013–14 royalties for regions budget of \$16.261 million, the balance was to the communications program—mobile towers—but a component was also to local industry participation. What component of this budget is to local industry participation this year?

**Mr Squires:** This program has \$1.5 million per year allocated to it, and it will continue over the forward estimates.

**Hon ALANNA CLOHESY:** How will that be expended? How is it going to be used?

**Mr Squires:** The delivery of grants and education programs in the regional areas.

**Hon ALANNA CLOHESY:** I will follow that up a bit later. In the interests of time, I will pass it on.

**The CHAIR:** I will go to Hon Mark Lewis and then Hon Kate Doust.

**Hon MARK LEWIS:** On page 506 with respect to “Regional Infrastructure and Headworks Fund”, I note in 2016–17 there is a line item for \$10 million, but in 2017–18 it doubles to \$20 million. I ask the question because I cannot find in the “Significant Issues Impacting the Agency” section what that \$10 million increase will be for? What is it targeted at?

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**The CHAIR:** They just answered that; it is for the telecommunications, but I will let them confirm it.

**Hon MICHAEL MISCHIN:** That is the continuation of the towers erection project.

**The CHAIR:** They pre-empted your question, Hon Mark Lewis. They got the answer in early.

**Hon MARK LEWIS:** It must have been a good question. It was not even a dorothy dixer!

**Hon PETER KATSAMBANIS:** They have the means to read your mind.

**The CHAIR:** Yes.

**Hon MICHAEL MISCHIN:** You ought to see what else we can do.

**The CHAIR:** Do you have any other questions?

**Hon MARK LEWIS:** No.

**The CHAIR:** They probably know them anyway and will send the answers by email tonight!

**Hon MICHAEL MISCHIN:** Do not sit in front of TVs because we can read your thoughts!

**The CHAIR:** I am glad that we finally got you to admit that in *Hansard*, minister!

**Hon KATE DOUST:** I refer to the second item in that table on page 495, “Strategic Information Plan”. I want to know what is the strategic information plan, and can you table a copy? Why is it costing the Department of Commerce approximately \$1 million a year over the forward estimates, give or take a little bit either way?

**Hon MICHAEL MISCHIN:** It represents projects that address the department’s continuing information technology requirements through delivery of services to not only consumers, but also the staff, and includes programs such as asset replacement, \$1 million, including the electronic data records management system update and wires maintenance and enhancements; red tape reduction, \$1.2 million; and cost reduction, \$3.2 million, including compliance and licencing systems, bonds electronic transaction systems, rollout of digitisation, and the human resources management system replacement. It is funded by capital and recurrent expenditure. The capital component is to be capitalised as an asset, depreciated over the useful life of the asset, and the recurrent component covers aspects of spending that are necessary to facilitate asset development that do not qualify to be capitalised under the accounting standards applicable. I think that basically covers it.

[2.40 pm]

**Hon KATE DOUST:** Are you going to table a copy of that document, minister?

**Hon MICHAEL MISCHIN:** Yes.

**The CHAIR:** Have you got it here or shall we take it as item B3 on supplementary?

**Mr Radica:** I do not have it here.

[*Supplementary Information No B3.*]

**Hon KATE DOUST:** Just following on from that, minister, I understand that the government has established a new office of information and has a new commissioner in place. I would be interested in knowing what discussions have occurred between the Department of Commerce CIO and that new commissioner in relation to any changes that will be made to procurement of IT in the Department of Commerce. What types of savings have been envisaged as a result of that new position?

**Hon MICHAEL MISCHIN:** I am happy for Mr Radica to comment on that, but the chief government information officer is a position that is established under the Department of Finance. I do not think he has taken up his position as yet. I think that commences on 1 July.

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**Hon KATE DOUST:** But I understand that he has actually met with at least 90 CIOs across the government sector.

**Hon MICHAEL MISCHIN:** Yes. I am sure there will be discussions about it.

**Hon KATE DOUST:** You know that he announced that at the function on Friday night, so I am just wondering what discussions have occurred and dealt with.

**Hon MICHAEL MISCHIN:** Perhaps Mr Radica can answer.

**Mr Radica:** He has had one presentation with those 90 CIOs that you mentioned. It is very early days. There was no discussion around any savings or perceived savings at this stage. Really, at this point he was setting the scene in terms of how he would like to engage with all the government CIOs—and there are a lot of them. There is obviously a fair amount of work to do before we get into any conversations around the savings or perceived workings or any policy decisions. In fact, he did go into some detail about the process that is going to follow in terms of his engagement with the CIOs, and he has called for assistance from some of the CIOs to help him develop that policy. In terms of procurement, there was no direct discussion about any particular savings around procurement at this stage. I think that is obviously a work in progress, so that will take some time. But I would envisage that, over the next three to four months in his time frame, we would hope to get some sort of government policy around things like procurement and more specifically around technology strategy and where we will want to go as different CIOs.

**Hon KATE DOUST:** Can I follow up on that, Mr Chairman? Given that that is an area that the government is focused on, what work, minister, have you done in terms of drafting an ICT policy for the state?

**Hon MICHAEL MISCHIN:** None. That has not been an area that has been the responsibility of the Department of Commerce to my knowledge.

**Hon KATE DOUST:** But you have people sitting behind you who work in that space. You have the digital economy unit in the Department of Commerce.

**Hon MICHAEL MISCHIN:** Yes.

**Hon KATE DOUST:** I would have thought that was an opportunity for the department to actually work across the sector and develop a plan of what the government could do to assist, but you are saying that is not the case.

**Hon MICHAEL MISCHIN:** That is what the chief information officer's function is to be. It is one thing to promote the digital economy across the Western Australian economy, but up until now there has been no centralised responsibility for the way that government works out its procurement strategies for its own information technology.

**Hon KATE DOUST:** Minister, I am not talking about procurement. I am talking about what plan does the government have to assist those start-ups to which Hon Peter Katsambanis referred to support new entrants into the market to deal with the Industry and Technology Development Act, which you have not finalised the review for? What has happened with TIAC? Those are the types of things I would have thought would have been pulled together as part of a plan to look at ICT as part of that bigger picture, if you like, and you are saying to me, no, that has not been done.

**Hon MICHAEL MISCHIN:** Perhaps I will hand over to Ms Draper about the work that industry and innovation has been and can be doing in respect of that over the last several years.

**Ms Draper:** The ICT sector is supported through the Innovation Centre of Western Australia. We have numerous clients in the ICT sector whose projects are supported through to a commercial outcome. Also, the Innovation Vouchers program, which is run through the department, has supported companies in the ICT sector and those with digital technologies, and the engagement then through the Innovator of the Year program also which supports not only advice and assistance

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through a commercial outcome, but also monetary values to support either development of the project or support with introduction to international markets, supply chains or partnering organisations.

**Hon KATE DOUST:** Minister, I am pleased that reference has been made to the Innovation Centre. I have had a look through the document to find out where the funding is for the future of the Innovation Centre. Is the government intending to continue to fund the Innovation Centre in Bentley; and, if so, by how much?

**Hon MICHAEL MISCHIN:** Funding for the Innovation Centre will continue, but it is something that will be required for a budget bid into the forward years. It is being funded internally for the department and we are to be advertising a tender for the delivery of innovation and commercialisation services at the Innovation Centre for the 2015–16 financial year. As the member mentioned, on previous occasions there has been some interest shown by the Chamber of Commerce and Industry of Western Australia in having some involvement with the Innovation Centre. Those discussions are still continuing. It is a very worthwhile centre but it is not the only one in Western Australia and questions arise as to whether the most efficient way of providing the service it provides is through its control through government. But there has been no final decision as to its fate. Certainly, it will continue to be supported.

**Hon KATE DOUST:** Just moving on to a different area, Mr Chairman, I refer to page 495 where it talks about the continued enhancement of housing and tenancy laws, and specifically in relation to the Residential Parks (Long-stay) Tenants Act 2006. The simple question is: when will that review be finalised, and when will amendments to that legislation be tabled in this Parliament? As you are aware, minister, there is a heightened degree of interest from both parts of that sector, and we are very keen for the government to get a move on and introduce it. So, if you are able to provide a date for the introduction of those changes, that would be very helpful.

**Hon MICHAEL MISCHIN:** A considerable amount of work has been done on this issue, and it is a very complicated one. There was a consultation RIS issued that outlined a number of options for reform, and that was released in June last year for input from the community. As a result of that, the department received 38 responses and 166 survey responses. Those have been analysed and a decision regulatory impact statement is now being prepared and, I am informed, has just landed on the acting director general's desk and, once she has had the opportunity to consider it, it will be passed on to me.

[2.50 pm]

**Hon KATE DOUST:** Mr Chairman, I now want to move on and have a look at page 499 and the third paragraph under “Explanation of Significant Movements”, where it talks about the average cost per inspection or investigation for WorkSafe is expected to increase. Then it goes on to say this is primarily due to an expected decrease in inspections in line with changing regulatory requirements and minimal changes are expected to the number of investigations undertaken. I assume, minister, that might be in relation to proposed legislation, but you might explain that. Can the minister firstly explain why there is an expected decrease and what those minimal changes would be in the first instance?

**Hon MICHAEL MISCHIN:** I will pass that to the acting director general. I should add that the acting director general's substantive position is the Commissioner for Consumer Protection and is well aware of the operations of that division.

**Hon KATE DOUST:** I appreciate that.

**Ms Driscoll:** There is an anticipated small increase in the unit cost. In essence, it reflects that target arrangement in that the staff have been consulted and a target arrived at, but what tends to happen each year—it is the case in the estimated actual for 2014–15 as well—is that we tend to overachieve the number of inspections we undertake. Last year we had a variety of mechanisms to sample

compliance; 28 000 different tests, if you like, have been applied to give us this low unit cost of \$638. It is informative to note that the budget was much higher because we keep overachieving in the number of inspections undertaken. Again, staff have been consulted and we have had regard for the fact that, given that we are doing in the order of 28 000 inspections, we could probably, if we are expected to find some savings, reduce marginally some of the areas where we have high compliance and high inspection numbers. This reflects the fact that we are looking to reduce inspections marginally, and the proportionate activity dedicated to the much more expensive activity of investigations means that the unit cost goes up. I would not be surprised if, when we get to the estimated actuals for 2015–16, we again have a low unit cost because, I am delighted to say, the area keeps surprising us with its performance despite the fact that we are needing to contain resources. Basically, what that reflects is a slightly lower number of anticipated inspections without compromising the important investigations that need to be undertaken where we see a serious breach of the law.

**Hon KATE DOUST:** How do you manage, minister inspections, be they random or targeted, in the north west region given that there is no permanency of location of inspectors there now?

**Hon MICHAEL MISCHIN:** I will ask the acting director general to address that.

**Ms Driscoll:** Currently, we actually have a consumer protection representative in both Karratha and Broome.

**Hon KATE DOUST:** Sorry. I am not talking about consumer protection; I am talking about WorkSafe.

**Ms Driscoll:** This page actually relates to consumer protection.

**Hon KATE DOUST:** Okay. Let me talk more specifically about WorkSafe.

**The CHAIR:** Before you move on with WorkSafe, you talked about 28 000 inspections. Do you keep records of how many of those 28 000 inspections resulted in identified noncompliance? Can you provide that as supplementary information? I would imagine it is quite extensive, so whatever you can provide in terms of supplementary on noncompliance.

**Ms Driscoll:** I refer you to the first outcome under “Outcomes and Key Effectiveness Indicators” on page 498 of the budget papers, which is a fair trading environment that protects consumers and traders. The first item is the extent to which traders comply with regulatory requirements.

**The CHAIR:** I was thinking of something a little bit more substantial than that. Are they major compliant problems; are they minor or significant areas? I would like quite a detailed breakdown by area of where the compliance is, which is why I suggested we take it on notice.

**Hon MICHAEL MISCHIN:** I will see what information can be provided that provides a little more granularity, which I think is the catchword nowadays.

*[Supplementary Information No B4.]*

**The CHAIR:** Sorry, Hon Kate Doust.

**Hon KATE DOUST:** That is all right. I apologise; I did have the wrong page. I refer to page 501, which does deal with WorkSafe. Really, the question is not all that different, because if you look at the “Explanation of Significant Movements”, the second point refers to declining costs combined with an increase in the number of inspections or investigations expected to be undertaken. Again, I pose the question: in relation to WorkSafe, how do you manage those matters around random or targeted inspections in the north west when there is no permanent WorkSafe position up there?

**Hon MICHAEL MISCHIN:** I will ask Mr McCulloch to address that.

**Mr McCulloch:** We have a WorkSafe inspector in the Kimberley, we have a WorkSafe inspector in Geraldton, we have a WorkSafe inspector in Albany, and we have a number of inspectors in

Bunbury. We do not have inspectors in Karratha or the Pilbara. How we manage that now is that we do similar to what Resources Safety do—we fly our inspectors in and they spend a week or two weeks in the region and go through and do the inspections. We do not do the mining industry; we do general industry. So we can go to the main towns and go through a number of workplaces.

**Hon KATE DOUST:** Why is there no presence in Karratha or Hedland?

**Mr McCulloch:** We had two inspectors in Karratha, and we moved them out probably 18 or 20 months ago for two reasons. Predominantly, the amount of activity in the north of the state was dropping off. The second reason is the cost of the housing was very prohibitive for us, so we moved one of those inspector positions to Geraldton and we moved the other one to Bunbury.

**Hon KATE DOUST:** My next question is again a WorkSafe-related question. I am just interested in knowing how many investigations have been discontinued due to a third party representative not providing information. I can give the example of the recent incident on Barrow Island with the cyclone. I understand that that investigation was not continued because information was not provided by the respective unions. I would be interested to know if there are more occasions where, because a third party does not provide information, the investigation ceases. How often does that happen?

**Hon MICHAEL MISCHIN:** Just dealing with the Barrow Island issue, that was raised on a number of occasions and the member asked questions about that, indicating that there had been a significant level of concern about the safety processes in place and whether Chevron and others associated with that site had reacted in an appropriate way to the risks posed by cyclone Olwyn. Mr McCulloch can go into further detail about it, but what is disappointing is that, notwithstanding the expressions of concern from the three unions involved, when it came to actually providing some assistance to WorkSafe to identify what the problems were or to provide any evidence to support the allegations, they declined to assist, which left the inspectors with very little to go on. Now, it is my understanding that a Worksafe inspector did attend Barrow Island and make some inquiries, but was not able to garner any information that would suggest that there had been any breach of protocols or that there had been any risk involved, let alone that there had been anyone harmed as a result of it. Perhaps Mr McCulloch can expand on the work that was done by his officers in that respect. More generally, of course, on the question that I was asked about the number of inspections, the investigations had failed.

[3.00 pm]

**Hon KATE DOUST:** So, Mr McCulloch, really I just want to know how many investigations have been stopped because third parties did not provide information to Worksafe, and, on that basis, Worksafe did not pursue the matter?

**Mr McCulloch:** I cannot provide that information here. We can look and see if we have got that information.

**Hon KATE DOUST:** Yes, please.

*[Supplementary Information No B5.]*

**The CHAIR:** Unless there is one last quick one, I might draw it to a close, and then we will have a break and come back with the Building Commission. Are members happy with that?

**Hon RICK MAZZA:** Just a very quick question, if I can?

**The CHAIR:** For you, Hon Rick Mazza.

**Hon RICK MAZZA:** On page 505, “Farmsafe Western Australia Alliance”, there is \$70 000 a year that you are granting to that. Do you have memoranda of understanding with Farmsafe Alliance, considering that there are a lot of serious injuries and fatalities on farms?

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**Hon MICHAEL MISCHIN:** Yes, each year Farmsafe and Worksafe agree on a set of performance targets that need to be met by Farmsafe if it is to continue to be eligible for grant funding. The purpose of it, as you are probably aware, is to increase farm safety awareness and enhance the capacity and the capability of rural communities to achieve safety outcomes through a series of occupational safety and health initiatives—\$70 000 being allocated.

**Hon RICK MAZZA:** It does not seem like a lot of money, minister. Is that what Farmsafe has requested or what the department decided it could afford?

**Hon MICHAEL MISCHIN:** Mr McCulloch might be able to tell us how that figure is struck.

**Mr McCulloch:** That figure has been \$70 000 for a number of years. Farmsafe do request more, but that is basically the budget we have. As you can see, we only grant two organisations. One is the Asbestos Disease —

**Hon RICK MAZZA:** So you have not even kept up with CPI.

**Mr McCulloch:** No, we have not. Asbestos Disease Society we fund and Farmsafe we fund. Both of those are very important to us, obviously, so we give them what we can afford.

**The CHAIR:** They get their efficiency dividend at some point in the forward estimates, is that right? They drop to \$69 000 and \$98 000 over the forward estimates. You actually drop the amount for both of those organisations. If you see on the list, there is \$70 000, \$70 000, \$70 000, and then \$69 000 and \$69 000.

**Hon MICHAEL MISCHIN:** It could very well be just to balance numbers, but, yes, it does look that way.

**The CHAIR:** Is it balancing numbers or is it that you are applying some sort of efficiency dividend to them? After no CPI for years, you then apply an efficiency dividend.

**Hon MICHAEL MISCHIN:** Mr Squires.

**Mr Squires:** It was the application of the efficiency dividend in later years. It was applied globally to grants and we are trying to balance the numbers; we have done that. The contracts remained or remain at \$70 000 and \$100 000 for those programs, and that would be corrected at its due point.

**The CHAIR:** The committee will forward any additional questions it has to you in writing in the next couple of days through the minister, together with the transcript of evidence, which includes the questions you have taken on notice. Responses to these questions are requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these to the committee clerk at the close of this hearing. On behalf of the committee, I thank you for your attendance today.

**Hearing concluded at 3.04 pm**

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