

**STANDING COMMITTEE ON  
ESTIMATES AND FINANCIAL OPERATIONS**

***BUDGET STATEMENTS***

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
MONDAY, 12 OCTOBER 2009**

**SESSION ONE**

**Members**

**Hon Giz Watson (Chair)  
Hon Philip Gardiner (Deputy Chair)  
Hon Liz Behjat  
Hon Ken Travers  
Hon Ljiljanna Ravlich**

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**Hearing commenced at 1.26 pm**

**DE LACEY, MS MAREE**

**Chief Executive Officer, Peel Development Commission,  
sworn and examined:**

**HORNE, MR KIM**

**Chairman, Peel Development Commission,  
sworn and examined:**

**SLATER, MS HELEN**

**Chief Financial Officer, Peel Development Commission,  
sworn and examined:**

**DUNCAN, MS WENDY**

**Parliamentary Secretary,  
Parliament House,  
sworn and examined:**

**The DEPUTY CHAIR:** On behalf of the committee, I would like to welcome you to this meeting. Unfortunately, two of our members are absent but they will be coming in during the course of the hearing. Before we begin, I must administer the oath or affirmation. Please indicate to the committee clerk if you would prefer to take the oath and, if so, a Bible will be given to you.

[Witnesses took the oath or affirmation.]

**The DEPUTY CHAIR:** You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

**The Witnesses:** Yes.

**The DEPUTY CHAIR:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones and try to talk into them. Ensure that you do not cover them with papers or make noise near them. Please try to speak in turn. I remind you that your transcript will become a matter for the public record. 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. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as a transcript of your public evidence is finalised, this should not be made public. I advise you that premature publication or disclosure of the uncorrected transcript may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. Members, it will greatly assist Hansard if, when referring to the budget statement volumes or the consolidated fund estimates, you could please give the page number, item, program, amount and so on in preface to your question.

**Hon WENDY DUNCAN:** I do not think I have signed a document regarding the information for witnesses.

**The DEPUTY CHAIR:** You are exempt because you are a member.

**Hon LJILJANNA RAVLICH:** I refer to “Significant Issues Impacting the Agency” on page 321 of the budget papers. I refer to the royalties for regions funding, which I understand has provided a significant boost to the Peel region’s economic and community development. I want to ask a series of questions about those grants. Firstly, in total how much of the \$3.5 million was allocated for contestable grants? What is the quantum for uncontestable grants that you currently administer?

**Ms De Lacey:** Each development commission was allocated a total of \$4.4 million, of which \$3.5 million was for contestable grants. We have the ability to provide up to 20 per cent for direct strategic priorities for the region and up to two and a half per cent for administration. That was what was remaining after \$3.5 million. We allocated around \$838 000 into the strategic component. That included funding for the Boddington area, because that is our highest strategic priority. That was for a range of priorities, including a main street upgrade, with a truck turnaround area because Boddington was the area with the gold mine, and a few other issues, in making sure that the main street is ready for the change. It included upgrades in Dwellingup because of its increased expectation for employees for the Boddington gold mine. It is part of the 50-kilometre radius of the Boddington gold mine. That is the area with an increased population. There was also an economic development strategy for Boddington and other small priorities around the Boddington area. That was \$780 000 out of the \$838 000. We also funded an economic development strategy, which is being delivered through the Peel Development Commission. That priority has been identified through all of the local governments and other stakeholders. We employed someone to deliver that economic development strategy. We also had a couple of smaller grants, one of which went to the Forest Heritage Centre and one to the Peel-Harvey Catchment Council. That was the strategic component, with a total of \$838 000. Of the remaining, there was an administration component as well. Out of that, we funded support for our financial management area, including accounting support to make sure that all of our systems were in place and absolutely perfect before we began to administer the royalties for regions, as well as overseeing the administration of that. We also funded accounting expertise to assess the business plans with each of the contestable applications, so every application over \$150 000 has to have a business plan. An external person assessed the financial aspects of those applications. We funded other staffing issues, such as increasing the capacity of what at that time was a half-time level 3 grants officer, turning that position into a full-time level 5 position.

[1.35 pm]

**Hon LJILJANNA RAVLICH:** Is it possible to get a copy of the economic development strategy for Boddington, and has that strategy been costed?

**Ms De Lacey:** The economic development strategy that I referred to is for the entire Peel region. An economic development strategy for the Dwellingup area was a component and there is businesses case for that.

**Hon LJILJANNA RAVLICH:** Have you done a business case for the whole area?

**Ms De Lacey:** There is a business case for the whole economic development strategy.

**Hon LJILJANNA RAVLICH:** Has that been costed with appropriate time frames?

**Ms De Lacey:** That was costed at the time.

**Hon LJILJANNA RAVLICH:** Is it possible for you to provide the committee with copies of those documents?

**Ms De Lacey:** Sure.

[*Supplementary Information No A1.*]

**Hon LJILJANNA RAVLICH:** Do you have clearly defined criteria against which the grants are assessed? Is it possible to get a copy of those criteria? Are those criteria in the public domain, because if they are publicly available somewhere we will take them off the website?

**Ms De Lacey:** The guidelines are consistent across the state, so every development commission operates under the same guidelines and they are publicly available. They are on the website of every development commission.

**Hon LJILJANNA RAVLICH:** Are all the grants assessed against these criteria?

**Ms De Lacey:** They are assessed against the criteria, but one of the criteria includes that they need to be able to demonstrate that they are meeting strategic priorities identified in each commission's strategic plan. Each commission will have a different strategic plan, depending on the nature of each region. There will be differences from region to region reflecting that. We also ask that applicants address our regional priorities list, which is unique to the Peel region. There are two documents. The criteria are the same and the guidelines are the same, but there are two documents for us that will be different across all the regions, and that reflects that each region is different.

**Hon LJILJANNA RAVLICH:** Can you define for us what these two documents are?

**Ms De Lacey:** One is the Peel Development Commission's strategic plan. Every development commission asks that the applicants address the priorities in that plan. In addition to that we also ask that they address our regional priorities, and that is also on our website.

**Hon LJILJANNA RAVLICH:** In terms of all the grants being assessed against the criteria or those two specific criteria, are there any grants which are, in fact, administered by you that have bypassed that process?

**Ms De Lacey:** Yes. Within the strategic component of the funds—that 20 per cent—there was an amount of \$25 000 that we allocated for small continuous grants. They still come in to us from externally and they are still assessed against the regional priorities and the strategic plan, but they do not go through exactly the same process as the \$3.5 million grants.

**Hon KEN TRAVERS:** When you do the assessment, do you keep records on how those assessments go?

**Ms De Lacey:** We do.

**Hon KEN TRAVERS:** Are you able to provide copies of those?

**Ms De Lacey:** It is an internal document, so I am sure we can.

*[Supplementary Information No A2.]*

**Hon LJILJANNA RAVLICH:** I take you back to the funding issue and ask: how do you assess that applicants are eligible for funding?

**Ms De Lacey:** The guidelines are fairly clear in terms of who we do and do not fund. For example, they are clear about funding incorporated bodies. They are clear that it is not designed for funding of state agencies where it might be a cost shifting issue. The guidelines are relatively clear to start with in terms of who is and who is not eligible for funding. That is our base document to start with. Beyond that, it is really a matter of whether they are addressing those two key documents. Ultimately it becomes a competitive process. There were applicants through round one who had good projects, but we were not able to fund them simply through the competitive process.

**Hon LJILJANNA RAVLICH:** I will take you back to the point that you would not normally fund what might be funded by government agencies. I refer to the 2008-09 annual report of the Peel Development Commission in terms of the regional grants scheme and to applicants who have received funding. I take you to, for example, the Pinjarra Harness Racing Club. I refer to page 20 of the Peel Development Commission's 2008-09 report. The project was for a new pavilion for patron usage and the allocation was \$395 000, with a further allocation.

**The DEPUTY CHAIR:** Which one was it?

**Hon LJILJANNA RAVLICH:** It is the Pinjarra Harness Racing Club. I do not have any problems with the Pinjarra Harness Racing Club, but it is for a new pavilion for patron usage with an allocation of \$395 000 in 2008-09 and another allocation of \$350 000 in 2009-10. I am wondering why that has been picked up, whereas it could be rightly argued that that could be the responsibility of Racing and Wagering WA. We then see that LandCorp was an applicant for a project at Nambeelup for baseline investigations—a sum of \$150 000. Then we go down to the Department of Agriculture and Food, with a project that will identify precinct sites for agrifood processing plants—a sum of \$50 000. Even Challenger TAFE got money for a project.

**Hon KEN TRAVERS:** The Employment Law Centre is another and that used to be funded directly by the government.

**Hon LJILJANNA RAVLICH:** I think my learned colleague has hit it on the head. These are items that, historically, one would expect the government agency responsible to provide the funding for. I am wondering, given that the idea for royalties for regions was about additional funds rather than substituting funds, whether you can explain why these programs were funded.

**Ms De Lacey:** I will just work through them. I am trying to find the Challenger TAFE one.

**Hon LJILJANNA RAVLICH:** Challenger TAFE is on page 21 and the project is for a new mentoring program called “Seniors Supporting Juniors”, which will assist students in learning and achieving trade qualifications.

**Ms De Lacey:** I will deal with that one first. That was not from royalties for regions funding; that was from the previous regional development scheme funding. In some ways I will answer that question as I am answering in respect of the others. That one was not from royalties for regions. I will focus on those from royalties for regions to start with. The Pinjarra Harness Racing Club is an incorporated body. It does obtain funding from other agencies, including Racing and Wagering. The total project value for that particular project was \$2.8 million. The funding that we provided was a proportion of that funding; it was around \$600 000 in total.

**Hon KEN TRAVERS:** Looking at this it was \$745 000.

**Ms De Lacey:** Yes, that is good. They did obtain funding through Racing and Wagering as well as through other agencies. One of the benefits of royalties for regions is the ability to leverage other funding. In this particular instance, and in a number of others, including Fairbridge and others, in part it is that the funding that comes from royalties for regions tips over the funding bodies in other areas. The LandCorp project is one that we had quite a bit of discussion about at the board level. The reason for funding that one is that industrial land is, and has been for at least the past five years, the Peel regions highest uncommitted priority. It is reflected among all of our stakeholders; that is, all our local governments, the Peel-Harvey Catchment Council, the Peel Community Development Group, Chamber of Minerals and Energy and Chamber of Commerce all agree that industrial land is our highest unmet priority. Nambeelup is our most complex industrial estate. It comprises about 1 300 hectares of land that is significantly constrained environmentally and through a whole range of other factors.

[1.45 pm]

We have been working very hard for the past five years to bring together all the agencies and move Nambeelup estate forward as fast as we can. One of the consistent issues is that different agencies have different responsibilities for various aspects of the planning that has to be done, so getting that properly coordinated and happening at the same time has been really difficult. We funded this for LandCorp because LandCorp was able to bring some of its own resources. It is a \$308 000 project in total, of which we are funding half. LandCorp was able to bring some of its own resources and actually make it happen more quickly. Because it is such a high priority for us, we said that we would partner with LandCorp. It will actually take over some of the areas that the other agencies

may have normally covered. LandCorp will actually auspice that and move it forward, so it really does push us forward in terms of our ability to —

**Hon KEN TRAVERS:** What other agencies are you talking about?

**Ms De Lacey:** The Department of Water is one of the agencies responsible, and the Department of Environment and Conservation. There are a number of water related studies that have to be done in the Nambeelup area.

**Hon LJILJANNA RAVLICH:** Why would those agencies not simply fund those priorities, if they are priorities? How do you explain the shifting of responsibility for funding to a program that was set up to be administered by the Peel Development Commission? It was really about additionality for those things that are new and unfunded. Now there is a compromising situation. It can be wrapped up in any way one likes, but at the end of the day, we will be funding some of the things that other government agencies would ordinarily have funded in any event. It might have taken a bit longer but they would have ordinarily funded them if they were priorities.

**Ms De Lacey:** For us, it was a priority now. I guess part of royalties for regions is about local decision-making about where priorities are. It meant that it would happen a lot quicker, which means that we can move to the next stage in terms of progressing Nambeelup industrial estate. It buys us in more quickly to the studies that are actually happening and brings the project forward, and that for us is a significant priority.

**Hon KEN TRAVERS:** It arguably gets the study done earlier, but in my experience, unless the Department of Water and the Department of Environment and Conservation carry out the study, they may not accept the results. Unless you have engaged those departments to carry out the study, at the point at which you need to go ahead and do the development, unless you are proposing that the Peel Development Commission become the development agency, LandCorp will still prioritise the project in accordance with its other priorities. The water needs at Kemerton still need to be identified, and Kemerton has been around for a long time. I am not sure how you argue that it actually brings it forward, because when it ultimately gets to the development stage it will be within LandCorp's order of priorities.

**Ms De Lacey:** All those agencies are part of the Peel industrial land steering group, which we chair. The Department of Environment and Conservation, the Department of Water, local governments, LandCorp and the Department of Planning are all part of that group, so in terms of making sure that those departments endorse what is in the study, that has already been taken care of through that process. They are already involved in supporting the scope of where the studies go and what the focus of those studies are. When the study is completed—that is why we have bought into it—the intention is that because we are involved with all those agencies and they are involved in the a group, everyone will be okay with it and information that is satisfactory to everyone will have been provided.

**Hon KEN TRAVERS:** How does that bring forward the overall project?

**Ms De Lacey:** LandCorp and the Department of Planning have already acknowledged Nambeelup as a priority.

**Hon KEN TRAVERS:** Then why was LandCorp not doing it?

**Ms De Lacey:** LandCorp is putting some of its funding towards it; it is a \$308 000 project. It brought it forward in terms of that.

**Hon KEN TRAVERS:** If it is a priority, how is it being brought forward?

**Ms De Lacey:** It would not have happened as quickly as that.

**Hon KEN TRAVERS:** Why not?

**Ms De Lacey:** That is our advice from LandCorp.

**Hon KEN TRAVERS:** Yes, but the minister could have directed LandCorp; it is the same minister. The minister could have directed LandCorp to make it a priority, so the funding would have come out that money. The first point of Hon Ljiljanna Ravlich's question is that this will simply replace an existing function and responsibility of LandCorp, and giving it money to do a job that it should have already been doing, and by your own admission it was already one of its priorities.

**Ms De Lacey:** The development of Nambeelup estate is one of its priorities. All I can say is that it was our assessment that this would buy us into it and make it happen more quickly.

**Hon LJILJANNA RAVLICH:** I would like to go back and ask a question about the assessment of the applications for funding. How is this done? Is there a board? Can you go through the process of what happens? Is there a board and, if so, who does the board consist of? By what process does it get to the final decision-making point at which a project is either ticked off or not?

**Ms De Lacey:** The contestable grants are advertised for a time; there is a closing date and time by which all applications have to be in. Our grants officer makes the first assessment against the guidelines to make sure the applications comply with the guidelines. All applications that are compliant with the guidelines are then assessed by the grants officer with the manager of regional development, so it is an internal assessment process to start with, to do a comparative. All the applications that meet the guidelines are assessed on a comparative basis by the grants adviser and the manager of regional development. Every application for more than \$150 000 is required to present a business case. We send the business cases out to an independent financial assessor to assess the financials. They then come back into the process and go into the assessment mix. We also check with other government agencies about how they assess priorities. For example, if it is a sporting application we talk with the Department of Sport and Recreation. With regard to the Pinjarra harness racing application, we talked to Racing and Wagering Western Australia. We get replies from these agencies in terms of how they see the applications. Those two officers then put the assessments forward to a small group of Peel Development Commission board members, which is a subcommittee.

**Hon LJILJANNA RAVLICH:** How many of them are there?

**Ms De Lacey:** Three plus me. For this round the committee included me, the chairman and two others. We go through and look at all the applications, including both recommended and unsuccessful applications; we look at all of them and make an assessment about where they fit in comparative terms. The subcommittee also makes recommendations to the board in terms of the amount of funding that might be allocated, because there are always a far greater number of applications than there is available funding. All that information then goes to the full board, and there are nine members of the board plus me. The full board makes an assessment and final recommendations on applications. The board sees all the information, including all information from external agencies, including the assessment of the financial adviser et cetera.

Once all that is completed, the board approves all applications up to and including \$250 000. Applications of between \$250 000 and \$500 000 are approved by the board and referred to the minister for endorsement.

**Hon LJILJANNA RAVLICH:** Is the minister or a delegate of the minister involved in any aspect of that process before the point at which a recommendation is made to the minister?

**Ms De Lacey:** No; not in the assessment process.

**Hon LJILJANNA RAVLICH:** Okay. In what processes is the minister or his delegate involved?

**Ms De Lacey:** We advise the minister at the end of the last round in terms of the number of applications that have been received. To the best of my recollection we gave them advice on who the applications came from and the quantum of the applications.

**Hon LJILJANNA RAVLICH:** This is before you go through the process of making the decision about what you thought; the applications come to you and you then do a survey of them to basically determine the range of applications from various applicants and how much is being sought as a quantum. You then send that information up to the minister's office.

**Ms De Lacey:** They were not involved in the actual assessment; it is purely advice in terms of what has come through.

**Hon KEN TRAVERS:** Do you have any discussions with the minister or a delegate of the minister about the applications?

**Ms De Lacey:** Again, to the best of my recollection, in providing that advice we might have asked them what sort of information they wanted, but in terms of any discussions about anything to do with the comparative merits of applications, I do not recall any formal conversations. It is possible—in fact, it is highly likely; I recall having the conversation—that I said we had had some really good applications coming through. We have had that kind of discussion.

**Hon LJILJANNA RAVLICH:** Would you have gone through and said, “We’ve got one from here, there or wherever”?

**Ms De Lacey:** No, I do not recall having any conversations about any specific applications that we have had.

**Hon LJILJANNA RAVLICH:** Can you give me an undertaking or guarantee that none of your officers have had a similar conversation with a delegate of the minister?

**Ms De Lacey:** We have very firm guidelines in our office that no-one but me or my executive assistant speaks with the minister's office. I can give it as an undertaking that no-one else would have spoken to the minister's office; my staff follow those guidelines very strongly. If they are ever contacted by the minister's office, they always make me aware of it. There was no contact, that I was made aware of, between any of my officers and anyone from the minister's office at that time. My executive assistant and I are the ones who make that sort of contract; I would be very surprised if my executive assistant would have been able to discuss any of those applications, because she did not actually see them.

**Hon LJILJANNA RAVLICH:** Can I ask you, Mr Horne, whether you have ever had any contact with the minister or his delegate in respect of any applications?

**Mr Horne:** I have not, and I can assure the member that in the assessment process, there was no inference or suggestion on the merit of any application versus any other from the government or any other source. It was a very pure assessment process, run by the secretariat of the commission.

**Hon LJILJANNA RAVLICH:** Ms De Lacey, can I ask you on what basis you would have done that sort of initial overview of the applications that you received, worked out a ballpark figure, and then set them up to the minister's office? On what basis would you do that?

**Ms De Lacey:** The commission is asked for advice on the number and value of applications coming in.

**Hon KEN TRAVERS:** I would like to return to the LandCorp decision. How will you prevent in future years other government agencies saying that they will not fund certain projects, but rather put in applications for royalties for regions funding, even though the projects may be at the top of their own internal priorities list?

**Ms De Lacey:** Any government agency can put in an application for royalties for regions funding, so we expect that we will, as we have had others as well. In the case of LandCorp, because it is the highest unmet infrastructure priority, it brought it to our attention significantly, and made us want to move it more quickly. If other government agencies are able to convince us that they are not able to deliver something of a high priority, the process would have to consider that.



**Hon KEN TRAVERS:** Does LandCorp own all the land?

**Ms De Lacey:** No.

**Hon KEN TRAVERS:** How much does it own?

**Ms De Lacey:** Actually quite a small proportion of the land; I can get that information for the member if he needs it. That was the other part of the rationale. It is 1 300 hectare area of land in total, some of which is in private ownership, and a small proportion of which is owned by LandCorp. Getting a coordinated approach towards the studies was very, very difficult. LandCorp's commitment is that it will do those studies over all the land, not just its land, and that is what tipped the scales.

**Hon KEN TRAVERS:** Who owns the remaining portions of land?

**Ms De Lacey:** There is significant ownership by private developers.

**Hon KEN TRAVERS:** Right.

**Ms De Lacey:** They are individuals; some of them are quite large, and some are smaller owners, some of whom are not really developers. They are basically owners.

**Hon KEN TRAVERS:** Is it is zoned industrial or rural at the moment?

**Ms De Lacey:** A large proportion of it is zoned industrial, but the total 1 300 hectares is not zoned industrial.

**Hon KEN TRAVERS:** That is my concern. You still have not answer my question about how you will prevent government agencies—even though this may have been LandCorp's priority this year—saying, "Let's put in an application for royalties for regions money" to fund projects, rather than funding them themselves? How will you prevent that? There is that and—we have not talked about it yet—the Department of Agriculture and Food project as well. There are two government agencies applying for funding for projects that I would have thought was the ordinary business of those agencies.

**Ms De Lacey:** We cannot prevent them from putting in applications, but the applications go through the assessment process in terms of whether or not it is a cost shifting exercise. The Department of Agriculture and Food application was something that was new for that agency; it is a \$275 000 project across three regions for identifying an agriculture precinct within those three areas.

[2.00 pm]

That has been recorded as a high priority within the development commission and within the regional priorities process. Because it was covering three regions and it was new business for the Department of Agriculture and Food in that area, that was why we considered that would be a priority.

**Hon KEN TRAVERS:** It is only new business because the Department of Industry and Resources does not do it any more, is it not? It might have been new business for the Department of Agriculture and Food, but it is not new business for the government. The Department of Industry and Resources was doing that sort of work all the time.

**Ms De Lacey:** It is a delivery of a regional priority.

**Hon KEN TRAVERS:** If you were the CEO of any other agency, what I am hearing from you today is: in the first instance, put in an application, hold your cards close to your chest, and say to the Peel Development Commission, "We really love the project but we cannot afford to fund it. If you would give us some royalties for regions money, we could do it." All you are doing, then, is skewing the decisions of those agencies to get the money through royalties for regions. It is not additional over and above the ordinary operations of government, is it?

**Ms De Lacey:** We believed in both those instances that it was delivering a priority that would not otherwise have been delivered in the region. There is an assessment process that they all go through. That is how we make that decision about whether or not we will fund something that has come in from another agency.

**Hon KEN TRAVERS:** But if it was not a priority for that agency, why did LandCorp not consider it a priority?

**Hon WENDY DUNCAN:** Because it had lots of other higher priorities. One of the challenges for all the government agencies is that the decision making was happening in the city. There was citycentric decision making. One of the key issues with royalties for regions is that it is local decision making against local priorities that have been established in local strategic plans. So, the other agencies may well not have had this as the highest priority in their list of things, particularly LandCorp with all the pressure it has got on it in the Pilbara and further north. Because the Peel Development Commission in its local strategy planning and its local priority setting has identified this as a priority, that is why it has made it available.

**Hon LJILJANNA RAVLICH:** I just want to ask the parliamentary secretary a question in relation to policy. Going back to the way that royalties for regions was sold—that is, that it would be additional to spending by government agencies; in other words, it would not be a substitute—in view of that, why did the government not declare that government agencies would be ineligible to apply for royalties for regions funding? That would have meant that there would be no chance of this question of substitution of funding or cross-subsidising and that that would not be an issue, which it clearly is currently.

**Hon WENDY DUNCAN:** Government agencies are just as important in delivering services into the regions as unincorporated bodies and not-for-profit organisations.

**Hon LJILJANNA RAVLICH:** But you went to the election saying that this would be funding over and above, not substitute funding for what government agencies might already be delivering.

**Hon WENDY DUNCAN:** We went to the election saying that that funding would be over and above current government spending. We did not say it would not be involved in where government agencies normally have their expenditure. The issue when we went to the election was that there were identified gaping holes in government expenditure in regional Western Australia that needed to be addressed as a matter of urgency. Royalties for regions was one way to do that. We are talking about putting funding into regional Western Australia over and above the very meagre amount that the previous government had provided.

**Hon LJILJANNA RAVLICH:** But do you accept that government agencies could well have put this funding into these projects with royalties for regions money? Do you accept that in a sense what you are doing is basically double counting, in that you have basically given government agencies the opportunity to put their money elsewhere while you use royalties for regions funding as top-up money, if you like, in regional areas?

**Hon WENDY DUNCAN:** What we are doing is giving government agencies the opportunity to come to the party in collaboration with us—with royalties for regions—to deliver much needed services and infrastructure in regional Western Australia. A lot of the funding that government agencies have partnered with royalties for regions to provide services and infrastructure and a much needed boost of funding would not have happened without the royalties for regions being there and the local regional development commissions and communities identifying local priorities and saying, “This is a project that we want to see happen, and we want to see it happen soon.” So they make the decision on what to put royalties for regions funding towards. That gives the opportunity for government agencies to come to the table and take part in that project.

**The DEPUTY CHAIR:** Can I take a different tack and come back to what you are talking about and referring to? You talked about the Dwellingup example. Coming at it from a different angle,

what would have happened if royalties for regions money had not been there, given that there was a demand for housing? What would have been the outcome if that had not taken place?

**Ms De Lacey:** Dwellingup is actually part of the 50-kilometre radius area for us for the Boddington goldmine. Is that what you are referring to—that whole project?

**The DEPUTY CHAIR:** Yes, that work that is being done there in relation to the Boddington mine. If the money was not there, what would have happened from a social infrastructure point of view?

**Ms De Lacey:** Those funds have obviously contributed and brought forward infrastructure that is much needed. What they have also done is allow the three local governments, and particularly the Shire of Boddington, to leverage other funding. That is one of the real advantages of any kind of grant system. It enabled them to leverage applications from the commonwealth government, in particular by being able to say, “This is clearly a state priority. The state government has provided \$780 000, and we have a partnership with the commonwealth government in this.” That is the advantage of it. If we had not had those funds, there would have been two options for us. One would have been that we did not do anything. For us, we could not have done anything, because for us this is the only real opportunity that we have currently for the Boddington area to get a significant economic boost. They have a \$2.9 billion goldmine happening on their doorstep. What our funding is trying to do is to encourage people to live and work in the Boddington area, with all the other advantages that that brings. So for us there is no option of doing nothing. Without those royalties for regions funds, we would have had to find another way to get funding through the state government, and that is a difficult process.

**The DEPUTY CHAIR:** So the state government would have had to put the money in there at some time, I would presume, down the track. So it is a timing issue, is it?

**Ms De Lacey:** It is absolutely a timing issue, and the ability to actually leverage additional funding through that time is important.

**The DEPUTY CHAIR:** And the leveraging of it, because if the government had decided to have other priorities, and the money had not been put in there until, say, four or five years down the track, what would have been the consequences that you might envisage?

**Ms De Lacey:** We would have seen that as being a significant negative consequence, in that the goldmine is actually up and operating now. If people make the decision to live in Mandurah or Perth and commute to work, which they can do in this area, that is different from the Pilbara for that reason.

**The DEPUTY CHAIR:** That would have been the implication?

**Ms De Lacey:** We would end up with a goldmine with a significant drive in, drive out population, and it would just be a big population coming to work there and going out again, with a massive potential of asset loss to that region. So for us there is not an option of doing nothing there. The whole focus that we have with the local governments in that area and with the state partners is to make the Boddington area a place where people choose to live, and the target is around 65 per cent.

**Hon KEN TRAVERS:** When did you start that work?

**Ms De Lacey:** That work was started in earnest probably about three or four years ago when we announced it.

**Hon KEN TRAVERS:** Were you funded for it then?

**Ms De Lacey:** There was some funding that was provided through the state government. A \$9 million grant was provided through the Department of Industry and Resources.

**Hon KEN TRAVERS:** And how much are you spending out of royalties for regions now?

**Ms De Lacey:** It is \$780 000.

**Hon KEN TRAVERS:** So you got \$9 million four years ago—and that was a meagre amount according to the parliamentary secretary a few minutes ago—and now you are spending \$780 000 as a massive expenditure?

**Ms De Lacey:** It is the case that it was a \$9 million amount of money for social infrastructure that was provided, and that infrastructure is there, and certainly very well under way. The \$780 000 was to move those priorities forward. Again, with the \$9 million, it was always accepted that we would need to go back for further funding. So royalties for regions has enabled us to move forward quickly.

**Hon KEN TRAVERS:** Again, you have got that original \$9 million. You would not be anywhere near doing anything with the \$780 000, would you?

**The DEPUTY CHAIR:** What was the total amount for the Dwellingup project?

**Ms De Lacey:** The Boddington or the Dwellingup?

**The DEPUTY CHAIR:** The Dwellingup, with the partnership money coming in.

**Ms De Lacey:** That is in relation to housing in the Boddington area.

**The DEPUTY CHAIR:** The housing, yes.

**Ms De Lacey:** The funding that we applied for through the federal government was an \$8 million grant. Ultimately, that was not delivered from the federal government. So it enabled us to leverage to the point where we actually had the offer of a contract, but there were some problems in terms of the private sector delivery agency, which meant that funding was ultimately not provided.

**Hon LJILJANNA RAVLICH:** After you got the \$9 million from the previous government, had you made a budget bid to the Minister for Housing, I would assume, for additional money? Apart from the \$780 000, did you make any bid for additional funding for this project?

**Ms De Lacey:** There was not an actual cabinet submission. There was a lot of discussion with the agencies, but there was not a cabinet submission.

**Hon LJILJANNA RAVLICH:** How much was being sought by the development commission?

**Ms De Lacey:** There was a budget amount. I am afraid I cannot recall the total amount, but we can provide it.

**Hon LJILJANNA RAVLICH:** What about a ballpark figure? You are the head of this agency. You must have some idea how much money you sought.

**Ms De Lacey:** We did not actually make a submission, though. What we did was we had the business cases developed.

**Hon LJILJANNA RAVLICH:** Did you communicate a sum of money with any minister or their delegate in terms of the ballpark that would have been satisfactory to you to make significant progress on this project?

**Ms De Lacey:** I think the ballpark in terms of just briefings going forward—so they were not actual submissions but briefings going forward—was around \$22 million, but that was not for housing specifically, because the nature of Boddington is that all of the land that is owned there is in the private sector. So really it was more around infrastructure to help to move forward the private sector, rather than just being specifically about housing.

**Hon LJILJANNA RAVLICH:** How much of it was for housing and how much did you anticipate might have been for housing?

**Ms De Lacey:** We had within that GROH housing and social housing, so they were the only components that were in that. Again, I cannot recall the specific figure, but it would have been in the order of \$1 million. There was a small number of GROH houses and social houses that we were looking at. So the housing was quite a small component.

**Hon KEN TRAVERS:** How much did you get in grant-for-grant money under the previous government?

**Ms De Lacey:** It was \$500 000. In terms of the regional development scheme grants?

**Hon KEN TRAVERS:** All of the grants. The \$500 000 was the local money.

**Ms De Lacey:** Yes, the regional development scheme grants. If we are referring to the amounts that we funded for specific projects as grants, so that is where the commissions receive funds to deliver a particular project; that is not actually money that we give out as a grant. We took over the administration of the \$9 million from DOIR around two years ago. So there was a proportion of that that we took over. We had \$2.6 million that was provided for the Pinjarra-Brunswick sustainability strategy, which we administered. We also transferred some of that to the South West Development Commission. I am trying to recall any other major projects. We had the Pinjarra to Boddington rail project. That went over a couple of governments for that period of time. That was around \$3.5 million in total. There was an additional just over \$1 million two years ago that also went to the Pinjarra rail project. That would have been the kind of quantum in terms of the major projects that we were funded to actually deliver.

**Hon LJILJANNA RAVLICH:** I just want to go to back to this business case, where projects over \$150 000 require a business case. Are you saying that anything under \$150 000 does not require a business case?

**Ms De Lacey:** In the guidelines we advise people that we may ask for a business case, if we consider that it is necessary, for funding under \$150 000.

**Hon LJILJANNA RAVLICH:** How many applications did you get all up?

**Ms De Lacey:** There was a total application pool of 73 applications.

**Hon LJILJANNA RAVLICH:** How many were funded?

**Ms De Lacey:** We funded 26.

[2.15 pm]

**Hon LJILJANNA RAVLICH:** Can you provide the committee with the schedule of all the others that were unfunded—that is, what the funding request was for, and the quantum that was sought?

**Ms De Lacey:** That is on our website, but we are happy to provide that.

**Hon LJILJANNA RAVLICH:** Out of the total of 150, can you also give me a breakdown of those that required a business case and those that did not? Obviously, for those applicants that were seeking more than \$150 000 there would be a requirement for a business case, but can you identify those applicants from which you also sought a business case?

**The DEPUTY CHAIR:** Those that had a business case requirement and those that did not?

**Hon LJILJANNA RAVLICH:** That is right.

**Ms De Lacey:** Yes.

[*Supplementary Information No A3.*]

**Hon LJILJANNA RAVLICH:** In relation to the quantum and the requirement for a business case, is it a general feature of the royalties for regions program that all those over \$150 000 do and all those under \$150 000 do not?

**Ms De Lacey:** Yes.

**Hon LJILJANNA RAVLICH:** That is fine. How do you assess whether applicants are eligible for funding? I want to get some understanding about what due diligence you do for the organisations that you are going to give taxpayers' money to, just to satisfy the committee that we have covered that part of it.

**Ms De Lacey:** Yes. The very first stage of the assessment process is one that knocks out those that do not meet the guidelines. The guidelines talk about the kinds of organisations that can and cannot apply for funding. That process—and also the next one with the manager of regional development—looks at aspects such as whether the business case stacks up. We also have information that has come in from the external accountant by that stage. There were a number of applications where the accountant's advice was that the financials of the agency were not satisfactory, and we took that advice in every case. So that really looks at the whole of the financials that are provided to us about the agency and its particular application. Other than that, it is really about looking at the guidelines and how they meet those guidelines.

**Hon LJILJANNA RAVLICH:** Can you also provide us with a list of those organisations that did not meet the financial requirements?

**Ms De Lacey:** Yes.

*[Supplementary Information No A4.]*

**The CHAIR:** My question is about the priorities for the region. I note that one priority that is given a reasonably high listing is integrating environmental and land use planning, and reporting on implementation. I thought that the Peel-Harvey already had a catchment management plan in place. Am I wrong in thinking that?

**Ms De Lacey:** It does not have a formal catchment management plan. The intention is to develop that.

**The CHAIR:** Wow! That is amazing! In terms of that being identified as a high priority, what has triggered that? It talks about improved coordination between environment and planning outcomes for the region. Is that because there is a concern about lack of integration?

**Ms De Lacey:** Yes. It is because when we have done surveys within our region, one of the highest priorities that has come through consistently is the environment, and particularly the health of the waterways. That is one of the highest priorities for our region's population. One of the things that makes the environment vulnerable is the population growth and the sensitivity of the environment. That is what makes that integration really important—that is, to work with the Department of Planning to see how we can move forward with residential development that will enable the population to grow and at the same time will protect the environmental values. So, bringing those systems together so that they can focus together was, and is, an important process.

**The CHAIR:** What role does the regional development authority play in that regard? You have got Planning, you have got DEC and you have got Agriculture.

**Ms De Lacey:** Development commissions are agencies that are set up to facilitate and coordinate, and that is what we do. We do not have any statutory powers to direct any agency. In many ways, that gives us a degree of strength, because we can bring agencies together to work collaboratively. We are almost the honest broker in that process. We work through partnerships in all these areas. So, we already have a group of people working together at the local level through Planning, DEC and others. It is really about trying to formalise that. That is where the priority sits. We also work very closely with the Peel-Harvey Catchment Council. It is one of our major stakeholders and one of our major partners, and it also brings those other agencies with it as well. It is not a formal direction role that we have, but it is a very powerful coordination role that we have that relies really on relationships.

**The CHAIR:** That group does not have a catchment management plan?

**Ms De Lacey:** The Peel-Harvey Catchment Council does not have a plan in terms of the actual formal title of "catchment management plan". It has a number of plans, and it has done a number of studies under the NRM processes, but in terms of that next stage that needs to happen, no, that has not been done.

**The CHAIR:** In terms of identifying areas for increased housing and settlement, where are they identified for the region?

**Ms De Lacey:** There is a new strategy that has recently been released for public comment through the Department of Planning. That brings in its definition of the Peel region under its statutory planning, as well as the southern metropolitan area. That strategy is the one that has been publicised recently and that talks about more infill development. It is still out for public comment, so there is still quite a bit of discussion happening around that particular strategy. The area where there is the most pressure in terms of housing at the moment is particularly between Pinjarra and Mandurah—that whole area. That is also recognised as being a very sensitive area environmentally, and that is where we really need to get that better integration of planning, which is really what this Department of Planning study is about doing.

**The CHAIR:** Are those areas basically being made more accessible because of the bypass road? Is that where the pressures are?

**Ms De Lacey:** It would be fair to say that the media and others were reporting that there was a degree of speculation when the bypass road was announced, but it would also be fair to say that the previous minister made it very clear that the bypass road did not necessarily mean that those areas were all going to be opened up for development. Nonetheless, there are a number of landholders in that area who have bought significant parcels of land with the hope of developing them in the future. The strategy that has been released recently through the Department of Planning aims to try to manage that expectation.

**The CHAIR:** Good luck!

**Hon KEN TRAVERS:** They are not doing it in the northern suburbs, so I do not see why they will be able to do it in your area!

To get back to the budget papers, I want to get some understanding—“Budget 101 for Dummies”—of why the \$7 million for 2009-10 for the royalties for regions regional grants scheme is not included at page 320 as part of the net appropriations to your agency. How can that come into your budget if it is not an appropriation?

**Ms De Lacey:** It is in the “Major Policy Decisions” table below.

**Hon KEN TRAVERS:** I understand that, but surely that should still be added into your net delivery of services. It needs to be appropriated to you. I am trying to understand how it can get into your books if that is not done through a net appropriation.

**Ms De Lacey:** It is because it was a major policy decision during the year that these documents were published. That is why we were instructed—I think you will find this is the case with all the commissions—that it should be placed in the major policy decisions area.

**Hon KEN TRAVERS:** But is it appropriated somewhere else by the government? Perhaps the parliamentary secretary can answer this for us. In order for you to be able to spend the money, it needs to be appropriated somewhere in the government accounts. I am trying to work out where it has been appropriated if it has not been appropriated into the Peel Development Commission’s books. It goes out through grants and subsidies, but it still needs to come in somewhere.

**Hon WENDY DUNCAN:** I think the chief financial officer might be able to assist us here.

**Ms Slater:** I am looking for the correct page. It came in quite late. It came in as a service appropriation. At page 326 it comes in under royalties for regions grants, and also in the income statement —

**Hon KEN TRAVERS:** Page 236 is “Details of Controlled Grants and Subsidies”.

**Ms Slater:** Yes. Page 325 is “Income Statement”.

**The DEPUTY CHAIR:** That is right. It comes under “Royalties for Regions fund”, where there is \$7 million coming in for 2009-10 and there is a footnote (f) at the bottom of the page that explains that.

**Hon KEN TRAVERS:** Where is that originally appropriated in the budget? You have been given a grant by someone. Who has given you that grant?

**Ms Slater:** It has come through the Department of Treasury and Finance.

**Hon KEN TRAVERS:** It should, therefore, appear in its books somewhere as an actual appropriation. I will ask the parliamentary secretary. Why is it not directly appropriated to the agency?

**Hon WENDY DUNCAN:** I cannot answer that at this point. I would have to find out that answer for you. I would imagine that the plan is to have it appropriated out of the royalties for regions trust fund in the longer term, but I cannot answer on the specific measure.

**Hon KEN TRAVERS:** Perhaps you can take that on notice and find out for us.

**Hon WENDY DUNCAN:** Yes.

**The DEPUTY CHAIR:** Just to make sure that we understand, are you referring to the appropriation of \$7 million that is referred to in footnote (f)?

**Hon WENDY DUNCAN:** Do you want to know where that can be found in the budget papers from Treasury?

**Hon KEN TRAVERS:** Yes.

*[Supplementary Information No A5.]*

**Hon KEN TRAVERS:** I want to know why that is not just a direct appropriation to the development commission. At the moment, there is no royalties for regions trust fund, because the legislation to provide for that has not been passed yet. Therefore, why was that not just directly appropriated, at least for this year, to the development commission? That is a policy question, I guess.

**Hon WENDY DUNCAN:** Part of the explanation, I think, is the fact that because there is no royalties for regions trust fund, all of the appropriations under royalties for regions have been going out through cabinet and through Treasury, until such time as the trust fund is set up.

**Hon KEN TRAVERS:** My next question leads on from that. This year you are expecting to get an appropriation of \$4 million, and next year you are expecting to get an appropriation of only \$1.5 million. Can you explain why there is that differential? What is included in that \$4 million and what is not included in that \$1.5 million?

**Ms Slater:** Part of that \$4 million includes funding for the Boddington Gold social infrastructure package. In the out years, in 2010-11, obviously the Boddington Gold social infrastructure package has been completed. These figures on page 320 do not include the royalties for regions at the time they were put in.

**Hon KEN TRAVERS:** Right. So that \$1.5 million is purely for the operation of your staff?

**Ms De Lacey:** That is right.

[2.30 pm]

**Hon LJILJANNA RAVLICH:** How many staff do you have?

**Ms De Lacey:** We now have 13.

**Hon LJILJANNA RAVLICH:** So you have increased it by —

**Ms De Lacey:** One.



**Hon LJILJANNA RAVLICH:** By one, and yet you are now administering grants worth \$7 million. You have one extra FTE. That means you had 12 for a budget administration of \$4 million and you have 13 for a budget administration of \$11 million plus. How does that work? I am sure Treasury would like to know because they would probably like that formula!

**Ms De Lacey:** We have made some internal changes so that positions are classified higher to reflect the higher expertise that is needed. With the other funding—the \$4.6 million—that amount varies year by year. There have been times when we have had less and there have been times when we have had more. That has nearly always reflected projects that we are managing. We are not just delivering grants—which is a huge responsibility in itself—but there are projects that we are actually project managing the delivery of particular funds for, such as Pinjarra, Brunswick and Boddington Gold et cetera. A different set of expertise was needed for that. We would anticipate that if we did have to deliver additional major projects, we would certainly need to be looking at our capacity and at how we actually fund the delivery of that.

**Hon LJILJANNA RAVLICH:** Can I just ask you a related question? It seems to me that with the additional workload and the one extra FTE, how are the funding agreements managed to ensure that the funding conditions are in fact met, and how many people are responsible for that task?

**Ms De Lacey:** It is a task that we spread across our regional development team members. Every project that is over \$100 000 or that is complex has a project control group, which is chaired by one of our team members. That is usually a level 5 and sometimes a level 6 officer. Their role is to manage the actual contract. They do not manage the project but make sure that they are bringing together the project proponents and making sure that the milestones are being delivered. Any project that is under \$100 000 or is not complex is managed by the level 5 grants officer in the same way. The contracts are established with milestones; funding is only delivered on the delivery of those in milestones; and the grants officer or the project control group coordinator, who is one of our team members, manages that contract to make sure that is happening.

**Hon LJILJANNA RAVLICH:** Mr Deputy Chairman, I wonder whether I could ask, to satisfy myself—I would not mind if the commission could provide for the committee the 26 applications that were successful in getting funding and also the funding agreement that goes with each of those applications, so that we could do a check to see what was in fact asked for and what was funded, and therefore we could better understand the process by which these things are being progressed?

**The DEPUTY CHAIR:** In essence, all the 26 and the milestones?

**Hon LJILJANNA RAVLICH:** Yes.

**Ms De Lacey:** Do you want the funding agreements?

**Hon LJILJANNA RAVLICH:** I want the actual applications themselves, together with the funding agreements, yes.

*[Supplementary Information No A6.]*

**Hon LJILJANNA RAVLICH:** They are already cut, so that should be good for us.

**Hon KEN TRAVERS:** I want to continue. If we can look at page 325 of the budget papers and page 37 of the financial statements in the annual report, I am trying to reconcile the two documents with each other. Maybe I am missing something, but I cannot even reconcile the 2007-08 actual comment with your figures here for 2008 as being the actual figures on your income statement. When I start to go into the 2009—I accept that they are only estimated figures at the time of the budget, but they seem to be wildly variant. I was wondering if you could explain to me why that is. As I say, I cannot even—the figures for the 2007-08 actual in the budget papers and what you have listed under the 2008 column do not seem to match up. Depreciation is \$35 000 and here it is listed as \$20 000. Maybe I am missing something.

**Ms Slater:** When you are looking at assets and depreciation, between these two sets of figures we have rolled into the Office of Shared Services, and through that process we have had to change how our assets are done. We have moved from a \$1 000 threshold limit to a \$5 000 threshold limit. There is quite a bit of movement in terms of asset and depreciation through that process.

**Hon KEN TRAVERS:** That is just one example, but all the other figures do not seem to—some do and some do not—in any way correlate. In fact, I will get on to some more specifics in a minute. I was wondering whether there was a general explanation for why the two sets of figures between the budget and the annual report do not tend to —

**Ms Slater:** The 2008-09 budget?

**Hon KEN TRAVERS:** Yes. What we should be comparing is the estimated actual column on page 325 with the 2009 column. As you will see, those figures seem to be jumping around quite substantially. I am trying to understand why that is.

**Ms De Lacey:** I will let Helen talk about the details, but the estimate is completed prior to the end of the year and the actual is completed after the end of the year. That is usually the variation in terms of the overall statement.

**Hon KEN TRAVERS:** I understand that and I understand that there will be minor variations, but there seem to be quite significant variations.

**Ms Slater:** In terms of the grants and subsidies —

**Hon KEN TRAVERS:** That is the big one.

**Ms Slater:** —they are estimating there that the royalties for regions would be expended. Obviously it was not; it came out at the very end of the year and had not been expended at the time that the annual report was done.

**Hon KEN TRAVERS:** Is the reason that it was not expended that you did not get the money until the very end of the year?

**Ms Slater:** That is correct.

**Hon KEN TRAVERS:** Maybe the parliamentary secretary can explain to us why that was not provided to them until the very end of the year.

**Ms De Lacey:** It is probably more complicated than that. The process of doing the assessments of the applications of the contestable grants that came to us was not actually completed, so it was as much about the process of getting the finalisation of the contestable grants done and the funding was then released to all the commissions across the state. It was late in the year, but that is how long it took anyway for us to do all the assessment processes, such as the advertising and all that.

**Hon KEN TRAVERS:** You would have known the timelines that you would require when the budget was being prepared, so why would you have included it if you knew that you could not do it?

**Ms De Lacey:** It is the standard process. You would see that with all the commissions.

**Hon KEN TRAVERS:** Unfortunately you have scored the job of being the first one before us, so you can explain it to me. Just because you all got it wrong does not make it right. Why were you not able to predict that when you did the budget papers?

**Ms Slater:** I cannot give a straight answer to that. I guess those budget papers are put in through the estimates that go through Treasury and Finance. The assumption was made quite early, when that was put in, that the money was allocated so the money would be spent, but in fact there were delays in getting it finalised.

**Hon KEN TRAVERS:** What I want to know is exactly what were those delays, why did it occur and why did you not know that at the time the budget was prepared? As members of Parliament, it

is very important for us. It means also that when we try to reconcile the budget papers back to the annual report, you spend your weekend going, “What the hell’s going on here?”

**The DEPUTY CHAIR:** When were these budget numbers submitted? Was it 23 April, or before that date?

**Ms Slater:** These went in in May.

**The DEPUTY CHAIR:** Are you sure it was May?

**Ms De Lacey:** No, it was April.

**The DEPUTY CHAIR:** I thought that the cut-off date was 23 April. I think there may have been something around that issue but that is the issue that we would like you to come back with. That is now A7: what is the basis of the lack of reconciliation between the budget papers and the annual report 2008-09 financial statement?

*[Supplementary Information No A7.]*

**Hon KEN TRAVERS:** I will go on because if we turn to —

**The DEPUTY CHAIR:** I suspect you will have a lot of that as a result.

**Hon KEN TRAVERS:** I will find it. When we go across to the balance sheet and the current liabilities, the employee provisions figure jumps from \$108 000, which is what you estimated and which was based on last year’s, to \$151 000. That is an almost 50 per cent increase in your provisions. I note that I think you have more detail later on in the annual report about that being a significant jump in your long service leave components. I think that was one of the main ones. Long service leave jumps substantially. It is probably more your long service leave than anything else. Can you explain to us why there was that dramatic jump in long service leave?

**Ms Slater:** The current long service leave liabilities—there are people due to take long service leave that have not taken it, and so that liability has become a current liability.

**Hon KEN TRAVERS:** Yes, but why has it jumped so substantially? From 108, which is what you were then estimating you would do—the budget estimate was to actually reduce it from 108. You did 108 in 2008. The 2008-09 budget expected you to reduce that to 62 and then you had an estimated actual outcome of 108 again, which was the same as last year, but you then achieved 151, which is an almost 50 per cent increase in liabilities for leave.

**Ms Slater:** My understanding of that is that liability has increased because people have not taken the leave that they were entitled to take.

**Hon KEN TRAVERS:** I understand that but there have been a lot of Auditor General’s reports about leave. I would imagine that having 62 in your budget figures for last year was a sign that you had a strategy in place to try to reduce your leave liabilities.

**Ms De Lacey:** That is right.

**Hon KEN TRAVERS:** Not only have you not reduced them, but they have blown out by 50 per cent.

**Ms De Lacey:** Part of that—it is only a part of it—is that when you take on a new officer, their leave comes with them. There is a strategy for reducing leave and all of our staff do have a leave management plan, but when you have changes of staff sometimes, you cannot control the leave that they bring with them. In a small organisation, one or two staff can make a significant difference.

**Hon KEN TRAVERS:** Is that what happened here?

**Ms De Lacey:** That is what I think would have happened, because we did have one particular person who has had a very long service within government who came on. We do have leave management plans for everyone.

**Hon KEN TRAVERS:** We do not need to know the name of the individual officers, but if you could provide us with more detail about that.

*[Supplementary Information No A8.]*

**The DEPUTY CHAIR:** That is to give us an explanation of the apparent large increase in employee provisions under current liabilities and also under non-current liabilities, although that has not changed very much.

**Hon LIZ BEHJAT:** Sorry I was late to arrive. I want to go generally to the demographics of the Peel region. What percentage of the people currently resident in the Peel region come from countries other than Australia—migrant populations. Do you have those figures?

**Ms De Lacey:** I do not know that.

**Ms L.L. BAKER:** Do you have a rough idea?

**Ms De Lacey:** No. I would have to get that information for you.

*[Supplementary Information No A9.]*

**Hon LIZ BEHJAT:** My next question was going to be how has that population increased over the past two years, but you will probably not be able to answer that. What I am interested in—from looking through your annual report and strategic plan, my gut feeling would be that your migrant population has been increasing over the past two years in the region, especially with the new projects that you have coming on line there and with the improvement in public transport to the area. Are there any projects that you manage at the moment or have any applications been made for projects that are specifically targeted to the integration of migrants into the Peel region?

**Ms De Lacey:** There have been no applications for the integration of migrants into the Peel region, if you mean migrants from overseas, but there was an application from the Boddington Old School for funding to support the integration of a new population within an existing population.

That was because Boddington as a small community in getting an increase in people from outside of the region and outside of the town. They made an application, which we supported, to assist people to better integrate.

**Hon LIZ BEHJAT:** Were there no projects specifically for people with CALD backgrounds?

**Ms De Lacey:** There were no projects for integration for people from CALD backgrounds but we did have an application for a support service for refugee women, which we supported through putting them in contact with Perth-based agencies and working out a way in which that service could be provided. It was a crisis service for women from refugee countries.

**Hon LIZ BEHJAT:** Was that a successful application, or did you reject it and put them in touch with someone else?

**Ms De Lacey:** We did not fund it and we worked with them to connect up with the existing service in Perth.

**Hon LIZ BEHJAT:** Is there anything else that you do down there in conjunction with the Office of Multicultural Interests, in relation to the region?

**Ms De Lacey:** No, there have been no other applications for those kinds of projects.

**Hon KEN TRAVERS:** When you do that reconciliation for me, can you do it for the income statement, the balance sheet and the cash flow statements? I still cannot quite work out why the actual figures in the budget for 2007-08 would not conform. It may be that some accounting standards have changed along the way. I would accept that in the way we have dealt with capital assets and the like in the budget, but I would really like a breakdown of where they are and what caused those variations. They are not huge jumps, but relative to the amount of money in each column, they are significant percentage variations. Could you do that across all the financial

documents contained in your annual report and relate it back to the budget for both the 2008-09 and 2007-08 years?

**The DEPUTY CHAIR:** This refers back to supplementary information A7, which was previously listed. It refers to variations between each of the items of the balance sheet and the income statement, and just the explanation of what it refers to.

**Hon KEN TRAVERS:** And the cash flow. The variations within the financial statements.

**The DEPUTY CHAIR:** The three precepts.

**The CHAIR:** My question deals with the priorities and the strategic plan. Has any royalties for regions money been spent on environmental outcomes?

**Ms De Lacey:** From the 20 per cent that we are able to provide for strategic priorities within the region, we provided funding for the Peel-Harvey Catchment Council to support its ongoing work while other policy decisions are made about where the catchment councils fit into the future. That was a \$30 000 grant.

**The CHAIR:** Is that new money?

**Ms De Lacey:** That is royalties for regions funding, yes.

**The CHAIR:** Is it for anything specific, or can it be spent on anything?

**Ms De Lacey:** No; the council provided us with a business case of what its focus would be. It is for continuation of some of the works it has been doing, but it is a focus on that. We have also supported the council through other funding for climate change approaches as well.

**The CHAIR:** Can you give any more details on that?

**Ms De Lacey:** We provided \$30 000, and the commonwealth government also gave \$200 000 to complete a climate change adaptation for Peel-Harvey, and it is doing that with us, and with the local governments in the area as well. That is expected to be completed next year.

**The CHAIR:** Just to be clear—\$30 000 went on the Peel-Harvey, and then another \$30 000 was provided?

**Ms De Lacey:** That was a separate project.

**The CHAIR:** Finally, I note that you have a reasonably high priority on reinstatement of large-scale wetlands. How do you reinstate a wetland?

**Ms De Lacey:** Again, the Peel-Harvey Catchment Council is the lead agency with that, and it is around things like how you improve the vegetation and the drainage into wetland. You are trying to minimise any future damage and mitigate existing damage through use of water-sensitive design.

**The CHAIR:** Is that mostly around the impact of the road, or is it elsewhere?

**Ms De Lacey:** That is a focus and an approach that was begun some time ago, and it really again relates to the urban development in the Peel region. We were the lead partners in the development of water-sensitive design projects, and that looks at how you maintain and support the Peel-Harvey wetland and the waterways.

**The CHAIR:** How does that mesh with your mosquito control program? That is probably a difficult question!

**Mr Horne:** As of Saturday, they were not under control!

**The CHAIR:** They were not? It is a serious question. You cannot actually do both, without a hell of a lot of chemicals, which are not very good for the wetlands.

**The DEPUTY CHAIR:** I will take that as a comment.

Our time is up. Thank you very much for coming. The committee will forward any additional questions it has to you via the minister in writing in the next couple of days, together with the transcript of evidence, which includes the questions you have taken on notice. If members have any unasked questions, I ask them to submit them to the committee clerk at the close of this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency 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 why the due date cannot be met.

On behalf of the committee, thank you for your attendance. You are the first to do with royalties for regions for this committee, which is really for the upper house, because the bill has not yet come into the upper house. Thank you for the way you have answered your questions and I thank committee members for the questions that have been asked.

**Hearing concluded at 2.52 pm**