



WESTERN AUSTRALIA

Parliamentary Debates

(HANSARD)

THIRTY-FIFTH PARLIAMENT
FIRST SESSION
1997

LEGISLATIVE ASSEMBLY

ESTIMATES COMMITTEE A

Wednesday, 21 May 1997

Legislative Assembly

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The meeting commenced at 9.00 am.

The CHAIRMAN (Mr Sweetman): For the information of members, this Estimates Committee will be reported by Hansard and a proof document will be made available to the Committee Clerk progressively throughout the day. The daily *Hansard* will be available the following morning.

I caution members that if a Minister asks that a matter be put on notice, it is up to them to lodge the question on notice with the Clerk's office. Only supplementary information which the Minister agrees to provide will be sought within one week.

It will also greatly assist Hansard if when referring to the Budget Statements volumes or the Consolidated Fund Estimates, members give the page number, item, program and amount in preface to their question.

As has been the practice of previous Estimates Committees, members should not raise questions about matters of general concern which do not have an item of expenditure in the consolidated fund. The Estimates Committee's consideration of the Consolidated Fund's Estimates of Expenditure will be restricted to discussion of those items for which a vote of money is proposed. We are dealing with estimates of expenditure and that should be the prime focus of this committee. While there is scope for members to examine many matters, they need to be clearly related to matters of expenditure. For example, members are free to pursue performance indicators which are included in the budget statements while there remains a clear link between the questions and the estimates. It would assist in the committee's examination if questions and answers can be kept brief, without unnecessarily omitting material information. It is the intention of the Chairman to ensure that as many questions as possible can be asked and answered and that both questions and answers are short and to the point.

The Minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, would the Minister clearly indicate to the committee which supplementary information he/she agrees to provide.

Details in relation to supplementary information has been provided to both members and advisers and accordingly I ask the Minister to cooperate with those requirements.

Division 4: Premier and Cabinet, \$79 174 000 -

[Mr Sweetman, Chairman.]

[Mr Court, Premier.]

[Mr M.C. Wauchope, Chief Executive, Office of State Administration.]

[Mr S. Jaffar, Financial Accountant, Ministry of the Premier and Cabinet.]

[Mr W.K. Mann, Chief Executive Officer, Anti-Corruption Commission.]

[Mr P. Tzaikos, Director, Strategies and Executive Services, Public Sector Management Office.]

[Dr P.R. Schapper, Chief Executive, Public Sector Management Office.]

[Mr I. Johnston, Chief Executive, Government Property Office, Ministry of the Premier and Cabinet.]

[Mr M.L. Harris, Assistant Under Treasurer.]

Dr GALLOP: I want to ask a question about Westrail which has not been dealt with under Transport. Will it be dealt with under Treasury?

Mr COURT: Apparently a community service obligation is associated with it, so it will come under Treasury. Most of the CSOs have been put into Treasury. I understand the Leader of the Opposition will be able to ask his question under Treasury. The Water Corporation and a couple of others are in a similar position.

Dr GALLOP: Reference is made on page 767 of the Budget Statements to an increased level of direct communication between the Government and the people which is described as a significant issue and trend. I raise

two matters. The first is a general matter about the Government Media Office and communications between the Government and the people. The second issue relates specifically to the proposed public relations expenditure on the Labour Relations Legislation Amendment Bill 1997 to which the Premier referred last week. I want to clarify the processes being followed in respect of this legislation. The function of Premier and Cabinet is to provide a support to executive government. Will the Premier clarify the situation with that legislation? As he will be aware, the legislation divided the commencement date into three sections. The Act is to come into operation on the day on which it receives Royal assent. That affects the clauses that deal with unfair dismissal, miscellaneous provisions relating to awards, minimum conditions of employment and clause 35(a) which deals with the commonwealth Act. I take it that Royal assent has happened or is about to happen. The provisions of the Bill in parts 2 and 4 will come into operation on the twenty-eighth day after the Bill receives Royal assent. Those clauses deal with the duties of officials and part 4 also deals with political expenditure. Parts 3, 5 and 10 and clauses 34, 35, 36 and 37 will come into operation on days fixed by proclamation. Those clauses deal with strike ballots, federal award coverage, and the Workplace Agreements Act, and of course a series of regulations will be required for those.

[9.10 am]

I raise this issue because the Government has proposed an expenditure of money on advertising what it calls the details of this legislation. Does the Premier have any idea of how much that will cost and from where the money will come? Is the Premier aware that when speaking on the media on the weekend the Minister for Labour Relations indicated that the proclamation date for this Bill would be delayed for three months so this advertising campaign could take place? The only flexibility on this legislation that exists with the Government relates to parts 3, 5, 10, 34, 35(b) 36 and 37. The other sections of the Act come into operation, firstly, in the case of parts 1, 6, 7, 9 and 35(a) on the day of Royal assent, and parts 2 and 4 come into operation 28 days later. What the Minister for Labour Relations has been telling the public about this matter is highly misleading. He has created an impression that there will be no proclamation for three months, and in the meantime he will run an advertising campaign. In fact, people in the world of industrial relations must understand that the process has been set in place by Parliament. There is no way that the executive arm of Government is in a position to change that process. Royal assent means that certain sections of the Bill will come into operation immediately, and 28 days later other sections will come into operation. How much money has the Premier put aside for this purpose, and where will the money come from? Is the Premier aware of the highly misleading statements that his Minister has been making about this issue?

Mr COURT: I cannot give the Leader of the Opposition the specific time of Royal assent off the top of my head. I will ask the Minister about the timing and perhaps during the course of the day I can provide the answer.

Dr GALLOP: Royal assent is a formality. Surely the Premier is not implying that the executive arm of Government will interfere between the Parliament and the Governor on this?

Mr COURT: The main point raised by the Leader of the Opposition is on those sections that relate to secret ballots.

Dr GALLOP: I am also pointing out that sections of that Bill will come into operation on the day it receives Royal assent. Unless the Premier interferes between the Parliament and the Governor, this Bill will come into operation today or tomorrow.

Mr COURT: The main area of concern about its practical application is the procedures for secret ballots.

Dr GALLOP: That is your view. In fact, all areas have been of concern.

Mr COURT: Those procedures will be determined by the commission. The legislation gives the commission a broad hand as to how it will implement those secret ballot provisions. That is the area that has received the most criticism from the Trades and Labor Council as to whether it will work in practice.

The advertising campaign has not been finalised. The legislation in its amended form went through Parliament only last Thursday. The campaign will be purely factual. The estimated cost has yet to be determined. The normal price to run such a campaign would be in the vicinity of \$300 000. However, I cannot say that is what it will cost, because a program has not been finalised. The expenditure will come out of either the communications budget or the Labour Relations budget. During the course of today I will advise the Leader of the Opposition in relation to the time of assent.

Dr GALLOP: Surely the Premier is not implying that the timing of the assent is subject to executive intervention?

Mr COURT: No; the Leader of the Opposition has asked the question. The legislation was passed in this Parliament at the end of last week, and I will find out the timing.

Dr GALLOP: Will the Premier make contact with the Minister for Labour Relations and ensure that he explains the facts to the public? The Minister has given a highly misleading statement to the public. His statements on the weekend implied there would be a three month delay before this legislation came into operation.

Mr COURT: That can occur with those sections that the Leader of the Opposition mentioned.

Dr GALLOP: It will not occur in relation to the duties of officials in organisations. That will impact on trade union officials. It will not occur in relation to political expenditure. On the assumption that Royal assent occurs today, that will have a significant impact on the duties of union officials in 28 days' time.

Point of Order

Mr MINSON: We have had three or four weeks of debate on industrial relations. We are here to consider the budget estimates and several members wish to ask questions. We are again debating industrial relations. Even though the Leader of the Opposition purposely picked a part of the Budget that relates to advertising to launch his diatribe, I ask that you rule that we discuss the Budget and not industrial relations.

The CHAIRMAN: I ask the Leader of the Opposition to relate his question to a page, subprogram or division and speak to that.

Committee Resumed

Dr GALLOP: I did. The Minister for Labour Relations yet again has misled the public about a major issue of public importance. When the community listens to the Minister, presumably they will believe him. He has given every impression that there is a three month time zone between the passage of this Bill in the Parliament and its operation in the community. That is wrong, unless the Government intends to send someone down to Government House to stop the Bill arriving for the Governor to give Royal assent. We hope that will not happen. I urge the Premier to take up that matter with the Minister for Labour Relations. How much money is being spent on government communications within the Ministry of the Premier and Cabinet? How many people are engaged in communications issues? I am asking about the Government Media Office as well as government communications generally.

Mr COURT: The communications unit is a relatively small operation. It has a director, a contracted writer and other contingencies. The unit has two FTEs and its budget is \$140 000. The actual expenditure last year was \$240 000. When we first came into government we intended to establish a reasonably sized communication unit; that has not taken place. The Government Media Office has 7.5 FTEs; the media monitoring unit has 11.5 FTEs; the government advertising office has three FTEs; the corporate service allocation is five FTEs. There are 17 media secretary FTEs, but they are not paid by the GMO; their salaries are paid through the ministerial office subprogram.

Dr GALLOP: Is the Government doing any polling - as it has been doing in the past few years?

[9.20 am]

Mr COURT: Yes, we are. The attitude monitoring studies that we implemented in the first four years in office will continue. A contract starts on 2 May to carry out that work. The fee for the contract is \$124 000 per annum and it is similar to the arrangement that was entered into in the Government's first four years in office.

Dr GALLOP: Have any surveys been done?

Mr COURT: I understand a survey has started, but I will have to obtain the detail for the Leader of the Opposition.

Dr GALLOP: Have any reports been given to the Government on the basis of the survey which has been done?

Mr COURT: I have not seen any reports and I do not think they have completed a survey.

Dr GALLOP: Given that I pursued this issue in this Government's last term, will the Premier give a guarantee to provide members of Parliament, on all sides, with a briefing on the results of those surveys?

Mr COURT: The briefings provided last time were useful to all members of Parliament. I do not have a difficulty in making sure that opportunity is available to all members.

Dr GALLOP: The material tabled in the Parliament was useful, but the problem was that it was very limited. The issue I was raising under freedom of information was whether all the results should be made available. The Premier knows that was denied me under the terms of the Freedom of Information Act because of the views of the pollster about his intellectual property. That is water under the bridge. If the pollster could be obliged to give a comprehensive briefing, as he does to Cabinet, to the Opposition and other members of Parliament, including Independents and other minor parties, there would be a much better feeling about the use of the money. I request the Premier to arrange for that to occur. It is something I will pursue.

Mr COURT: We gave that commitment to the Opposition in our last term and we do not have any difficulty doing it this time. The verbal briefing is the most important part of it. The briefing to Cabinet usually takes about half an hour; therefore, it is not a detailed briefing. It is an overall summary.

Dr GALLOP: The individual Ministers can go back to the pollster.

Mr COURT: They can and we do not have a difficulty with a verbal briefing being provided to the Opposition.

Dr GALLOP: Has the pollster been requested to do any polling on the Labour Relations Legislation Amendment Bill?

Mr COURT: I do not know. I do not know at what stage they are at on polling. Labour relations questions are asked in the polling that is carried out. I could not give the Leader of the Opposition that detail.

Mr MINSON: I refer to the entry for "State Administration" on page 763 of the Budget Statements. I know The Premier is aware that for some time members have been requesting extra resources in their offices and pressure is building. There is more workload on electorate officers. There are two categories of members in this regard. One is Ministers who have to be absent from their electorate offices a lot and the other is country members who are also absent from their electorate offices a lot. Has any consideration been given to the numerous requests for extra electorate officers, either full time or part time, and the additional resources that would be required? Extra room and equipment may be needed if extra officers are provided. Has there been any movement on this request?

Mr COURT: Since the election I have received requests from the Independents in the Assembly and from the incoming Democrats and Green (WA) members in the Legislative Council for additional help in their electorate offices. I have also received requests from members of all the major parties for some additional support. The position that has been adopted in the past is that all members of Parliament must be treated equally and be given the same staff and support. The proposal that has been put forward by some members is for a research officer for two days a week to assist them at their electorate office. I have asked Mal Wauchope to develop some costing. It is not only a matter of costing the wages for two days a week, but also equipment will be required. For example, two work stations may be required. The initial estimate is that it will cost around \$2m for that to occur. The time is coming when electorate officers will need additional support. It is something we will consider. I have told the incoming Democrats and Greens we will make a decision on it very soon. What is the Leader of the Opposition's view on it?

Dr GALLOP: I was going to raise the issue related to the Internet. I think the area that comes up frequently for members of Parliament is research support. Another way to look at it is in respect of the Parliamentary Library. The research capacity of the Parliamentary Library could be a more cost effective way of achieving the same result. In the New South Wales and Federal Parliaments members can go to the library and say they need research on a subject and when it is done they go off and prepare a paper. In assessing additional support for members I urge the Premier to look not only at MP's electorate offices but also the broader issue, and perhaps the library is a more cost effective way of doing it.

Mr COURT: A proposal which has been put forward by the member for South Perth is that there be an option. If members do not want to take on a research officer for two days a week, they can pay someone the equivalent of two days a week for contract research work. Mal is looking at those proposals. We are going to put all the electorate offices on the Internet this year. The contract will go out through the State Supply Commission in July or August. The initial estimates are that it will cost \$100 000 to establish the access and \$135 000 per annum to maintain and support the system. Members will be responsible for their own information content and the associated web publishing costs. That will be the start we will make to assist the electorate officers in getting on the Internet. As far as the decision on the research and the way it will be done is concerned, a few years back when the offices needed an equipment update each office was given an allowance to spend. It was not effective. It is difficult for officers to keep up with technology at the best of times. By and large we have made sure that the electorate offices have state of the art technology available to them. We will make a decision in relation to the research officers in the next couple of weeks.

Mr MINSON: Research is one aspect. I will present a scenario: I have seven shires in my electorate and often I want someone to represent me because I am somewhere else. A good example would be the Farmers Federation zone meetings, at which my office should be represented. It is not research, but if I tell my electorate secretary to attend a meeting at Morawa or Northampton, all the people who ring my office will be upset because the office is closed. I am asking for a looser interpretation. I do not want a research officer; I want an extra person either to represent me or come with me to meetings to take notes. If we are looking at two days, I ask that it not be confined to research.

Mr COURT: The duty description will be broad enough to cater for what the member raised.

[9.30 am]

Mr BARRON-SULLIVAN: On that point and the point raised by the Leader of the Opposition relating to resourcing a centralised service such as a library, as someone who has had several years experience with a centralised service - that is, the federal Parliamentary Library - I believe the proposal that the Premier's office is considering is infinitely better than that in that it gives far greater flexibility to individual members and alleviates any problems of determining priorities. I condone that sort of approach.

Dr GALLOP: I refer the Premier to page 772 of the Budget Statements in which there is reference to joint ventures between the City of Perth and the State Government for the upgrading of St George's Terrace, Murray Street Mall, Forest Chase and the railway forecourt, with construction to commence in late 1996. What other joint ventures have been entered into between the City of Perth and the State Government since 1993 and the election of the coalition and what is the total amount of money involved? What amount of money is involved in this project referred to in the Budget Statements?

Mr COURT: I will get the amounts for the Leader of the Opposition. A capital city committee is made up of Ministers who have been doing most of the liaison with the Perth City Council. They are the Ministers for the Arts, Planning, Transport and me. We bring in other Ministers on projects as they are required. The capital city technical committee consists mainly of the chief executive officers or the relevant officers who get involved in the technical issues of transport, planning and other areas. There have been a number of projects since 1993. If the Leader of the Opposition wants me to give him a complete breakdown, I will provide that as supplementary information. However, it includes things such as the demolition of the BankWest building next to the Town Hall, which was a major exercise - it required removal of asbestos. In joint venture with the council we have done a number of streetscape projects. We have been assisting with things such as beautifying the entrances to the city. The Burswood end is nearly completed. Main Roads is doing its part of the Causeway. Yesterday the council brought me up to date with its planning for the Causeway, Riverside Drive and Heirisson Island entrances to the city. The combined budget in this forthcoming year is \$4.675m. I will give the Leader of the Opposition a detailed list of the projects that will be covered by those amounts.

Dr GALLOP: Will the Premier also, through supplementary information, provide a list of all the projects since 1993 and the amounts spent on them?

Mr COURT: I will. It is quite detailed. For example, a public arts project will be going into Stirling Gardens on the corner of Barrack Street and St George's Terrace in about four months. Kangaroos are part of that. We are happy to provide a briefing on those works to members of the Opposition.

Dr GALLOP: Was that the Premier I saw walking along Riverside Drive yesterday?

Mr COURT: Yes, with the Lord Mayor and the Perth City Council Chief Executive Officer, Gary Hunt. As I have explained previously, one of the weaknesses is the condition of the Causeway and the Riverside Drive entrance to the city. It lets the city down badly. We have developed a standard. We are getting cooperation from all councils; Mick Lee at Victoria Park has been very cooperative. That council will be looking at the entrances to Victoria Park, which will be of interest to the Leader of the Opposition. We are also getting cooperation from all the councils from the airport into the city. The new airport owners also appreciate that the drive from the international terminal is bad news, going through industrial areas as it does. They will be working with us to improve the approach into the city.

Mr BARRON-SULLIVAN: I draw the Premier's attention to page 768 and the reference to the devolution of accountability management. It states -

Devolved property disposal is operating successfully to the extent that approximately \$32 million worth of surplus under utilised assets are targeted for sale during the current financial period.

Will the Premier give me some background to that program? What asset management arrangements were in place before this approach was taken? Obviously, it is a fairly significant achievement to identify a significant amount like that in one current financial year.

Mr COURT: Previously we identified properties that were surplus to requirements and made arrangements for their sale. Now there is a tendency for the agencies to identify those properties and to make the appropriate sale. They then make arrangements with the Treasury Department to use those facilities to build other capital assets that will help them with their programs. In other words, we are trying to give departments an incentive to better manage their assets so that they help to deliver the services they should be delivering, instead of building up a lot of useless assets for the organisation. We are beginning to see a devolution of that responsibility to the agencies. That is in line with a number of other initiatives, including net appropriations and allowing departments to forward spend on their budgets or to carry forward expenditure on their budgets. We are getting away from that end of the year cut-off point. It all fits in with accrual accounting, which is being introduced throughout government. Departments must identify and value all their assets to give us a better understanding of which assets are working and which are lazy.

Dr GALLOP: I refer to page 768 of the Budget Statements and the reference to native title claims. I want clarification about how the Premier envisages the Prime Minister's 10-point plan working in Western Australia. He answered questions on this matter in Parliament on 13 May. The impression he gave - correct me if I am wrong - was that if a lease were to be upgraded in some way to a perpetual lease or freehold, the State would compulsorily purchase that or reacquire it, pay out the Aboriginal native titleholders with taxpayers' money and then reissue the land, presumably on the market. Would the proposal apply to all pastoral leases and, if not, to which properties would it apply? Is it to apply only to those where there will be an upgrade or does the State intend to take them all back, deal with native title and then put them back on the market?

[9.40 am]

Mr COURT: We certainly do not envisage compulsorily acquiring all pastoral leases, but we have always wanted to provide perpetual leases. We have worked on legislation to be introduced but that has been complicated by the native title issue. We would like to see all pastoral leases moved to a perpetual lease. We must renew those leases in the not too distant future, and we would be able to roll them over under the existing arrangements, but it is not a satisfactory title for the people who operate those leases. It has always been a weakness in the system in Western Australia. I understand perpetual leases would not affect native title because any native title rights would remain the same.

In answer to the last question, the Government does not intend to compulsorily acquire the leases, deal with native title and put them back on the market. I know there has been some talk in Queensland about handling this lease question. On the question of freehold, the Government has compulsorily acquired Waterbank Station at Broome because this land will be required for the future expansion of Broome. I envisage that we will negotiate an arrangement for that area that identifies land for freehold residential development, tourism development, industrial development and an airport site, and land that must be protected for Aboriginal heritage, conservation and land management purposes and so on. A number of different uses will be involved in that formal lease and the areas to be freehold will go through the process of native title. The compensation to be paid and the people to whom it is to be paid will be determined and agreed to, and then the land will come onto the open market. It may be that as part of the negotiation, instead of financial compensation there will be a package involving financial compensation and the grant of some freehold land to Aboriginal groups so that as the area developed they would be able to take advantage of the growing development.

A second example is the Fitzroy Valley where certain pockets of stations are suitable for irrigated agriculture. Obviously if dams are put on the river, much more land will be available for irrigated agriculture than is currently the case. It may be that we can start a cotton industry on the Fitzroy without damming, and the owners may be prepared to invest and develop on the lease as it currently is. Alternatively, they may want it to be freehold, in which case we would pull out the pockets of the pastoral lease, go through the process and put them on the market to enable that to occur.

The Ord River is a third example. Most of that area is covered by pastoral leases. The Packers own most of the pastoral leases on the extension of the Ord River scheme. I envisage we would acquire properties and put them on the market. Our main interest would be in finding people prepared to provide funding for the infrastructure, such as roads, power, irrigation channels and so on. We would probably come to an arrangement whereby lands would become freehold as capital expenditure took place. There will be different models for different parts. The fourth example is Kalgoorlie where most of the expansion of the residential area will require development on pastoral leases. Again, there will be a process of compulsory acquisition and putting the land on the market.

Dr GALLOP: On what basis are the leases acquired? What legal issues are involved?

Mr COURT: Currently, they can be acquired for public works, but I cannot give a legal explanation.

Dr GALLOP: That was complicated in the Broome case. Is the Premier sure of the legal basis of the strategy the Government is proposing?

Mr COURT: Already we can acquire land for public works and under the package - the detail of which is not yet finalised - there will be provision for the State to go down that path. I cannot give the detail, but it can be followed up further with John Clarke and Steve Wood in the native title office and they will provide those details.

Dr GALLOP: Have any anticipated costings been prepared for taxpayers' money?

Mr COURT: No. It would be just about impossible to budget for potential compensation outcomes, but an important part of the negotiations with the federal government has been agreement on sharing the cost of compensation. The initial proposition is a 75:25 split on past acts and future acts. It is important that the cost be shared between the Federal Government and the State Government. The Federal Government has also indicated it will assist in the cost

of administering these native title procedures. It will be expensive, and it will be necessary to establish a native title tribunal. There will be state processes to go through that will require much notification, negotiation and so on. The fact that these costs will be shared between the State Government and Federal Government gives us comfort because Western Australia is the State with the most compensation issues to be addressed.

Other negotiations are taking place on some large areas outside the native title framework, but those cases are being negotiated in a very cooperative way. One case in the Kimberley involves the Kimberley Land Council, and Noel Pearson is the legal representative for the case in the central desert areas. To my knowledge, there has been no criticism of the approach taken by the State Government to negotiate agreements. The fundamental of those agreements is that certain titles will be granted over those areas, and the Aboriginal people obtaining those titles - they involve large areas but few people - will agree to abide by all state laws and processes. There is recognition on both sides that the Government must improve their title, and that they must comply with state laws so that roadworks, public works and mining access operate under the same laws as they do elsewhere.

Dr GALLOP: Has legal advice been taken on the compulsory acquisition of those native titles? You have talked about the acquisition of the pastoral leases and the conversion to perpetual leases and/or freehold. There are criteria in the pastoral land Act, but what about compulsory acquisition of native title to ensure that process occurs? Does it have any potential legal problems?

[9.50 am]

Mr COURT: If the Government compulsorily acquires a pastoral lease, it must also acquire the native title liabilities associated with it. I envisage that on most pastoral properties people will be able to carry out the activities they want to without going to a freehold process. In the Kimberley 30 per cent of pastoral properties are owned by Aboriginal people.

In a number of examples on suitable properties, they are keen to participate in some irrigation development so a wider range of activity can be carried out on the properties. It has always been the case with traditional land usage legislation that one must acquire any native title rights associated with it and pay the necessary compensation when they are taken away.

Dr GALLOP: Is there no potential problem with the ability of the State to do that? One must have a reason to do that. The pastoral Act outlines some, but can one go further than that?

Mr COURT: The development of the Ord is a classic example where a major development will take place. As we have not reached the detail of the federal government proposal, I cannot give a specific answer. At any time the Leader of the Opposition wants to be briefed on where it is headed, it will be provided. We have received an assurance from the Federal Government that the States and Territories will participate in the drafting of those amendments. If so, we will be able to keep the Leader of the Opposition fully informed of the process. It is complex, and that is one of the reasons for running into problems. The Federal Government ran into problems because it did not listen to the States or Territories, which have responsibility for administering the land and the resource management.

Mr McGOWAN: Page 771 of the Budget Statements outlines expenditure in the management of communications between the Government and the people of Western Australia. Does the sum of over \$2m include the Government Media Office, or is it for advertising in the media? In the light of recent statements of a major publicity campaign regarding the Labour Relations Legislation Amendment Bill, will the allocation need to be beefed up?

Mr COURT: I am advised that the amount the member mentioned is for the Government Media Office and the communications unit I outlined earlier.

Mr McGOWAN: Does it not include the cost of advertising?

Mr COURT: I am told that for the 1996-97 year we are completing, some funds for the "Listen to Your Head" campaign came from the allocation. Nothing is planned for this year's allocation.

Mr McGOWAN: Does it not include the cost of the labour relations Bill campaign?

Mr COURT: No.

Mr BROWN: Are there any other advertising costs in the Budget?

Mr COURT: I am advised that advertising allowances are found in most divisions right across the Budget.

Mr BROWN: I asked questions on notice of all Ministers regarding such allocations in each area, but I have had no answer. How much is in the Premier's area in advertising, whether it be television, radio or Press?

Mr COURT: I am advised that each department can provide information on what funds are available for those purposes. I will talk with Treasury and see whether we can help the member coordinate that information.

Mr McGOWAN: It was estimated that \$300 000 would be required for the Labour Relations Legislation Amendment Bill campaign?

Mr COURT: That is based on similar campaigns. It is an estimated cost.

Mr BROWN: How much of the budget of the Ministry of the Premier and Cabinet is for advertising?

Mr COURT: We do not have a specific amount in the Ministry of the Premier and Cabinet budget for advertising.

Dr GALLOP: Returning to the native title issues, how many people are employed in the native title office? What work are they doing, and have they been given details of the Federal Government's legislation yet? If so, does the Premier intend to make a statement to the Parliament on his views on the detail of the Bill?

Mr COURT: We have given the Federal Government what we believe should be the drafting of the federal legislation, but to date we have not received a response. The native title unit has a budget of \$910 000, which covers salaries, services, contracts, promotional material, education projects, travel and general administration. The actual expenditure for 1996-97 is projected to be \$677 000 against an estimated allocation of \$650 000, excluding corporate services. The figure is increasing this year because it must cover the substantial body of coordination work demanded by the provisions of the commonwealth Native Title Act and the negotiations taking place on the amendments.

Although it is a small unit, it is regarded nationally as one of the most knowledgeable native title units. We have been doing a lot of the lead negotiations for the States and Territories with the Federal Government. We found when negotiating with the Keating Government and the early days of the Howard Government that a number of bureaucrats knew the political goal, but had no understanding of the practical implications of land administration and resource management. I am not being critical of the federal bureaucrats as they had never had such responsibility and did not know what was involved. Therefore, we had to carry out education campaigns with the bureaucrats to ensure that when legislation is drafted they know how it will work in practice.

We draw on legal advice from the private sector to assist. Over the next few months, the negotiations with the Federal Government on the amendments will be intense. They will be detailed. The route the Prime Minister is pursuing, the so-called 10-point plan, is a complex way of addressing the matter. He has gone down that path because the option we preferred has been taken away by the Wik decision. He believes the drafting will be complex. Our people will be working closely with the Commonwealth. Although a small group of people is involved, it is a very time-consuming matter. Our native title cabinet subcommittee still meets every fortnight because of the number of issues being raised, and in four and a half years in government this has been my single most time-consuming exercise. However, I believe we are working towards a workable framework.

Dr GALLOP: Would you agree that your initial foray into the courts on this matter was ultimately a bad strategy?

Mr COURT: Not at all; the further we go down this path, increasingly it is recognised that our Land (Titles and Traditional Usage) Act was a very fair and practical way to address the issue.

Dr GALLOP: But it was knocked out by the High Court.

Mr COURT: The irony is that we have repealed that legislation, but there is every likelihood that it would comply with the proposed changes if we had not done so. We will go full circle. Our work in developing that legislation took about eight months, and during that period a large group of Ministers and state officials became very familiar with the issues at hand. All of that early work has put us in a much stronger negotiating position with the Federal Government because we are recognised as having a good knowledge base in this area.

[10.00 am]

Mr MINSON: On page 762 mention is made of overseas representation within the services for the Premier subprogram. Does that refer to our offices in Sura Baya, India and so on?

Mr COURT: No, it covers only the European, Japanese and Korean operations.

Mr MINSON: I wonder whether I can be given a list of all our overseas offices. Although I used the services provided by people in these overseas offices when I was a Minister and as Deputy Leader of the Opposition, I seek clarification as to whether those services are available to members of Parliament so that when they travel they can make better use of the time they spend in those countries?

Mr COURT: The Deputy Premier has the responsibility for most of our overseas offices. He makes it very clear to all members of Parliament that if they contact his office before travelling, the officers will do everything they can to help. I also work closely with the officers and I have found that, although we might not have a lot of people working in those offices overseas, those who work in the office in Perth are very authoritative and can provide good background briefings. I urge all members of Parliament to use those facilities.

Michael Walker in Tokyo was appointed by the previous Government, I think. He does a superb job. He is a very professional officer with a background in foreign affairs. He has very direct contact with the personnel of all of our major trading partners, particularly in Japan. Mr Park, who was also appointed by the previous Labor Government, has remained in our office in Korea. He has very good contacts and does a very good job in representing our interests, particularly in the current negotiations on gas matters. Yesterday we hosted the president of KOGAS, President Han. The projections he gave us of the liquefied natural gas requirements in Korea were mind-boggling. I hope those negotiations will bear fruit. Bill Hassell has been our representative in London. From a biased perspective, he has done a very good job in representing the State's interests. At this moment the Deputy Premier is in the United Kingdom for WA Week which has been a very effective tool to promote different products every year into the European marketplace. The Leader of the Opposition will agree that those services are available to all members to utilise when they are travelling overseas.

Dr GALLOP: When I visited the UK the local office contacted me and made available all its services. I did not have occasion to use them; nevertheless they were offered.

Mr MINSON: I found them particularly useful in countries with a language barrier. Other than that, I have generally gone my own way. It occurred to me the other day that I need an updated list of what we do in those countries and our contacts there. New members should be told that these services and officers are available. Where there are language difficulties, they can be of enormous benefit.

Mr COURT: I have written to Prime Minister Blair, congratulating him on his win and inviting him to visit Western Australia. I suggested that if he does visit Australia, he should include this former far-flung colony on his itinerary. No doubt the Leader of the Opposition could offer him a billet when he came.

Dr GALLOP: He is quite a fan of Rottnest Island from his last visit to the west. It would not surprise me if he took up the offer.

Mr COURT: The former British Prime Minister was always very keen to come to Western Australia for a holiday. It was too dangerous for him to leave the country for more than a few days so for political reasons he could never make it. With the majority the current Prime Minister has, we certainly would welcome his visit to Australia.

Dr GALLOP: I refer to the devolution of accountability for property management mentioned on page 768. Reference is made to devolved property disposal during the current financial period to the extent of \$32m worth of surplus in underutilised assets being targeted for sale. Can the Chief Executive of the Government Property Office indicate whether that includes many small amounts of land or are there bigger parts to the program?

Mr COURT: I am advised by the officer from the Government Property Office that it will, on notice, put together some estimates in different agencies where assets could be for sale. In theory a large number of assets can be sold, but in practice it can be quite different. The Leader of the Opposition might recall that in the term of his Government each year targets were put forward on the proposed asset sales by the Asset Management Task Force. Each year the Government was battling to achieve those figures. Our criticism was that, in some cases, it tended to produce a bit of a fire sale because these targets had to be reached. Some sales took place in my electorate under what is now the Subiaco Redevelopment Authority, which I believe were ill-considered at the time.

I will get the Government Property Office to prepare some figures, but I ask the Leader of the Opposition not to hold us to them. We want agencies to reorganise their assets only where it makes for the better use of those assets. Some agencies, such as Westrail, have huge land holdings. We have now completed a property register which we thought had been put in place, but it had not been. As a result Westrail, for example, has a much better understanding of the properties it holds and what could be surplus to its requirements.

Dr GALLOP: Is there an estimated value of government land holdings?

Mr COURT: It is estimated between \$12b and \$13b.

Dr GALLOP: Is that for everything?

Mr COURT: Yes. We will announce policy commitments worth \$12b!

Mr BROWN: If you applied that formula in the way private companies do, the State would be back in surplus.

Mr COURT: We hope we will get the State back into surplus.

Mr BROWN: If you flog all the assets, it will be pretty easy.

Mr COURT: No, not with asset sales. It will help to bring down debt levels. I refer members to page 17 of volume 1 of the Budget Statements which lists some asset sales that are estimated for the 1997-98 year. The figures are broken down into Land Administration, Conservation and Land Management, Education etc. We estimated sales for Westrail this year of \$7m, but a target for next year is \$56m. We have only just been able to get an accurate position for Westrail on its actual property holdings.

Dr GALLOP: I am not sure whether Mr Johnston's department is involved in this. In my electorate the Hillview site is currently run by the Health Department which uses only one section of the facility. Is the Government Property Office involved in assessing that site; and, if so, what work has been done so far? Have discussions taken place with the Town of Victoria Park and other groups interested in what might be future uses?

Mr COURT: I am advised that it is the responsibility of the Health Department, but the Government Property Office has been giving some advice. It is currently getting some valuations on the land. Beyond that, I will have to approach the Health Department to find out what is happening.

Dr GALLOP: I have a question on notice on that issue already. I wonder whether I can place on notice to Mr Johnston my interest in that matter. Perhaps he can respond by providing supplementary information indicating the role the Government Property Office has played in this issue. Along with the response I receive from the Health Department I will have a comprehensive survey.

Is the Premier aware that the local community is interested in that site being used for community purposes, arts and crafts and whatever? My advice to the local community is that the old Millen Hospital is a registered building. It needs some commercial aspect to it to make it viable. A task force is required to look at those sorts of issues. Obviously the Government is not in a position to give away these sorts of assets, but if it could get a reasonable return on its investment while at the same time meeting the public's interest, that would be a good way to go. At some stage I may request that a task force be set up involving the local council, local groups, the Health Department and the Government Property Office to look at possible uses of that site that will bring a return to the State and at the same time allow some community use.

[10.10 am]

Mr COURT: A Cabinet subcommittee deals with surplus properties which are no longer required by an agency. The main projects we are currently working on involve the Midland Workshops and Heathcote, Sunset and Swanbourne Hospitals. We have nearly completed the work on Heathcote. We have been liaising with the local council. As the Leader of the Opposition has said, there must be a combination of uses with some commercial return. The key lands - that is, those with views across the water - will go back to public open space. The heritage buildings are protected and there is limited development on a flat area which is providing funds. That will enable us to hand over those buildings to the council, fully restored and with community facilities, such as children's playgrounds, etc, in place. I think we have come up with a good balance which will meet everyone's interests.

Most of the land is freehold. The Sunset site is more difficult because it is an A class reserve. Just about all of the buildings are of heritage value. It is prime land and we want to open it for public open space. It has always been a closed area. Our proposal will involve a commercial use, probably again for aged persons in the heritage buildings; open space for the front area on the river; as well as possibly some small land sales. The beautiful hall and other buildings could be used for community purposes. If the Leader of the Opposition wants to put forward a proposition to us on the Hillview site, we will look at it in a favourable way along the lines he has outlined. We are not trying to maximise the dollar we get from the land sale; we want to ensure we provide what the community wants in that area. If the Leader of the Opposition can come up with a proposal, we will not have a problem with his being involved in a committee.

Dr GALLOP: What is the current status of the Midland Workshops site?

Mr COURT: It is a challenge!

Dr GALLOP: We were briefed before the election by interested people within the community. They have some plans for a sporting stadium.

Mr COURT: There are a lot of plans for the site, but there are some restrictions. We believe we now have a plan which will handle the contamination on the site, with most of it being removed. The frontage of the site onto the Helena River is very attractive, although it does not look to be at present. We believe it can be redeveloped as attractive parks. Some of the old administration buildings are being used for educational purposes. Of the three main

workshops, one has been put aside for the railway museum. We have given the machine shops to the engine buffs who have taken responsibility for the power rooms, etc. That is practical.

Our initial thinking on the two large areas is to have them for educational purposes and to use the large area of land to the east as some form of industry park. Next to that land at the eastern end the saleyards remain. We had to rule out a couple of proposals for the site because there is a noise problem. It is on the flight path. One project involved putting film studios there; however, that would be impractical, given the fact that planes go overhead every five minutes. We see the site as an asset and believe we will be able to come up with a redevelopment that will tie it into Midland. It is complicated by the fact that Midland itself is developed in two parts; it has two retailing sections. An issue was raised in the Parliament last week about the railway crossing. A review group is looking at that issue because students are having difficulty getting across the line. Although there is an overhead bridge, there is a more direct level crossing that the community wants reopened. It is not an easy matter to resolve, but I think we will be able to work out a good plan for it.

Mr BRADSHAW: On page 772 reference is made to the joint venture between the State Government and the City of Perth for the upgrading of St George's Terrace and the Murray Street Mall, Forrest Chase and the railway forecourt. Having gone to school in Northbridge, this is near and dear to me; if any area needs upgrading, it is certainly Northbridge. Is there any plan to look at this area? Recently the new Mayor of Fremantle indicated that Fremantle needs some funding as well. Is the Government giving any consideration to putting money into Fremantle and perhaps other areas throughout Western Australia?

[10.20 am]

Mr COURT: The northern side of Northbridge will be completely rebuilt as a result of the tunnel. The land on which the tunnel is being built has effectively been quarantined for about 20 years. Most of the land was owned by the Government, having been acquired over the years. As sections of the tunnel are finished, redevelopment will take place over the top of the land. Planning is done in close consultation with Perth City Council and the plans vary considerably from what was originally proposed.

Northbridge has a very good reputation, particularly for eating houses and the like as the member will know. Nonetheless, the question remains of the link from the city across the railway line, from the commercial-retail area to the Northbridge area. The Government's view is that it can be best addressed by an exhibition facility built on railway land. That would solve many of those problems and would be a superb facility. However, it will cost roughly \$150m.

The Burswood Casino people are talking about expanding the exhibition and convention facilities once its restructure is approved. We would like to see those facilities available in the central city. If we were able to develop that railway land for those purposes in conjunction with the tunnel redevelopment on the north side of Northbridge, it would result in a very vibrant part of the city.

I am planning to meet the new Mayor of Fremantle in the near future. A number of proposals are being considered at Fremantle relating to the Maritime Museum. Most of that is on Fremantle Port Authority land, not council land. Our proposals require us to work closely with Fremantle City Council, which we are willing to do.

Mr BARRON-SULLIVAN: I refer to page 783. I am interested in some background on the contribution to Rockingham city for landscaping and engineering services, as I am sure is the member for Rockingham. I notice the total program has been allocated \$2m, with \$500 000 this year. What has been carried out under the auspices of the Government Property Office?

Mr COURT: My office has been working with Rockingham City Council on some longer term planning proposals. I understand the \$500 000 is to go towards some related works there of which I do not have the detail. I will provide the detail to both the member for Mitchell and the member for Rockingham as supplementary information. As the member will know, as part of longer term planning for Rockingham, the city is examining a number of projects around the current administration areas. It has proposals for the waterfront and there is a push for a marina development there. The Government is considering what it can do to assist with some of those projects.

Mr McGOWAN: As the Premier will know because I was part of a delegation that met him at the City of Rockingham, the cost of substantial upgrades in the Rockingham city centre will be about \$12m. In the Budget \$2m has been set aside, which I presume will be spent over four years. Without meaning to sound ungrateful, Rockingham is dramatically lacking resources in the city centre. There is no city centre to speak of, unlike a number of other regional centres on the outskirts of Perth.

Mr COURT: It is bigger than the University of WA!

Mr McGOWAN: It was paid for by the ratepayers unfortunately. It requires substantial work. I am not ungrateful for the \$2m allocated. However, as such an enormous amount of work is required in view of the population growth, what are your intentions in the future and will you be placing more funds into this project?

Mr COURT: That figure cannot be measured as the total amount of money to be spent in Rockingham. It is for some specific projects being discussed. Obviously in each of the portfolios capital works programs will be proposed. If Rockingham City Council reaches agreement with the Government on a specific project, it will cost a lot more money than that. We must start somewhere; we cannot put a wish list into a budget. I am familiar with some of the projects being considered for that area. Some of the more expensive ones are transport options, courts and the like. The allocation of \$2m does not mean that is all that will be spent. If we reach agreement on other projects, allocations for them will come into the next Budget.

Mr MINSON: The Premier mentioned, quite rightly, that much of the land under which the Northbridge tunnel is being built has been quarantined in terms of development. Does the Government intend to sell it or lease it when it is finished?

Mr COURT: Most of the land will be put back onto the market.

Mr McGOWAN: Is the Premier aware that during the segment on transport in the Estimates Committee meeting yesterday it was revealed that the costs of the Northbridge tunnel have blown out by around \$17m in this year's Budget to this stage, perhaps much more than that depending on how various landholdings are constructed in the area.

Mr COURT: Is that blowout to do with construction or property values?

Mr McGOWAN: It concerns construction.

Mr COURT: I am not aware of that detail. I will make those inquiries from the Minister for Transport.

Mr BROWN: At page 10, volume 1, reference is made to asset sales of \$144.9m for the 1997-98 financial year and an estimate of asset sales for the following three financial years. You referred previously to the estimate for the next financial year, which is broken down into specific departments and areas from where you anticipate asset sales coming. I cannot see any mention in here of proposed income from the sale of the pipeline. Has the Government made a decision to sell the pipeline? If so, why are the figures not included in the Budget Statements?

[10.30 am]

Mr COURT: The figures are not included in the Budget. Our practice has been not to put such a large sale into the forward estimates. We undertook the same strategy with the sale of BankWest. Obviously the sale price will become part of the figures, but we do not want to give an indication of our idea of the value of the asset. The Government will proceed to sell the gas pipeline on the proviso that it receives a reasonable price. Those details will be made public next week. We hope to sell the pipeline this financial year, but we have not included that in the budget papers. Our policy would be the same as previously: We would use it for debt retirement.

Mr BROWN: On that basis, I wonder about the framework of the Budget. For example, the pipeline could be sold for \$1b and that \$1b applied to debt reduction. I am not aware of the interest paid on commercial debt these days, but if it is 7.5 per cent - perhaps that is being conservative - it will be a huge saving in interest which will go directly to the bottom line of the Budget. In commercial terms, if one were constructing a budget for a company or any other agency, it would include certain assumptions about debt payments - that is, interest and capital payments on the debt. One would also include assumptions about any reduction in interest payments as a result of asset sales and, therefore, the retirement of debt. It appears that such a large amount will throw out all the budget predictions.

Mr COURT: AlintaGas is not part of the Budget. The pipeline is an asset of AlintaGas. If it is sold and its debt is reduced, it will change the balance sheet of AlintaGas, not the Budget. If there are surplus funds above the value of the asset, that would be returned to consolidated revenue. However, we are talking about a company which is off-budget, therefore it can reduce its debt position. Also it can reduce the asset position because it will have sold a major asset. However, it would not be until the following year that it could have an effect on this Budget - and that would depend on the sale price.

Mr BROWN: Ultimately the funds received from the sale can be used to retire an AlintaGas debt or a government debt, or part of it. Because not all the AlintaGas debt arises from the pipeline, the Government may decide that the amount received on the sale - say it is \$500m more than the AlintaGas debt on the pipeline - will go into consolidated revenue.

Mr COURT: This is an AlintaGas debt. It has borrowed against that asset. Therefore, if the asset were sold above its value, it would be able to repay its debt. That would reduce the total government sector debt, as was the case with

the sale of BankWest. If additional sums were involved, it would be up to negotiation with the Government regarding how we handle tax equivalent payments, and so on. The taxpayers own AlintaGas. Therefore, a determination would be made. As I said, our policy has been to use the proceeds of the major asset sales for overall debt reduction. We plan to continue with that policy.

Mr BROWN: At page 17 of the Budget Statements I note that \$117m was received for the sale of FleetWest motor vehicles, and almost \$5m was received from the sale of non-FleetWest vehicles. That amounts to almost \$120m. I understand that around 99 per cent of that money went into debt reduction. Will the Premier confirm that is the case? I have had trouble receiving from the Premier and from other Ministers a clear outline of the assets that have been sold to reduce debt. We are aware of the \$500m from the sale of BankWest and the \$200m compensation from the Commonwealth, and we know that FleetWest received around \$120m, which all went towards debt reduction. That is, roughly \$1.2b of the \$1.7b the Government claimed at the last election it had used to reduce debt came from the sale of BankWest and FleetWest vehicles.

I have been unable to discover the other sales that have been used to reduce debt. I have received some information from other Ministers by way of questions on notice but I have been unable to get any information from the Premier or anyone else whether the money has come from consolidated revenue, from the other \$500m or from other asset sales. Therefore I would appreciate that information either today or by way of supplementary information.

Mr COURT: The moneys received from the sale of FleetWest vehicles was not used for debt reduction. It was used to refinance our capital program overall. Our debt position in 1997-98 will increase - as a percentage of gross domestic product it will decrease - because of the large requirements for the Collie power station and some other government trading enterprises. It will come down again, because there are a few peaks in the overall debt position. If the gas pipeline is sold, we will see a considerable reduction in the overall government debt.

If the member requires a more detailed discussion on debt, it might be undertaken under the next Treasury item.

Mr BROWN: Rather than revisit that whole area, I seek by way of supplementary information a list of the assets that have been sold, the moneys received and the moneys used for debt reduction. We know that the BankWest money and the \$200m received from the Commonwealth was also used to reduce debt. We have been told by other Ministers that this or that has been sold, and that \$5m or \$10m was received and used for debt reduction. I do not know whether those amounts would reduce the total. I do not follow it. I have not been able to find this information in the budget papers, or as a result of questions on notice. I have not been able to receive a comprehensive picture of the assets sold, the money realised for those sales and, of that amount, what went towards debt reduction.

Mr COURT: I refer the member to the publication "1997-98 Economic and Fiscal Overview". At page 78 reference is made to the overall debt position. Moneys go in and out of all the agencies, but Treasury has the responsibility for the overall debt position and the financing arrangements that are put in place for that debt. That is outlined in that document. If the member wants more detailed information, I suggest we arrange a meeting with the Assistant Under Treasurer, Mike Harris. He will provide as supplementary information the detail requested by the member for Bassendean.

[10.40 am]

Mr BRADSHAW: Page 772 of the Budget Statements refers to the subsidy to encourage people to fit immobilisers to their vehicles. Has that been successful? If so, is enough money budgeted to cope with the demand of people applying for the subsidy?

Mr COURT: The program has only just commenced. I cannot give the member a report on the progress to date. It had to be ensured the immobilisers complied with Australian standards. I am advised the funding has gone across to the Police Department. I will provide as supplementary information the details requested.

Dr GALLOP: Reference is made on page 777 to an enhanced policy framework of the process of contracting out and to policy statements and expected ethical standards. Is there an up-to-date figure on the total amount involved in the contracting out of government services? A figure was produced last year as a result of the University of Sydney's study.

Mr COURT: A study by the University of Sydney on which services have been contracted out by which agencies is to be completed within the next two weeks and that information should be available within the next few weeks. I will provide that information to the member as soon as it comes through.

Dr GALLOP: What is involved in the latest study? Is it the same as the earlier studies that were conducted?

Mr COURT: The University of Sydney study is the same as the others, but under the Department of Contract and Management Services and the State Supply Commission process increased programs are in place for contracting out.

I can provide the detail in supplementary information, or it can be raised with the Minister for Services when his section is dealt with. It is not something that is happening just in Western Australia. Across Australia and in other countries more and more contracting out is occurring. The challenge the Government faces is to develop skills within government to manage those contracts. That has been a weakness for many years and it is an area that is going through considerable change.

Dr GALLOP: I will pursue that matter with that Minister. Will the Public Sector Management Office keep an ongoing interest in that matter, given that it did the initial work?

Mr COURT: The day to day administration obviously comes under the Department of Contract and Management Services and the State Supply Commission, but the Public Sector Management Office oversees what happens in agencies. In that sense it has an input. We have had to drive much of the change that has occurred. The day to day overseeing of contracts falls more under the responsibility of CAMS.

Dr GALLOP: Page 778 refers to the Commission on Government's recommendation No 11, which states -

1. Upon the awarding of a government contract, regardless of whether the contract involves the commitment of expenditure, the charging of a royalty, or the sacrifice of revenue rights, a copy of the complete contract should be lodged for public inspection with the State Supply Commission or tabled in a house of Parliament.
2. The State Supply Commission guidelines should provide that, as a pre-condition for doing business with government, tenderers must be prepared for the details of any contract to be made public. These guidelines are to be applicable across the public sector and include all GTEs and should encompass public sector agencies and GTEs not currently the subject of State Supply Commission review.

Reference is made in the Budget Statements that work is being done by the Government to deal with that recommendation. What is that work and to what extent is the Government willing to comply with the recommendation of the commission?

Mr COURT: The Public Sector Management Office, the State Supply Commission and Treasury are considering that recommendation to develop a framework to meet as closely as possible the recommendation. It is not easy to do that; we are talking about some 40 000 contracts across government. The Government has run into commercial problems in that framework.

Mr McGOWAN: Page 765 outlines the cost of Ministers' offices. Why were the costs for the Minister for Primary Industry's office so much higher than any other Minister's costs? They are at least \$244 000 higher than the next closest amount.

Mr COURT: This year those costs were transferred to the Ministry of the Premier and Cabinet budget. I will provide as supplementary information the precise detail because I do not have the breakup of the expenditure with me.

[10.50 am]

Mr BROWN: Page 763 contains reference to the Public Sector Management Office in relation to public sector rationalisation and 17 FTEs are allocated for that purpose. What is the purpose of that office and why is it called "rationalisation"?

Dr SCHAPPER: That branch deals with a number of measures aimed at enhancing agency structure and productivity improvements at senior management level. It includes the customer focus program; it assists agencies when it is requested with some strategic outsourcing activities; it assists agencies with the development of key performance indicators as required under the FAAA; and it undertakes a range of ad hoc projects such as addressing intellectual property, copyright and so on.

Mr COURT: Its title is probably inappropriate.

Dr SCHAPPER: The title is old and undoubtedly inappropriate; it will be changed.

Mr BROWN: Either this office or one other office in the Ministry of the Premier and Cabinet is the driver of contracting out and outsourcing. I understand a number of the chief executive officers now are on performance agreements that require them to look actively at outsourcing and contracting out. Either this office or another office in the ministry is the office keeping them under the hammer on that. Is that right? Does this office do that or is it done by another office? Which office monitors that CEO activity? Is it now government policy to keep CEOs under the hammer in finding areas for contracting out? I ask the question because a number of CEOs have told the Opposition that that is the case.

Mr COURT: The performance agreements are the responsibility of the executive performance area and the contracting out was covered by that public sector rationalisation group, but that work is now done elsewhere. Most of the major changes took place in the first four years and the State Supply Commission and the Department of Contract and Management Services have now taken over driving that area.

Mr BROWN: My understanding of the State Supply Commission is that it looks at questions of probity, good governance and so on in relation to contracting. However, the Minister responsible for CAMS is not the Minister responsible for public sector management; therefore, that Minister has no line authority over CEOs in relation to driving their performance on contracting out. The information given to the Opposition suggests that CEOs are under the hammer to deliver on contracting out. That pressure would come from the Minister for Public Sector Management, who is the Premier. Therefore, that task remains in the Ministry of the Premier and Cabinet.

Mr COURT: In the first few years, that ministry drove the process right across government. It has now become part of standard management practice; it is driven by the managers themselves - the people who have that responsibility. They in turn seek advice from the Supply Commission, CAMS and the like on how they carry out those processes. When I say "standard management practice", it is like Qantas today talking about contracting out ground services, which is currently the subject of a dispute. In many different areas of government it is part of standard management practice to consider options in respect of tasks being done in-house or contracted out.

Mr BROWN: I understand that written into the CEO contracts is an obligation to examine contracting out arrangements in the respective departments and agencies. That is one of the criteria by which their performance is measured.

Mr COURT: The performance agreements require that they look at the best practice options available, and that includes outsourcing. The member says that he has heard CEOs blaming a central agency for what they are doing. I would like to know who they are, because those CEOs must take responsibility for their management practices. The purpose of the change has been to ensure that, as part of their responsibilities, CEOs look at all the best practice options open to them.

Mr BROWN: Which of these offices is responsible for the correct administration of the Public Sector Management Act?

Mr COURT: It is primarily under the executive performance area, which sets down the guidelines for CEOs' practice.

Mr BROWN: Has that office monitored the degree to which the Act has been observed by government?

Mr COURT: Where there are breaches of the legislation we would assist in having that rectified, but a role is also played by the Public Sector Standards Commission and the Auditor General. Where we can assist, we certainly do.

Mr BROWN: There are those areas where an agency - that is, either a CEO or an employee of an agency or whoever - might have breached public sector standards and the Act. In that case one can go to the Public Sector Standards Commission. It is a separate issue when it is the executive who is not complying with the Act itself. Is this office providing those officers with advice in relation to where they are not complying? The Commissioner for Public Sector Standards has a limited role in relation to the executives.

[11.00 am]

Mr COURT: I am advised that office provides CEOs with advice on legislation, as does the Commissioner for Public Sector Standards. They are also involved in some of the disciplinary processes at a lower level in government. The split is that some of that advice would come out of the Public Sector Standards Commission and some from that office.

Mr BROWN: Questions have been raised with me as to whether the Government - I do not mean CEOs - has complied with the Public Sector Management Act on the appointment of CEOs. I want to hear whether the Government has complied.

Mr COURT: I am advised that appointments are overseen by the Public Sector Standards Commission.

Mr BROWN: I know what the legislation says.

Mr COURT: Is the member saying that the commission has not been doing its job?

Mr BROWN: The information I have been given suggests that the Executive of government may not be complying with the Act. If the Premier tells me that is not the case, so be it.

Mr COURT: It is a direct criticism of the Commission for Public Sector Standards, which has the responsibility for overseeing that area.

Mr BROWN: We all know the power of relationships which exist within government.

Mr COURT: That is a pretty serious allegation. Have you raised that with the commission?

Mr BROWN: Do we have a Commissioner for Public Sector Standards?

Mr COURT: Cabinet has made a decision. I have written to the leaders of the political parties on that matter and discussed it with the Leader of the Opposition. Is the member saying that the commission has not done its job properly over the appointments? If so, it is a pretty serious allegation. I am not aware of any breach.

Ms MacTIERNAN: I cannot pinpoint the section in the division dealing with Premier and Cabinet under which this matter arises, which is part of my concern. The Premier announced some months ago that he had established a task force to investigate the needs of the south east corridor. On my quizzing the other Ministers, they said that the Premier was the appropriate person to ask. I gather the task force was set up under his office. None of the other Ministers, particularly the Minister for Health, can tell me who is on the task force, whether it has been operating or when it is likely to complete its activities. Will the Premier enlighten me?

Mr COURT: I will. We have never established a task force. The media may have reported it, since then I have received letters from people wanting to be on the task force. I said that my office was looking at policy development for the south east corridor, but someone somewhere must have said that a task force was being established. An inquiry is being driven by people in my office. I am taking a direct interest in it. There is no allocation of money because it is simply part of the responsibilities of the people in the office.

Ms MacTIERNAN: Although this is not strictly a budgetary question, because I have had difficulty in obtaining the information elsewhere, is there a time frame for this group reporting?

Mr COURT: The time frame for their reporting and for its implementation is before the next election. We have given a commitment but we want to determine what issues should be addressed. We are currently getting input from the community on the three main issues of health, transport and education as to people's concerns and what they would like to see developed in that corridor. As the member will know, we committed ourselves to establishing a new hospital in the Armadale area in the year prior to the next election. Instead of just saying, "Okay, we will build a new hospital", we want to have a much better understanding of what health facilities and services are lacking and required and can be put in place. Therefore, those final decisions will be made after we have a much better understanding. Instead of leaving the issue to the Health Department, we want to tie it in with other issues in the corridor. Prior to the last election I was given a presentation by a number of councils involved. I will continue to meet the councils. I met the Serpentine-Jarrahdale Council recently, which has put forward some of its proposals for future development. When we have all the information in place, we will be in a better position to determine what we will do for hospitals, schools and roads.

Ms MacTIERNAN: The Premier might like to let the relevant Ministers know that there is no task force, because they are also speaking in this language.

Mr MINSON: The only place I can see to fit my question is under public sector management. I raise the question of government trading enterprises where they start to operate in the private sector. The problem is not new but has been around quite a while. I came across it as Minister in the area of conservation and land management where we had put the private sector at a serious disadvantage in relation to tree planting. We had to create a business unit with full cost recovery. I will give two examples of where the problem is alive and well. TAFE has moved into Jandakot Airport, where it is competing with the private sector for the delivery of aviation courses. Although the private pilot courses are not particularly expensive, for those who want to go on to commercial air transport pilots' licences, it is not easy to shell out \$30 000 or \$40 000. A couple of colleges have been set up historically to service that area. It has been represented to me that TAFE is moving onto Jandakot Airport without full cost recovery because its administration can be carried out from Midland.

I seek an assurance, but I also draw the Premier's attention to it because I feel that philosophically he will be opposed to it. We must make sure that if government enterprises are to operate in conflict with the private sector, particularly where the private sector was there first, they must operate by utilising the private sector through calling for tenders to offer the service or at least forming a business enterprise which makes them operate on full cost recovery, including salaries.

The other area that has been drawn to my attention is in Geraldton, where the bus service is government subsidised and operated by the private sector. Because it is subsidised, all of its expenses are taken care of. It is then able to

go outside and offer services to tour operators and so on at a much reduced rate, so it can generate enough for a bit of cream on the cake, as it were. It is a serious incursion into the area of other private sector operators. One bus operator told me the other day that in another three months he will have to sell up, because he cannot survive. Private operators cannot compete with the rate that the government subsidised service offers for such jobs as school picnics. I have taken up this issue with the relevant Minister; however, I seek an assurance that government trading enterprises will have to operate at least at full cost recovery.

[11.10 am]

Mr COURT: I accept the concerns raised by the member for Greenough. I am not aware of technical and further education moving into pilot training. I will make inquiries with the Minister responsible and provide that information as supplementary information. I agree with the member that private bus operators in Geraldton should not be placed at an unfair competitive advantage because of the expenses they must meet compared with the government subsidised service. I will follow up that matter. The Government's philosophy is to expose government operations to competition. There must be a level playing field for all the parties involved. By its nature the Government is involved in businesses. It is getting out of most of them. The Government has been criticised for that, and in some cases it has been criticised for not getting out. A major example would be owning and operating the gas pipeline. The Government no longer sees its involvement as necessary. Initially it was necessary; it would not have happened without government involvement. We are now at the point where interested parties want to build a second pipeline, so it is an appropriate time for the Government to get out of that business. I will follow up those matters.

Mr BARRON-SULLIVAN: Pages 780 and 781 of the Program Statements identify the Government Property Office's rationalising of government office accommodation. It refers to progressing the implementation of a 10 year office accommodation plan for both the Perth central business district and regional areas. What is the global figure for cost savings arrived at so far under that program? Are there any significant examples of cost savings from carrying through that program? I appreciate that the GPO would have difficulty in achieving significant savings in the Bunbury area because of the situation with the Bunbury Tower. However, I would like an update on that situation.

Mr COURT: We have a problem leasing the Bunbury Tower. Sections of it have been empty since it was built, and some areas must be refurbished and recarpeted. It has been an appalling commitment by the previous Government. No-one wants that type of accommodation at the sorts of prices that are being asked.

The savings across government with the rationalisation have been estimated around 10 per cent, which is approximately \$6m per annum. Some examples would be the renegotiation of the Capita Building lease, which is one of the Government's main buildings. The Government was paying top dollar there, and the lease was going to fall due when it was forecast that the market would peak again. We have renegotiated and extended the lease for a further seven years with a substantial reduction in lease payments. At the same time the owners have agreed to refurbish the building. That has resulted in considerable immediate savings. The rent was reduced by \$3m in the first year on that one property. Another example is the way that we handle fit outs. We have negotiated a lease at Mt Newman House for the new State Revenue office. The fit outs adopt a bench mark of 17 square metres per person; across government the average is around 22 square metres per person. That is mainly wasted space. The fit outs in Mt Newman House provide a good working environment. We now have tighter controls in place for refitting offices. The Public Sector Management Office was refitted using those guidelines.

Mr BARRON-SULLIVAN: The current target is 17 square metres per person. What is the figure at the moment in the Bunbury Tower?

Mr COURT: I think it is one floor per person. We will obtain that information as part of supplementary information.

Dr GALLOP: Has the Government ever considered putting all the Ministers in one building to facilitate better coordination within Government?

Mr COURT: No. Ministers are located mainly in the Capita Building and Dumas House. Dumas House is an old building. I have not worked in Dumas House, however, the Ministers say it is a pleasant building in which to work. They say it is easily accessible, although it has lift problems. The asbestos in most of the floors has been removed. It is a very open and bright building to work in, and it is accessible to Parliament House. Most Ministers favour being located in Dumas House and we have put another two Ministers into that building.

Dr GALLOP: How many are there altogether?

Mr COURT: There are six.

Dr GALLOP: If the Premier reduces the Cabinet he could definitely do a deal.

Mr COURT: The space became available as a result of reducing the size of the Building Management Authority. As those people have been shifted out Ministers have moved in. The Capita Building accommodates a number of Ministers, and London House has two Ministers. The Labor Government made the decision to move to the Capita location. It is a good location. It might not be the best building in town, but it is a convenient location. I work mainly with the Treasury, and Treasury is now in the Capita Building. It is an effective arrangement. It is no big deal going to Dumas House to deal with the Ministers there. It would not be healthy having all Ministers in one central complex.

Mr BROWN: How much has been allocated for wage increases during the course of the next financial year, specifically for the Ministry of the Premier and Cabinet and generally for the public sector? Is there a specific budget allocation or has a global amount been made available for wage increases?

[11.20 am]

Mr COURT: I am advised most of the agreements that have been entered into will flow through into the next financial year. Across the forward estimates we have included a 2 per cent increase provision. Any other increases beyond that will be subject to negotiations on productivity within the agency.

Mr BROWN: A number of the agreements which have been entered into with departments and agencies provide for a double barrel increase at different times; for example, to allow for an immediate increase and another increase 12 or more months later. This leads to a couple of situations. If the increase is not implemented on 1 July of the first year the wages bill shows that increment. Therefore, it is difficult to compare the wages bill of that year with the next year. If one compared the final year figure with that of the following year there would be an increase. In addition to that there will be an increase in the next barrel. Has the calculation of 2 per cent been set by Government, or has the Government looked at the increases which have been granted to employees? For example, the teachers were granted two separate seven and a half per cent increases. I do not know how the Education Department will manage if it is allocated only 2 per cent to pay for those seven and a half per cent wage increases.

Mr COURT: If an agreement is already in place it is reflected in the forward estimates. In the overall Budget we have funded up to 2 per cent and have allowed for negotiations to take place. Where an agreement has been reached and it comes into effect next year, the cost has been included in the forward estimates. Another comparison the member can look at is the number of FTEs.

Mr BROWN: Is the 2 per cent which has been granted for the next financial year?

Mr COURT: No, because some agreements will not have an increase until halfway through that year. They are running out the existing agreement. If new negotiations take place the agreement will include the 2 per cent provision, but if it is done halfway through the year, it will be an equivalent amount, for example, 1 per cent. They all fall due at different times.

Mr BROWN: I understand that. Therefore, it is 2 per cent for the balance of the term.

Mr COURT: Yes, and 2 per cent for the out years in the forward estimates.

Mr BROWN: How was that figure struck?

Mr COURT: In a low inflation climate the Government was keen to ensure there would be increases each year. When we came to government there had not been increases for some years in a reasonably high inflation climate. We wanted to adopt a practice where, even in a low inflation climate, there would be increases each year as the economy grew. We do not want to hold back wages for three years and then be confronted with a backlog situation. It is not scientific as to how it happens in the out years because we cannot predict what will happen to inflation in three or four years' time. The overall philosophy is to make sure that every year there is an increase coming through.

Dr GALLOP: I refer to program 3.0 which is headed "Public Sector Management". The Public Sector Management Office has the job of monitoring the performance of the public sector and supporting the statutory obligations under the Public Sector Management Act. In recent days the office has published a document on the profile of the Western Australian State Government work force as at 30 June 1996. The document provides a useful summary of a whole lot of issues, one of which is the actual employment levels in the Western Australian Public Service. It shows that since 1993 the numbers have fallen by about 10 000. They have decreased from 97 000 to 87 000. What is the Premier's estimate of the number of public sector employees who will be lost to the system in the 1997-98 financial year?

Mr COURT: I am advised that we do not have an estimate in place on what number might be lost. Productivity gains continue to take place across Government, but at the same time there is an increase in demand for services. In some areas the number of public sector employees will increase.

Dr GALLOP: FTE figures are available within the budget papers, but they relate only to the on-budget sector. The Opposition's estimate shows that there are approximately 2 142 fewer FTEs next year than this year. A significant proportion of those will be in the training area. I assume that means the people who were previously employed on-budget in the TAFE colleges will go off-budget and that will be approximately 1 700. At a minimum level we are talking about 364 on-budget, based on the figures I have seen, but we must then add the off-budget agencies. Are those FTE figures a benchmark, guide or specific policy projection of the number that will be lost?

Mr COURT: The number of FTEs the Leader of the Opposition referred to is the approved number of FTEs in the budget and not necessarily the actual number employed. In this Government's first few years in office there was a considerable cut in the number of employees overall. However, when we are talking about tens of thousands of people, 300 or 400 one way or the other cannot be predicted because it depends on what will happen within the different agencies. For example, Treasury has been aggressive in recruiting certain types of people with the qualifications they require to grow into senior positions. In other areas numbers may well be cut. We do not envisage a major change this financial year.

Dr GALLOP: I refer to new recruitments: How many people does the Government expect to take on through the standard entrance exam?

[11.30 am]

Mr COURT: We cannot tell the Leader of the Opposition what the number would be in the different agencies. I will find out that information for him. In what we are covering here, there would be around 50 new recruits. However, I would have to go to the different agencies to get that information for the whole of government. We are requiring a different expertise for the public sector. As technology changes, functions are changing. The classic example is in the Department of Contract and Management Services. Previously that was a doing organisation, which was involved in building and maintenance, etc. We no longer have those requirements because it is a contract management service. We are recruiting or retraining people within Government who have those contract management skills. We are also quite aggressive in the universities to recruit people with the qualifications we need in the Treasury Department. With the introduction of accrual accounting across government there is a big shortage of qualified accountants. Previously, people needed only cash management skills - cash in, cash out. With accrual accounting, more formal accounting qualifications are needed. It has been a big weakness across government and so we are recruiting aggressively in those areas. CEOs managing their agencies must ensure they have the proper accounting expertise. It is not so much a matter of numbers, but the skills required. We are handling that through retraining and through recruiting people with those skills.

Dr GALLOP: Could I place on notice the question on recruitment?

Mr COURT: Sure.

Dr GALLOP: Is the Premier aware that the standard entrance examination this year for recruits into the public sector was held in February? I think it was conducted by an organisation called Recruitment Services Australia. Under the old system, results were given to applicants within four weeks of sitting the test. The people who sat the test this year have been advised they will not have the results until the end of May and even that is not guaranteed. Young people have been prohibited from applying for vacancies due to that organisation not providing the results soon enough. That is causing concern for many people who sat the exam. Is the Premier aware that there is a delay in the results? Is there a reason for this delay besides the obvious one - that is, it has been contracted out rather than done as it used to be? Will the Premier take up this matter to ensure that young people get their results as quickly as possible?

Mr COURT: I am advised the Leader of the Opposition is referring to a commonwealth test. We are now using that test. The details are not available. We will provide information relating to the time involved in people getting the results through supplementary information. I am advised that last year there were 968 new recruit placements across government.

Dr GALLOP: The other issue raised in the profile is that there has been increased employment of a non-permanent nature. In 1994, 15 per cent of employees were employed on a non-permanent basis. That figure has increased to 24 per cent. There has also been an increase in the number of non-full time employees - that is, casual and sessional employees plus part time employees employed on a permanent, temporary, fixed term or contract basis. The number of non-full time employees has increased from 21 per cent in 1994 to 30 per cent in 1996. Is the Premier concerned about what this means for the character of the public sector and its ability to provide a service to the people of Western Australia?

Mr COURT: No, I am not. It reflects in many ways what the marketplace is demanding with employment options. I have two examples to give the Leader of the Opposition. In the Police Service we are making it easier and more attractive for mothers, for example, to return to that service on a part time basis. These people have been trained and

have the qualifications. Someone rang me when I was on radio the other day with a superannuation problem that we are trying to sort out. She has two young children aged two and eight months, I think. She is working eight hours a week because that suits her requirements. No doubt at a later stage she will increase those hours as it fits her family needs. I think it is terrific for people to have the option of staying at home with their children in their early years knowing they have a career path to which they can return. I cannot think of better training in any section of government than experience at home bringing up children. If these people decide 10 years later to come back into the work force, they will be much better trained people.

We had a second experience last year when we decided to pass over buses to private operators. It was assumed that all the existing people wanted to work full time. When they were given a choice of working full time or part time, a number of drivers decided they had reached a stage in life when they wanted only part time work and wanted to phase themselves out. They were comfortable taking part time hours. I know that most people want full time jobs. However, there is a growing number of people in society who for one reason or another want to work only part time and they make a good contribution to government part time. In many ways the figures reflect the market.

Dr GALLOP: The final statistic I refer to in the report is the reduction in the proportion of level 1 workers in the public sector. As a percentage they have gone down from 52 per cent in 1993 to 30 per cent in 1996. All other levels have risen, including 5s, 6s and 7s. I refer the Premier to the fact that in most of the key on-budget agencies, the number of employees as a percentage of the total above level 7 has gone up. In the Departments of Education, Health, Police, Training, Agriculture, Main Roads, Disability Services, Family and Children's Services, Land Administration, Mining and Energy, Library and Information Services, Fisheries and State Revenue the proportion of people at level 7 and above has increased. What is the reason for that? Is it due to the increased contract management type function, or is it due to bracket creep within the public sector? It certainly indicates there are fewer opportunities for people to come into the public sector from the bottom and work up. This could have a long term impact on the nature of the Public Service.

Mr COURT: It is fair to say that government these days is less process orientated and many of the processes have been either automated by the information technology revolution or outsourced to the private sector. As I said previously the qualifications required in government are changing quickly. I go back to the example of the implementation of accrual accounting. It is no longer acceptable to be an accounting officer and not have full accounting qualifications. However, many of our accounting officers do not have formal accounting qualifications. They have come through the cash accounting system. We now have to recruit or retrain people so they have those qualifications. I think it is a sign of changes occurring within Government. We need a higher level of skills to run government operations.

[11.40 am]

Dr GALLOP: Is the Premier convinced that it is not the result of bracket creeping within the government process, which means taxpayers are not getting value for money from the Public Service?

Mr COURT: To be realistic, there must be some bracket creep. When the employment market is tighter in the private sector, the Government certainly has more difficulty attracting people. With the high levels of unemployment in the 1980s and early 1990s there was no trouble attracting people, because they were keen to get jobs at any level. However, in a number of areas in Western Australia the labour market is tight and, to be realistic, bracket creep is occurring in some areas of the market.

Dr GALLOP: Who has the responsibility within government of exercising control in that area? Obviously, the CEO is accountable but who takes a whole of government approach?

Mr COURT: The CEO is responsible for the management of staff, the number employed and the overall budget. If the CEOs poorly manage human resources and there is too much bracket creep, they will not be able to run the overall operation properly. The public sector management office keeps an eye on that, and that is what the profiles recently released are about. They give a good picture of the trends occurring.

Dr GALLOP: I have a number of questions of a more specific nature but, given that a fair amount of time has been spent on this area, can I hand them to the Premier for replies as supplementary information?

The CHAIRMAN: I am sorry, it is not possible to do that in the Estimates Committee. The Leader of the Opposition can ask them as questions on notice.

Mr McGOWAN: My question relates to community grants of \$1.3m as set out on page 766. What is included in that category? My further question relates to pages 763 and 766 of the Budget Statements. The budget figure on both pages is the same, but the number of FTEs is different in that one is 686 and the other is 706. What is the reason for that difference?

Mr COURT: The reason for the difference is that corporate services FTEs are not included in the figure on page 763. Those 20 FTEs should be included, and the omission is an error.

The community grants were previously listed under miscellaneous services and the amounts transferred are \$50 000 to Appealathon, \$12 000 to the Australian Red Cross appeal, \$1 000 to journalism awards, \$3 000 to the Returned Services League state war memorial, \$40 000 to the Salvation Army Red Shield appeal and \$50 000 to the Telethon appeal. The balance relates to the drug task force.

Mr McGOWAN: Many of them are included in grants to charitable and other public bodies listed at page 764.

Mr COURT: Yes. There is a WACOSS grant of \$90 000, and funding of \$663 000 for the task force on drug abuse.

Division 6: Governor's Establishment, \$2 094 000 -

[Mr Johnson, Chairman.]

[Mr Court, Premier.]

[Mr K. Skipworth, Official Secretary.]

Mr MINSON: I assume that most of the allocation for capital expenditure is for repairs to Government House, which is obviously one of the genuine heritage buildings in Western Australia. I have seen some of the renovations completed so far and they are very good. How much more needs to be done? The longer repairs are left, the more they will cost because the damage rate is exponential. Will the amount allocated in the budget complete the renovations or are they ongoing?

[11.50 am]

Mr COURT: I am advised that the project on the public rooms downstairs and the vice-regal suite upstairs will be completed with this work. However some other work is still required upstairs and at the Government House ballroom. The planning on the ballroom is subject in many ways to what happens to Council House. The ballroom is a great asset, but not very accessible for use in its current form.

Mr MINSON: We need the grounds of Council House to be made into a parking area!

Mr COURT: Presently we are working informally with the council regarding what it proposes. Among other things, an underground car park could be involved. However, I cannot work out from where it will get the \$30m to carry out the Council House redevelopment. The work being done at Government House will ensure that in the long term it remains one of our great heritage buildings.

Dr GALLOP: I follow up on the issue I raised initially today; that is, the Labour Relations Legislation Amendment Bill. Many of the effects of that legislation come into play following royal assent. The Minister for Labour Relations gave the impression on the weekend that a three-month delay will apply before proclamation. What happens with royal assent? Do precedents exist for a Bill being passed by Parliament and going to royal assent with some intervention in the process by the Government?

The CHAIRMAN: The Premier may answer the question if he wishes, although it is way off the beam as far as the estimates are concerned.

Dr GALLOP: I am sorry; it is not way off the beam! Program 1.0 refers to ensuring the Governor's requirements as representative of the Crown are met, and that is exactly what we are talking about.

The CHAIRMAN: Not as far as the Budget is concerned.

Mr COURT: If I can have some licence from the Chairman, I said I would seek some advice after the Leader of the Opposition raised this matter. The Bill is currently with the clerks. Then it will be sent to parliamentary counsel and from there to the Ministry of Premier and Cabinet to be forwarded to the Governor. This process normally takes a few days, and that is happening. Nothing is different from any other process.

Clause 2 of the Bill deals with commencement: Subclause (1) states that certain parts will come into operation on royal assent; namely, part 6, unfair dismissal; parts 7 and 8, but only those provisions dealing with union dues, dispute resolution, provisions in awards and union right of entry; and part 9, relating to the Minimum Conditions of Employment Act and the entitlement to be paid accrued leave on termination. Clause 2(2) states that the following will come into operation 28 days after royal assent: Part 2, duties of officials of organisations; and part 4, political expenditure. Clause 2(3) states that the following will come into operation on proclamation: Part 3, pre-strike ballots; part 5, federal award coverage; part 10, workplace agreements overriding federal awards; and proposed

sections 34 - union inspection of records - 35B, 36 and 37, return to work orders. The pre-strike ballots and the federal award coverage require regulations, and the regulations are generally made at the same time as proclamation.

Dr GALLOP: That confirms that the Minister for Labour Relations has misled the public in a significant way in the comments he has made. He has given the impression that there will be a three-month delay. The very important clauses of this Bill will come into operation in some cases on the day of royal assent and in others 28 days later.

Mr COURT: No. The main debate on this legislation has related to ballots, entry to the workplace, inspection of time records, and so on. Those matters do not come into effect until the proclamation. Some of those matters require regulations which come into Parliament.

Dr GALLOP: Would the advertising campaign the Premier is considering include the section involving political expenditure?

Mr COURT: The main area it covers is secret ballots.

Dr GALLOP: Is that all the advertising will be about?

Mr COURT: No, I am saying that the main area of contention was ballots and entry to the workplace to inspect wages records.

Dr GALLOP: Again, the Minister's reckless disregard of the facts on any issue he faces causes problems in our community. He obviously has foot in mouth disease.

We will have the convention later this year for the republic - the only item on the agenda. I know the Premier raised federal-state finances for consideration, and he has a good point in that regard. However, I argue that that should be a matter for another convention rather than putting the two together as they should be separated and done properly. Has the State Government given any consideration to how the position of State Governor may be filled in the event that Australia becomes a republic?

Mr COURT: Yes. It has been given informal consideration. It gets down to complexity of how to establish a republic, if that is what the people want. At this stage, I can only give an informal position and no doubt many options will be examined. The feeling that I have is that the people want small, minimal change, for the want of better words, and they understand that our current system works well when compared with other democracies and parliamentary systems around the world.

In practice, we have a Western Australian head of State; I know we have the Queen of Australia, but in practical terms a distinguished Western Australian is chosen by the Government of the day. That should remain the position. If a dud person is chosen, the Government pays the price for making that choice. My experience is that Governments have tended to make good appointments. All the recent Governors I can remember have filled the position in a distinguished manner, including Governors appointed by the Labor Government during its 10-year term. The big issue is that if we move to the election of both a Governor General and a Governor, we will completely change our system. Any person who is elected will want a different role and considerably more power than comes with the current position.

The matter has not been discussed formally. Informally, my view is that people want minimal changes. What is the Leader of the Opposition's position?

Dr GALLOP: What if people expressed a view through the State convention which I gather from the Premier's comments at the election is to be established in two years? I preface all this discussion by outlining that there must still be a State Governor under a republic, and it is important that the point be made at the federal convention. Some systems give too much power to the central Government to determine who the State Governors should be. We would all agree on that. Maybe the people of Western Australia will express a view that the Governor should be selected by a joint sitting of Parliament, as appears to be recommended federally, or through direct election. Ultimately, does the Premier not believe the people rather than the Government should determine how this is done?

[12 noon]

Mr COURT: Yes. If one is to change the Constitution, one must accept the will of the people.

You mentioned the Governor being chosen by a joint sitting of the Parliament. That is the current system. In practice, the Prime Minister of whatever party is in power makes the decision.

Dr GALLOP: Sorry. The federal proposal is that a two-thirds majority will be necessary, so both sides will have to agree - or that seems to be what it is hinting at. That is the talk from within the Executive. However, all the polling shows that the people want to elect the head of state.

Mr COURT: If you put a straight question - "Should the Governor be elected by the people?" - the majority of people would say yes. However, that might not be the situation if the question was put in conjunction with other questions which involved a complete change in our system of government. That is why it is important to have a lot of debate on this issue. You mentioned a state convention. I am prepared to discuss these matters with you, because I believe that before that convention came to a head, we should have a mechanism to give people the opportunity to express their views at different levels. One of the problems with the people's convention that we will have on the republic at the end of the year is that it will be a crunch-type convention without a proper lead-up to that point. If we had a people's convention on tax reform, we would come out with the same result as the tax summit. It is hard enough to get authorities on tax to reach a consensus on those matters. At the end of the day, the Government must decide what reforms it will make in that area. I am concerned that the Federal Government has said that only one matter needs to be addressed. That is not the case. Issues other than just the republic should be addressed with regard to our Constitution.

Mr McGOWAN: Government House is a very attractive building, with very attractive grounds. It is centrally located in the city, and I am sure the Premier has been there a number of times. It should be opened to the public, because the majority of people want to look at what is there. Is it proposed to open it to the public; and if so, when would that take place?

Dr GALLOP: On the election of a Labor Government is the answer to that question.

Mr COURT: Are you saying that a Labor Government would not have the Governor live at Government House?

Dr GALLOP: We put that proposal at the last election. We believe the experience of New South Wales has been very positive in opening up Government House to the public.

Mr COURT: On the contrary, it has put the Governor of New South Wales in an incredibly difficult position: He is expected to carry out a function that he cannot do from his home.

Dr GALLOP: You are missing the point. There is no doubt that the initial position of the New South Wales Premier in proposing a part time Governor was over the top and foolish. However, Government House has been opened to the public. The office of Governor is still an important function in the New South Wales system. We must distinguish between those different aspects.

Mr COURT: The current Governor has opened Government House more than was previously the case. If it were open for the public at all times, it would not be open much more than it is currently. Every Tuesday in appropriate weather it is open for public inspection and people can have their lunch, or whatever, in the grounds. Not only is it open for public inspection, but the Governor and his wife are there most of the time and conduct tours, take people around and answer questions. The number of functions that are held at Government House on a regular basis has set a wonderful example in opening that facility to the public.

Dr GALLOP: We are not reflecting on the current Governor. We agree with what you are saying.

Mr COURT: I get nothing but positive feedback about how open and accessible Government House is. Outside people are encouraged to provide advice on the historical work that is being undertaken with the restoration, etc. In many ways, the Governor and his wife are more than generous, because they are living in a bit of a fishbowl most of the time. The Governor has taken a step in the right direction by opening it to the public. Eight thousand people went through Government House on the last open day.

Mr McGOWAN: How often is there an open day? I am not criticising the Governor. I am saying that in this country we have a dearth of buildings like that, with its historic value. I am sure vast numbers of people would like to see it more often than they can now. In the United Kingdom, people can go through those sorts of buildings - of course, they are a dime a dozen there, but here they are not. It appears to me that there is limited access.

Mr COURT: There are regular open days, but in recent months, because of the renovations that are taking place, people have not been permitted to walk through there. There will be an open day at the end of August when those renovations have been completed.

Is the Leader of the Opposition saying that a Labor Government would not have the Governor live at Government House?

Dr GALLOP: The Governor does not need to be based at Government House.

Mr COURT: It is interesting that Brian Burke tried to give the impression that the Governor was not living at Government House. That was never the case. Governor Gordon Reid always lived at Government House and made it clear that was the way he would operate, even though that was not the impression given by the Labor Government.

The Governor's role is evolving. The current Governor is a classic example. He is Western Australian born and reached the top levels in his military career, and he also has contacts with many of our Asian neighbours, for example. We have found him to be a terrific ambassador for us in many of our trade negotiations and the like, because he plays quite an active role in helping us with those delegations. For some countries, to be entertained by the Governor at Government House gives us a marketing advantage, and he is an excellent salesperson with those countries. Provided we choose the appropriate person, that is a terrific way of using that office in addition to its formal requirements.

Mr BARRON-SULLIVAN: I concur with the Premier's comments on the use of the Governor's establishment, and I agree with the way that it is opened to the public at present. What would it cost, as a ballpark figure, to set up a separate office for the Governor and his 28 staff?

Mr COURT: That is a good question! The cost of running Government House does not change according to whether the Governor lives there or it is open to the public.

Dr GALLOP: We did not put it forward as a cost argument; it was an argument about providing access to an important historic building.

Mr COURT: We would need to provide quite expensive appropriate offices elsewhere, so it could cost considerably more.

[12.10 pm]

Division 7: Office of the Auditor General, \$8 958 000 -

[Mr Johnson, Chairman.]

[Mr Court, Treasurer.]

[Mr D.D.R. Pearson, Auditor General.]

[Mr A. Yukich, Assistant Auditor General.]

Dr GALLOP: Dr GALLOP: What projects relating to general accountability issues within Western Australia are currently on the agenda?

Mr COURT: Does the Leader of the Opposition have an hour to spend?

Mr PEARSON: In addition to the annual routine of test audit of financial statements and performance indicators, we have two or three major projects in the contract management area. We are looking at the management reforms of MetroBus and the Department of Transport and the management of that fleet. We are also looking at the Joondalup health campus project.

There are two other projects in the broader accountability area. One is the management of sickness absences across the public sector. Public servants comprise a large element of outlays and some reports we have seen indicate variable practices. The other project involves a major examination of the administration of bail and remand prisoners within the Ministry of Justice.

A range of lesser reviews which are more in the control and compliance areas are also being undertaken. These include supply and procurement practices in the public sector, and safeguarding of movable property. That relates to assets below the fixed asset level. We are looking at the implementation of new financial systems in agencies to replace the centralised government accounting system. We are looking at moveable property as well as stores management and procurement practices in the broader health sector.

Dr GALLOP: In the contract management area, what important issues are emerging within government that must be addressed to assure proper accountability for the use of money?

Mr PEARSON: That is a difficult question to answer until the audit is finished. The Leader of the Opposition will appreciate that in the process of conducting the audit, some things might look normal, but on further examination or information they turn out not to be. The major areas we are looking at include the specifications in the contracts when going to the market; assessing the extent of clarity in what the agencies are seeking to achieve; assessing whether the contract letting process has been done in an open and equitable manner; and, to the extent possible, the effectiveness of contract management - in other words, the level of assurance management agents can provide us to show they are achieving and getting what they specify and pay for.

Dr GALLOP: What audits have been done so far in this area? I know one has been completed on the Harvey-Yarloop hospital, a special report was done on the consultancies in regard to Sir Charles Gairdner Hospital and a report was done on the ferries.

Mr PEARSON: The Leader of the Opposition named the two general areas in which reviews have taken place. The one on the ferries was part of a performance examination report where we looked at competitive tendering processes in four areas; namely, ferries, agriculture quarantine - the third escapes my mind at the moment - and the consultancy on the efficiency and effectiveness within Sir Charles Gairdner Hospital. If I recall correctly, that was tabled early in the 1996 calendar year. The most exceptional of the findings related to the Harvey-Yarloop hospital. That came out of routine audits of contract management.

Aside from that, we also found payment of moneys to contractors in advance of receiving the service. One occurred in the transport area. That also involved assessing the financial viability of the contractor. The findings come down to the preparation side of the contract - being sure about what the agency is seeking to achieve from the contract; being assured as to the reliability of the prospective contractor to deliver; and, once the contract is let, the effective management of that contract. The public sector is developing and learning fast in that area; however, there is an underlying challenge in that it is moving from a practice of doing from within to dealing with other parties, and that requires a somewhat different regimen and approach. Although the adaptation is being made, naturally a few complications are arising along the way.

Mr BARRON-SULLIVAN: I refer to a significant issue and trend on page 127 which talks about the replacement of major centralised computing systems. I notice it states that many agencies are at different stages of implementing a plethora of new systems which present a significant challenge to the office. Why is some sort of standardised arrangement not being put in place? What is the background behind the comment that was made in this item?

Mr PEARSON: Audit is a test checking function and can provide only an assurance, not a guarantee. As a consequence, auditors are more comfortable when systems are staid and solid and not changing, and where there is consistency. As a by-product of the devolution process, which is for higher level objectives and advantages, there are some downsides including that, by empowering agencies, they must do things themselves, rather than rely on central providers. In the process of having to do things themselves, they have had to install systems, which previously they have not had to do. That brings with it the range of challenges that can be met; for example, selecting the right system, having it implemented on time and then monitoring the system.

My thinking behind the comment was that when we have a centralised government accounting system, a substantial audit within Treasury managed that system. It was a staid and reliable system. We could check 80 per cent of the system in one location. By comparison, with a large number of agencies having their own accounting systems, they are selecting a variety of accounting systems. They are buying systems that are more attuned to their needs. As auditors, we are dependent upon a control environment that operates in quite a large number of agencies. Although Treasury was large and had that critical mass, and it would have provided assurance to us, we are now looking at systems across 50-odd departments, 140 statutory authorities and 100 hospitals. We must now canvass what can happen in a wide geographical spread with many different personnel. It adds a challenge to the audit dimension.

Mr BARRON-SULLIVAN: Obviously there is nothing implicitly wrong with these different departments and agencies introducing a system that is specific to their own needs, as such.

Mr PEARSON: Definitely not. That is a valid approach. In our role of auditor, it is not for us to challenge the veracity of a policy direction, but we are challenged with commenting on the effectiveness of the implementation. That is where a different category of audit concerns arises.

[12.20 pm]

Mr BROWN: I want to ask about reporting in terms of openness of government. During the year it was drawn to our attention that concerns were raised by the Auditor General about accounting practices of an agency. I could not find reference to that in the Annual Report of the Auditor General or of the report of the agency concerned. If that agency had not been challenged, I would not have known that a concern existed. That does not meet the standard of open and accountable government. Will any procedure be put in place in the next financial year to ensure that findings of that nature are reported either in the Annual Report of the Auditor General or the annual report of the agency concerned so that the Parliament can be informed?

Mr PEARSON: I find it difficult to answer. I cannot place the agency to which you may be referring. The Financial Administration and Audit Act charges me with drawing to the attention of Parliament matters of significance arising from my audits. Again, as part of operational procedure every year the audit of every agency is mentioned at least in a general report to Parliament where matters of significance are summarised.

Mr BROWN: I accept that.

Mr PEARSON: I may have judged that at the end of the day the concern was not significant. We may have raised queries in a management letter or minutes, which were answered satisfactorily and which dispelled our query. If that

agency was late in having its financial statements signed off last year, after 15 October, we would not have reported on those audits at this time.

Mr BROWN: The Office of the Auditor General is now reporting on performance criteria. I notice that the Public Sector Management Office or Treasury has commented on or suggested where the performance criteria of departments or agencies should be changed. What interaction does your office have with that office over the performance criteria as they are developed?

Mr PEARSON: My office is in consultation with Treasury and the Public Sector Management Office on the policy, parameters and development of guidelines for performance criteria. My office has contributed to a publication which, if it has not been released, is about to be released, and which sets the parameters and provides the theory.

Mr BROWN: Is that referred to in the budget statements as the methodology?

Mr PEARSON: I do not think so. The one I am thinking about is a broad policy and guidelines approach. In that respect my office has been involved on a consultative basis in the development of the guidelines and endorsement of their promulgation. In two special reports we have put out our interpretation of standards and guidelines that should apply in developing what the Financial Administration and Audit Act determines as key indicators of efficiency and effectiveness of agencies' programs.

Mr BROWN: Page iii of the preamble to volume 1 of the Budget Statements reads -

The output/outcome information submitted by agencies for the 1997-98 Budget was reviewed by Treasury from a whole-of-government perspective for consistency with the output methodology and across agencies.

Is that what you are involved in?

Mr PEARSON: No. We have had a lesser involvement in that because on the spectrum from inputs - the traditional approach 10 or 15 years ago when we examined the salaries, travel and inputs - Treasury has taken the initiative in recent years to introduce a process called output based budgeting.

The involvement of my office is a step further along the continuum at the outcomes level which is the efficiency and effectiveness of the outcomes of programs. Consultation has taken place between Treasury and my office to ensure that that continuum remains reconciled and continual. My office, as the external auditor of government, is looking to the end of the continuum and the performance indicators of efficiency and effectiveness. The outputs and inputs are an important consideration, but we are not as directly involved at that level.

Mr BROWN: Regarding outputs as opposed to outcomes and efficiencies, in 1995 you compared three contracts and referred to work done on the general issue of contracting out. I have not been able to find a degree to which any assessment is made of the standards expected before work has been contracted out versus the standards of the work after it has been contracted out. For example, it has been put to us that one of the reasons for the lower cost, apart from people being paid lower wages, is that the standard expected of the day labour force was different from the standard now expected of cleaning contractors. As a result there is a lower standard. If the standard in the service industry is lower, it will be at a lower cost. Has your office examined that issue?

Mr PEARSON: Not specifically, other than in the report early last year on the three contracts to which you referred. Historically, good specifications of standards have not been available. As auditors whose job it is to assess what should be, that is a handicap we encounter because the data for comparative purposes, generally speaking, are not in a reliable form. That is why, when we commenced examining audits of contracts, we looked at the quality of the specification at the point people make the decision to seek tenderers. That is the first reliable point that we have been able to establish where the specification of standards exists.

That is part of the broader evolution and development of accounting and public administration in the public sector more generally. It is one area where accrual accounting gives us more comprehensive information. However, regrettably that applies to the recent past or the present and the future.

Mr BROWN: Do you agree that it becomes difficult to compare apples with apples because standards and costs cannot be measured against one another; only costs can be measured from one to the other?

Mr PEARSON: I agree with that principle. One of the real challenges we have in our current audit is to be able to compare apples with apples.

[12.30 pm]

Mr BROWN: You have referred to the New South Wales study on contracting out. In the foreword to your report you observed that in the year in question, something like \$445m had gone towards contracting out. That amount was

predicted to be more than \$1.1b the following year. I am told that we will receive the current figures on that. My concern is that when comparisons are made between the private and public sector standards, a higher compliance requirement is placed on the public sector because the Auditor General's office becomes involved, as does the Ombudsman, and there is a higher level of probity and scrutiny than would be the case if the work were contracted out. There are also social responsibilities and other considerations.

Is it the intention that the Auditor General's office measure those cost comparisons and make a judgment? If one were looking for the efficiency of the dollar one could say that we are also considering the efficiencies of government, because we have an Auditor General and an Ombudsman, parliamentary questions, and a democracy that allows us to question and test the veracity of information, and a cost is involved. If it is a public sector organisation, the organisation must meet that cost. If it is an organisation in the private sector it does not, because continually in this Parliament and elsewhere when we ask questions we are told that the matter relates to the private sector and our questions cannot be answered.

Mr PEARSON: It is a separate question whether we would do an audit on services contracted out. That is the reason we have put the focus on performance indicators, in the first instance. Our approach to undertake performance examinations is to compensate the situation because we are dealing with taxpayers' money, and taxpayers' money tends not to be spent in a classically commercial competitive environment. Our focus is on the program objectives and the veracity of the performance indicators developed by agency management, and the report prepared by agency management. Agency management can demonstrate in a reliable way the extent to which they are achieving those objectives. Then, the considerations of the on-cost of external audit or the Ombudsman become secondary. If the agency can demonstrate it has clear objectives and a clear management approach to achieving those objectives, and can establish how well it is achieving those objectives, and how it is performing compared with plans, previous performance and performance elsewhere, it allows the auditor to give a true and fair view report. That is the preferred outcome.

Mr COURT: The question is whether the Auditor General should be directly overseeing all the contracting out arrangements. The first responsibility must lie with the chief executive officer of the department or agency. As an example, I have received many letters of complaint about cleaning at Rottnest Island. I asked who did the cleaning. I was told it was done by a contractor. I then asked who oversees the contractor, and I was told that it was not a problem because he employs supervisors. I persisted, and asked who oversees the contractor to make sure that we are receiving value for our money. The further I inquired, the more I realised that the cleaning contractor was not being overseen properly by the authority. To my mind, the process is simple: If someone is contracted to provide a service, and does not deliver the service, he is not paid. If the contractor continues to not provide the service, he should be dismissed. As a result of those complaints, steps were taken to ensure that we receive value for our money in that particular contract.

The first responsibility lies with the CEO because he has responsibility for overseeing the contract. As I have said, for many CEOs it is a new era and culture. They must develop new skills to properly manage contracts. The Auditor General has a role to play to ensure that proper contract management is in place, but that does not take away from the fact that the first responsibility must lie with the CEO.

Mr BROWN: I do not have a problem with the Treasurer's remarks about the checking mechanism. CEOs will make both good and bad decisions, and someone must check on them. As another example, contractors putting in deep sewerage have caused damage to the property of various constituents in my electorate. I represent one constituent in that situation. It has taken months to get anywhere. The contractor damaged a brick wall, and wanted to call in an expert to see whether real damage has been done or whether the constituent was making it up. We negotiated with the insurance company, then the insurance company wanted my constituent to obtain prices. It has gone on and on. If the contract were in government hands, it would have sent out someone to take responsibility, and the wall would have been replaced -

Mr COURT: You are wrong.

Mr BROWN: I am not wrong. I can introduce the Treasurer to my constituent. I can show the Treasurer the file; it is becoming thicker by the day. I am up to my neck writing letters pressing the Water Corporation, the private assessor and the insurance company. It is an ungodly mess. My constituent did no harm to anyone. His wall was damaged, but he has waited to get it fixed. Even now, it is not fixed. My point is that government services should be improving the situation, but the Government has not improved the situation; it has made it worse. Who is responsible? Where is the objectivity in measuring all these things? It is all very nice to say that it is cheaper to contract out. It is easy to be cheap if we do not have decent insurance that will pay. An insurance company with a two bob premium will not pay out. Ultimately, people like my constituent pay for that.

Mr COURT: We would not have an infill sewerage program if it were being done by the Government, because the cost would be double. The infill sewerage program is being undertaken by a private contractor. It has been made clear that if the contractor does not comply with the contract - that is, restore backyards etc - he will not receive further contracts. As I understand it, in the early stages of the program, some contractors did not perform satisfactorily. As a result, the necessary action was taken. The member should raise his constituent's problem directly with me, and I will see what we can do to help. We are spending \$80m a year on that contract, and the system is going through some of the most incredible backyards ever seen. I suggest that the member look at some of the work being undertaken. A typical scenario is a well established area, where the picket fence at the back should have been replaced 20 years ago. The fence is falling over, the garden shed has white ants, and a gum tree with a trunk three feet in diameter grows through the line of the proposed sewerage pipe. Before the contractors begin work they sit down with the residents and reach agreement. In some cases, people agree to share the cost of a new fence; some agree to have a garden shed taken away, and it is a good time to do that. The contractors must dig under the huge gum tree and find a way through the roots to position the pipe. The contractors go to extraordinary lengths to please the residents. Considering that the sewerage line is being run through people's backyards, we have received relatively few complaints. Most people are very happy because they can leave the septic tank problems behind, and their property values are increasing considerably. The member has raised a good example. The Water Corporation has made it clear to the contractors that if they do not comply with those rules that involve not only putting through a sewerage line, but properly liaising with residents and businesses, they will not get further contracts.

[12.40 pm]

Mr BROWN: It is not a back fence, but a side fence that was damaged as a result of the earth collapsing. I am happy to provide the details of that to the Premier. I am pleased the Premier says the Water Corporation is going to that extent. Another constituent of mine has an elaborate front yard and the Water Corporation wants to put in a connection in that yard. That will require the front yard to be dug up after my constituent spent hundreds of hours and many dollars doing it up. I will send the Water Corporation the Premier's comments and ask it to review the position on where it puts the connections.

Mr MINSON: Are we to believe it must dig up all the front yard?

Mr BROWN: The pipes must go diagonally across it, which will damage it immensely.

Mr COURT: Fortunately the Chief Executive Officer of the Water Corporation is in the Chamber and will have heard the debate that is taking place, because later under the Treasury division we will discuss community service obligations. Considering the volume of work the Water Corporation is doing, it has been a great exercise. The member should look at the backyard issues that must be dealt with and the diplomatic manner in which most are being dealt with. In the member's electorate there have been significant increases in property values in areas where sewerage has gone through. Those increases are giving some families a good retirement nest egg.

Mr BROWN: It depends on whether they live at the top or at the bottom of the hill. Those who live at the bottom of the hill are happy because they do not have to have their septic tanks emptied every year. The rates for those at the top of the hill will increase, and they will be happy to be connected by about 2050.

Mr COURT: If it is a large block and they are able to subdivide, many will be able to build themselves a new house in their backyard and sell the old house at the front, and they will be much better off. It is a wonderful social initiative!

Mr BROWN: In Bassendean they have been doing that for years. They are battleaxe blocks.

Mr PEARSON: I am not sure I can add much more, other than to say it appears to be a contract management issue, albeit a troublesome one. It comes down to making the person accountable for it, whether at the contractor level or at the central office of the Water Corporation, if that organisation is managing it. Someone must get to the core of the issue quickly.

Mr BROWN: One of the debates we have in this place often is about what people are paid in the public and private sectors. There is no doubt that people who are taken on by a number of contractors employed to clean schools are being paid less than government employed school cleaners. Therefore, there is not an equal playing field. It is not as though a terrific management skill, a higher technique, or elaborate technology is being used to clean schools more quickly; it is simply that people are paid lower rates. Reports on this issue have ignored that fact and have said that matter is not taken into account; that all that is looked at is the end product. Is there any intention to look at that issue? If the Government's desire is to lower wages, it could lower wages in the public sector by an Act of Parliament and there would still be a competitively neutral proposition. It should not have to be done by fudging the situation and putting it into the private sector by lower wages.

Mr PEARSON: Whether the motivation is to lower wages is not an audit issue. I suggest we look at the matter from two other respects. One is that we support the initiative across the public sector more broadly. Output based management is the latest iteration in being more specific about what we seek to achieve with the budget appropriations. Accrual accounting initiatives allow us to know the full costs. It is an evolutionary process, but over time we are getting better information so we can compare apples with apples.

The only other area in which I can see audit having a contribution to make is in the controls and compliance dimension of audits. We seek to get an assurance that when a contract is let or any decision is made, it complies with relevant laws. I expect that when we look at services contracted out, there would be at least a requirement to provide an assurance that award provisions are complied with. That is as far as I can see the audit mandate extending.

Mr BROWN: We will never get to a position of being able to compare apples with apples in that way.

Mr COURT: Are you talking specifically about wages? You can give us examples of people being paid less and the Government can give examples of people being paid more. That is just the labour market working.

Mr BROWN: The Premier has refused to answer questions in this place about this matter. He knows that a number of people in the private sector whose jobs were contracted out have a lower base rate of pay, not counting the number of hours they work each week. MetroBus produced a schedule of rates of pay for bus operators who were formerly employed by MetroBus and who are now employed by private operators. That schedule shows that bus operators employed by private operators would be paid less than bus operators employed by the public sector. It stands to reason that a high level of the contract goes in labour costs. If one group can obtain a lower labour cost than the other simply by paying lower wages, it will be "more efficient".

Mr COURT: Can you explain why many MetroBus people want to go across to the private operators?

Mr BROWN: Probably to keep a job.

Mr COURT: No, I am referring to existing employees.

Mr BROWN: I would be interested to look at that matter. I do not know, unless there is some clamour for lower wages. The ideological view is that government should be about regulation and getting out of everything else. The other view is that the private sector can handle it more efficiently. That says to me that either we have incompetent managers in the government sector and we should kick them out and get in some good ones, or there is something genuinely different about the public sector. If the managers are no good, under the Public Sector Management Act they can be booted out and others can be brought in. For example, if the Auditor General is no good, he can be given the sack and another brought in.

Mr COURT: You cannot change the Auditor General that easily.

Mr BROWN: I know. Nevertheless, I am sure that if the Parliament had a resolution from the Premier, it would support it. If people in the public sector are incompetent - that is what contracting out effectively says; that is, there is no faith in people in the public sector - why do we not get people who can do the job?

Mr COURT: That is not the case at all. Contracting out just exposes more and more government operations to competition.

Mr BROWN: It is not competition; it is not equal with equal.

[12.50 pm]

Mr COURT: It is exposing it to competition. As the member will know, a government team was able to compete against the private sector in cleaning, for example, and won the contracts. Exposing more of the Government's operations to competition has led to more accountability. As the member said, if contractors do not comply or perform, we can get rid of them. However, inside government, by and large, we never knew whether workers were performing or efficient; there were no comparisons with the private sector. Huge inefficiencies in government have been hidden for decades. With contracting out we now hear more about the problems. That is good because it is transparent. If the contractor does not provide the service, he goes.

Mr BROWN: I do not have a problem with competition. However, let us have a level playing field where everyone is entitled to the same minimum. If the employer wants to pay more because he or she has a good employee or manager, that is up to the employer. At least with a level playing field, particularly in the services contracts where the labour content is very high -

Mr PEARSON: There is a very big distinction between the policy or political level and that is not in an auditor's domain. The auditor's responsibility is to provide assurances about the reliability of the information available to

members of Parliament. To the extent practicable, we put as much relevant information as possible into the public domain so that the decision makers and politicians are informed as much as possible.

Mr BROWN: I can never get an answer to my questions about a level playing field. The Premier has avoided this very well. However, a non-answer can still be used. Does the Auditor General have access to the contracts that departments and agencies enter into? If so, can he report on them and ensure that agencies and departments report on them in their annual reports? As members of Parliament, we have an unholy time trying to get details in this Parliament about the contracts that have been entered into, how much they involve and the commitments that have been made by the Government. We cannot get that information. When we ask questions, they are not answered. Does the Auditor General have that information?

Mr PEARSON: I have had access to every contract to which I wanted access. In relation to the second part of the question, it is far beyond my capability or scope to make that information available to the public routinely. That comes back to either the responsible agency or a central agency, such as the Department of Contract and Management Services and the Supply Commission. That is a government policy area. I have had full access to any contract I have requested and my reports to Parliament have contained references to any issue of significance arising from that access. To take it a step further and to provide routine information is well beyond my discretion.

Mr BROWN: Why? The Auditor General's job is to provide reports to Parliament.

Mr PEARSON: My job is to conduct an external audit of the Western Australian public sector. That audit is split into a number of categories, including the routine annual financial statement performance indicator audit, which is a test function in which we express an opinion on the truth and fairness of reports prepared by management. Overriding that, we have two levels of obligation: First, to look for controls and legal compliance; that is, the exercise of adequate internal and management controls over government operations; and, secondly, compliance with written laws. We are auditors and we interpret that as it relates to finances and public administration generally. Clearly, we must relate it to significant breaches of controls or legal compliance because other agencies are involved in the legal compliance side. We have a final charter to look at the efficiency and effectiveness of government programs as they are delivered. That is a function of resources and the role of external auditing.

Page 112 contains some statistics on the broad categories of programs we have looked at from a program performance and accountability point of view, a new and emerging issue point of view or a state of the State's finances point of view to give Parliament an insight into the extent of the coverage we have been able to achieve. Again I must reinforce the fact that we are an external auditor; our job is to look at the situation objectively, independently and externally and to distill matters of significance and draw them to the attention of Parliament.

Mr BROWN: As a member of Parliament, I do not know where the money is being spent, what contracts have been entered into or for what amounts. Every time I ask those questions I cannot get the information.

Mr COURT: Yes you do.

Mr BROWN: There are questions on notice now asking for a list of the contracts entered into in the past six months, how much is involved, who they are with and their purpose. I have asked the Premier's Ministers those questions time and again in this place and I will keep asking. Every time I have asked the Government to provide these details I have been disappointed. Twice in question time I asked the Premier to table the Elle contracts, but he told me to ask the Minister. Accountability in this place is a joke. I again place on the record, for the hundredth time - I believe in the Chinese view that one keeps repeating oneself because eventually the message will get through - this situation is appalling. If someone asks me for information about government, I must say that I do not know and I cannot get the information.

Mr COURT: The member made the comment that he does not have details about the expenditure. The Parliament authorises expenditures.

Mr BROWN: I made the comment in relation to contracts. People ask me what is the contract for this or that, and I must respond that I do not have a clue and that I cannot get the information.

Mr PEARSON: Page 126 contains a table entitled "Categories of expenditure", which lists a specific categorisation of services and contracts. As a chief executive and accountable officer for the Office of the Auditor General, my answer is that that is the specification of how much I spend.

Mr BROWN: I want to know on what the \$2.5m, \$7.5m or \$10m is spent. Simply to say that it is spent on contract work is not good enough.

Mr COURT: If the member asks the Auditor General how much he pays for services provided by outside auditors, he will provide that information.

Mr BROWN: We do not get the detail, and the Premier knows that. I will be very interested to see the answers to the next batch of questions.

Mr COURT: If the member asks how much is spent on outside auditors providing services, he will get an answer. If he then wants details of a contract entered into, he should keep in mind that we have 40 000 contracts across government. He would go mad.

Mr BROWN: Provide the information and we will see.

Mr RIPPER: Page 127 contains reference to the competition policy having far reaching implications for the Office of the Auditor General. What are those implications?

Mr PEARSON: That is another initiative occurring within the agencies we audit that we must include in the scope of our examinations.

Mr RIPPER: Are there resource implications?

Mr PEARSON: Yes.

Sitting suspended from 12.58 to 2.00 pm

Division 8: Salaries and Allowances Tribunal, \$238 000 -

[Mr Sweetman, Chairman.]

[Mr Court, Treasurer.]

[Mr B.J. Moore, Executive Officer, Salaries and Allowances Tribunal.]

[Mr M.L. Harris, Assistant Under Treasurer, Treasury.]

Mr BROWN: What salary increases have you allowed for the Salaries and Allowances Tribunal for this year?

Mr MOORE: The tribunal itself?

Mr BROWN: Not the members; I would not be bold enough to ask that question.

Mr MOORE: There is none.

Mr RIPPER: Is the Salaries and Allowances Tribunal working or proposing to work in the coming year on any out of the ordinary issues when making determinations?

Mr MOORE: No, it will be carrying out its normal statutory role.

Mr BROWN: A comment was made earlier this year about the Salaries and Allowances Tribunal reviewing the parliamentary superannuation scheme. Is that on the agenda?

Mr MOORE: The tribunal has mentioned on two or three occasions that it foresees that a review should be undertaken. It maintains it does not have the expertise itself and has asked that somebody else conduct that review.

Mr RIPPER: Has the Salaries and Allowances Tribunal expressed a view on judicial superannuation and whether any review of parliamentary superannuation should also consider judicial superannuation?

Mr MOORE: At this point it has made no determination or notification on judicial pensions. It would expect that if parliamentary superannuation were examined, judicial superannuation would be examined as well.

Mr MINSON: Technology and the requirements of members of Parliament creep up on us. Sometimes it takes quite a while - for example, computers and faxes in members' electorate offices. I think they came in 1988, which was the year before I came here. Everybody said, "Why didn't we do that before?" Does the Salaries and Allowances Tribunal continually review these things? It seems the introduction of the Internet is way overdue; members' offices at Parliament House and their electorates and even their homes could be linked to the Internet, because it is the fastest and most efficient way to communicate, using e-mail and all that sort of thing. If the tribunal were to do it, people would say, "Why didn't we do it before?" Does the tribunal continually consciously say, "Let us sit down and review new technology" rather than ask, "What is a member of Parliament worth"? The tribunal will never arrive at a satisfactory answer about what members are worth, because the population thinks they are worth somewhere between zero and just over \$1m, and not many people think they are worth over \$1m. People will argue forever about the worth of MPs in terms of their salary. However, the tribunal should at least every year look at the question of what are reasonable tools for members to use to assist them to carry out their function.

Mr MOORE: The tribunal does review the entitlements of members of Parliament to travel and other allowances. The tribunal has a problem with the extent of its jurisdiction, which it has raised on a number of occasions. As the tribunal sees it, it has the jurisdiction to provide for allowances but not actual facilities. We would not provide computers or mobile telephones. We provide an allowance for a mobile phone. The issue of the Internet was raised this morning. I will take that back to the tribunal and look at the possibility of providing an allowance of an additional line for the Internet or facsimile connection.

Mr MINSON: Most members would have a home fax. When I got a home fax in 1990 it was a luxury. People cannot believe that members do not have a home fax, yet both the line and its rental must be met from our electoral allowance. I do not have a problem with that, but what one must pay for out of an electoral allowance mounts up. Letters often appear in the paper and people often joke about workplace agreements in Parliament. I do not think the tribunal can fiddle with the remuneration, but there needs to be flexibility for members to be able to put a proposition to the Salaries and Allowances Tribunal on all of the add-on extras. For example, a member has unlimited travel between his electorate and Perth and his family has so many trips. All these bits add up, yet there are only 89 members of Parliament. Could the tribunal have the power, if a member were to say, "I am prepared to take only 30 trips to the electorate and trade in some of those things for an extra office in my electorate"? It seems that we can have it only if we are prepared to use that benefit. I could travel up and down all day long to my electorate if I wanted to, but I do not see a lot of point in doing so. I go up there, spend some time and then come back again. That amount of money I can tap into is open ended but is of very little use to me unless I want to live on aeroplanes. I would be prepared to accept a limit on the number of commercial trips I take, if I could have a bigger hire or charter allowance so that I could fly myself. If I wanted to go to Morawa, for example, I would have to fly first commercially to Geraldton and then drive for 10 hours there and back, whereas I could go to the aeroclub and for \$400 I could fly myself to Morawa and back. However, I could do that only a certain number of times.

Mr MOORE: It is a valid point. The problem lies with the jurisdiction of the tribunal. The unrestricted travel allowance that country members receive for travel between their electorate and Perth is covered by the Salaries and Allowances Act and determined by the Treasurer. The air charter which is decided by the tribunal comes clearly within its jurisdiction. It all comes back to the question the tribunal has raised over a number of years; that is, members of Parliament and the tribunal do not know the extent of its jurisdiction. The Premier's department and the Treasurer determine some benefits for members of Parliament and their spouses' travel. The Salaries and Allowances Tribunal covers some aspects, particularly relating to electorates. The Joint House Committee provides benefits to Parliament within the Houses of Parliament. While we have those three areas, the tribunal does not know how far to extend or encroach into those other areas.

[2.10 pm]

Mr BROWN: One thing that distinguishes state members of Parliament - particularly non-Ministers - from our federal colleagues is that we do not have a research capacity and the Federal Parliament provides a research capacity for members. State members have an electorate officer and if one has a busy electorate, that person is flat out dealing with constituent issues. Because of the load, some members of Parliament employ people out of their own pockets to enable them to catch up.

Mr COURT: The question of research officers has been brought up by the different parties and Independents. We are considering providing research officers to members for the equivalent of two days a week. The estimated cost will be approximately \$2m for wages and equipping offices with separate work stations etc. We will make a decision on that within the next couple of weeks. I have received formal representations from the Independents, the Greens (WA) and the Australian Democrats. I have explained that all members will be treated in the same way. All members will have access to the Internet. I do not have the figures in front of me; however, the initial cost will be \$100 000 and the recurrent cost is \$135 000 per annum. Members would have to do their own preparation for what goes on the Internet etc.

Mr BROWN: Our offices have one computer terminal, and in a busy office the electorate officer uses that terminal for a word processor for constituent letters, and letters to Ministers and the rest of it, as opposed to a member undertaking research and tapping into the net. Will that cover the cost of another terminal?

Mr COURT: The cost will include wages, plus the cost of the equipment for an additional work station. Electorate officers are employed by the Presiding Officers and I will discuss the proposal for research officers with the Presiding Officers.

Mr BARRON-SULLIVAN: I am interested in the issue of flexibility for members of Parliament to allocate and use their resources. I am not totally familiar with the situation in Canada; however, I believe it is different from here. Has an exercise been done to work out what it costs to run the functions of a member of Parliament and whether any serious thought has been given to applying a greater degree of flexibility across the board?

Mr MOORE: On a number of occasions the tribunal has looked at the Canadian system. It has not looked at it in any depth at this point, because of the problems that exist. Canadian members employ their own staff and they run everything from the one budget. The tribunal does not have the jurisdiction for that.

Mr COURT: A few years ago Singapore's Senior Minister, Lee Kuan Yew, said that Ministers were paid \$600 000 a year, and the Prime Minister and Senior Minister about \$1.1m. It sounded like a very generous package. However, they pay all their expenses out of that package. When one adds up the cars, accommodation and other costs it was not as generous as it sounded initially. When one looks at the package paid to members of Parliament, one must take into account the expenses that are met by the taxpayers. Those members of Parliament who leave Parliament and go back into business learn the hard way that a lot of expenses are picked up.

Division 9: Treasury, \$380 402 000 -

[Mr Sweetman, Chairman.]

[Mr Court, Treasurer.]

[Mr J.L. Langoulant, Under Treasurer.]

[Mr M.L. Harris, Assistant Under Treasurer.]

[Ms A. Nolan, Assistant Under Treasurer (Economic).]

[Mr G. Hay, Acting Assistant Under Treasurer (Strategic).]

[Mr R.D. Collister, General Manager, Finance, Westrail.]

Dr GALLOP: The Institute of Child Health Research grant of \$7m is subject to federal government funding. Could the Premier indicate whether the Federal Government will assist in the further development of that research centre?

Mr COURT: This was in Miscellaneous Services. It is the subject of negotiations with the Federal Government, and I recently raised this issue with the Prime Minister. It is the second time that I have made a direct representation to Canberra on the matter since we were informed that the matter was being considered by the Federal Government. A commitment was given in an election environment by the previous Government. It was not a commitment given by this coalition. However, I stressed to the Prime Minister that we were keen for this project to proceed, and I hope we will hear shortly.

Dr GALLOP: Act of grace payments are listed on page 1006. I refer the Premier to the case of Senior Constable Glenn Murray, which has gained publicity in recent days. The attitude of the Government to this matter thus far seems to be that it is a question for the Commissioner of Police and the Police Department to deal with. The Minister for Police has avoided any sort of involvement in this issue, except to say that it is a tragic situation. The problem that the police have is that they are finding it difficult, within the constraints of their own budget, to work out a package they can live with over the period that these sorts of issues emerge. This is a whole of government issue, for which the Government of Western Australia has responsibility. Has the Government become involved in this question and, if not, why not?

[2.20 pm]

Mr COURT: Recommendations for a number of act of grace payments come from the police from time to time. Obviously they come in after a lot of consideration. The police have a track record of making sure that the families of police officers are well looked after in difficult situations. I am informed that in this case the Police Department has not finalised what it is proposing to do. I advise the Leader of the Opposition that I do not want this matter to be run publicly. I have no objection to the matter being raised publicly. I appreciate the concerns raised and I will be taking a direct interest to make sure that the interests of the family are properly looked after. I have been through two experiences in the past couple of years concerning police officers. The way in which the families concerned have been treated by the Police Department has been first class. In conjunction with the Under Treasurer we will liaise with the Police Department to make sure its arrangements are put in place. I prefer to deal with the issue in quiet negotiation rather than under the spotlight of publicity. If, at the end of the day, the arrangement is not satisfactory, by all means criticise. I understand special circumstances are involved in this case. I have not received a recommendation from the Police Department, but I have made it clear to the Under Treasurer that I want to know what is going on. I do not want the family to be short-changed in any way.

Dr GALLOP: I raised the issue because it has become a whole of government, rather than a police, issue. One of the problems with these issues is that the Police Department is obviously battling to find a solution and a more whole of government approach should be adopted.

I refer to agency restructuring on page 1006 of the Budget Statements. The Premier will be aware that I have asked questions in the Parliament about this issue and he offered to provide more detail to the Opposition on the question of agency restructuring. Who, within government, is on the committee that is dealing with this question? Which agencies are being subject to review? Is the \$10m really payments for redundancies that may emerge from this rationalisation?

Mr COURT: The committee is headed by the Under Treasurer and the other members are Des Kelly, the head of the Department of Resources Development; Ian Fletcher from my office; Paul Schapper from the Public Sector Management Office; Mal Walker; Steve Wood from the policy section and George Cash. The Under Treasurer advises me that the committee is about to make a presentation to me on the restructuring proposals. This work has been done in full consultation with the chief executive officers. Members will be aware that a workshop was conducted about 18 months ago at which the process started. I cannot comment on the proposals because the report has not been presented to me. An allowance was made in the Budget because it was anticipated that the proposal would require some funding. The Under Treasurer may want to explain some of the considerations that may have to be funded.

Mr LANGOULANT: A range of costs arise when restructuring is undertaken. A case in point is what is occurring with the Arts. That portfolio has been amalgamated into a ministry and the existing statutory bodies will be amalgamated into that ministry. Some staff placements will need to be arranged and some voluntary redundancy arrangements will come out of the arrangements. That is probably the largest component of this expenditure. Other costs - for example, accommodation costs - will be incurred so that when we establish the new entities they will operate efficiently.

Mr COURT: There are a number of very small departments which do not warrant having a level of accounting expertise. I said earlier that the Government is very weak in qualified accounting expertise. It has been operating under a simple cash budgeting system and now it is moving to a full accounting system. Therefore, it must recruit more accountants. Some of the small agencies do not warrant having that sort of expertise. By amalgamating some of the smaller operations we will make sure that they have access to that expertise. Already, changes have been made in the corporate services area. For example, in my area of responsibility we are running one corporate service function for both the Public Sector Management Office and Treasury.

Dr GALLOP: The Premier did not indicate which agencies will be reviewed.

Mr COURT: All agencies have been considered, but I cannot tell the member which agencies have been included in the recommendation because the report has not been presented to me.

Dr GALLOP: When does the Premier expect to be in a position to tell the Opposition about this?

Mr COURT: The Under Treasurer advises me that the committee will report in the next couple of weeks. The information could be made available probably within a month.

Mr MINSON: Reference is made on page 1007 of the Budget Statements to the transfer of Ministers' office costs to the Ministry of the Premier and Cabinet. It is a move I support because that is where it should be. I am curious to know why it costs \$150 000 for the transfer to take place. It appears to be more administrative than anything else.

Mr LANGOULANT: It is mostly administrative expenditure for the office of the Minister for Finance.

Mr MINSON: It does not apply to all the Ministers?

Mr LANGOULANT: No, it is one Minister and as the member works through the papers he will find that that transfer is noted for all the ministerial offices which have been amalgamated under the Ministry of the Premier and Cabinet.

Mr MINSON: I notice there is a list, but I understand this was not included in it.

Mr LANGOULANT: I understand there is a complete list of the transfers within the Ministry of the Premier and Cabinet's budget provision. I expect the \$150 000 to be in that list.

Dr GALLOP: It states on page 1016 of the Budget Statements that Treasury advises the Government on measures to broaden the base of several major state revenue sources. I will refer to the gold royalty, which I imagine comes under that classification. The Premier will be aware that I raised an issue in the Parliament on 1 May about a document called "Revenue Threats and Opportunities". The Premier replied that work on that project commenced some time ago. When did the work commence? For what purpose did it commence?

[2.30 pm]

Mr COURT: The Under Treasurer will comment because it is his responsibility. In general terms, providing advice on measures to broaden the base of major state revenue is done on a regular basis. At the beginning of each budget round we are given presentations not saying whether or not we should go down those paths, but to provide advice on what are the options. Everything, including accommodation taxes, can be on the agenda. However, we must take final responsibility for the measures.

Mr LANGOULANT: As the Premier said, we continually review what revenue sources are available and what is the most efficient way of raising revenue. Obviously, the broader the base of any revenue source and the lower the rate for an amount of revenue we want to collect, the more efficient raising revenue must be. It is a constant process under way within the department. With regard to "Revenue Threats and Opportunities", at least 12 months ago we started a defined piece of work dealing with what base broadening measures might be available. I think we have been noting it through our various budget papers that that work was ongoing. It was a defined piece of work because we drew expertise from outside the department, from academia, other departments and the private sector. It was a coordinated activity.

Ms MacTIERNAN: I would like to ask questions about the Western Australian Government Railways Commission which appears as item 16 on page 1003. First, I need advice on why the Budget is done in this manner. I understand Westrail does not have its own budgetary program. Will the Treasurer explain that? It seems we are dealing here with an expenditure item of something in the order of \$71m. The Transport program indicates that something in the order of \$112m is also being injected into the rail system from the consolidated fund. Why do Westrail and the Western Australian Government Railways Commission not appear in the normal way in the Budget?

Mr COURT: It appears in this section because it involves community service obligations and some payments back to Westrail from the proceeds of land sales. We have identified considerable land assets in Westrail and we have an arrangement whereby the proceeds from sales up to a certain amount that it undertakes are put back into the Westrail organisation. If the member wants to ask us questions on those matters, we have a representative present to assist us.

Ms MacTIERNAN: As Treasury is responsible for the Budget, why is the \$112m that is listed as a train subsidy under the Department of Transport's budget not transparent in any way?

The CHAIRMAN: Does this relate to division 9?

Ms MacTIERNAN: I am trying to determine from Treasury, which is responsible for the preparation of the Budget, why - the Transport people were not able to explain this - notwithstanding what appears to be a substantial injection of funds from the consolidated fund, there is no opportunity to scrutinise Westrail's operations.

Mr COURT: The \$112m relates to the cost of running the suburban rail services. That is a payment that goes to railways to run the system.

Ms MacTIERNAN: Okay. That is money that is taken out of the consolidated fund.

Mr COURT: Yes.

Ms MacTIERNAN: What is the logical explanation for our having no capacity to look behind that allocation of money to see how the services are being delivered? Why is that protected from the scrutiny of this estimates process?

Mr COURT: It is in the Estimates; the member can ask me a question about it.

Ms MacTIERNAN: We can ask anything about the operations of the passenger transport service?

Mr COURT: The member could ask the Minister for Transport.

Ms MacTIERNAN: He said he was unable to answer that.

Mr COURT: What does the member want answered on the \$112m?

Ms MacTIERNAN: My first question is why an organisation which is expending such vast sums of consolidated fund moneys is not subject to the same estimates procedures as are other organisations.

Mr COURT: Westrail is not in the Budget. This money goes through the Department of Transport which then gives it to Westrail.

Ms MacTIERNAN: I understand that. My question is why. If we go back to first principles and work out why we have this process of Budget and Estimates, it is for us to scrutinise the expenditure of taxpayers' money.

Mr COURT: No. It is to scrutinise the expenditure of the moneys that are in the Budget.

Ms MacTIERNAN: Then when I ask the question - I have asked it on previous occasions - why Westrail is not in the Budget I am told it is not spending consolidated fund moneys. This is a sizeable expenditure of consolidated fund moneys.

Mr LANGOULANT: If the member goes back to the Treasury budget it includes the community service obligations and equity injections that we are providing back to the trading enterprises in the main. They are all entities that are operating without any form of assistance from the consolidated fund to operate their services. Westrail is in the same place. We do not provide any moneys to Westrail directly.

Ms MacTIERNAN: When you say "we", are you talking in a whole of government sense?

Mr LANGOULANT: I am saying the consolidated fund does not provide any moneys directly to Westrail for the operation of its services. Those moneys are provided to Westrail through the Department of Transport. Therefore, in terms of the appropriations, which we are talking about in these documents, it is a logical place to provide for the moneys that go to the Department of Transport from the consolidated fund for the purposes of providing urban rail services to be included within the Department of Transport's budget.

Those moneys are then paid by the Department of Transport, effectively under contractual arrangement with Westrail, for the provision of urban rail services. The point of questioning is effectively in the Department of Transport's budget for those moneys where there is a contractual arrangement.

Ms MacTIERNAN: I am appalled that yesterday, when I went to the Transport Estimates with every intention of investigating this \$112m, I was told I could not do that within the Transport portfolio; that it had to be dealt with now in the consideration of these Estimates. There is a real problem. Has Westrail always been off budget? When did it come off-budget?

Mr LANGOULANT: Two years ago. Last year it had a very small appropriation.

Ms MacTIERNAN: Where is the logic of taking off the Budget an organisation which is spending in excess of \$112m?

[2.40 pm]

Mr LANGOULANT: Effectively we try with an organisation such as Westrail - as with AlintaGas and Western Power - to bring a commercial focus to its operations so that there are contracted arrangements between general government and these operations. We contract with them between the consolidated fund and the agencies for the provision of certain services. This is done through the Ministers. We require Westrail to provide an urban rail system and haulage systems throughout the State, and other services are provided on a contractual basis. In some cases they receive money through the Department of Transport for the provision of that service, and in other cases in the budget there are transactions with them on a commercial basis, such as community service provision.

Ms MacTIERNAN: I understand the parts in the Treasury papers.

Mr COURT: The Water Corporation and BankWest are other examples. BankWest was a huge operation but it was not included in the Budget although taxpayers' money was underwriting it.

Ms MacTIERNAN: That is different from taxpayers' money funding it. What is the nature of the contract between the Department of Transport and Westrail? Is it cost plus so that whatever it costs Westrail is recoverable?

Mr COLLISTER: There is no formal contract but there is formal legislation and it is purely a straight cost recovery.

Ms MacTIERNAN: The Premier can see my concern. Westrail is spending large sums of taxpayers' money, and we have no capacity to inquire about the way in which it might be discharging that function.

Mr COURT: We had no control over BankWest, either.

Ms MacTIERNAN: It is a different thing.

Mr COURT: It is not. The State supplied all the capital of BankWest and accepted all the liability associated with the bank's operations. The state banks in other parts of Australia have cost taxpayers hundreds of millions of dollars. The Government decided that was not an acceptable position and as soon as the bank was in a strong financial position, the Government sold it because there was no need for the Government to be involved. You cannot have it both ways with a corporatised body. We asked a board running that body to accept all the responsibility a board must accept in these matters, and we asked it to run a commercial operation.

Ms MacTIERNAN: They are not corporatised.

Mr COURT: We are asking these bodies where they have a statement of corporate intent - does Westrail have one?

Mr LANGOULANT: It is being developed.

Ms MacTIERNAN: They are not corporatised; they basically get whatever they spend from consolidated revenue.

Mr COURT: The Water Corporation, Western Power and AlintaGas are all corporate bodies. Westrail will set itself up as a commercialised body although it will not go to full corporatisation. However, it will have a statement of corporate intent that must be agreed with the Minister. It may be that Westrail can be sold, and Governments of the future may go down that path. It was no different under the member's Government.

Ms MacTIERNAN: I find the Premier's answers most contradictory. He says that he is offended by the fact that a corporatised entity such as BankWest was not subject to scrutiny, but his response is to take an organisation not yet corporatised and exclude that from scrutiny. It is hardly an appropriate response.

Mr COURT: The member's concern is about the \$112m that goes to Westrail. It could go to Westrail or to anyone else who provided the transport service.

Ms MacTIERNAN: In that case there would presumably, even under this Administration, be a contract. It has been acknowledged here today that there is no contract, and the arrangement is that whatever it costs Westrail to run the service, the taxpayers will pick up the tab. What mechanism do members of Parliament have for scrutinising the level of efficiency of the administration of Westrail in delivering this service? We have grave concerns about it.

I have a specific question about the capital situation of Westrail. I understand from the figures we have been able to glean that the debt burden of Westrail has bloomed and is now in excess of \$800m. That has increased by \$283m since 1992. I also understand part of the reason is that the maintenance program has been taken from the operational budget and capitalised. The Minister for Transport is able to refer to an operating surplus at Westrail because a substantial component of the operating budget has now been capitalised and gone into debt. That has resulted in an increase in the debt.

Mr COLLISTER: I draw attention to question on notice 438 of 25 March, when Ms MacTiernan asked the same question. At that time she referred to the previous capital debt as \$523m. The current debt is \$780.65m, an increase of \$300m. As stated in the answer to the question, the main reason for this increase in debt was net capital expenditure of \$407m, which included \$177m capital expenditure for the northern suburbs railway and the railway electrification projects. A further \$80m was spent on short term voluntary severance payment loans. That represents a total increase of \$487m. Loan repayments of \$225m have since been made and the net increase is \$262m, which is set out in the reply to question 438.

Ms MacTIERNAN: I have not received that answer, otherwise I would not have asked the question. Is it true that the maintenance has been taken from the expenditure area and put into capital?

Mr COLLISTER: The answer is a categoric no. I assumed the member was referring to maintenance work carried out for Westrail by private sector companies. We must comply with recognised accounting standards and we capitalised capital expenditure and expensed out operating expenditure.

I want to make a quick comment on Transperth. Approximately two-thirds of the \$112m represents capital charges of interest and depreciation, which are committed. Although there is no formal contract, there are ongoing contractual negotiations and relationships with Transperth and Westrail. That has been the case for the 10 years I have been with Westrail. They stipulate the service and we provide the service. There is no capital expenditure on the suburban rail network system unless it is already approved by Transperth, which effectively is the principal and contracts this task to Westrail. The great bulk of the remaining expenditure is obviously salaries and wages, electricity and maintenance of the electric rail cars.

[2.50 pm]

Mr BARRON-SULLIVAN: I was going to ask a few questions on the national competition policy as referred to in a number of pages of the Budget Estimates in relation to Treasury; however, I dread that we might be drawn down the path of the time taken with the last question so I will limit it to two questions.

What is Treasury's role in implementing or reporting on the implementation of competition reform policy in the area of local government? Generally speaking, what progress has been made in local government in national competition policy?

Ms NOLAN: Local government was party to the agreement on the basis that it was a creation of State Parliament. The agreement was between the Federal and State Governments which encapsulated local government implicitly. A working party of the Department of Local Government, the Western Australian Municipal Association, Treasury

and a number of other local authority peak representative bodies was established to develop a clause 7 statement. It dealt with how one applied competition policy in terms of competitive neutrality and legislative review. That is looking at the legislation and by-laws to see whether they contained anti-competitive elements and, if so, whether they were in the public interest.

We have had extensive ongoing work with the Department of Local Government and WAMA with workshops held, and further workshops are planned to assist local government to implement competition policy for local authorities.

Mr BARRON-SULLIVAN: That is the process, but how long before we see some results at local government level?

Ms NOLAN: We anticipate for the major business activities in respect of competitive neutrality to receive some feedback from local authorities early in the new financial year. The outcome which flows from that process depends upon the recommendations made. I expect that activity levels will increase over the remainder of 1997.

Mr BARRON-SULLIVAN: My second line of questioning is in relation to the budget papers themselves. We were given a briefing by Treasury some time ago in relation to the base management processes being introduced. How is Treasury faring in relation to all the government agencies, and how many are coming on board with the new process? Also, I seek some general comments in layman's terms regarding the applicability of the process across the board in government. I can see some applicable areas, but in other areas I can see no tangible benefit.

Mr HARRIS: In layman's terms, every agency has come on board as far as outcomes and outputs are concerned, some with a greater degree of clarity than others. It was always anticipated to be a two-year phasing in period, this being year one. By next year, I expect all agencies to be up to a high standard of information, particularly in performance measures. We are working with the Auditor General's office to ensure consistency for annual reports, audit purposes and budget reporting.

We will see increasing quality of information as we move through the process during the next two or three years as agencies become used to the terminology and methodology and how to quantify outputs in particular.

Mr BARRON-SULLIVAN: What do you mean by quality of information? Do you mean in the budget papers or other information?

Mr HARRIS: I refer to the budget papers and annual reporting papers, particularly as far as measures are concerned - items such as cost, timeliness, quantity and quality. Those aspects are a little patchy this year in the budget papers as a result of the phased implementation. We expect to be far better next year.

Mr BARRON-SULLIVAN: Has any estimate been made of the net cost of introducing this scheme globally across the government sector?

Mr HARRIS: It is difficult to anticipate cost as it is absorbed in agencies' allocation, so no additional cost to the bottom line of an agency's activities is accrued through developing these processes. As we are implementing the process, we are looking to take out other reporting requirements imposed on agencies to simplify that process. Although costs are applied in the processes, we are trying to reduce the overall burden on agencies to report to us on a monthly basis for our regular Treasurer's reports and the whole of government reports at the end of the financial year.

Mr MINSON: Pages 1015 and 1016 mention electronic funds transfer. The top of page 1016 refers to commencing work on the decommissioning of the government accounting system. I am interested in how quickly the electronic commerce concept is being introduced. I seek that explanation in percentage terms. If my memory serves me correctly, someone calculated that it cost about \$50 to follow the paper trail through, in light of the time devoted to the process, to generate a cheque. Therefore, it was deemed worthwhile doing something dramatic about that situation. What percentage is now under electronic commerce? Will devolving the accounting system and cheque drawing facilities to the agencies result in a reduction in the \$50-odd cost?

Mr HARRIS: The arrangements for devolving cheque production come into place on 1 July. There is a combination of electronic funds transfer type of payment and normal cheque-type payments. I do not know the precise percentage of each share.

Mr MINSON: It is gradually increasing?

Mr HARRIS: Yes, EFT is cheaper and quicker from the creditors' point of view as they receive money more promptly. I cannot cite the percentage, but it is increasing quickly. Agencies which will produce their own cheques from 1 July have the option of doing it in-house or through a system put in place by the Reserve Bank. The price per cheque for delivery and production through the Reserve Bank is 80¢.

Mr RIPPER: Looking at the flow of funds between the government trading enterprises of the Water Corporation and Western Power and consolidated revenue, it seems that the Water Corporation's contribution is a net \$76m and Western Power's a net \$72m to the consolidated fund. That is calculated after taking into account tax equivalent payments, sales tax and dividends on the one hand and community service obligation payments on the other. We used to have a system of a levy on the turnover of government trading enterprises. Are these net payments of \$76m and \$72m respectively greater or smaller than would have been paid under the previous levy arrangements?

Mr COURT: I am advised that they would be about the same order of magnitude.

Mr RIPPER: How do they compare with net payments made last year?

Mr LANGOULANT: There has not been a marked shift in the payment from the trading enterprises to the consolidated fund in net terms between the years. Both Western Power and the Water Corporation were brought under the tax equivalent regime and the dividend operations and CSOs on a purely revenue neutral base. That is the way it has been managed over the two years. If anything, the Water Corporation probably pays slightly more under this system than it has in the past.

Mr RIPPER: What sort of rate of return do these dividends payments represent on taxpayers' assets tied up in the trading enterprises?

[3.00 pm]

Mr LANGOULANT: Rate of return on assets and dividend collection on after tax profits are slightly different issues. For the Water Corporation, the rate of return on assets under current values of assets is about 4 per cent; for Western Power, on a historical base of asset valuation, it is about 12 per cent. With regard to dividend payment, on after tax profit for Western Power it is about 30 per cent, and on after tax profit for the Water Corporation, if we leave developers' contributions within revenue, or within after tax profit, it is about 50 per cent.

Division 61: State Revenue, \$58 633 000 -

[Mr Sweetman, Chairman.]

[Mr Court, Treasurer.]

[Mr A.J.M. Bryant, Commissioner of State Revenue.]

[Mr R. Kernahan, Manager, Financial Services.]

[Mr M.L. Harris, Assistant Under Treasurer.]

Mr BROWN: I refer to page 914, which deals with the level of tax evasion and avoidance in the taxpaying community. What are the problem areas in the state taxation system in respect of evasion and avoidance?

Mr BRYANT: There is a general level of evasion in the community. We estimate that it is very low at the moment, because we have a strong compliance effort in the field. There are certainly some avoidance opportunities, particularly in the stamp duty area, which we are bringing to the Government's attention as we find them. We are paying constant attention to this matter. I am not aware of any specific area of avoidance that is left unaddressed at the moment.

Mr RIPPER: Last year at the Estimates Committee I raised an issue concerning payroll tax levied on people who described themselves or were described by their de facto employers as contractors in the shipbuilding industry. What was the resolution of that dispute? I think the company was Austal Ships Pty Ltd.

Mr BRYANT: That issue is still afoot and it looks as though it will be decided by the Supreme Court rather than ourselves. Our view is that contractors are common law employees; the view of the other party is that contractors are not employees. Our discussions have reached a stalemate and it looks as though the matter will be referred to the Supreme Court as an appeal and will be determined by that court.

Mr RIPPER: What revenue is at stake in these likely court proceedings?

Mr BRYANT: Possibly \$1.6m in this case, and considerably more hinges on the outcome.

Mr RIPPER: Is it an increasing problem that employees are becoming contractors for the purposes of payroll tax collection?

Mr BRYANT: The distinction between an employee and a contractor is becoming increasingly blurred.

Mr RIPPER: Do you have an anti-avoidance strategy for that?

Mr BRYANT: That matter will be taken up with the Government. A move is afoot for all jurisdictions to come together to harmonise payroll tax. One of the major issues that will be reviewed is how best to deal with the issue of contractors and employees. We do not have an answer at the moment.

Mr BROWN: Courts have determined the issue of whether a person is a contractor or an employee by what I call the control test. With the use of technology and things such as global positioning systems, it is now possible, particularly when people are not working in the business premises and are, therefore, not under the direct supervision of the employer, to keep control of people who are ostensibly contractors but in reality employees. Are discussions taking place to introduce uniform legislation on this issue?

Mr BRYANT: An initiative is afoot for all jurisdictions to come together to review the payroll tax scheme. One of the objectives is to get a uniform understanding of where we draw the line with regard to whether someone is a contractor or an employee; in other words, whether the wages paid are subject to payroll tax. There is no common view on it at the moment.

Mr BROWN: You will be aware that there are different definitions of what constitutes an employee. The definition under the Industrial Relations Act is different from the definition under the Workers' Compensation Act.

Mr BRYANT: Yes. That is one of the issues. That is what makes it a very grey area, and that is why the courts' decisions do not have universal application. Not only are the definitions different under different Statutes for various purposes, but even within Statutes across Australia the definitions are different.

The court decision that was handed down recently about the superannuation guarantee charge contained a different definition from that which appears in the Income Tax Assessment Act, yet it is commonwealth legislation in both cases. It might apply for a superannuation guarantee charge but not for income tax. They are the anomalies that tax administrators grapple with, as do members of the taxpaying public. It is important that there is a common understanding of what an employee is for the benefit of everyone.

[3.10 pm]

Mr BROWN: I think some large companies would have a very high payroll for employees and, therefore, be caught by the payroll tax provisions. They have set up arrangements ostensibly to make some of their employees independent contractors, thereby avoiding the payroll tax. Has the department come across examples where there has been a divvying up of the payroll tax or the avoidance of it in terms of a contract rate for the so-called contractor, resulting in a saving for the company?

Mr BRYANT: We are aware of such arrangements. The question of whether someone is an employee or a contractor is one of fact. It is the objective of our compliance officers to determine the exact working arrangements. Where we come across a situation in which we believe someone is being held out to be a contractor, when the common law rules indicate that that person is an employee, we seek to bring that person into the payroll tax net.

Mr BROWN: Some of these are created artificially by an obligation being passed on to the employee to form an independent business and, therefore, seemingly to contract at the same rate as everyone else is setting for specified services which are done under supervision.

Mr COURT: That is the very issue we raised at the beginning. In some cases that is a grey area. That is why in one case in the shipbuilding industry it will be determined by a court.

Mr BROWN: Surely there is a question of the Government determining what the relationship is, as opposed to leaving it to a court to sift its way through the issue.

Mr COURT: It is not an easy matter and that is why we are working with the States to try to get a more precise solution.

Mr BARRON-SULLIVAN: One of the miscellaneous services that was transferred to State Revenue was the reimbursement to local authorities of pensioner rate concessions. It is indicated on page 913 that in the coming financial year that will amount to \$24.5m. I suggest quite a few people in the community are not aware the State contributes in this way. Does that figure account for the total value of pensioner concessions for local government rates, or what contributions do councils put towards its total cost? I would also appreciate a little background into this subsidy or community service obligation.

Mr BRYANT: I would like to say that I am a full bottle on this issue, but I am not. We officially will take over this function on 1 July, although it has already come across to us. The concessions are a reimbursement of the rates where people hold a pensioner concession card in the case of the local authorities. That card entitles them to a rebate. The

rebate is 25 per cent of the rates; that is the concession. That 25 per cent is paid by the State. That is the figure that is shown.

Mr MINSON: Does the local government authority stand any of that or does the Government pay it all?

Mr BRYANT: As far as I know, we pay the entire 25 per cent. I am not aware of whether another percentage is paid by the local authority.

Mr BARRON-SULLIVAN: I suggest a number of local authorities contribute a similar amount. It would be interesting to see what proportion this figure covers. Obviously this area has just come on the agenda for this department.

I refer to the subsidy for swimming pools. An amount of \$339 000 covers subsidies of up to \$3 000 toward the annual operating losses on public swimming pools. In very broad terms, what are the guidelines? How are the swimming pools selected that end up receiving the subsidy? Has that arrangement been reviewed or is it likely to be reviewed?

Mr BRYANT: It is a very simple matter. There are 113 local authorities that qualify for the rebate. There is a maximum of \$3 000, to cover the operating loss. It is interesting that all local authorities seem to make a loss of at least \$3 000 to qualify for the maximum subsidy! I understand a couple of metropolitan authorities are paid the subsidy. I think the Wanneroo council is one. Mainly those in the country areas qualify. When we divide \$339 000 by the 113 councils, it is easy to see that each will receive \$3 000.

Mr BARRON-SULLIVAN: Who sets the guidelines for these subsidies, particularly the reimbursement to local authorities on pensioner rates concessions? Is that set at government level or at local authority level?

Mr COURT: It would have been set at government level some years ago.

Dr GALLOP: I refer to page 917. Under major achievements for 1996-97 reference is made to the two Bills that went through during the year to provide a stamp duty exemption for corporate restructures; to close a loophole whereby a takeover of a company could be effected by way of a capital reduction without the payment of stamp duty; to introduce regulatory controls on the sale of tobacco; and to provide a land tax concession for certain primary producers. Do we have estimates of the revenue implications of those two pieces of legislation? What do they represent in annual payments to the State?

Mr BRYANT: Those figures are available, but I do not have them with me. I am prepared to supply them.

Mr COURT: They will be provided as supplementary information.

Mr RIPPER: I notice pensioner rates concessions reimbursement to local authorities is now part of this division. Recently someone who has been unemployed for a very long time has come to see me because he is having difficulty paying his rates. It drew to my attention the financial position of an increasing number of people who are long term unemployed or who are reduced to small amounts of casual work here and there. These people may be in more need than those on pensions. I wonder whether any work has been done on the cost of extending the rates concession to people who may be in their mid-fifties and who are facing the prospect of no work for the rest of their lives?

Mr COURT: I do not think we can expect the commissioner to comment on that. It is a policy issue for government. This matter has not been brought to my attention; however, I will raise it with the Minister for Finance to see whether a number of requests have been made for rates assistance in this area. I will provide that information. I am not aware of any push being made.

Mr MINSON: Unfortunately my question also is sourced in the Miscellaneous Services division; however, I think Mr Bryant will be able to answer it. The stamp duty refund on farm loans was put in place to try to help the farming sector get better access to the loan market, to take advantage of what we hope is the good effect of deregulated banking. I notice with some interest that the 1996-97 estimate was \$40 000, but for 1997-98 it is only \$13 000. Why is that figure so low in this coming year? Both figures seem extremely low to me, indicating that the primary industry sector is not aware that this facility is available. It may not always be desirable to advertise that we have money to give away; nonetheless, we should draw to the attention of the rural sector that this is available to them. Why is only one-third the amount of this year's allocation allocated for next year?

[3.20 pm]

Mr BRYANT: I believe one of the reasons was that much of the farm loan refinancing may have been held off. This represents the ongoing level of refinancing. The other factor that may have contributed is the stamp duty exemption for transfer of the family farm between generations.

Mr MINSON: It may have the desired effect of making banks that would be the victim of it - from which the person is transferring - come to the party so that the transfer does not take effect. Both figures seem extraordinarily low.

Mr COURT: People would have pulled out of high loans under this scheme two to three years ago. We have had lower interest rates for a couple of years so the people hurting the most would have moved quickly.

Dr GALLOP: The Treasurer will remember that in the past three or four years some controversy has arisen over valuation increases. Is he satisfied with the current regime for incorporating new valuations into the system so that changed taxes will be paid?

As a result of representations made by landowners in the city centre that the tax on land values, rather than the commercial success or otherwise of the companies at the time, was causing hardship - in other words they were paying the tax even though retail sales were down and they were not making so much money - has the Government ever considered moving the basis of paying land tax away from the current basis to a gross rental value basis?

Mr COURT: I am advised there have been a number of reviews of the basis on which it could be paid. All the reviews have recommended that the unimproved value of the land is the best basis. The idea of annual valuations is to avoid the wild fluctuations that occurred in three-year valuations. Property prices still fluctuate for one reason or another. For example, in King Street the property values rose dramatically and land values increased accordingly.

The Government has a policy for total land tax collections of setting the land tax rate to avoid a large increase. This year collections rose from \$162m to \$168m, so it was not a big increase. We changed the rate, and we will change the rate accordingly. In New South Wales the Labor Government has brought in land tax now on some residences where the unimproved value is more than \$1m. That will encompass many people in New South Wales. Once it has started, it will be only a matter of time before the Government starts lowering the particular rate. We have no intention of bringing in land taxes on places of residence.

Mr BROWN: At page 920 under works in progress, almost \$3m is allocated for the revenue collection information system for the next financial year and \$5m this year. What is the total amount of \$13m being used for?

Mr BRYANT: Some years ago we undertook to replace all our computing systems for a number of reasons; one was the year 2000 problem. The other major reason was the fragility of the systems and the cost of maintaining three large, separate taxing systems. In 1992 we set about devising a plan to replace them with one integrated system.

The first phase was implemented on 24 March this year. The project should be finalised by about March 1998. Our stamp duty and receipting systems have been completed. Payroll tax and other returns based taxes will be finalised in July and the land tax system should be completed by March 1998.

The milestone payments will fall due in that year. Each payment may fluctuate because it is linked to milestones. If there is a delay in the delivery of a milestone, there is a corresponding delay in the payment. The system is being built by a consortium headed by Fujitsu Australia Limited, comprising Computer Power Group Ltd as the main programming source.

Mr BROWN: When was this tender let?

Mr BRYANT: In January 1994 for the build phase. A previous contract was let for the design phase and before that two contracts were let for assessing the need for the product.

Mr RIPPER: Is it a fixed price contract to build the system and deliver it or is there an open-ended element to it? How much of the software development is being done within Western Australia? How much is effectively being done in other States or overseas? Was it not possible to have built on the work done by other state revenue departments rather than have a completely new system developed? What sort of cooperation has occurred with other relevant departments, such as the Valuer General and the Department of Land Administration, in the development of this system?

Mr BRYANT: All the work for the system is being done in Western Australia by the consortium. It is a fixed price contract. Prior to entering into the build and design phase we examined the tax systems throughout Australia and in the United States to see if we could apply their technology to Western Australia. At this stage, New South Wales is considering rebuilding its system and Tasmania is in the process of rebuilding its system. Victoria, whose system we examined as a prospect, is considering rebuilding its system. Therefore an opportunity may exist for our technology to be picked up by the other States. We have close cooperation with the Valuer General. We share a database. We receive information from the Department of Land Administration on tape. However, we do not have sufficient linkages in the system to undertake cooperative development with DOLA. We work with DOLA in other areas.

[3.30 pm]

Mr RIPPER: I was prompted to ask these questions because the total amount of \$13m seems large. How does that price compare with similar developments?

Mr COURT: We had a major problem with the fragility of the previous system. When we came to government our concern was that technology had been neglected. With the collection of \$2.5b in taxes each year on a fragile system we became nervous. This is a good investment. It has been carried out in a professional way. I understand its implementation has gone smoothly in all areas. Working with the Valuer General, DOLA and others we have established a government property register, which has been difficult to achieve in the past, but we now have that technology. When collecting revenue we must reinforce our strengths. If we have a dud information technology system, we will have leakages.

Mr RIPPER: I see the rationale for the investment. My question is, how does this compare with the costs for similar projects? At first glance, \$13m appears to be a high cost.

Mr BRYANT: The cost of the Victorian system was around \$30m, but it does not cover all taxes, and certainly not stamp duty. This was the cheapest tender and the one that best met our needs. From memory, I think other tenders were in the area of \$2m or \$3m more.

Mr RIPPER: When was the old information system introduced?

Mr BRYANT: We have gradually built onto the systems. In 1986 the land tax system was rebuilt, but it was first introduced in 1979. The payroll tax system was started as a replacement for an Addressograph-multigraph, which is a metal plate machine to put addresses on. That was built in an ad hoc way. There was never any real design in it. Consequently it was not designed to be a full returns based system. It was designed to do one thing, and it was added to. Therefore the code was provided in a chaotic fashion and it was hard to maintain. The stamp duty system was the last computerised system but it did not have a debtor system associated with it. They all have varying degrees of technology and functionality, and they were difficult to maintain. Some of the technology was becoming outdated and there were no support people -

Mr COURT: That is what members opposite left us with. It was an absolute shambles.

Mr RIPPER: One rebuild occurred in 1986!

Mr BROWN: Pentiums have a huge capacity on smaller computer disks. There have been massive changes in the past five years in the amount of power necessary for different programs. If one bought a personal computer three years ago, such as a 286, it was thought to be top of the range. No-one would buy one these days. People would not waste their money, unless they paid \$100 for it. People would buy a pentium, which is 50 times more powerful. It is very easy to criticise but the fact is that technology has changed and it will change dramatically in the next five years.

Mr COURT: And we will keep up with it.

Mr BROWN: We will record that.

Mr RIPPER: When will the next rebuild be required?

Mr BRYANT: That is a good question. The life of a system is about five years, and we must keep up to date.

Mr BARRON-SULLIVAN: I appreciate the need for specific systems and processes for the State's tax base. I am interested in general comments on areas where the department is able to work hand in hand with its federal counterparts. What is the department's working relationship with the federal tax officials?

Mr BRYANT: We have a very close working relationship with the Australian Taxation Office. There is a free flow of information between the ATO and our department. We have no difficulty in exchanging information. We have provided information which has assisted the ATO's revenue collecting effort, and it has supplied information that has gone a long way to detecting evasion in our systems.

Mr BARRON-SULLIVAN: Are there any ongoing tax collection processes which are common to the two spheres?

Mr BRYANT: We do not share resources but where we come across fraudulent activities we take action. One case involved a restaurant engaging in a fraudulent activity. The implications for the ATO were far greater than for us, and we alerted the ATO to the problem. It undertook an investigation and we followed up. We have close cooperation, even at the officer level, to ensure compliance with both our areas of jurisdiction.

Mr RIPPER: I note that the department has responsibility for the city living land tax concession scheme. The expenditure in that area amounts to only \$40 000. That might be an indication that the scheme is not a success. I would like to hear either policy or administrative comments on what should be done with the scheme to encourage city living.

Mr BRYANT: The level of expenditure is not as great as estimated. The basis of the scheme is a concessional valuation to take into account the residential zoning of the property rather than the commercial zoning. If people live in the property, rather than valuing it for its highest and best use, as the Valuer General is required to do, it is valued on the basis of residential use. Generally that is expected to be lower than the commercial rate. The Valuer General is present, and he may like to comment more fully on the valuation aspect. I understand that the difference between the residential valuation and the commercial valuation is not as great as it might have been in the past. Therefore, the differential is not as great. We have not had many applications, bearing in mind that it is the owner who pays and must apply in each case. If the owner rents out the property, there is no concession.

Mr BROWN: How does the owner know that the concession is available?

Mr BRYANT: We send a pamphlet with every assessment notice. We do not advertise in the newspapers. Our experience has been that not too many people take much notice of those.

Mr RIPPER: It appears that there is no city living land tax concession for rental properties. One must be a resident owner to receive a concession.

[3.40 pm]

Mr BRYANT: That is my understanding, yes.

Mr RIPPER: I know the Treasurer is interested in the quality of the central business district area. Would he regard this scheme as a failure? What else might the Government need to do to encourage city living? After all, quality of life in the centre of the city and the business viability of the city depends to a great extent on increasing the number of people who make use of those facilities and live there.

Mr COURT: I made the comment three or four years ago when we debated inner city living that it had to be market driven, not artificially created; in other words, people must want to live in the system. It has taken some time, but it has become attractive for people to live in the city. The market has made it possible for major developments to take place. We are seeing something out of the ordinary. This scheme was devised on the assumption that the values might be less with residential use. In fact, there has been a big demand for properties for residential purposes. Residential developments are taking place in Northbridge, in the old MLC building, and along King Street. In many ways for some people it is becoming a sought-after lifestyle. When the new development on the old Emu Brewery site is completed, there will be a huge introduction of residents into inner city living, reasonably close to the waterfront.

The market is different from what it was four years ago and there is not the same need for encouragement; it is happening by itself. The next place to move will be in the member's area. Does the member for Belmont's electorate boundary extend to the Swan Portland Cement Ltd site?

Mr RIPPER: No, that belongs to my leader.

Mr COURT: That area might, but the region behind it will become a very up-market development. When the cement works go, the area will be similar to a North Sydney-type development.

Mr RIPPER: I am not sure whether to regard that as good news or not.

Mr BROWN: My understanding about some of the people who are buying property in the inner city is that they do not necessarily have residence in the city, but are looking for convenient accommodation when they are in Perth. They are farmers, business people who travel a lot, or companies buying property for accommodation when employees are in the city. I do not know how many local business people who operate in the city or employees who work there are buying those premises, because they are quite expensive.

Mr COURT: It is also a lifestyle decision for an ageing population. A number of people want to live in secure, apartment-style living. They may spend most of their time in the country, but want to come to the city with that sort of convenient accommodation. My forecast is that the market will grow strongly. It will become increasingly attractive, particularly as the city has more and more to offer in retail, theatre and access to transport. The market has started to move, but it will continue to grow.

Mr BROWN: Page 913 deals with pensioner rebate concessions. One of the problems I have with this scheme is that people might turn 60, in the case of a woman, or 65, in the case of a man, and retire prior to the start of the

financial year. Sometimes because of the preclusion period they might not get a pension for a while. I have known people who, even if the preclusion does not operate, simply think that in equity they should not apply for the age pension immediately because they were paid out annual and long service leave. They may apply for it in October even though they have been of pensionable age since the beginning of the financial year. If their application is not in, they cannot get the concession.

I agree the scheme should work on the basis of a whole year; it would be an administrative nightmare to do otherwise. However, it is difficult to obtain the concession, even when people can demonstrate that they were not trying to rot the system and when they have not been on the pension, even though they are of pensionable age. Is there any process to review that mechanism? I have taken up this matter for a number of people and I have had no success in making representations on their behalf.

Mr BRYANT: You hit the nail on the head when you spoke about the administrative difficulties. For instance, in the case of a person who might qualify for the pension and who has also moved into a new property, if the property has already been granted a concession prior to the person moving into it, there would be two concessions on the one property.

Mr BROWN: I am not looking for that. I know of a case of a person who lived in the same place for 20 years and who paid rates and did all the right things. In many ways the person was a model citizen. He then retired and thought he would not double-dip, but would do everything in equity. He did not apply for the pension early, and we could not get the concession for him.

Mr BRYANT: The scheme is based purely on the administrative expediency of establishing a date - 30 June, which is similar for land tax - by which people can qualify. If at that date they are in receipt of a pensioner concession card, they can apply for the concession. If they are not, they must wait for the next year. That is the rule. Similarly, if they cease to be a pensioner for any reason during the course of the year, no adjustment is made. The date of ownership is set. It establishes what property people own and their entitlement is established at that date. To do otherwise would be a nightmare to administer. It would probably also increase the level of inequity in the system.

[3.50 pm]

Mr BROWN: I agree the period should be a full year. However, I am concerned that someone could actually retire on 25 June but, because they have their papers in or because they are not in receipt of it, they would be in trouble. There should be a mechanism for those people to have their cases reviewed.

Mr COURT: I will get the Minister for Finance to look at that proposal. He has been prepared to come forward with changes that help.

Mr BRYANT: I mentioned that the city living rebate applies to owners who reside in the property. Where any property is used for residential purposes the landlord can apply for the concession.

Mr BROWN: I refer members to page 914 and the significant trends. Mention is made of the "timeliness of communications with taxpayers" as a significant issue or trend. What does that mean?

Mr BRYANT: That is our ability to deal with taxpayers quickly and to ensure that the level of service is better than it has been.

Mr COURT: It is a long way of saying that people get their bill early!

Mr BROWN: Is that so? We are supposed to be writing documents in plain English.

Mr BRYANT: It is everything. It is the rate of response to letters, increasing the level of communication through technology and so on. We have many such initiatives in place at the moment; for example, we encourage people in the stamp duties area to pay by return so they do not have to attend the office.

We have dispensed with many requirements to put details in writing in the land tax area; people can attend to issues on the telephone. The worldwide trend is to increase responsiveness to customers. It is an interesting trend that we are now looking at taxpayers as customers.

Mr RIPPER: A payment to the Health Promotion Foundation is covered in this division. Are the foundation's accounts or its activities able to be scrutinised during this Estimates Committee session? To whom is the Health Promotion Foundation accountable?

Mr BRYANT: The payment to the Health Promotion Foundation is hypothecated to that fund from the tobacco licence fee. We have no involvement in it other than to make the payment. We do not have any influence over how it is spent; that is the province of the Health Department.

Mr RIPPER: Is the Minister for Health responsible to the Parliament for the operation of the Health Promotion Foundation? I know that the foundation is expected to be free of political influence, but to whom do we address questions?

Mr COURT: I am told that it is the Minister for Health. I thought it was the Minister for Finance.

Mr BARRON-SULLIVAN: The payment has remained at \$12.9m for the past two financial years. How is the figure determined?

Mr COURT: We changed the legislation in relation to how it was determined.

Mr BRYANT: The law says that it will be 7 per cent or \$12.9m, whichever is the smaller amount. It has been at the \$12.9m mark for the past few years.

Mr RIPPER: As a result of legislation implemented by this Government.

Mr BROWN: I refer to page 914 and significant issues and trends. Mention is made of the impact of technology on financial tax regimes. I am unsure what that means.

Mr BRYANT: Computerisation and the ability to centralise banking and financial activity have provided an opportunity for financial institutions and big corporations to centralise their activity in a particular State and thereby to maximise the opportunity to minimise their tax responsibilities by forum shopping in jurisdictions that have a lower rate of tax in particular areas - for example, Queensland does not have a FID.

By packaging the transaction with direct credit card technology, the credit goes straight to an account in another jurisdiction while the goods are purchased here. They therefore bypass the financial system in Western Australia and avoid the tax responsibilities in this State. That is an issue for this State, particularly with the centralisation of big business in the Eastern States.

Mr BROWN: What measures is the department considering to deal with that? That would mean tapping into the financial systems of the company or organisation concerned, or at least placing a legal obligation on it to disclose payroll details of another state office to employees in this State.

Mr BRYANT: The two main financial taxes are the financial institutions duty and the bank account debits tax. The Government announced in this Budget a doubling of the debits tax rate to bring this State into line with the other jurisdictions. There are fewer opportunities under the debits tax scheme to avoid tax. We are working with other jurisdictions to establish ways in which the FID can be minimised. In fact, in future we will be looking at how the FID might be abolished. Of course, that will eliminate avoidance.

Mr COURT: The only problem is that Queensland does not have a FID. If it went into the scheme, it would probably have to announce a cut in other taxes.

Mr BROWN: Where do other state payroll taxes lie in relation to Western Australian taxes? It seems that the same capacity is there; for example, by utilising a central agency to pay employees by direct transfer.

Mr COURT: We do not necessarily want the same tax rates because the taxes vary; for example, we do not want an accommodation tax. We are talking to the other States to see whether we can come to some arrangement in relation to payroll tax. As the member will know, the Fightback plans that the then federal Opposition took to the polls in 1993 advocated the abolition of payroll tax in all States.

[4.00 pm]

Mr BROWN: With the massive computerisation we have seen, in the same way as the Government is upgrading its system and other companies are upgrading theirs, it is very easy to centralise, either onshore or offshore. With direct debit banking, who knows? Presumably in Western Australia there is some mechanism to cross-check through the workers' compensation system to see whether people are insured. Wherever they are paid from, if workers are working in Western Australia, under our laws they are required to be covered, for example, by our Workers' Compensation Act, whereas in some other areas that is not the case. Does the Treasurer have any idea of the incidence of that?

Mr BRYANT: Our payroll tax legislation requires that all Australia-wide wages are to be taken into account, if employees are in Western Australia, in order to work out whether they qualify for the allowable deduction. The question is where the work is performed rather than where the payment is made. If the work is carried out in Western Australia and the employees are in Western Australia, the liability is in Western Australia. In our compliance effort, we quite often investigate the head offices of companies in other jurisdictions. At the moment we have compliance officers in Victoria doing just that.

Mr BROWN: What is the experience of that? Is there a high compliance rate?

Mr BRYANT: In some cases there has been a higher compliance rate because companies are including fringe benefits tax for wages paid in Western Australia, which until this Budget was not the case. In some cases they found that they had paid too much and the trip had not been that profitable.

Mr RIPPER: I notice that we spent \$256 000 supporting the Land Valuation Tribunal. Every now and then I have constituents complaining about the amount of land tax they have to pay. Sometimes they appeal against a valuation. I do not think that I have had one constituent who has been successful to date. How many appeals does the Land Evaluation Tribunal uphold? It is paid for in this section of the estimates.

Mr BRYANT: It is quite properly in my province. Unfortunately, I do not have the statistics with me but I am quite happy to provide them.

Mr RIPPER: Would it be described as a rare occurrence?

Mr BRYANT: We look upon it the other way; we have not won too many cases. It sounds like the member and I are the losers and everybody else is winning. In some cases the tribunal has overturned the law, as we saw it, to the extent that it required amendment through the Parliament.

The CHAIRMAN: Will that information be supplied by way of supplementary information?

Mr RIPPER: It would be interesting to have the number of cases and successful appeals.

Mr COURT: Yes.

Mr BROWN: The last dot point under significant issues and trends refers to the exposure of government services to competition. How does that relate to revenue?

Mr BRYANT: The State Revenue Department, like any other government agency, is subject to the competition framework of government. We are certainly not resting on our laurels by believing that we are exempt from competition from the private sector. Some organisations are quite competent to fulfil the role which we fulfil. It is important that we understand that in making our organisation as efficient and effective as possible. That is what that trend is all about.

Mr RIPPER: Recently we passed legislation in this State to reduce the stamp duty payable on share transfers, as a result of an initiative by Queensland. I gather that one of the rationales was that this might attract trading in shares in Australian jurisdictions from jurisdictions in Asia. I read recently that this has not happened. Could the Treasurer comment on the revenue that we are now receiving from stamp duty on share transfers? Have we seen a halving of revenue or has there been some increase in share trading in Western Australia as a result of the taxation decision?

Mr COURT: I am advised there has been a halving of the revenue.

Mr RIPPER: Is there any suggestion that the States might negotiate on this matter? It seems that the initiative begun by Queensland has not been a success; instead of attracting share trading activities to Australia, all we have done is sacrifice revenue across the country.

Mr COURT: The matter has not been raised to my knowledge in any of the leaders' forums.

Mr RIPPER: The Treasurer does not intend to raise it?

Mr COURT: No.

Mr BROWN: Page 198 refers to the strategic planning and intelligence unit. One would hope there is some intelligence in strategic planning! The first dash refers to data obtained to further target those retailers suspected of trading in illicit tobacco products. What is the degree of the problem? The fact it is included in the budget papers suggests it is not a minor matter but is a matter of some substance. What sort of revenue is the State missing out on as a consequence of illegal activities to evade paying tax?

Mr BRYANT: This is a very real problem for all jurisdictions. The effort of our compliance officer is probably the best in Australia; as a result and because of our isolation, the loss of revenue to this State is probably lower than for other jurisdictions. I am aware that the Eastern States were losing tens of millions of dollars through this avenue. People were trading in illicit tobacco by buying it in one jurisdiction for sale outside that jurisdiction. They were taking it into another jurisdiction and selling it.

Compliance requires working very closely with other jurisdictions and tobacco wholesalers to make sure that all of the tobacco sold levy free is tracked and that its ultimate destination is known. We have had two recent successful prosecutions.

Mr BROWN: What sorts of amounts were involved? Is the tax avoidance calculated and then collected?

Mr BRYANT: We calculate the evasion. We confiscate the cigarettes and the offenders are usually fined a substantial sum in the courts, when they are successfully prosecuted. I will have to provide that as supplementary information.

Mr COURT: Yes.

Mr BROWN: Does the department have any global guesstimate of the amount lost as a result of people not complying with the legislation?

[4.10 pm]

Mr BRYANT: In Western Australia the figure is reasonably low because of the recent amendments to the Business Franchise (Tobacco) Act, which limit the ability to obtain a licence. One must be a fit and proper person to get a licence. As a consequence we have fewer than 20 licences in the State. That allows us to control the situation. I do not believe that the loss of revenue from this source is very high at the moment. The reason it is not high is our compliance effort.

MR BROWN: How many staff do you have?

Mr BRYANT: We have 35 investigators. We have three people in the strategic planning unit; however, every investigator would become involved in tobacco compliance work as required. Quite often we involve the police in these exercises. We have a special constable whom we call in from time to time.

Mr BROWN: What is the department's experience with data obtained on registered employers?

Mr BRYANT: When we first ran this project five years ago we recovered around \$8m. We have run it every year since then, and the figure has been substantially less. We look at tax records and impute a wages figure from that. We match that with the registered taxpayers in our system. If they are not registered we investigate those who we think should be registered. At the moment the level is not high. Once again it is as a result of the compliance effort that we are keeping on top of evasion.

Mr BROWN: Is this where the department looks at whether the associated company is part of the whole and therefore it will be taxed as part of the whole rather than individually? Would that also raise the question of whether someone is an employee or a contractor?

Mr BRYANT: Not for this exercise.

Mr RIPPER: The issue of tax reform seems to have been ignited in recent days by comments from the Prime Minister and the Federal Treasurer. The Treasurer is on record as supporting tax reform. Is State Revenue doing any work on initiatives in the tax reform area?

Mr COURT: Some work is being undertaken by Treasury and it is asking State Revenue for some advice. However, it is a process that is being driven by Treasury. The States and Territories have agreed to develop some options on tax reform. I have made my position clear, particularly in the past couple of days. We cannot have tax reform unless all the State taxes are on the table and the Federal Government is prepared to work with the State Government to develop a package. The second component is to address the distribution of tax revenues collected between the States and the Federal Government. The latest figures in the 1997-98 Budget indicate that over a 10 year period the share of tax revenues coming to the States and Territories has decreased from 26 per cent to 20 per cent. That is a drop of \$8b overall, and \$800m for Western Australia. That will continue to decrease.

We have a crazy situation where the Federal Government is getting more and more financial muscle. We do not mind addressing tax reform provided the Federal Government works with the States and looks at all of the state taxes and reassesses distribution. It will be interesting to see whether a Federal Government of any political persuasion has the fortitude to do that. The pressure will grow and grow and it will become a major issue for the federation over the next couple of years.

Mr RIPPER: Has this department done any work modelling the impact of state taxes on different income groups within our community? I have heard academics comment that state taxes and charges are regressive - in other words, they consume a much larger proportion of the income of low income groups than they do of higher income groups.

One commentator argued that existing state taxes and charges were more regressive than a goods and services tax. Has any work been done by this department on that sort of modelling?

Mr BRYANT: As the Treasurer said, we are working with Treasury on certain tax reform measures. That is a role for Treasury, rather than State Revenue.

Mr BARRON-SULLIVAN: That more or less covers my question; that is, whether State Revenue had looked at the efficiencies of different tax regimes. I imagine that a couple of years ago, when the national tax framework was under considerable scrutiny in the lead-up to an election, the State considered the different tax options from the point of view of efficiency of implementation, and the options at a state level. From what Mr Bryant said, that is something Treasury is involved in.

It appears to the man on the street that the States that are pushing for significant tax reform and reform across the whole spectrum of state-federal financing relations are Victoria and Western Australia. Are all the States singing the same tune, so that significant pressure is going on Canberra?

Mr COURT: No, they are not. It is a difficult position to get to because there will always be a State about to go to an election. When that occurs it does not want to talk about tax changes of any nature.

Mr RIPPER: The Treasurer's federal colleagues think it is an advantage.

Mr COURT: It will involve a complete rethink by a Federal Government to work closely with State Governments and Territories on this matter. The climate has never been better. The States and Territories are prepared to work as a team on these matters. The Prime Minister will not get a better opportunity to drive something through. However, the Federal Government is demonstrating centralist tendencies in wanting to fiddle with the existing system at the national level but not put in place an overall package for the nation which would involve giving some financial powers back to the States.

Mr BROWN: It is not only a matter of giving the financial powers back to the States but of whether the States are prepared to exercise them.

Mr COURT: By financial power I mean allowing the States to have a guaranteed share of the growth revenues collected.

Mr BROWN: I am not sure that is a financial power.

Mr COURT: It gives the States financial power so that they do not have to go cap in hand to the Federal Government. They can forecast their revenue collections and would have to accept the responsibility for their revenues going up and down.

Mr BROWN: On page 921 the revenue for tobacco licences this year is \$290m and for the next financial year it is estimated at \$298m. How is the increase calculated?

Mr BRYANT: The estimate for revenue is compiled by Treasury. However, the basis of the increase - because there is no change in the rate - is solely in the growth in the sales of tobacco. The underlying reason for that I do not know.

Mr BROWN: You are not expecting the Quit campaign to have any marked success in the next financial year?

[4.20 pm]

Mr COURT: We doubled the rate of tobacco tax and consumption increased.

Mr BROWN: Is that really what happened?

Mr COURT: Yes, we think we will double it again! All States are on the same level of tobacco tax.

Mr BROWN: Except Queensland?

Mr COURT: All States are on 100 per cent.

Division 62: Valuer General's Office, \$10 692 000 -

[Mr Johnson, Chairman.]

[Mr Court, Treasurer.]

[Mr R.F. Williams, Valuer General.]

[Mr M.L. Harris, Assistant Under Treasurer.]

Mr RIPPER: I think I will offer what might at first glance appear to be a dorothy dixer. The number of valuations to be completed in 1997-98 is increasing, but the costs are decreasing. I ask for an explanation of how this positive result is being achieved.

Mr WILLIAMS: There has been a review of my structure. What I have done within the organisation is specialise in different facets of valuation. There is a team which does gross rental values, another which does unimproved values and a third which does the city and market values. By specialising, rather than doing a bit of everything, we have managed to produce more with less. Also, we have improved the way we use the computer system. We have become more sophisticated. We are making savings in that area, but we are carrying out other types of valuations; for example, asset valuations for the government property register. To some degree, the costs have increased in that area. A lot of that has been covered by the provisions in net appropriation.

Mr RIPPER: To what extent are valuations done on a bulk basis rather than an individual property basis? I imagine you would operate on an almost random sample basis and make valuation judgments for a category of properties. Is that how it works or does it involve a more precise process?

Mr WILLIAMS: It is somewhat more precise than that. I will take rating and taxing valuations first. Western Australia has the most sophisticated database of any State. Not only does it have details of land which it obtains from the Department of Land Administration, but also it has detailed property information. In other words, we know what is on each block, the accommodation of the property, whether it has a carport, garage or swimming pool and whether it is situated next to a hotel. By utilising that information we know the rent for a typical house in a typical area or a submarket area which is part of an area. From references to rent we can determine a fair rent. With land values we can relate the current unimproved value to vacant land sales and move them in relation to those sales. It is not a form of indexation; it is a pure valuation. It is absolutely necessary that we do that because every valuation I make is subject to an objection or appeal.

Mr RIPPER: Perhaps the Valuer General will advise what is his record at the Land Valuation Tribunal?

Mr WILLIAMS: We do have great success in the Land Valuation Tribunal. It is fair to say that there are two processes. There is the objection process where the owner of land writes in and complains about the valuation in the first instance. Initially, that value is reviewed. It is only if my decision in relation to that value is not accepted that it goes to appeal. There is no point in my wasting time and resources taking a matter to appeal unless I am very sure that the value is fair.

Mr BROWN: It is stated in the budget papers that the Valuer General adjudicated on 2 165 objections. Given that most people object because the valuation is too high, what is the percentage of cases in which you concur with the objector?

Mr WILLIAMS: I do not have the exact figures with me, but they are in my annual report. I think there is a 50 per cent success rate with objections. Many people object because we do make an error. Bearing in mind that we produce over one million valuations every year, to allow 1 000 objections a year is not a big number. In many instances, the objections are brought forward because we do make mistakes. We do not pretend to be perfect. Compared with other States, Western Australia has a lower objection rate.

Mr BROWN: In some cases, the nuances in the area may have changed and that will affect values. For example, if a local road becomes a main arterial road, the value of the properties in the area may diminish because of traffic volume and noise. That is the general thought in the community.

Mr WILLIAMS: Rental values do not seem to move very much in changing circumstances. It is more in relation to capital values which we do not use in Western Australia or land values if circumstances change. Although we do use a common date of valuation, we can deal with an objection if, for instance, a service station is built next to a residence. Obviously, it will have an effect on the value of the property, even if it is valued back to the date of valuation. We would reflect that change. Rental values are much more static unless there is a major change in the area. Quite often an objection will be allowed because the information in the property record is perhaps not 100 per cent correct. For example, we think it may have four bedrooms instead of three.

Mr BROWN: Are your values used for local authority rating purposes?

Mr WILLIAMS: The gross rental values are used by most local authorities in their urban areas. However, in the rural areas they use the pure unimproved value; in other words, the value of the site in its unimproved state, ignoring any clearing.

Mr BROWN: A couple of years ago there were pockets in the metropolitan area where the rental values increased quite substantially. There were screams from a number of people about their rate increases. I recall people knocking at my door at the time.

Mr WILLIAMS: The values in some areas have increased. We adjust the values, but the local authority has the right to adjust its rate in the dollar. If it applies to a specific class of property it has the right to adopt a differential rate. A lot of the adjustments are in the hands of the local authority. My function is to make sure that the values I place on a property are correct, without any fiddling to meet the individual requirements of the local authority.

[4.30 pm]

Mr BROWN: Is the FTE level 187?

Mr WILLIAMS: That is correct.

Mr BROWN: What percentage of staff are qualified valuers?

Mr WILLIAMS: Approximately 110 qualified valuers work within the organisation. The ratio is higher to valuers than it is to support staff, which is different from other States where they tend to have a much higher ratio of support staff to valuers.

Mr BROWN: It is often said that there are valuers and valuers in the same way as there are lawyers and lawyers. To what extent do you use a combination of advice from your staff to arrive at the final figures? Do you set a figure on the basis of a recommendation or a view from a staff member, or do you have a review process at more senior levels before that value is set?

Mr WILLIAMS: To a degree it depends upon the complexity of the valuation. A review of a valuation for the Commissioner of State Revenue of residential property can be carried out by a fairly junior valuer. However, a valuation for compensation or a difficult type of property is reviewed often by a district valuer and perhaps the manager of the area; there are instances where it goes to the chief valuers. Anything of a political nature usually comes to me also.

Mr BARRON-SULLIVAN: Page 1028 of the Program Statements refers to policy advice of 149 units. What constitutes a unit of policy advice?

Mr WILLIAMS: It represents cases that are dealt with. They are not valuations. They may be on parliamentary questions, changes in policy, or issues on which the Minister wants me to comment. It is getting more complex all the time.

Mrs HODSON-THOMAS: The fourth dot point on page 1026 states -

Continue the integration and marketing of non-confidential data to the private sector including the sharing of data with that sector and other government agencies.

What does the private sector provide us with and vice versa?

Mr WILLIAMS: The Valuer General's Office holds considerable details on property. We have a direct access to the land details and sales evidence from the Office of Titles. We have developed an integrated system which provides the valuers in our organisation with sales evidence relating to property details. Therefore, we know within an area what types of properties are selling for what price at what date. It was felt that a lot of that information would be valuable to the real estate industry and private individuals. A person who wanted to sell his house could come in and find out what the sales are in that area, as it relates to each property. He may have been advised by a real estate agent that his house is worth \$180 000 and he wants to see whether that advice is right. More importantly, it was set up to support the real estate industry which requires good sales evidence so it can give good valuation advice. With the approval of the Minister, we set up a sales evidence system through which we provide this information on disk. Software has been produced by certain software houses to display the information that we provide. We are providing the real estate industry with a very integrated sales evidence system.

Nothing within the system is confidential by nature. You can get sales evidence from the Department of Land Administration if you want and go to the local council and get house and title details. They are all in the public domain. I do not provide rental evidence, which is obviously confidential, or turnover for businesses which is also obviously confidential. It meets a strong demand that came from the real estate industry. We are extending that information to display the data within our database on map by integrating from the Department of Land Administration a cadastre. Because valuers work with maps, we need sales on maps and that information can be made readily available in a digital format to those who require it. At the moment, we get the maps from DOLA in

hard copy and we have to manually write the sales on them, which is not the way we should be moving. It is an integration of information to meet the requirements of the real estate industry and our staff.

Mr BROWN: I am always intrigued when I hear about new systems and what is available to find out there are charges to access those systems, and the charges are sometimes exorbitant. What cost is involved for people to get information?

Mr WILLIAMS: There is a cost. The cost is to provide the service and to on-develop the service. If you want sales evidence in your locality, you can get 40 recent sales figures for \$25. If you want the whole of the metropolitan database on disk, you can get it for \$7 000, maintained fortnightly for 12 months, which is what the real estate industry does, plus some royalties which have to be paid to DOLA. That is very efficient. A real estate agent can do his sales analysis using a PC in the car.

Mr BROWN: I thought it would be handy for members in this place to have access to that information. We are asked questions by people about land values. For example, the suburb of Lockridge in my area is being redeveloped and there are views about what land is worth compared with what it was worth a year or two ago. I would not be interested in paying \$7 000 for the metropolitan area.

Mr COURT: You can ask the Valuer General and he will provide that information for you. If you want to know about specific values in Lockridge he will provide that history.

Mr WILLIAMS: We provide a publication called "Value Watch". Each year we go back and revalue the same property in each suburb. That shows the trends and values in every suburb since 1988. It shows the land, market and rental value and they are on a graph. That trend for every local government area is available to anybody who wants it for \$5 for each local government area. That is really the cost of printing it and providing it.

Mr BROWN: I am aware of that survey. It attracts a bit of publicity when it comes out.

Mr WILLIAMS: We do it somewhat differently from the way the real estate industry does it. It provides median prices. If there are a lot of high values, the median price can be artificially high. We value the same property as if it were in the same condition as when we first valued it. It provides a true market trend rather than a median price.

Mr RIPPER: I notice that you have a valuation system - presumably a computer system - under development and you estimate spending \$1.3m on further development in the coming financial year. Which company is doing that work? Is that work being done in Western Australia or is it being done in other States or overseas?

Mr WILLIAMS: We are doing it in partnership with the private sector. We feel there are no valuation systems in Australia that meet our requirements. However, we want a valuation system which finally meets user requirements. The one we have is very good in that area. I have contracted out the management of the project to Deakin Consulting Pty Ltd by tender.

[4.40 pm]

We are, with that consultant, developing the design of the system in-house. Once those designs are developed we will call for tenders to develop the software to meet our requirements. We find this is a cost effective way and it will meet the requirements of the organisation.

Mr RIPPER: Are IT staff in your organisation also working on this project?

Mr WILLIAMS: I have a very small team of IT staff, and that is why they are involved only in the design. Any development will be carried out in general by tender.

Mr BROWN: Under the major achievements for 1996-97 at page 1029 it is stated that valuation rolls for the whole of the State have been completed. Obviously that involved a great deal of work. Under significant issues and trends at page 1026 it is stated that rating and taxing valuations are strategic to the raising of revenue by state and local government. Given that the other work has now been completed, to what extent has it added to, diminished from or confirmed the revenue the State would otherwise have raised?

Mr WILLIAMS: We carry out unimproved valuations annually and they are provided to the Commissioner of State Revenue. He applies the rate in the dollar that is necessary to raise the revenue required by the State. My function is just to provide the valuations, and that is done on an annual basis.

Mr BROWN: I may not have expressed my question very well. Since the valuations have been completed, have major shifts been found in the valuations? Irrespective of the rate applied by the Under Treasurer, has the completion of that work led to an increase in the dollar rate base?

Mr WILLIAMS: In recent years in most areas the values have not moved dramatically and the market has been fairly steady. In King Street, which was mentioned previously, the values have increased significantly and sales evidence showed a threefold increase over 18 months. That increase was reflected in the increased valuation. There have been pockets where values have increased substantially, and we can measure those areas and advise where they are likely to be. It is difficult in any taxing system to isolate those pockets.

In the past when we did valuations in the metropolitan area every three years and in country areas up to seven years, the swings were more significant than is now the case. However, we cannot isolate any area because of changing circumstances and changes in the market.

Mr BROWN: How often do you do a valuation round?

Mr WILLIAMS: Unimproved values are done every year, and for local government in the metropolitan area gross rental values are done every three years. In the country gross rental values are done every four or five years, depending on the local government. In major local government areas they are usually done every four years, and in minor areas they are usually done every five years.

Mr RIPPER: I note under significant issues and trends that the office will continue to review the charging policy in order to meet government policy in relation to competition. Valuation seems to be an area particularly open to competition from the private sector. What are the issues for your agency as a result of the competition policy?

Mr WILLIAMS: We have always been in competition. The legislation covering this area is quite clear that local governments can make their own valuations for rating and taxing. There are certain restrictions on the people who do that, and I must accept the quality of those valuations. In the past, for example, Perth City Council did its own valuations, but we now do them. In relation to the other type of valuations, government departments can use my services or those of the private sector. I do not have a monopoly; if I am to retain the business, I must be competitive.

Mr RIPPER: I need more education on how valuations are carried out. To what extent are valuations computer generated; in other words, generated by the operation of a program inputting recent sales evidence and the like?

Mr COURT: Did you not ask this question at the beginning?

Mr RIPPER: It was a similar question but I did not fully understand the answer. I cannot imagine that the valuers in the department can individually carry out 1 250 589 valuations. To what extent are those valuations computer generated?

Mr WILLIAMS: Rating and taxing values utilise considerable computer assistance. The valuers look at the outcomes of the computerised value, and run reports which compare them against either the sales evidence or the rental evidence to make sure they are within acceptable areas. Rating and taxing values are considerably computer generated, as are values for the government property register. We have enhanced the valuation system to develop values for the government property register. Values which are more of a one-off nature are individually valued and physically inspected. That includes all properties now on the government property register which we are upgrading to at least a street inspection. In the metropolitan area by the end of this financial year all metropolitan properties in the government property register will have been subject to a kerbside street inspection, and information in the database will also be utilised.

Mr RIPPER: To what extent does an idiosyncratic sale in the history of sales evidence influence a valuation? I recall some of the arguments surrounding King Street. One person said it was an idiosyncratic sale and the price was higher than could otherwise have been expected. Is there any concession for that argument, or is it tough luck for the surrounding property owners?

Mr WILLIAMS: Eighteen months ago there was a sale in King Street which had a high value but we did not know whether it was the new market level. Therefore, the unimproved values were left a little lower than they should have been. However, two later sales supported the first sales evidence and, as a result, the valuations in King Street went up more than did the values in 12 months. It was partly a catch-up for the values in those areas because we were not sure whether the first sale was true or fictitious.

Mr RIPPER: In other words, you were kind to them?

Mr WILLIAMS: In that year we were, but we must look at all sales evidence and rule out that evidence which is above or below the market. We must consider the evidence as a whole. There are new sales in the central business district which indicate that the CBD, particularly in Murray Street, is moving ahead. We are getting more sales in that area. One sale is a trend, two sales prove it.

Sitting suspended from 4.50 to 5.00 pm

Division 78: Bush Fires Board, \$8 126 000 -

[Mr Johnson, Chairman.]

[Mr Day, Minister for Emergency Services.]

[Dr C.J. Back, Chief Executive Officer.]

[Mr R.J. Mitchell, Acting Chief Executive Officer, Fire and Rescue Service of WA.]

[Mr R.D.J. Dyson, Chief Executive Officer, Western Australian State Emergency Service.]

Mrs ROBERTS: I refer to page 133. The amount provided for recurrent services for the year appears to be progressively decreasing. The amount provided for capital services for 1997-98 is \$444 000, yet in future years that will decrease to \$40 000. What is the explanation for that?

Dr BACK: For the past three financial years, there has been funding under a grants scheme for very high frequency radio communications equipment throughout the agricultural and high fire risk areas of the State. That funding will conclude at the end of 1997-98. With regard to capital, we are implementing what we refer to as a command radio network, and that will also conclude at the end of 1997-98. About four years ago, the Federal Government decided, in its wisdom, that there would be a complete renewal of the national VHF radio network because the number of frequencies available on the east coast was becoming exhausted. Western Australia made an early decision to embark upon that renewal, and the State Government has assisted local governments throughout the State to implement that network. That work is now 90 to 95 per cent complete, and at a cost considerably less than will be the case in the other States, which have made only a minor start, so the cost to them will be much greater.

The only other decrease in the capital contribution is that in 1996-97, we were successful with a one-off capital funding program for the implementation of a new computerised operational management system. That work has now been completed, and that funding will become recurrent in future years.

Mr RIEBELING: Is any consideration being given to further privatisation of any of the services undertaken by the Bush Fires Board, such as maintenance of firefighting equipment and the like? There is considerable concern among some of the workers that they are in line for privatisation. Can the Minister give us an update on that?

[5.10 pm]

Mr DAY: All of the bush fire brigades throughout the State are staffed by volunteer firefighters. All brigades come under the local authority. That is not something that arises. It is a matter of a service being provided by volunteers.

Mr RIEBELING: Who does the metropolitan fire fighting?

Mr DAY: The Fire and Rescue Service of WA.

Mr RIEBELING: Are we looking at that in these budget documents?

Mr DAY: The Fire and Rescue Service does not have a separate division within the budget papers because it is funded on the basis of 75 per cent from levies on insurance premiums; 12.5 per cent from the State Government; and 12.5 per cent from local government.

Mr MITCHELL: The workshops are at O'Connor and our fleet maintenance crews are located there. The number of people involved in fleet maintenance has been reduced over the past two years from 30 to 17. We have just agreed an enterprise bargaining agreement with those people which contains significant innovation. Like all of the other support services in our area, the agreement will be reviewed at the end of that period to ensure the productivity is appropriate.

Mr RIEBELING: Does the enterprise bargaining agreement reduce the staffing levels from 17?

Mr MITCHELL: No.

Mr RIEBELING: Perhaps the Minister can explain the reduction of approximately \$200 000 in the contracts and services item that appears on page 134. Have some projects been completed?

Mr DAY: An amount of \$1.896m is shown for the services and contracts item.

Dr BACK: This relates to the communication grants scheme to which I referred a moment ago.

Mr RIEBELING: Is it for new equipment?

Dr BACK: That is incorrect.

Mr DAY: I should make it clear that an extensive grant scheme covers the provision of fire fighting equipment for volunteer bush fire brigades. That was started three years ago. It has worked very well. From memory about \$4.5m has been put into it by the State during the past three years. When that is matched on a one for one basis by local government, it means that about \$9m worth of new equipment has been acquired by volunteer bush fire brigades. The State Government has made a commitment of \$2.5m a year for the next four years. The \$10m from the State Government and \$10m from local government means that another \$20m will be available over the next four years to buy new equipment for volunteer bush fire brigades. On top of that, the Lotteries Commission contributes between \$500 000 and \$700 000 a year, which is also much appreciated.

Mr RIEBELING: Where is that channelled to?

Mr DAY: That is shown under grants, subsidies and transfer payments for fire appliances and equipment subsidy.

Dr BACK: In 1995-96 two of our volunteer fire fighters died and there was a contribution under the State Bush Fires Act by the State Government to provide further funding on top of that which insurance would normally provide. Fortunately in this financial year we have not had that situation and we have not had to make a provision for it to date. That contributes to the reduction.

Mr RIEBELING: Can the Minister give a quick update about the level of volunteers throughout the State? I know in some of the major centres there is difficulty in maintaining services; for example, in Karratha. Have there been problems in any specific areas in maintaining adequate coverage?

Dr BACK: There are 16 000 active members in bush fire brigades. I believe the Fire and Rescue Service has about 2 500 and the State Emergency Service has about the same number. The member is correct: In line with volunteerism throughout Australia we are finding an ageing population and difficulty with younger people willing to take on the task. Then there is the urbanisation of the community with fewer people in the country areas. Those are the challenges facing us.

Mr RIEBELING: It is coincidental that officers from both departments are here. There was a problem in Karratha three or four years ago which involved a conflict between the fire brigade and the State Emergency Service about the jaws of life equipment. The State Emergency Service had it and would not let those in the fire brigade use it, and vice versa. Given the volunteer aspect to these services, is that still a problem? Are there conflicts between the two services?

Dr BACK: There will always be conflicts when there are local ownership issues. There has been a vastly greater degree of interagency cooperation in the past two to three years. My agency does not deal in road rescue; therefore, Mr Mitchell or Mr Dyson will be more competent to answer this question. As a result of the decision for collocation of emergency services throughout the State - that is, our fire services, the SES and St John Ambulance coming together physically in the same buildings - and other initiatives in grant funding, we are seeing better cooperation on the ground.

Mr RIEBELING: In some areas where the services are housed in different buildings, are some of those buildings being vacated? That does not appear to have happened in Karratha. The services are housed in three separate buildings which are very close together. In many instances they do similar work. I agree that they should be collocated and should cooperate, but some pretty strong-willed people are involved in these organisations.

Mr DAY: There is often a lot of history associated with brigades and a lot of local interest is involved. To some extent, they have their own culture. Although three separate buildings may house these facilities in Karratha, where any new facilities are being constructed at the moment we are ensuring, wherever possible, they are collocated. That includes the Fire and Rescue Service, Bush Fires Board brigades, the SES brigade and also St John Ambulance Service. That is happening more and more. Recently I opened a new collocation facility at Eucla. The first one was established in Kulin last year. One has also been established at Kalbarri.

Mr DYSON: The road rescue matter - that is, who had responsibility for the equipment - was sorted out seven years ago. The hassle in Karratha occurred when the Fire and Rescue Service was re-equipping its brigade. It received cutters, and the SES already had cutters for road rescue services. That was quickly sorted out between the two agencies. It was quickly explained to the SES people that the cutters were for fires in buildings, for cutting cyclone grilles on windows, roller doors, etc that were becoming more and more prevalent in that area. At this stage, to the best of my knowledge, there is no problem between those two agencies. The Fire and Rescue Service and the State Emergency Service signed a partnering agreement almost two years ago which is working very well.

Mr RIEBELING: I am glad to hear the problem has been solved.

Mr DAY: We are now moving down the path of greater cooperation between brigades and, wherever possible, greater integration, and there will be much more movement in that direction in the next couple of years.

Mr RIEBELING: When the new services have been collocated has it been found that the combined strength of the volunteers - let us say, for example, there are five in the State Emergency Service, 10 in the ambulance service and six in the fire brigade service - remains, or is there a leakage of those numbers?

Dr BACK: Very often, as the member will know, in those sorts of communities the same people are involved. In some instances the fire and rescue volunteers and the bushfire volunteers are exactly the same people and they still want separate buildings. The answer to the question is yes, particularly with commonality of radio communications systems. That is a prime illustration. We are certainly seeing greater cooperation.

[5.20 pm]

Mr MITCHELL: The Kulin example brought together the St John Ambulance Service, the SES and the Fire and Rescue Service. It has been successful and has maintained the numbers because common training facilities have been used. Collocation has improved cooperation between the different emergency services.

Mr BARRON-SULLIVAN: On page 136 reference is made to revised training arrangements for the Bush Fires Board. What training is done in-house or externally? Is the train-the-trainers training being done by an external organisation? If so, which organisation? What are the training arrangements for the board?

Dr BACK: A firm of consultants has been engaged to coordinate training of the trainers because the board has been unable to maintain its staffing levels and is having to increasingly rely on volunteer instructors. The training program has been successful in high risk fire areas, but not so much in agricultural areas. Volunteer bushfire instructors are provided for what we consider our core customers, but the Bush Fires Board will need to continue to offer to oversee the training of others. However, we continue to outsource bushfire awareness training to external providers. In most regions where the Bush Fires Board operates there are TAFE colleges and private sector training providers to whom the board provides materials. The challenge for the board is to train somewhere between 2 500 and 3 500 people each year.

As the Minister mentioned, and as the member would be aware, the brigades are linked directly to local governments, not directly to the Bush Fires Board, so we must work through the local governments. The challenge is to bring volunteer instructors to a level of competence so they can deliver those programs and can outsource to training providers.

Mr BARRON-SULLIVAN: When a decision is made to engage a consultant or to outsource training, is the choice made locally or is it made at the central level? I presume the training is done on the ground as much as possible and that it is not centralised.

Dr BACK: The training is done in the field as much as possible. The board has developed the philosophy not to make external training exclusive. In fact, it is quite the opposite. We want to encourage as many external training providers as possible to access our people and resources so they can become accredited to undertake that training and then on a fee-for-service basis - this is to non-core personnel - start training. We still believe our organisation should train volunteer bushfire brigade members free of charge, given the fact that they give their time voluntarily.

Mr RIEBELING: To whom do you outsource the training of bushfire techniques?

Dr BACK: A range of TAFE colleges throughout the State. We have already entered into an agreement with one organisation in Perth.

Mr RIEBELING: Is that to train them in the skills of training rather than the techniques of the work?

Dr BACK: That is to train people in the skills of bushfire awareness and the various training modules that the Bush Fires Board has developed. In the main the people we accredit are accredited volunteers anyway.

Mr RIEBELING: Within your service?

Dr BACK: They are volunteers to our service. That system is working well because they understand the culture of our brigades. They are often members of our brigades, they understand our training techniques well and they know the direct links back to our people if they need more support.

Mr RIEBELING: So you train them to be trainers?

Dr BACK: We do not pay them to be trainers. If an outsourced organisation such as an industry body, a mining company or another agency of government wants their personnel trained, an arrangement is made, and the Bush Fires Board receives some small remuneration for the training packages we provide.

Mr RIEBELING: Does the outsourcer use you as the trainer?

Dr BACK: The outsourcer uses the board as the party to ensure competence of training providers and to oversee the standards of both their presentation and the quality of the product coming back.

Mr RIEBELING: What income does the board get from that?

Dr BACK: The board expects to receive a small figure, probably between \$15 000 and \$20 000, in the coming financial year, which will probably go back into producing more training packages. We are looking at producing our training on CD Rom technology, because it will lend itself to remote and agricultural areas of the State.

Mr DAY: I refer to the questions about collocation. The Department of Contract and Management Services chairs a collocation committee, which includes all the agencies mentioned, and before Treasury will provide any funding for new facilities for buildings, and so on, the matter must be considered by the collocation committee. We are making substantial progress in that respect.

Mr RIEBELING: If a decision is made to collocate, would the boards of the three groups go to that particular town and explain why their services will be amalgamated?

Mr DAY: I am advised that is generally a bottom-up situation. The request comes from the town in the first place.

Mr RIEBELING: Because they see the advantages in it. Is there a groundswell in country areas for that?

Dr BACK: It varies. If, for example, in Kalbarri one service run by an effective group of people says to us, "Thank you. We will manage it at the local level but we want the inputs from you", that is what happens. There are other cases where it is needed and we will go back to that local community and ask them to form a local committee to investigate the need with other services, such as St John Ambulance - which is not the responsibility of the Minister.

Mr RIEBELING: Are there representatives of your groups on this advisory council; is it headed up by someone else?

Mr DAY: Yes. It consists of representatives from the Bush Fires Board, the SES, FRS, St John Ambulance and the police, as well as somebody from CAMS, which chairs it.

Mr RIEBELING: Why does that department chair it? I would have thought that committee would come up with a proposal and then go to them. What role has it other than funding it?

Mr DAY: That committee facilitates the whole process, to work out the areas of common agreement and to iron out any difficulties that may exist. It is chaired by somebody from CAMS because that person is independent of all of those agencies.

Mr RIEBELING: Does its role assist funding?

Mr DAY: They are not involved in the funding, but CAMS has expertise in construction of buildings and management of government contracts. They are not involved in the funding, but they provide a chairperson.

Division 79: Western Australian State Emergency Service, \$5 565 000 -

[Mr Johnson, Chairman.]

[Mr Day, Minister for Emergency Services.]

[Dr C.J. Back, Chief Executive Officer, Bush Fires Board.]

[Mr R.J. Mitchell, Acting Chief Executive Officer, Fire and Rescue Service of WA.]

[Mr R.D.J. Dyson, Chief Executive Officer, Western Australian State Emergency Service.]

[5.30 pm]

Mrs ROBERTS: A number of issues are listed under significant issues and trends, such as the increase in adventure tourism, and so on, which results in increased demand on the Western Australian State Emergency Service in things such as land searches and cliff rescues. After reading that one would think that demand for those services was increasing. That does not appear to be reflected in the budgets provided in the general trends. I note at page 899 under categories of expenditure that that seems to trend down from \$5.823m to \$5.565m between 1996-97 and 1997-98. I seek an explanation.

Mr DAY: I understand that the actual expenditure for the State Emergency Service can fluctuate a bit depending on the level of emergencies in one year, and supplementary funding can be provided when necessary.

Mr DYSON: On the same page there is a figure of \$799 000 against natural disaster payments which has been in Treasury for 1996-97 and will become part of the SES. It is the way the figures are phrased. It is not part of the SES in that year but a payment from Treasury. At the top of the page there is the heading "Devolution of the Miscellaneous Services Division" which will be from Treasury to the SES. We will assume responsibility and take over all the files and work because of the disbanding of the miscellaneous services division.

Mr RIEBELING: I query the allocation of \$799 000 for natural disaster payments and other relief. The floods and recent cyclone in the Pilbara have caused major damage. Is this the State's total contribution to disaster relief? I do not know how much has been allocated to the Pilbara, but in the Shire of Ashburton as a result of flooding it will cost \$14m to upgrade the roads. If all we receive in this budget is \$100 000, that is a piddling amount and it should be increased considerably. If only \$799 000 has been allocated for natural disaster payments, many people will have dipped out.

Mr DAY: The role of the SES is to assist during emergencies. Its primary role is the preservation of life. On behalf of the Government, the SES spares no expense in the saving of lives. If something needs to be done, it is done. It is not the primary role of the SES to be involved in relief payments. Relief payments generally go through the Treasury portfolio, although we are seeking to make some changes in the accounting arrangements this year.

Mr RIEBELING: I understand this amount is for actual relief during disasters. How can you estimate that there will be one-eighth of the number of natural disasters that occurred last financial year?

Mr DAY: It is impossible to predict how much will be needed. If further assistance is needed, supplementary funding is normally provided by Treasury. It is a nominal amount, because we have no idea about future natural disasters.

Mr RIEBELING: What is the average over, say, the past 10 years?

Mr DYSON: I am not in a position to answer that question. I have not seen the files or the history. We have not taken over the files from Treasury. The estimated expenditure for 1996-97 was zero; yet \$799 000 is expected to be expended. This is the first time that Treasury has made an estimation, and it is \$100 000. My advice, from talking to Treasury today, is that it has been confirmed that \$100 000 is a notional allocation. The \$799 000 is not the total provided.

Mr RIEBELING: Do you know what that is?

Mr DYSON: I cannot give an across-government total, but for this current year the State Emergency Service has expended \$400 000 from our recurrent funding that will be supplemented by Treasury under an agreement. This amount is for operational expenditure for which we have not budgeted. That is in addition to anything coming across from the miscellaneous services division to the SES.

Mr RIEBELING: Where can we find that?

Mr DYSON: It is within the operating budget of the State Emergency Service.

Mr RIEBELING: Is it not in these documents?

Mr DYSON: It will not be in the documents because it is expended out of a chart within the SES allocation that is dealt with by Treasury. It is a shortfall on allocations made during the year. In the past Treasury has not agreed with an allocation for events that were unpredictable; so we had to over-expend and receive supplementation. It is in recurrent services along with everything else, but it is not specifically budgeted for, because we do not know whether we will spend \$200 000 on helicopter hire in the Pilbara next year.

Mr RIEBELING: I understand how difficult it is. However, it appears to me that a larger notional allocation should be made. Is it an automatic flow-on or must you go to Treasury and ask for \$500 000 to respond to a disaster?

Mr DYSON: There has never been any impediment to any operational expenditure or impairment of capability. The accounting is done afterwards.

Mr RIEBELING: That was not the question. Do you need to go to Treasury before action is taken?

Mr DYSON: Never!

Mr BARRON-SULLIVAN: The evaluations proposed for 1997-98, at page 904, include a review of the provision of training services. I would appreciate some background and I would like to know whether any problem areas have been identified; or is this part of an ongoing review of different systems to effect improvements?

Mr DYSON: We rely on a train-the-trainer attitude. Our units are directly attached to the service and have an association and sponsorship with local government. However, in training our volunteer instructors we must identify the best way to deliver training. At the moment, much of our training is skills training which is hands-on. We are investigating various means of delivering that training to volunteers particularly, as Dr Back said, in remote locations. Unfortunately, with the type of training we do, there is not a range of providers in private industry. At the moment national competencies are being developed for SES across the nation. Once they are promulgated later this year it will be necessary for us to increase our training drastically to comply with industry standards on category 1 and 2 trainers.

Mr BARRON-SULLIVAN: When you say there are not many trainers in this area, will you end up needing to use expertise from other States?

Mr DYSON: There are virtually no trainers in private industry with the required skills. Once the national competencies are provided, companies will consider them because they will be registered and available. They will think that because 2 500 people have a skills requirement, they will be able to get into the business, and no doubt they will approach us in due course to try to take on some of the training load. We still intend to concentrate on our train-the-trainer attitude because it gives the volunteers a greater understanding and ownership of the skills and tasks with which we are entrusted.

Mr DAY: During the last election campaign the Government made a commitment to allocate \$1m over four years to provide additional training in the State Emergency Service, the Fire and Rescue Service and the Bush Fires Board. That commitment is being kept and equates to an additional \$83 000 for each agency a year for the next four years.

[5.40 pm]

Division 77: Police, \$398 674 000 -

[Mr Johnson, Chairman.]

[Mr Day, Minister for Police.]

[Mr R. Falconer, Commissioner of Police.]

[Mr G. Coffey, Executive Director, Western Australia Police Service.]

[Mr S.W. Jones, Director, Asset Management.]

[Mr R. McDonald, Director of Finance.]

[Mr J. Frame, Director, Human Resources.]

Mr RIEBELING: Page 735 indicates that the estimated FTE level in corporate services for 1996-97 was 800, with an estimated value of \$53.9m, and this year's estimate is 533 FTEs at \$44m. Is that accurate?

Mr DAY: I have no reason to believe it is not.

Mr McDONALD: Yes, it is.

Mr RIEBELING: The 1995-96 estimate for corporate services was 534 FTEs with an expenditure of \$43m, and the 1996-97 estimate was 534 with \$40.8m in expenditure. How did the figure go from 534 to 800? I gather 800 is not an accurate figure.

Mr DAY: It relates to the additional recruit training program.

Mr FRAME: The payroll cost for recruits in training is reflected in corporate services. Upon graduation from the academy police officers are transferred into the policing program; therefore, the number of recruits in training in 1997-98 will be below the number in 1996-97, due to the completion of the additional 500 program.

Mr RIEBELING: Did that projection appear under policing services or corporate services in last year's budget papers?

Mr FRAME: This year it is recorded in corporate services as recruits in training.

Mr RIEBELING: Where did it appear last year?

Mr McDONALD: I do not have the reconciliations in front of me at this time. We can provide the reconciliations as supplementary information.

Mr RIEBELING: The estimated actual for FTEs for the policing service in 1996-97 was 6 326 at a cost of \$356m. The actual figure was 53 FTEs less than the estimate, yet the costs have blown out by \$8.1m. Fewer police have been produced at a greater cost than it was estimated producing more police would cost.

Mr DAY: There has been a significant salary increase as a result of enterprise bargaining agreements in the past 12 months. I am sure that has something to do with it.

Mr McDONALD: There is a large number of components in our allocation. It probably is not correct to divide the allocation by the FTEs and accept that is a cost per FTE. Other things are included, such as the commonwealth expenditure for the buyback of firearms and the car alarm allocation. We would have to assess that figure and take out the individual components. The figures for the current year refer to estimated actuals. There has been a large amount of variation in the payroll of the Police Service through early retirements, attrition, and officers passing through the academy. That is why the FTE figure has altered.

Mr RIEBELING: Are these factors that were not apparent last year?

Mr McDONALD: They were not apparent to us at the time of preparing the estimates, which was in February or so of 1996.

Mr RIEBELING: Is that even though you allowed for staff related expenses in last year's Budget of just under \$18m; communications, \$5.7m; contracts and services, \$17m; and others, \$31m? There was a great deal of staff movement last year as well.

Mr McDONALD: That is right, but there is a total of 6 300 employees in the agency. From the large recruitment campaign that took place, the large amount of expenditure on the non-payroll side is in the current 12 month period.

Mr RIEBELING: The net result is that on last year's estimates the Police Service did not achieve the figures it was after, by some 53 officers, but it cost a total of \$8m more to achieve that result. What was the percentage of pay increase in that figure and when did that come into effect?

[5.50 pm]

Mr McDONALD: The enterprise bargaining agreements that went through included a 17 per cent increase for police officers, of which the first 10 per cent was payable in May 1996 and the remaining 7 per cent was payable two weeks ago. Public servants were granted a 17 per cent increase, of which 12 per cent was payable in May 1996 and the balance of 5 per cent was payable two weeks ago. It is not possible to look at our allocation in terms of the total; it involves a large number of components.

Mr RIEBELING: I understand that. Surely Mr McDonald is not saying that he did not know about the 10 per cent increase due in May when last year's figures were drawn up?

Mr McDONALD: I do not have the reconciliations now, but I can confirm that. At the time the estimates were prepared for 1996-97, which would have been in February, allowances would have been made.

Mr RIEBELING: I remember asking questions on the precise issue last year. The committee was assured that the accounting in last year's budget was accurate.

Mr McDONALD: That is correct.

Mr RIEBELING: But it is not.

Mr McDONALD: Other factors are included, such as early retirement, buy-backs, car alarms and so on. The comparison, if it is on the payroll side, must focus on the payroll component of each year and it should not include the non-payroll side.

Mr RIEBELING: What is the attrition rate at the moment? How many police officers have resigned in the past 12 months?

Mr FRAME: In 1995-96, 232 sworn officers departed and this financial year the figure is 168 as at April, which is approximately 5 per cent.

Mrs ROBERTS: How many police officers were deemed medically unfit in the past 12 months?

Mr FRAME: For last year or the year to date?

Mrs ROBERTS: For 1995-96 and the current year to date.

Mr FRAME: Last year, 22 officers were deemed medically unfit.

Mrs ROBERTS: And the number for the year to date?

Mr FRAME: I will take that question on notice.

Mr DAY: We will provide that detail as supplementary information.

Mr RIEBELING: Under the old system we saw many officers doing clerical or lighter duties when they were unfit for active duty. Is there still provision in the Delta system to allow some flexibility for officers injured for three or six months but who will come back to active duty so that they are not completely out of the work atmosphere?

Mr FALCONER: Yes, there is.

Mr RIEBELING: How many are there in a year?

Mr FALCONER: I cannot answer that question now. However, the bottom line is that positions will be available for officers on light or limited duties or involved in rehabilitation.

Mr RIEBELING: That is great. I thought the Delta system might have done away with that.

Mr FALCONER: We can never afford to be that callous to our work force.

Mr MacLEAN: I refer the Minister to page 752. What training is available to officers and where will the new police academy be?

Mr DAY: No decision has been made about the location of the new police academy. The design process for the new academy is long and involved. A brief is being prepared and, following its completion, the service will call for expressions of interest in its siting. It is very much the desire of the Commissioner and the Police Service that it be collocated with a tertiary education facility. I am aware that significant interest has been expressed by people in the Joondalup and Midland areas. Interest might well be expressed by people in other areas as well.

In respect of training generally, I will ask the Commissioner to make some comments.

Mr FALCONER: One of the many things we have had to do in the past three years is make up a shortfall in the training available to officers in service. The recruit training was excellent, but after that there was very little. In 1995-96 and this year we have run officer management courses, officer development courses, a one week management course at Edith Cowan University and a one week operational command supervision and land operation course. We have also had people in the managerial training phase working with people in private enterprise to gain skills and managerial experience they otherwise might not have gained. Because we have recently promoted 57 inspectors, we are running a reduced management course. In addition, we have in-service courses for Applied Policing 1, which is for first class constables; Applied Policing 2, which is for senior constables; and Applied Policing 3, which is for sergeants. We have put district training officers in each district of this State to ensure in-service training is available on an ongoing basis.

Mr RIEBELING: There is huge concern in Maylands, not that it is losing the academy but about what will happen to the land after the academy has gone. Some have suggested it will be a residential development. I would not mind a block there myself, but many people in that area might have a different view. Has any decision been made in relation to the funding of the new academy by selling that land for residential use?

Mr DAY: As far as I am aware, no decision has been made in respect of the future use of that land. I am sure it is possible that some could end up as residential blocks. However, that decision would be made by the whole of Government and not just the Police Service.

Mr JONES: The information given by the Minister is correct: There has been no decision as to what use the land will be put. Any assets disposed of by the Police Service have been used to advantage its capital program thus far, and I presume that will continue in future.

Mr RIEBELING: Does that mean that any assets realised from the Maylands site will offset the cost of the new academy?

Mr JONES: It might at some stage in the future. Obviously it will follow the acquisition of the new police academy.

Mr DAY: The budget allocates funds for the new police academy; it is not dependent on the sale of that site. As I said, there will be a whole of government decision about the use of that land. The views and concerns of the local residents and the local authority will be taken into account.

Sitting suspended from 6.00 to 7.00 pm

Mrs ROBERTS: We were talking about cadets and recruits. Given that there are fewer recruits and no cadets, who will take up the duties previously carried out by cadet members of the Police Service? Will any of the sworn members of the Police Service carry out those ex-cadet duties?

Mr FALCONER: The decision to desist with the cadet service was a conscious one for a number of reasons. The duties that they performed in the days when they were not engaged in training at the academy will be conducted in police stations and other environments by unsworn support staff in the main.

Mrs ROBERTS: The top of page 737 lists recurrent expenditure. I note that the actual FTEs for 1996-97 were 6 326 and the estimate for 1997-98 is 6 399, which represents 73 more FTEs. The figures show an estimated actual of \$276m for 1996-97 and an estimated \$296m for 1997-98, which is about \$20m more. Those 73 extra staff would cost about \$3.5m, based on an annual salary of \$50 000 per staff member. What is the cost of the 73 additional staff and how is the rest of that \$20m made up?

Mr DAY: As I mentioned, a substantial salary increase was awarded to police officers in two stages. The second stage took effect from 1 May this year. Only a small amount is shown in the 1996-97 financial year expenses but for the next financial year obviously the cost will be a lot more. They received a 7 per cent pay increase on 1 May this year.

Mr McDONALD: If I may run through the major components for the increase, there is an increase for the enterprise parameters of \$12m, which is for the second part. Provision was made for the enterprise increase in our current year's allocation. This is the continuation of the full year effect. There is an increase of about \$4.9m for salary increments, which police officers and public servants are progressing through. Provision was made for salary increases of \$2.75m, which have been provided by Cabinet to meet part costs of productivity pay rises. There is increased payroll expenditure of \$3m associated with the cancellation of the cadet program, replacement officers, such as the Aboriginal liaison officers, an allowance for the four year cost of the civilianisation program and so forth. There are some offsetting factors as well. For example, there is a decrease on our estimated actuals next year of \$2.8m because of the finalisation of the early retirement scheme. The other major factor is that we have apportioned approximately a \$1.5m decrease in our payroll as a proportionate share of the government productivity initiative, which results in a decrease to our allocation.

Mr RIEBELING: The witness said that there was a civil servant component cost within that \$296m. I thought the expenditure was on policing.

Mr McDONALD: It is policing.

Mr DAY: Included in that figure are fully sworn officers and unsworn staff.

Mr RIEBELING: What are corporate services?

Mr McDONALD: Corporate services are a component of police officers and public servants who are not directly involved in providing front line policing services. The Treasury requirement for agencies is to apportion corporate services expenditure across the programs. That is why we see corporate services separately identified. The requirement to apportion it across the programs is to provide a true cost.

Mr RIEBELING: How many of the 6 399 FTEs are non-police?

Mr DAY: There are about 4 800 police officers and about 1 500 unsworn officers. We can provide the exact figures in a moment.

Mr FRAME: We have an unsworn strength of just over 1 000 public servants, 63 people on wages as full time equivalents and just over 400 crossing guards.

[7.10 pm]

Mr RIEBELING: Is the unsworn component 1 463?

Mr FRAME: Yes.

Mr RIEBELING: Does that leave 5 000 sworn officers?

Mr FALCONER: Four thousand six hundred and ninety-eight.

Mr RIEBELING: That is 6 161. On my calculation, 238 appear to be missing.

Mr DAY: We will provide that as supplementary information. We have given the member the round figures.

Mrs ROBERTS: The Liberal Party's policy document of February 1997 listed 4 698 sworn police officers and 1 125 civilians in the Western Australia Police Service. That adds up to 5 123, yet the Minister has predicted there will be 6 399 and currently there are 6 326.

Mr DAY: The crossing guards may not be included.

Mrs ROBERTS: Have they always been included in police numbers?

Mr DAY: Yes.

Mr FALCONER: They have always been included in the unsworn or civilian component.

Mrs ROBERTS: If that is the case, those 400 should have been included in the figure of 1 125 civilians on page 7 of the law and order document of the Liberal Party.

Mr DAY: That is civilians in addition to crossing guards. To be precise there are 411 crossing guards.

Mr RIEBELING: The Program Statements list other expenses in this item including staff related expenses, which I presume are things such as transfers. That figure has increased by \$380 000. Expenditure on services and contracts is down by \$1.8m. What contract services have been completed? Why has the expenditure on "Other" been reduced by \$6.2m?

Mr DAY: The additional cost for staff related expenses is \$760 000. That will provide additional housing for officers deployed under the Additional 500 program.

Mr RIEBELING: Does the Government Employees Housing Authority provide that accommodation?

Mr DAY: Yes, but the Police Service must pay for it.

Mr RIEBELING: Is that the new policy impacting on the Police Department?

Mr DAY: The additional officers who are recruited and sent out into country areas, as well as into the metropolitan area, must be housed and a cost is associated with that.

Mr RIEBELING: Is it an ongoing cost?

Mr McDONALD: I will run through the categories. They are not categories that we would choose, because they do not show the expenditure for our agency in the correct format. Unfortunately, they are the categories that are forced upon us by Treasury. The first category the member mentioned has a couple of components. As the Minister pointed out, the first is an increase of \$760 000 for employee housing. That is specifically for the increase in officers who have been placed in country areas as a result of the Additional 500 program. The main offset in that category is \$372 000 for training aspects and so forth as the Additional 500 program concludes.

Mr MacLEAN: Is the high level of transfers a direct result of the move to increase the number of officers in the country, or is it just one of those things that happen in the uniformed services from time to time?

Mr FALCONER: We have a tenure policy. In addition to deploying additional officers to the country, we have re-examined and confirmed the need for our tenure policy. We have a rotational system that requires transfers and movement around the State, so that we have cross-fertilisation. We do not have officers in the one place for such a long time that they become, as history has shown, somewhat ineffective.

Mrs ROBERTS: How many compulsory transfers have there been so far this financial year?

Mr FALCONER: I have no idea. I will take that on notice; however, not many to my knowledge.

Mrs ROBERTS: Do you differentiate between voluntary and involuntary transfers? I am interested in the number of involuntary transfers to country regions.

Mr FALCONER: There have been very few. What occurred recently was celebrated in the media. Some officers who had never done a tour in the country were asked to show cause why they had not, and why they should not. There are a relatively small number, however we can take that on notice.

Mrs ROBERTS: I am happy to receive that as supplementary information.

Mr RIEBELING: How many people in the country were ordered to transfer back to the city? Due to those rules being strictly enforced my area lost some officers who did not want to leave the country.

Mr FALCONER: Not enough.

Mr DAY: We will provide that through supplementary information.

Mrs ROBERTS: On page 737 the expenditure for services and contracts is about \$18m. Does that include services and contracts with FBIS Pty Ltd and, if so, how much money has been paid to FBIS and how much does the department anticipate paying to FBIS in the next financial year? Could I have a breakdown of the work that has been contracted to FBIS and the cost for each item of contracted work? Some of that can be provided as supplementary information.

Mr McDONALD: That consultancy company is not paid out of services and contracts. I would like to provide that as supplementary information.

[7.20 pm]

Mr RIEBELING: Is the Minister now in a position to answer my earlier question about what the reduction reflects?

Mr DAY: The total is \$1.861m. There is an increase in some areas and a decrease in others, but it works out to a net reduction. On the positive side of the ledger there is a carryover of \$2.079m from the 1996-97 financial year for the implementation of a resource management information system and \$249 000 for additional expenditure associated with the Additional 500 program.

In the 1997-98 financial year there is an increased allocation of \$350 000 for the fraud squad and the crime stoppers program, but there is a reduction of \$2.541m as part of the government's productivity savings and a reduction of \$1.998m for miscellaneous items which were one-off occurrences in the 1996-97 financial year.

Mr RIEBELING: What do the one-off items mean?

Mr DAY: They include the initial phase of the information technology plan, \$435 000; the advance selection process, \$220 000; the asset management plan, \$200 000; the recruit traineeship, \$200 000; special investigations, \$200 000; act of grace payments for legal representation to the Western Australian Police Union, \$177 000; court security review - non-salary costs - \$170 000; vehicle leases, \$150 000; Government House security, \$100 000, Australian Bureau of Statistics statistician, \$78 000; vehicle fleet review, \$25 000; and other miscellaneous items, \$43 000.

Mr RIEBELING: I presume they were contracts through consultants and the like. Is it possible to provide a breakdown of those who were awarded the amounts for those categories of investigations?

Mr DAY: They were not necessarily contracts with consultants.

Mr RIEBELING: For those that were, I would like the details in supplementary information.

Mr DAY: Yes, the information can be provided.

Mr RIEBELING: What about the last item; a \$6.2m reduction under "Other"?

Mr DAY: There is an increase of \$136 000 for devolution of funds from the Building Management Authority and a reduction of \$3.2m for the firearms buy-back scheme. The expenditure for that scheme is expected to be less in the 1997-98 financial year than it was in 1996-97 because the scheme concludes in September this year. In addition, there is a reduction of \$2.109m as part of government productivity savings; a reduction of \$28 000 for reduced expenditure associated with the Additional 500 program; and a reduction of \$1.032m for miscellaneous one-off items. Those one-off items are special investigations, \$219 000; vehicle licences, \$210 000; Delta coordination project, \$150 000; the Holmes system upgrade, \$100 000; telephone line audits, \$80 000; and other miscellaneous items, \$273 000.

Mrs ROBERTS: I refer again to the services and contracts conducted by Forensic Behavioural Investigative Services International Pty Ltd. Was FBIS used to do profiling work to ascertain whether a series of rapes over the past three years have been committed by the one person?

Mr DAY: We will provide the answer as supplementary information if we can.

Mrs ROBERTS: The Government previously stated that it would implement a police board. I cannot see any provision under the expenditure headings within the Budget Statements for funding such a board. What is the Government's current stance on that and have funds been set aside in this budget for a police board?

Mr DAY: I do not expect there is any allocation of funds for a police board in this budget. It certainly has not been on the agenda in the time I have been Minister. I do not know whether a commitment was given in the Government's previous term in office.

Mrs ROBERTS: It was given in the context of the 1996 election.

Mr FALCONER: I am not aware of that, but I do not set the Liberal Party agenda. I told the former Minister for Police, who engaged me, that in my view if the Government needed a board because of a problem and it became a bridge between the Commissioner of Police and the Minister, the Government should sack one or the other, or both. I do not believe a group in between the commissioner and the Minister is desirable. It is interesting that New South Wales has found that not to be necessary in spite of the money and effort that has gone into the royal commission in that State.

Mr DAY: I certainly have no knowledge of a commitment that a board would be established. I was not a Minister during the last election campaign, but even so it is news to me that an undertaking was given to establish a police board. I have not seen anything about it in the election material I have read on law and order commitments since I have been the Minister.

Points of Order

Mr BARRON-SULLIVAN: There have been a number of questions about Liberal Party policy for which I do not see a line item anywhere in the Budget. I understood that the Estimates Committees dealt with questions on matters in this budget document.

Mrs ROBERTS: In every matter I have raised where I have made a comparison with the Liberal Party policy I have pointed to line items in the Budget and that applied to the level of staffing or anything else.

Mr BARRON-SULLIVAN: It is all very well saying there is a line item, but I do not see something that was enunciated in a policy should be used as a way of drawing in other information which is not in the Budget.

Mrs ROBERTS: The member for Mitchell is wasting the time of this committee and we should get on with asking real questions.

Mr RIEBELING: The public perception so soon after an election is that the policies of the conservative parties will be implemented in this Budget. It is of public interest whether those commitments have been met.

Mr GRILL: Mr Chairman, it would be outrageous if you ruled the questions out of order for the reason given.

The CHAIRMAN: To some extent I accept the member for Eyre's counsel. In response to the member for Mitchell, I understand he may feel that the questions are deviating from the express purpose for the existence of this committee. I made the point in the Estimates Committee yesterday that I place the onus of responsibility on the Minister. If he feels that members are deviating from the estimates of expenditure in the subprograms, it is his responsibility to bring the committee back on track. I am prepared to be guided to some extent by what the Minister considers to be fair and reasonable for him or his advisers to be answering in this committee.

Mr RIEBELING: Are you saying it is up to the Minister to answer the questions he wants to?

Mrs ROBERTS: Estimates Committees have never operated in this way. It is up to the Chairman, not the Minister, to determine what questions will be answered.

Mr DAY: I am happy to provide all the information we can. The question of a police board has been answered. If it is part of the 1996 election policy commitments, it is news to me. I would like to see it in writing. It may have been discussed in the 1993 election campaign. The commissioner may be able to provide more information.

[7.30 pm]

Mr FALCONER: In clarification of the comments I made about speaking to the previous Police Minister, that was in 1994 when I was engaged and it has not been raised with me again in recent times.

Committee Resumed

Mrs ROBERTS: There has been some talk of Police Service contracts being part of the Delta program. Is there any proposal to favour contracts for the rank of sergeant or other ranks?

Mr FALCONER: There is no intention to put non-commissioned officers on contracts.

Mr RIEBELING: The Minister for Police and the Premier have emphasised greater emphasis being given to combating the use of drugs. I think the Minister is aware of those comments. There has been a reduction of \$22 000 in the line item "Drug and Alcohol Project Grants" on page 737 of the Program Statements. How does that reduction stand with the Minister's and the Premier's rhetoric on greater resources being given to combat this problem?

Mr DAY: The community concern about illegal drug use and particularly drug distribution and the activities of those who profit out of other people's misery as a result of drug use is given an extremely large amount of attention by the

WA Police Service. It is taking it extremely seriously and a large amount of resources are put into tracking down those who deal in drugs. This reduction does not indicate any lessening of effort in investigating criminal activity. The drug and alcohol project is jointly funded by the State and Commonwealth Governments at a total annual funding level of \$292 000. Expenditure in 1996-97 totalled \$22 000 above the annual amount due to a carryover from 1995-96. There was a small anomaly in the 1995-96 figures.

Mr FALCONER: In the restructure of the crime operations portfolio, we now have a drug and organised crime division, which is a combination of the drug squad and a new squad, the organised crime squad. The new squad has arrested a number of people in the past week or so for very serious drug trafficking offences. Yesterday, I examined the telephone interception unit which is scheduled to open in July. That will also have an impact at that end of the scale.

At the other end of the scale we have received funding through the Ministerial Council on Drug Strategy, which is not reflected in this Budget but is relevant to the question and the variation, for pilot schemes, one in Mirrabooka and the other in Geraldton, to address ways of tackling the problem of substance abuse at the lower end - at the street or user level as opposed to the high level.

Mr RIEBELING: Is it commonwealth funded?

Mr FALCONER: Yes, the Mirrabooka and Geraldton strategy is. It is not reflected in these figures. The decision was made recently through a subsidiary of the Australian Police Ministers' Council, the Ministerial Council on Drugs. We obtained funding to run two pilots, one in a residential metropolitan area in Mirrabooka and one in Geraldton, which was chosen because it is a country region and also an Aboriginal community where forms of substance abuse are a problem.

Mr RIEBELING: How much is that funding?

Mr FALCONER: At this stage, it is undetermined. However, it is sufficient to run two trials. It will be evaluated by academics independently of the Police Service. It is part of a number of models for Australasian policing. It is being done in three other places - one in New South Wales, one in Queensland and one in Victoria.

Mr GRILL: Recently a lot of publicity was given to motorcycle gangs travelling to country areas and reported reluctance by officers in charge of police stations to call in backup support. That indicated on the surface at least a sort of inflexibility in the Delta model in that each regional area seemed to be discrete to itself in terms of budget and staffing and any additional backup resources which are called in from another area or from a central area would reflect on the budget of the area into which they are called. I represent some pretty far flung areas with very small police forces. I hope there is no major impediment to the calling in of reinforcements from outside an area where there is a threat. Recently, I saw a fairly large cycle gang go to my area and, contrary to reports in *The West Australian*, they were shadowed by a large contingent of police. That seemed to contradict the information that has been in *The West Australian*. I really could not correlate those two situations. What is the situation? Is there flexibility in the Delta program or is there a means by which these resources can be called in from some central source?

Mr DAY: The information on the presence of bikies in the south west - which was that, because of regional budgets, there was no possibility of calling backup - was incorrect. There was a misunderstanding between some officers. That has now been sorted out. It is reasonable to expect there will be some misunderstandings with any new program. That was an example of that. The fact is that bikies in the south west or anywhere else in the State have received very close attention from police. I am pleased to hear that the member noticed that in his area they were being closely shadowed. Monday's *The West Australian* suggested that the only reason people had not been prosecuted for the alleged unfortunate incident in Quin nip was that police were frightened of bikies. That is nonsense from the little I know. Some intensive investigations have been conducted down there and a large number of charges have been laid over other offences committed by members of motorcycle gangs. So there is no truth in the statement that police are frightened to take action against bikies.

[7.40 pm]

Mr FALCONER: There is no absence of flexibility in the Delta program. As Mr Grill pointed out, the shadowing of these groups when we know they are on the move is a standard operating procedure. There was a conversation at one point between an acting superintendent from the city and an inspector who was acting in charge of the south west region at the time about cross-charging. That was raised erroneously. The crime operations and traffic operations support and other centralist support groups are expected to provide support to the regions when and if necessary.

There is ample evidence of that. In a major operation at Geraldton lots of resources went to back up and support the local people. The police have been shadowing the bikies, and sending a team of police from the central area with them to whatever region they go. One of the conflicts is that we are trying to teach our people, particularly district officers, that they must take some cognisance of the cost of operations. In other words, some fiscal management is required, but never at the expense of operational expediency. To the present it has never been an issue considered by anyone in the field, but under regionalisation the district officers have total command and control of all the police resources in their area of control. They have never had more freedom, empowerment and access to resources, including funding.

Mrs ROBERTS: I note that Deputy Commissioner Brennan advised that police find it necessary to take a softly, softly approach with bikies who act in an antisocial manner within the State. The Minister is no doubt aware that bikie gangs and their activities have been under surveillance by state and commonwealth agencies for years. Was police headquarters aware of the bikies at Quinninup, was the police action from Perth contemplated prior to the publicised problems and what action is now being taken to ensure the residents of Quinninup and surrounding areas can live safely and enjoy a normal life?

Mr DAY: The words "softly, softly" may have been used in a newspaper article and attributed to me, but I did not use them.

Mrs ROBERTS: It was a statement by Deputy Commissioner Brennan reported in the Press on 10 May 1997.

Mr FALCONER: If Mr Brennan made those comments - we had discussed this before he spoke to the media - it is because there are always cases in which police officers are outnumbered. They are outnumbered at Wiluna when there is a funeral and a lot of people come to town and drink lots of alcohol. We must make sure that two police officers confronted with 42 bikies do not necessarily put themselves at risk. If Mr Brennan said anything like that, he would have been alluding to such a situation. With regard to what is happening in the south west, the question comes back to regionalisation and integrated command and control. The person dealing with that, who is most aggrieved by the unfair descriptions in *The West Australian* about the incapacity of the police, in their view, to deal with the bikies, is Superintendent John Watson who heads that area.

Mrs ROBERTS: Does he head the south west area?

Mr FALCONER: He is in charge of the district where the incidents occurred.

Mr GRILL: Is that John Watson from the TRG?

Mr FALCONER: Yes. John Watson is most aggrieved and has provided me with information that I do not have in my possession at the moment. However, if the Minister agrees, I am happy to take that on board and provide a response. Much has been done in relation to their activities, the number of bikies, their headquarters and the alleged incident involving the death of the woman.

Mrs ROBERTS: I also asked whether police headquarters was aware of the bikies at Quinninup and whether any police action from Perth was contemplated prior to that publicity in *The West Australian*.

Mr FALCONER: No. The question is indicative of the old world when everything was run from Adelaide Terrace. The reality is that these problems are to be managed, initially at least, from within the district. That is what local chiefs of police are about. The system is expected to work in such a way that if the district officer needs assistance from the central area, he requests that support through the regional commander to the state commander, who is the deputy commissioner.

Mrs ROBERTS: Can I assume no request had been made to headquarters by John Watson?

Mr FALCONER: No, you cannot assume that until I query it because I am not omnipresent and I am not briefed every day on every incident in this huge State.

Mrs ROBERTS: Can that information be provided?

Mr FALCONER: Yes. The Minister has queried whether it is an operational matter but I do not think it is in this instance and we should be able to answer the question.

Mrs ROBERTS: Some concerns have been raised with me about the southern region, which is a very large expanse. How frequently do managers and sergeants meet to discuss various aspects of those regions? What distances are travelled by people attending the meetings, do they stay overnight and how frequently do they meet?

Mr FALCONER: I will take that question on notice and recover the details from the southern regional commander and his district officers.

Mr RIEBELING: I agree absolutely with the comments about two police officers tackling 42 bikies. If a situation like that developed in Quin nip, how long would it take for the police to respond? What is the anticipated time frame in those situations?

Mr DAY: It depends on the circumstances at the time. It is a question for the management of the Police Service, but if there is an urgent problem and backup is needed, it would be called for from adjacent towns in a great hurry. If the matter were not quite so urgent, the response would be slower.

Mr FALCONER: It is almost impossible to answer that question. Two police officers confronted with that situation would not be powerless. They could take number plate registrations, make observations and if someone were being beaten, they would have to take some risks. Normally they would call for backup - if the group was not being shadowed - and it would depend on who was on duty in the nearest town, the next nearest town and so on. How long is a piece of string?

Mr RIEBELING: I understand the difficulty and I understand the need for protection for the security forces. It is a huge problem. The bikie gangs can move in great numbers at great pace to cause problems in remote areas. Although they are often tailed by the Police Service, that is not always possible and I understand why. Small communities are fearful of being subjected to that behaviour.

[7.50 pm]

Mr FALCONER: That is absolutely right. I made the point recently, and I cannot remember whether it was reported in the media, that it is not possible to populate the town police station on the basis that every now and again, perhaps once a year or less often, a group of bikies may turn up in the town. This problem is not peculiar to Western Australia but applies to remote areas in the whole country. I will explain the way we work: John Standing, who is now in the north west, started the standard operating procedure from Perth. Once we receive intelligence that a group is going on a run to the bush, we shadow them. It is comforting to our country comrades to know that the cavalry is accompanying these people. We sit on them and watch them and they generally behave themselves as they know we have the capacity to act fairly urgently. On occasions they will not behave, and the local police, whatever their number, call for assistance and we respond as quickly as we can from where we are available.

Mr RIEBELING: I understand your view is that the Delta program has enhanced the capacity to respond.

Mr FALCONER: It is not just the Delta program; it is bigger than the matter we are discussing. We are talking integrated control and command and regionalisation, which is one small part of Delta. It has enhanced the situation because people like John Watson in the south west have the capacity to command and control all the police, not just the general duties officers as was previously the case.

Mr BARRON-SULLIVAN: Before we move to the four hundredth supplementary question, can I bring the committee back to considering the estimates?

Mr DAY: Before we go on to that question, we can provide more information on the sort of backup available.

Mr FALCONER: In relation to the support available, I again admit freely that it is based on knowledge and request. One cannot deploy resources if one does not know what is going on through intelligence. We have the independent patrol, the tactical response group and other resources in the metropolitan area we can deploy. Also, in the final deployment of the additional 500 sworn people, we are contemplating establishing a strike force, the name of which we have not arrived at, under the command of the state commander, the deputy commissioner. We will have then a sizable group we can deploy.

In answer to the last question, if they are deployed to a location 400 kilometres away, they must physically get there and a time lag is involved if advance warning is not given as they mainly drive to location. In this State we are stuck with that situation.

The CHAIRMAN: I do not want the committee to become bogged down or untidy. Therefore, I go overboard so people can work through an item completely. That is why there is an extended call to several members. I ask the member for Mitchell to bear with me as he is in the queue.

Mr GRILL: I refer to the item at the top of page 739, in particular to the increase in offences against the person. Last year the Government effectively decriminalised substance abuse as any term of imprisonment for substance abuse was removed. A large section in the goldfields community is very concerned about that matter. More pertinently, numbers of people in the Police Force under the command of Commissioner Falconer have concerns about that situation. I received a telephone call this afternoon from the assistant manager of the Wunkajungka Aboriginal community in the central desert near Kalgoorlie as an attack on the community was made only last night causing one of the security guards to be injured. The community in the central desert is worried about this situation.

The abusers of these substances are usually young people in their teens or early twenties and are highly irresponsible under the influence of some of the substances in certain circumstances; in others circumstances, they are very dangerous indeed.

By decriminalising this practice, we do a couple of things: We prevent a police officer from arresting a person before he does damage, even when it is apparent he will do damage. Also we prevent certain communities in the central desert, and elsewhere, from getting some respite from this habitual substance abuse. It may involve petrol, glue, chrome, paint or whatever. Elements of irresponsibility and at times fearlessness arise, creating great danger.

As I indicated, a number of police officers in this region have raised the matter with me as they are afraid of people's propensity to cause injury in these circumstances. Officers who approached me say that these chronic sniffers or users are mainly Aboriginal youths who could be arrested and put in a rehabilitation centre, or at least the community could be provided with a respite from their activity. Many of them cannot remember the next day the offences they have committed.

It is all very well to say that they will be arrested if they commit an offence, but in the central desert it may be some days, or a week or two in some instances, before a patrol arrives. Those communities are living in fear while one or more young Aboriginal men, some of them quite strong, behave in that way. I have seen them perform and it is very frightening. I have seen them with tomahawks and wrenches threatening the whole community. It is a situation which can be defused by a brave man or a group who disarm the person, and I saw up close a mother go in and disarm her son in a dangerous situation.

I thought the police would advise the Government against decriminalisation. I am surprised that the Police Minister has not taken a stand on the matter as it is a situation in which police officers will be placed in danger in the future. The truth is that substance abuse is spreading. I have heard fallacious claims that substance abuse has been wiped out in the central desert - it is not true. One sees an increase in abuse in the suburbs of Kalgoorlie and Boulder. I do not know a lot about the Perth metropolitan area, but anecdotal information suggests it has also spread in the metropolitan area.

For the reasons outlined, I would like to hear from the Minister and the commissioner on the matter. It is worthwhile revisiting the subject in view of the recent publicity about injured police officers who might be invalidated out of the force. It is a dangerous situation - I underline that factor.

Mr DAY: I agree that this is a matter of serious concern. It has been raised with me on a number of occasions over the last four months, although I am not sure it is correct to say that substance abuse has been decriminalised. As far as I know, it has never been a criminal offence to abuse some of the substances, be they petrol or other solvents.

[8.00 pm]

Mr GRILL: Up to a three month penalty applied in respect of substance abuse, but that element has been removed. That was drawn to my attention initially by a police officer in the eastern goldfields. I have since checked it out for myself, and I have written to the Attorney General about that matter. I can assure you that it was a criminal offence.

Mr DAY: I was not aware of that, but I will not argue about it. I share your concern about the consequences. A number of problems are related to how we deal with people who are so affected. The first issue is whether the police have the power to take any pro-active action to protect not only people who are intoxicated in this way from themselves, but also those people around them. It has been suggested that perhaps police need powers that they do not have at the moment, not exactly to arrest these people but to take control of them and put them where they will be prevented from causing harm to themselves or other people.

The second issue is where these people should be taken when they are picked up by police. There is a lot of concern that facilities are not available at the moment in either the metropolitan area or country regions that can be used as a last resort. I agree that perhaps a police lockup would be better than leaving them to their own devices, but a police lockup is not the ideal solution; we need something else.

Mr GRILL: The Wunkajunga Aboriginal community set up its own sobering up shelter - it is more than that, of course - in the central desert, well removed from the other communities, knowing that these people needed to be isolated. However, that shelter did not have the patronage that was expected because the justices of the peace and the magistrates did not have the power to do more than fine those people. Until the change in the law they were sentencing them to a period of imprisonment. They would then go to this facility that was set up in the central desert, where they could dry out and undergo some rehabilitation.

Mr DAY: I agree that they should have the ability to protect those people from themselves and also protect the people around them, perhaps by making it a criminal offence, or by some other means. In the ideal world, it would

not be treated as a criminal offence; we would have the ability to deal with it in some other way. However, if no other opportunity were available, we might need to consider dealing with it through the criminal justice system as a last resort. This issue was the subject of discussion at the Justice Coordinating Council meeting this morning, at my initiative. It is much more than a law and order issue. It is primarily a health issue, and the health authorities must play a substantial role in the management of this issue, and also agencies such as Family and Children's Services. To the credit of both of those agencies, I know they are attempting to play a greater role in managing the problem, but I am sure that as far as all agencies are concerned, much more can be done. I share the member's concerns and I will undertake to see what more we can do about the problem. If the member has any other constructive suggestions, I will be happy to take them on board.

Mr FALCONER: When it was discussed at the Justice Coordinating Council today, Cedric Wyatt from the Alcohol and Drug Authority mentioned that some of the communities wanted to reintroduce by-laws to punish these people, mainly by taking them into custody for their own protection and, more importantly, for the protection of those around them. The discussion that took place indicated that that view is not supported by ADA and some of the other agencies involved with Aboriginal communities. I pointed out at that meeting that the police in the long range patrols are often asked by Aboriginal communities to remove people who are inhaling solvents and misbehaving dangerously. Mr Grill is right; the police have no power to do that, and anything they do as an innovative solution to that immediate problem they do at some potential legal risk. The senior officers group will be addressing this matter under the auspices of the Justice Coordinating Council because, with all due respect, although it is a health issue, there are all sorts of causal factors, and when the police are requested to take some immediate action, it is because people are at risk due to the behaviour of these individuals.

Mr GRILL: That is a heartening response from both the Minister and the commissioner. I am pleased to hear that. I support the remarks about health. It is a health issue, and many other problems relate to it. It is now a well established fact that young people who are under the influence of many of these solvents become highly promiscuous, and that leads to the spread of a range of diseases. It is a big health problem, and it should be tackled on a wide front.

Mr DAY: Yesterday I had the opportunity of visiting the sobering up shelter in Wiluna. That is a very good and well run facility. Some very dedicated people work there, and by all accounts it is achieving good results in reducing the incidence of domestic violence and other criminal offences in that community.

Mr MacLEAN: Solvent abuse often has a mind altering effect on people which makes them quite strong and difficult to deal with. Does the Police Department evaluate some of the gadgets that come out for dealing with people who are violent? The American police in particular have a range of gadgets. The latest one is a net that they shoot at these people, and it ties them up. Does the Police Department evaluate these types of things for the protection of its officers or as something that could help communities deal with people who are affected in this way?

Mr FALCONER: The national police resources unit, to which we all contribute on a proportional basis, is based in South Australia and has been examining for some time devices such as pepper sprays that can be used to immobilise people and provide what is described as less than lethal force. Whether individual jurisdictions take up any of those issues is a matter for them. I do not know whether the net that you are talking about has been tested. The American data show that, sadly, those devices have virtually no effect on people who are affected by substances or are psychiatrically disturbed. Those devices are examined by the NPRU on request from any or all of the police commissioners, and we receive reports about them.

Mr BARRON-SULLIVAN: We have heard sporadic mention tonight of the Delta program. At what stage is that program, and what process has been put in place for its ongoing evaluation?

[8.10 pm]

Mr DAY: The Delta program is well advanced with regard to restructuring the Police Service, the management of the Police Service, and devolving responsibility to regional areas and local communities so that local problems can be dealt with on a basis that is appropriate for that community. The integrated command and control process to which the commissioner referred has also been established.

A senior officer, at assistant commissioner level, has been given responsibility for maintenance of professional standards. Very substantial progress has been made in the overall management and structure of the Police Service. More attention must be given, and is being given, to electronic communications; in particular the information technology project has been operating for a year or so. It has been examining how best to provide the Police Service with the information technology it requires so there can be a much more effective electronic transfer of information where it is necessary. A project to replace the equipment in the emergency operations centre is under way to provide better electronic communications and computer aided despatch in response to emergencies.

Mr FALCONER: These words are not meant as rhetoric and they have been used before. They are literally correct. The Delta program encompasses profound and radical change. It is profound in that it is about changing the style and standards or the culture of the agency which has no short term time frame. In fact, all indicators suggest that those changes take considerable years to achieve. Some people talk about an organisational lifetime. We are talking about a 10 year time frame, for example, within which to turn an oil tanker around in the Swan River. Radical change is occurring to the structure and systems. We have written an information technology plan and have many computer information bases ranging from the mainframe computer down to stand- alone personal computers. A lot of technology and equipment has evolved to its present state over a long time. That will take considerable time and money to change.

In the meantime, most people talk about the structure. We have talked about regionalisation. We have reached the third phase with the recent appointment of 57 people to the rank of inspector. It is interesting to note that among those - this was not done deliberately; it is indicative of a very big change to our organisation - were people as young as 33 and 34 years of age. Some of these people were promoted from the rank of sergeant to inspector, and that has never occurred before. In the earlier phase we appointed superintendents, some of whom were as young as 42, which again is some sort of record in this jurisdiction.

The next two phases involve the deployment of 70 senior sergeants, which are key positions, and about 90 sergeant positions. Both those phases are scheduled to be finished by about March. It could be suggested that by next March the structural phase will be finished; however, the phase in relation to systems may end up taking another five years. We have come up with a five year plan for communication and information technology which will cost many millions of dollars, but by next March we will have the structure in place.

We have a new philosophy. We have taken officers out of the work force in selection processes, in training for these positions and retraining after a 10 year hole in our in-service training program. It is certainly having a negative impact directly on operations at the moment. We know that. This is not a quick fix. However, if we are to bring in the dividends that this change is all about, we must stick with this program. It is being monitored. We are being flexible about it. As I have said all along, it is not a tablet of stone. We will vary it as and when it is needed. It has been commented on not only in other jurisdictions in this country, but also internationally. We have received very little credence for the changes we are making within this jurisdiction. I find it ironic that people from other parts of the country and overseas, having seen material about what we are doing and are intending to do, have written to us about the changes and have made very complimentary remarks.

An article is soon to be published in some major British police journals by an international police consultant, a former consultant from the Metropolitan Police, to the effect that in changing its agency, New South Wales should look at what we are doing.

Mr BARRON-SULLIVAN: The success of the Delta reform program will be measured in a number of ways; however, a significant part of it involves improvement to management, management structures, and so on. At this stage can any improvements in the overall police response be identified as a result of management structure changes?

Mr FALCONER: Yes. The classic examples are the two places where we ran the pilot program of integrated command and control. Before the program started in March 1996, we ran pilot schemes in Fremantle and Northam. The northern region under Superintendent Jim Monteleone has reduced the road crash figures and crime figures in that area. It is ahead of most of the other districts because it had a six month start. The district officer is very committed and is allowing his station and squad officers in charge to have real command control of their areas of responsibility. They have put together some locally based solutions to identify the problems and to target and task their staff. The accord was introduced at Fremantle. Instead of responding to everything by calls for additional police, we tackled the issues associated with alcohol abuse around Fremantle with local government and the hospitality industry. We have had excellent results.

John Standing is building a team in the north west area. The relationships he has achieved with members of the local communities is outstanding. That is a key factor in all of this change. The feedback we have had about his work is excellent. I am absolutely certain that if we ran an assessment by the community of the standing of the police in the north west, we would find that we have improved in terms similar to the results published in last year's Morgan gallup poll. It showed that while the rest of policing in this country as a group dropped 4 per cent in terms of ethics and professionalism, policing in this jurisdiction went up 14 per cent, taking us to our highest position in the eyes of the community for at least five years.

Mr BARRON-SULLIVAN: Earlier the commissioner mentioned the communications information program. I recall the budget papers indicated it is being phased in in a number of stages. The commissioner indicated it might be five years before it is fully implemented. Are we talking about any inherent problems in the communications system that

are directly affecting the police operations at the moment? I assume we are talking about a gradual process of improvement, not something very severe where one area of the service cannot communicate with another.

Mr FALCONER: We are talking about an old and not very efficient system, which has a minimum of about 120 islands of information. We can continue to do our job, but we must move forward into a whole new era of modern communication systems built for the purposes we need and to suit this new environment, where we want to give people on the ground the data so that they can target and task their people to deal with local problems and find local solutions. We must completely reconfigure an aged system that evolved in a different world. In the meantime it will not fall over tomorrow or next week. It will survive, but we must do something. We have a plan and in the next phase we must go into more detail in that plan. That will require a considerable amount of money.

[8.20 pm]

Mr BARRON-SULLIVAN: The commissioner talks about innovative procedures and programs and locally based strategies. Police visibility gets talked about ad nauseam. There is nothing more effective than seeing mounted police going down the street, but that is carrying it to extremes. In general terms, what is the current train of thought about overall police visibility, particularly street patrols? Is there a blanket policy on that or will that be a localised decision making process? Secondly, the traffic matters program in the previous financial year refers to the objective of visibility of traffic patrols. The wording of the 1997-98 program has changed. Has that objective been dropped? What is the emphasis on police visibility both on the street and in the car?

Points of Order

Mrs ROBERTS: We have had questions from the member for Mitchell for the last 20 minutes. He complained about my approach when asking questions, yet he is moving on to a range of new questions. He has asked an enormous number of general questions and has moved from one topic to another. Mr Chairman, you should not allow him to ask a range of questions on a variety of topics without coming back to us.

Mr BARRON-SULLIVAN: I am happy for that to be my last question on the Delta program.

Mr RIEBELING: Perhaps a briefing on the Delta program would help.

Mr DAY: It is up to the Chairman, but if we can briefly answer that question the member for Midland may then be able to ask her questions.

The CHAIRMAN: I would like a response to the question from the member for Mitchell.

Committee Resumed

Mr FALCONER: The answer to that question is yes. In general terms we believe in high visibility, but in some areas we know at certain times the problem may need to be resolved without high visibility; in other words, plain clothes patrols or covert activity.

Another important achievement is to make some general duty police, who had never done traffic patrols, because they did not believe it was their duty, carry out traffic patrols. When I was in Kalgoorlie recently a group of general duty police were receiving additional training on the road rules. The aim is to have the traffic police, the specialists in the country, out on highway patrol while other officers remain in the townships. In Northam the cars are marked "Highway Patrol" and the police in the town police the township. People in certain shires have told me that nobody takes notice of the local divvy van, but everybody knows the traffic code. That is fundamentally flawed. We require all general duty police to do just that - general duties.

Our philosophy is high profile if that resolves your local problem. If it does not and you can resolve your problem by some other proper policing means to the satisfaction of the local community as well as the organisation, go ahead and do it.

Mr BARRON-SULLIVAN: I have seen inspectors who are driving back from meetings in Perth pull people over. Your approach is obviously working.

Mr DAY: Wherever it is appropriate the aim is to have police highly visible. More is being done, with the addition of mobile policing facilities; for example, police pushbike patrols and mounted police patrols. Police are generally communicating with local communities, particularly in country areas where that is easier because of the smaller populations.

We also have information on the Delta program for any member who wants it.

Ms MacTIERNAN: The Minister would be aware that the Woods royal commission has recently reported after a massive two-year inquiry. Much of the corruption identified in the inquiry was connected to drug law enforcement. The commissioner commented that the huge sums of cash associated with the drug trade and the apparent inability of conventional policing to make any impact on the illegal market in narcotics creates cynicism among police working in the field and that it also creates an environment in which corrupt conduct flourishes.

Mr MacLEAN: How does this relate to the Budget?

Mr RIEBELING: Drugs are mentioned in several points.

The CHAIRMAN: Order! The member for Armadale should continue with her question.

Ms MacTIERNAN: My query relates to an item on page 749 which identifies the core function of the police in the prevention and control of crime. It is relevant to the whole operation of policing that we identify areas and sources of possible problems that might compromise the integrity of the Police Force as a whole.

The New South Wales commissioner goes on to say that while he is not suggesting that we should not continue to aggressively target the drug trade, we need to look at alternative solutions to address drug use. He specifically recommends a couple of measures, including the possibility of providing shooting galleries for heroin users and controlled availability of heroin.

I presume that the Western Australia Police Service is no different from any other police force. It would be naive to think that the activities of police forces around the world do not occur here, but will the Minister comment on whether drug law enforcement creates a problem for the integrity of the Police Service? What is the Minister's attitude to looking for creative alternatives to the problem of drug use?

Mr DAY: I am not aware of any widespread problems in the Police Service as a result of its involvement in drug law enforcement. It is my strong belief that those problems are not endemic in the WA Police Service. That does not mean that there are not particular instances where there may be a problem. If people want to make allegations they should take them to the Anti-Corruption Commission or the Ombudsman or, if they wish, to the internal investigations section of the Police Service. Those avenues are available. The WA Police Service is a different creature from the New South Wales Police Service.

Contemplation of legalising the use of heroin or providing it on a controlled basis would be tantamount to giving up the fight. Earlier the commissioner mentioned trial projects which are to be run in Mirrabooka and Geraldton. The main focus of those trials will be to look at ways of dealing with the local drug problem other than through a law enforcement mechanism. But I will ask the commissioner to provide more information on that subject.

Ms MacTIERNAN: I am surprised by the Minister's answer. He should be aware that a needle exchange program was introduced in Australia and has been successful in ensuring that Australia has one of the lowest incidences in the world of HIV/AIDS among intravenous drug users. The provision of needles had with it a paradox, given that the substance which the needles were used to apply was illegal. We did not argue at that point that this paradox should stop us taking a harm minimisation approach. I am surprised that the Minister, having seen the success of that model, then feels that making heroin available to addicted users under medical prescription could not be supported.

Mr DAY: We have, but we are now very much straying into a health policy issue area as opposed to police policy. The methadone program in Western Australia has been extended over the last couple of months and that is something I strongly support from the point of view not only of the health of the user but also of crime prevention. A number of studies have shown that those who are on a controlled methadone program are less likely to offend to obtain money to further their habits.

I agree with the extension of that program. I also agree that the policing and crime investigation focus should be very much on those who are dealing in illegal drugs and profiting from other people's misery. The focus should be on them, not on individual users. The emphasis should be on trying to get appropriate medical treatment for individual users, not on prosecuting them at the lower end of the scale. I understand that is the general philosophy.

[8.30 pm]

Ms MacTIERNAN: With heroin the addicted users are the major suppliers at the street level. That is one of the major reasons we need to get those people out of the market. That would reduce the level of crime and dealing.

Mr DAY: I am aware of that.

Ms MacTIERNAN: We cannot have the distinction between the users and the suppliers at that level.

Mr DAY: We have some big dealers around who, I suspect, are not users. Perhaps they are, but whatever the case, they should be the focus of the main investigation. As I said earlier, we have an extension to the methadone programs, at least, and we need to evaluate the results of that in the first instance.

Mr MacLEAN: My question relates to the Clarkson Police Station. Have any negotiations taken place relating to the offer of a shopfront as an interim measure? The offer was made by a developer in the area.

Mr DAY: A mobile policing facility will be available in the area. Our main aim is to establish a permanent police station in the Clarkson area. I am not so sure whether we can achieve that aim by using a shopfront facility in the short term.

Mr JONES: I understand that discussions have taken place between the local district officer and the developer of the shopping centre regarding the utilisation of a shopfront. I understand that no decision has been made regarding the liability of a policing facility or the ability of the organisation to finance the lease arrangements. We can keep the member informed on the issue.

Mr MacLEAN: How many mobile policing facilities will be available? Joondalup has taken delivery of one facility, and the regional officer is considering the placement of that vehicle. Given that Wanneroo is such a large and fast developing area will another facility be available? If so, will the number of officers in the region be increased to cover the situation? Although the situation is being evaluated, the officer numbers are being stretched in order to deal with other programs such as community policing and Neighbourhood Watch.

Mr FALCONER: More than one mobile policing facility will be available. One will be provided in each district. Altogether 10 vehicles will be made available, and some will go to country regions. Each metropolitan district has a mobile policing facility as well as an independent patrol group to assist any district on the basis of need or if an operation needs to be mounted. The idea is that the mobile policing facility will be manned from the local district resources. Recently we allocated 10 additional staff to each metropolitan region - although they have not all been allocated - to form the basis of a district support group which can be deployed either with or independently of the mobile policing facility.

In the main, the mobile policing facilities have gone to the metropolitan area. The smaller versions were piloted in Fremantle, and will run with three personnel. In some places, on a trial basis, they have had an unsworn civilian support staff in the unit, while two officers either on foot or on bicycles do the patrolling. With the 10 extra DSGs in place, three officers can be added, and the others run on patrol. That is a matter for the local district officer. The mobile policing facility can provide maximum flexibility. With all due respect, a shopfront can be set up to deal with a problem, but in three months the problem will occur elsewhere. We could not move from the shopfront because every member of Parliament, local councillor or citizen would say that the world will collapse if we move from the shopfront. If we become inflexible we will not be able to solve problems at the local level.

Mr MacLEAN: I take it the mobile policing facilities will provide a support base for programs such as the "No Tolerance" program at Girrawheen and Koondoola which was very successful. I commend you for that program, because it resulted in a 30 per cent reduction in daytime crime.

Mr FALCONER: The mobile policing facilities will be used in that way. We also have other mobile command posts. The independent patrol group can be deployed with a group of 16 to 18 officers in support of major operations. We will have a strike force, which is yet to be named, attached to the deputy's office. The strike force can be used in high profile policing operations, which research indicates have had a downturn for some time. The vehicles can be used effectively in support of other initiatives, not in lieu of.

Mr RIEBELING: At page 739, reference is made to the ever increasing road toll in this State. According to television programs and so on, in the main the road toll is created by excessive speed. Recently the newspapers reported that the Department of Transport was claiming a huge success with the Multanova program. That huge success has not been reflected in a reduction in the road toll, nor in the number of accidents causing injuries or death. I understand that the Multanova cameras are not placed in areas where high speeds occur. I have been caught by Multanova cameras many times. However, on those occasions it has been in a 60 or 70 kilometre an hour zone - not in areas where excessive speed is normal. Is the Government serious when it states that the Multanova program is having an impact on the speeding problem? The speeding problem is not necessarily that cars go quickly. It is when they start hitting things that there is a problem in the community. I do not think Multanovas have had a great impact on that area. Considering their placement in some of the locations I have seen them in, they appear to be a fundraising exercise in many instances. Was it smart to move those operations away from the control of the police?

[8.40 pm]

Mr DAY: The police are still in control. They use sworn officers to operate the machines and the police are very much in control of where the machines are placed. The placement is determined on the advice of a committee that includes representatives of the Police Service, Main Roads Western Australia, the Royal Automobile Club of WA, the Department of Transport, and the Road Safety Council. Historically, Multanovas have been used primarily in the metropolitan area. It is my view that there must be a greater use of them and greater enforcement in country areas. On a proportional basis the rate of fatalities and serious injuries on Western Australian roads is much greater in country areas. In the metropolitan region there has been a significant reduction in that rate. The increase last year primarily comprised motorcycle riders or passengers, to some extent bicyclists, and particularly pedestrians. Pedestrian fatalities were up from 29 to 46 and motorcyclist or passenger fatalities were up from 16 to 34. There is a problem with motorcyclists when they go through a speed camera because they do not have any registration plate on the front of their bike, and we must have a means of identifying them from the front. The use of speed cameras overall seems to have been effective.

Mr RIEBELING: In Western Australia there were 2 195 hospitalisations and fatalities in 1993-94 and 2 375 in 1994-95. The figure for the current year is an increase on those figures. How can the Minister say Multanovas have been a success when those figures are increasing?

Mr DAY: I indicated there were problems in some areas; for example, for motorcyclists and pedestrians. The increase in population and also increasing activity in the economy would normally be expected to have an impact on the rate of hospitalisation. Overall in the metropolitan region the record is a lot better than it has been in country regions.

Mr RIEBELING: Random breath testing had a major impact on the drink driving figures, and that could be claimed as a success. The Minister can work the figures to say there is an improvement in one area but that overall there is not. Multanovas have not produced the dramatic results some sections of the Police Department are claiming. Does the Minister know how much revenue is raised from Multanovas? A massive amount of money is being collected and it is being used as a revenue base. The Minister would have seen some of the locations of the Multanovas. If they are there to save lives, I will go he. They are positioned in 60 kilometre per hour zones that are linked by 70 kmh zones. How is that a safety issue? It is a fundraising exercise.

Mr DAY: I came through one this morning on Great Eastern Highway in West Midland, right next to a crosswalk for Governor Stirling Senior High School. I did not have any problem with the placement of that. Although there is a lot of traffic there and generally it travels pretty slowly, it is a high risk area and there are many pedestrians there.

Mr FALCONER: Someone alluded to the upsurge in pedestrian deaths last year from 29 to 46. One of the reasons for those deaths is that motor cars travelling at 10 kmh or 15 kmh above the speed limit, often in built-up areas, come into contact with a fragile human being. If the pedestrians, cyclists and motorcyclists who were killed last year had come in at par, the number of people killed who were drivers or passengers in motor cars would have been down on the year before. We had a shocking year last year: This time last year 96 people had been killed; at the moment the figure is 78, which is 18 fewer than last year and running on par with 1995.

Speed is a killer. That is well accepted and well known. The Minister mentioned the committee that involves people from the Road Safety Council in the placement of speed cameras. The Police Service is measuring the number of cars going past cameras at 10 kmh or more in excess of the posted speed limit. Less of that is occurring; people are slowing down. Victoria and New South Wales learned that it takes time to change driver behaviour with speed cameras; in other words, to slow people down. We must stick to the strategy. The three key issues that must be addressed are seat belts, speed, and random breath testing. The fact that many people, including a member of Parliament in this place, believe these are money making endeavours is offensive to traffic police who attend crashes and who must tell people that their loved ones have been killed or crippled. Those officers are genuinely trying to stop people in this State and elsewhere killing and crippling one another.

A recent Council of Australian Governments survey showed that more people in Western Australia than in any other State admitted drinking and then driving and admitted to regularly travelling at 10 kmh or more over the speed limit. This tells us that our road users in particular must adjust their driving behaviour. There is some evidence of that occurring. The RBT system is more readily accepted. Fines for speeding will soon double - and rightly so, because Western Australia has the puniest fines in the country. This State has a weird beast called an extraordinary licence, which means that people who lose their licence for various reasons, particularly drink driving, can get one that allows them to drive to work.

Mr RIEBELING: That is mainly because the penalty imposed on those who need their driver's licence for their livelihood is greater than the penalty for those who do not. We know that is the case.

Mr FALCONER: This is the only jurisdiction that has such a thing. The lesson in jurisdictions overseas and on the eastern seaboard of this country which has become the international benchmark for the impact on road safety is that we must stick to the three things I mentioned. Speed cameras are placed in accordance with crash rates in an area, or - this is the issue about which some people are sensitive - complaints from residents. In some areas people who live in the area but not in the street do not see it as a fair pinch. However, the people coming out of their drive or the children crossing the road call to complain about speeding motorists. We investigate and, if there is evidence of speeding in that area, a camera is put in place.

[8.50 pm]

Mrs ROBERTS: What is the income from Multanovas? The number of fatalities and accidents in the country areas has been noted and concerns have been raised with me about traffic policing on country roads. Is it correct that traffic patrol officers reporting for duty in country areas are being utilised for general station duties to the detriment of traffic duties? What is the number of traffic contacts in the past 12 months compared with the previous 12 months? Has there been a decline in the traffic vehicle kilometres in the Kalgoorlie, Norseman, Bunbury and Geraldton areas and, if so, by how much? A move has been made recently to conduct impairment tests when it is suspected that a driver has been using a drug other than alcohol. I understand that such tests include walking a straight line, touching the end of one's nose and so on. Given the significant proportion of fatal accidents where it is determined afterwards that some other substance such as marijuana, heroin, amphetamines and so on has been used, is that being considered?

One of the most effective road safety programs has been the TV campaign featuring dramatic advertisements, which were also run in Victoria. I am aware of the commissioner's comments about the Victorian statistics improving dramatically. Has that campaign been conducted as extensively in country regions as it has in the metropolitan area? If it has had a significant impact on reducing road accidents, the incidence of speeding and the use of alcohol and other substances while driving, will the Minister consider a media campaign specifically directed at country areas?

Mr DAY: The member has covered many subjects. The income from speed cameras is the responsibility of the Minister for Transport. From memory, it is roughly \$18m per annum from both red light and speed cameras. The Minister for Transport will provide more detailed information. Of that amount, one-third is directed into the road trauma trust fund for road safety advertising campaigns and other road safety initiatives. I agree that as well as an effective enforcement regime we need an effective continuing education program. Whatever can be done to further road safety advertising in country regions should be done.

A Road Safety Council has been established. The primary ministerial responsibility for the coordination of road safety was transferred from the Minister for Police to the Minister for Transport last year, but I still have a strong interest in the area. Members are represented on that council, and I have no doubt that it will give attention to road safety campaigns in country areas.

I share the member's concern about the influence of drugs other than alcohol. I suspect it is a hidden issue to some extent. As a member of the select committee on road safety during the last Parliament, I went to the United States and was interested to see the so-called drug recognition expert program run by the Los Angeles Police Department. About 300 officers are given extensive training in recognising the effects of drugs other than alcohol. While some work is being done in Western Australia, I am sure more can be done in relation to prosecuting people for the use of drugs other than alcohol while driving, and I am also sure that more will be done.

I would like to see policing of traffic issues in country areas given a higher profile. The commissioner might like to comment. There is the problem of very large distances. I am sure the police do what they can, but I would like to see greater use of speed cameras and other forms of enforcement in those regions, because we have major problems with accidents and serious injuries in those areas.

Mr FALCONER: Some traffic police will be used for general duties if there is an urgent need and something takes precedence. It should not be, nor is it intended to be, to the detriment of traffic policing. Police in the towns who previously did not do traffic work are now required to do it.

If we look at the overall measurement in any district in terms of how many traffic contacts and bookings have occurred and how many kilometres have been travelled on traffic patrol, that is another issue. We are struggling with a form of tribalism in the WA Police Service. The hierarchy went from CIB work, which was at the top, to traffic duties second, to general duties third and civil duties came last. In trying to break down that structure and getting people to work as a more cohesive team, some problems have arisen. Some traffic officers are aggrieved because they perceive themselves as specialists and they are being required to undertake work normally done by general duties officers. The district officer, depending on the needs in his area of responsibility, can deploy his personnel as he sees fit at the time. Sometimes I would be very surprised if we did not have general duties police officers working on a

traffic blitz with the traffic officers, and the reverse will apply. However, that should not be to the detriment of traffic law enforcement in that part of the State.

Speed cameras are not the only devices used. We have hand held radar guns - we have recently purchased more, tripods with laser beams and car mounted devices.

Mrs ROBERTS: Perhaps I can get the other answers as supplementary information. I am aware of the concerns of police officers in changing from one system to another; change is often difficult for people to accept. That is why I have asked the other questions; that is, to determine whether there has been a decline in the vehicle traffic kilometres, particularly in the Kalgoorlie, Norseman, Bunbury and Geraldton areas. I also want the comparison of traffic contacts over the past 12 months and the 12 months prior to that.

[9.00 pm]

Mr DAY: For what period?

Mrs ROBERTS: It could be a comparison of two years, from 1995 to 1996.

Mr DAY: We are happy to provide that as supplementary information as long as it does not take an inordinate amount of time for officers to extract it.

Mrs ROBERTS: It is important given the concern about the proportion of accidents in the country. Claims are being made - I do not know whether they are true - that fewer traffic kilometres are being travelled in country areas and fewer contacts are being made. If that is not true, we must dispel the claim and take it off the list of reasons for accidents in country areas.

Mr DAY: Having visited Eucla and Norseman stations a few weeks ago, I found that officers were certainly talking to a large extent about the number of patrols they did.

Mrs ROBERTS: A number of references are made throughout the budget papers to fuel immobilisers and fleet management. They start on page 737, where we note that vehicle immobiliser subsidies have gone up from \$1.1m to \$2.25m. References are also made on pages 742 and 749. Reference is also made to the fleet management of the Police Service on page 747. How many Police Service vehicles are fitted with government authorised immobilisers? How many Police Service vehicles are taken home over a period of a month? How many of those vehicles are fitted with government authorised immobilisers and, when they are not in use, are they parked in an unsecured area?

Mr DAY: We can endeavour to provide that as supplementary information. Most vehicles manufactured in Australia in the last four years or so, which would include most vehicles used by the Police Service, have immobilisers incorporated in them. Not too many vehicles older than that would be in the Police Service; in other words, the overwhelming majority of Police Service vehicles would have immobilisers.

Mrs ROBERTS: That is the immobiliser provided as part of a new vehicle and not a government authorised immobiliser which is being funded?

Mr DAY: That is entirely normal. We are not suggesting that anybody who has a current model Holden or Ford with an immobiliser installed in it during its construction should go and get another one fitted. That is not our intention.

Ms MacTIERNAN: I am aware that police in the Armadale area are very sensitive about Multanovas in residential streets and will not install one unless they receive letters from their local member confirming that there is a strong residential demand for it. The comments made by the member for Burrup perhaps apply to some of the more major thoroughfares. Do you have figures on the number of drivers' licences that have been lost through points accumulation over the last few years since the introduction of Multanovas? When we devised the system of 12 points over three years in a pre-Multanova environment, the prospects of losing a licence were reasonably slim but now there seems to be an increasing incidence, even though people's habits have not changed. Maybe we need to look at changing the points system if there has been a vast increase in the percentage of people losing licences on points accumulation.

Mr DAY: We can provide as supplementary information figures on how many people have lost their licences for that reason. For what period does the member want them?

Ms MacTIERNAN: If we look at a year or two prior to the introduction of Multanovas and at the incidence since the introduction, I would be satisfied.

Mr DAY: If the information is reasonably available, we will provide it.

Ms MacTIERNAN: Have any concerns been raised on this subject?

Mr FALCONER: No, not to my knowledge. I was the chairman of the traffic board until it became the Road Safety Council. That issue was never raised on the traffic board. I was one of two police representatives on the board. One of the concerns raised was the number of people who had lost their licences and continued to drive, because some years ago in this State, as in most other States, the penalty for driving while disqualified had to be a mandatory sentence, even if people got three days' imprisonment.

When it was removed, as it was in this jurisdiction, the feeling of traffic police in particular was that some people were prepared to take the risk. Nobody has ever raised the point to my knowledge, until now. Is the member saying that because people are more likely to be booked for speeding, we should allow them a few more points?

Ms MacTIERNAN: Obviously we determined 12 points for three years as a reasonable deterrent, given the probability of being caught at that time. Given that the probability of being caught has increased quite substantially, it may well be that if massive numbers of people are losing their licences, we should look at it.

Mr FALCONER: Some statistics are available about people who have lost their licences. I am not sure whether they can be broken down into those who have lost them on demerits based on speed cameras.

Ms MacTIERNAN: I do not think they could be. Could we have the figures based on demerits?

Mr FALCONER: We will give whatever is available. The licensing services under the Minister for Transport certainly have statistics and so does the Ministry of Justice. We could attempt to combine them. At one stage because of the fines management in other systems, 40 000 Western Australians had their licences cancelled.

Mr DAY: I think in Victoria they have a system of double or nothing. If a person gets to 12 points, he can make the choice of either losing his licence for three months without any possibility of an extraordinary licence or keeping his licence on the condition that if he gets another two points or more in the following 12 months, he will lose his licence for six months. In other words, people do not have to lose their licence but they do have to make the decision to drive responsibly over the next 12 months. It was suggested as a possibility. Does the member for Armadale think that would be worth considering?

[9.10 pm]

Ms MacTIERNAN: That is an interesting proposition.

Mr FALCONER: I do not think that applies in Victoria. In Victoria if one exceeds any speed limit by 30 kilometres an hour one automatically loses one's licence for one month. Western Australia is doubling its fines. It is a great idea. I am not in favour of giving people extra points. As long we are killing and maiming our fellow citizens at a cost of \$1b a year we need to straighten out our motorists.

Mr RIEBELING: One or two years ago there was a lot of publicity about corporate groups not paying Multanova fines, and a number of government departments featured strongly in abusing the Multanova system by speeding and not paying the fines. Does that problem still exist and if not how was it tackled?

Mr FALCONER: It exists to a reduced degree with government and other related agencies. However, for hire cars, many company cars and motorcyclists who go through with a single finger salute or baring their bottoms, the simple solution is owner onus. I have recommended that.

Mr RIEBELING: I have been caught speeding a number of times driving hire cars and I get the bill.

Mr FALCONER: Many companies take a laissez faire attitude because there is no obligation on them. They plead some form of ignorance or say they cannot read the writing on the hire documents. It is an offence but the penalty is so minuscule it is not worth the clerical effort to proceed. The answer is owner onus. The infringement should go to the owner and he either accepts it or says who it was.

Mr RIEBELING: On page 742 a major achievement is a 2 per cent improvement in the clearance rate for offences against the person. I presume that relates to assaults. What proportion of assaults in this State relate to domestic violence? It also states that the clearance rates for offences against property improved from 19 per cent to 21 per cent. What is the target that the Minister and the Commissioner of Police are looking for with property offences? The general public would think 21 per cent is low, although it may be comparable with the rate around the world. Also, why has there been a reduction in the rate of reported offences against property? Does that indicate that the offences are dropping or that people are not reporting offences as they consider they will not be solved?

Mr FALCONER: I cannot say what number of the assault offences might relate to family or domestic disputes. Offences against a person include homicide, robbery, armed robbery, common assault, serious assault, assaulting a police officer, indecent assault, sexual penetration, aggravated sexual penetration and deprivation of liberty. It is a range of offences on a human being. Overall, 82 per cent of those crimes are solved, hence the target of increasing

that clearance rate by 2 per cent. Eighty-two per cent is a good result by national or international standards for people crime. I do not believe a large number of those crimes would be as a result of reported assaults from domestic disputes. However, I am not sure whether we could draw that figure out of the overall statistics.

Mr RIEBELING: For instance, with domestic assaults, if a husband hits his wife the police know who committed the assault. Assaults against police are usually committed in the course of an arrest. I presume that offences like rape and armed robbery are the hardest in which to identify a perpetrator. What is the clearance rate for those crimes where the perpetrator is not immediately identifiable?

Mr FALCONER: No breakdown is available on that. The overall clearance rate for rape - that is, aggravated sexual penetration - is 97 per cent.

Mr RIEBELING: That is excellent. Is the improved clearance rate on property crime of 21 per cent comparable to the Australia-wide rate?

Mr FALCONER: It is a little below par for property crime. One of the problems is the insolvability of much of the crime that is reported. We have no clues, no forensic evidence and no direct information. One way we are making inroads is through Crime Stoppers. That program has gone statewide and we are receiving many calls. It is not a matter that people do not report crime; they report burglaries. However, those people who had suspicions that somebody was in possession of stolen goods did not telephone us. Crime Stoppers is of some benefit there. We have difficulty with house burglary, and motor vehicle theft, where the cars are abandoned. Having said that, the incidence of motor vehicle theft is decreasing. The motor squad has had good results. We hope that the use of immobilisers, particularly for the 1980s V8 model Commodores and Fords that are popular targets for theft, will have an impact in reducing the rate.

Mr RIEBELING: To what do you attribute the lower rate of reported offences against property? Have the changes to the second hand dealers legislation had an impact?

Mr FALCONER: They may have. One of the things I said to the previous Minister, and I mentioned to the current Minister today, is that if one takes into account the high level of crime in victim surveys that does not show itself in reported crime statistics, and if the standing of police agencies rise - as ours did this year - and with increased access and availability through mobile policing facilities, there is a good chance reported crime will rise. The incidence of crime may not have risen, but reported crime may rise markedly. A recent survey in New South Wales revealed that only 57 per cent of robberies in that State are reported to the police. It is astounding.
[9.20 pm]

Mr RIEBELING: The dot point to which I am referring says that it is decreasing.

Mr DAY: It can be explained by the effect of the pawnbrokers legislation. It is now much harder to sell stolen goods.

Mrs ROBERTS: The second last dash point on page 743 of the Budget Statements refers to the use of local media to promote crime prevention and traffic initiatives in addition to providing a balanced view of safety and security issues. One safety and security issue which has received media attention concerns a serial rapist. Will the Minister advise why the police failed to advise the public about the serial rapist? How can the public, particularly females, protect themselves unless they are aware of the threat and the circumstance in which these offences occurred? Is the failure by police to advise the general public of matters concerning their safety a new policy? If so, will the policy continue and who is responsible for that policy decision?

Mr DAY: The timing of advising the public of the existence of a particular offender is entirely within the province of the Police Service.

Mr FALCONER: The Police Service now has evidence and it is something which investigators do not wish to publicise. It became a media issue which was not of our choosing. It did nothing but alert the perpetrator, who will obviously become more aware when he reads the chain of events. He will be able to work out that forensically it has been found he is leaving his fingerprint - I mean this notionally, not literally - on those crimes. He may then change his modus operandi and reduce the chance of his being caught. The Police Service is talking publicly about defensive living practices. We are saying that there are predators in the community and people, particularly women, must take steps to protect themselves in an attempt to reduce the likelihood of becoming a statistic of crime. In this case we have interconnected a series of events and that adds no value at all to the notion of people being able to protect themselves from offenders. The Police Service is constantly saying that there are predators in the community and other human beings are their prey and there are things people can do to protect themselves. If a person does become a victim of crime the police are advising that certain steps must be followed.

Mrs ROBERTS: My question has not been fully answered. Recently there has been a lot of publicity about the girls who went missing from Claremont and what women should do when they are out alone. I have had an enormous amount of feedback from women who have told me that had they known that a serial rapist was on the loose in Perth they would have taken greater precautions. Since that publicity they have told me they are taking greater precautions; for example, when they are home by themselves they lock up.

The policy which has been adopted on this occasion is quite different from what we have experienced in the past when there have been known serial rapists, murderers or other offenders on the loose. Previously, the public has been warned. The only publicity we have had in the last six to 12 months has been that if people are out at night they should take certain precautions. The commissioner has a valid point when he says that people should be on the alert all the time because Perth is a big place and there are potential offenders in the community.

I have not been told whether there has been a change in policy. Has it been determined that it is better for the police to know everything and women should be on the alert all the time and should not be made aware of a serial rapist stalking people in the suburbs? Previously, when an offender has been on the loose the public has been alerted and the offender's modus operandi has been made known. The police appear to have changed their policy and I would like to know when the decision was made to change it. If it is not a new policy decision, is this a one-off circumstance? If the police do not want to give away too much detail on the offender's modus operandi, surely there could have been a media release to advise the public that a serial rapist was on the loose and they did not want to release the detail. Women believe that in this instance they had a right to know.

The CHAIRMAN: The member for Midland, by her own words, was discussing what she believed is a change in policy. I will not give a ruling, but will refer the question to the Minister and if he chooses to answer it or ask one of his advisers to answer it, I am happy to accommodate him. Bearing in mind the lateness of the hour, I ask members to give a page number, the item and the division because it would assist the committee to get through all the questions by 10.00 pm.

Mr DAY: As far as the alleged offender is concerned, one of the attacks occurred in Kalamunda which is in my electorate. The attack received a lot of local coverage at the time. Attacks in other areas have received local coverage. I am not sure it makes a great deal of difference whether it is a serial offender or a number of offenders. The commissioner has already said that everyone in the community, particularly women, need to be prepared to defend themselves against such an attack. There are people in the community who have the propensity to undertake these criminal activities and people must take precautions at all times. Publicity was given to the individual attacks at the time.

Mrs ROBERTS: It did not happen only in Kalamunda. It happened throughout the metropolitan area and it was not right to warn only the people in Kalamunda.

Mr DAY: I gave the example because I know what happens in my electorate. Publicity was given elsewhere.

Mr FALCONER: This is not about a policy decision. It is an investigative decision by the person in charge. Firstly, there was a series of crimes which appeared to be unrelated. Secondly, by some means, which I will not disclose publicly, we have been able to tie those crimes together. Each case was given publicity. We did not want to advertise to the perpetrator the fact that the crimes had been interconnected because that person might completely change his modus operandi. It adds no value to the community's reaction to the crime. There was no specific information to give. It is no good saying that a person with a green skirt and a red top will be the target for the perpetrator. It has nothing to do with that at all. It is not about a policy and it is not about a change. There has been little evidence of this type of serial crime in the past because we did not have the techniques and the technology that we now have to connect them. We would have had four, five or six rapes among the 400 that occurred last year in this State that we did not know were interconnected. It is not about a policy. Thankfully, these things do not happen very often.

[9.30 pm]

Mr BARRON-SULLIVAN: I refer to the second core function on page 742. The fourth and fifth dot points refer to a number of crime prevention strategies and various programs. Does the Police Service have a strategy or approach towards the local ranger or local security services that are being considered or implemented by a number of local authorities? I refer to the Bayswater example.

Mr DAY: I know there is a bit of interest in local security patrols by a number of local authorities. As has been said many times, the police can do their jobs effectively only if they have the assistance of the community in providing them with information. The local government security patrols are an extension of that community involvement in watching what is going on at a local level and providing the police with information about suspected offenders or other problems. It is a matter of extending Neighbourhood Watch or the Business Watch program.

Mr FALCONER: An issue which arose at the Community Policing Crime Prevention Council last week - that represented every district in the State - was that some municipalities are interested in picking up on this concept. Our advice is the current trial is being monitored and needs to be evaluated.

Ms MacTIERNAN: Which trial are you talking about?

Mr FALCONER: The Bayswater one. The irony there is that Assistant Commissioner Kucera, who is the metropolitan regional coordinator, has pointed out they are predominantly patrolling at night and already some of the surveys in the area indicate people feel much safer. The reality is that the burglaries in that area are predominantly daylight burglaries. That is happening in a lot of dormitory-type suburbs, because people are out all day. If people are feeling safer and more secure at night, albeit crimes are not being committed, that is a matter for the community and the local government authority. The important thing is that it is legitimately evaluated, that there is a cooperative venture - in this case there is - and that these people do not start operating independently of the traditional law enforcement agency.

We have been developing with the private security industry in general proper relationships and not considering them as a competitor. We liaise with them. The patrolling units are being encouraged not to overstep their authority, which is minimal, but to act as the eyes and the ears of the police and to contact them. The feedback is that that aspect is working well. Some other people are interested. We cannot and should not resist this type of thing. It is a matter between local government and the State Government. There is no doubt that private developers who build new houses will provide some type of private security in that area. It is important that those people are properly selected and trained, have a code of ethics and a complaint mechanism, and liaise properly with us.

Mr BARRON-SULLIVAN: I am delighted to hear some positive comment and that the Police Service is monitoring it. I refer to the funds provided to the volunteer sea search and rescue groups. There are two amounts including grants totalling \$255 000 and association grants totalling a much smaller amount of \$10 000. Can I be provided with a detailed breakdown of the \$255 000 allocation for 1997-98?

Mr DAY: The volunteer sea search and rescue groups which exist around the coastline of the State make an extremely important contribution in assisting the sea-going community. They have been involved in some very significant and difficult rescues over the years. The time and effort and, in many cases, financial support that is provided by the volunteers is appreciated. I will provide a breakdown of the \$255 000 as supplementary information.

Ms MacTIERNAN: I refer to the core functions listed on page 750, although I am not sure whether the question I want to ask falls directly into this area. I want some clarification on police escorts. The police currently are required to escort heavy haulage vehicles that are over 5.5 metres in width. I understand that a proposal is being considered and being driven by Main Roads on representations made by the vehicle escort agencies to change those rules to permit private escorts for vehicles up to 6 metres in width. Many representations have been made to me about that. There is a great deal of concern by the heavy haulage industry and the drivers that people do not respond to private escorts in the same way they do to police escorts. They feel this will compromise their safety. What input have the police had into the decision on this matter and what is their view about the way it will compromise safety?

Mr DAY: This matter is primarily the responsibility of the Minister for Transport. I am aware that a consultative committee was established, I presume by the Minister for Transport, and the industry was represented on that committee. I understand also that there was general agreement that private contractors should be able to escort loads up to 6 metres in width. I know a small section of the industry is not happy about that arrangement. As I said, representatives of the industry were on the committee and most of the industry is accepting that change. There was police involvement on the committee and the police are happy with the change.

[9.40 pm]

Mr FALCONER: It went through the Road Safety Council and was being debated by the previous traffic board. Initially, the escort people, or private agents, were able to escort loads up to a certain size. When they exceeded that size the police were involved. After that two tier structure was in vogue for a while, a proposal was made which went before the traffic board and then the Road Safety Council. I am not sure of the outcome but it was intended to move to a fully privatised system. In other words, it was perceived that it was unnecessary for the police to do a small number of large loads, and if the others could be safely escorted by the people with yellow lights and signs, the same could apply to the bigger loads.

Ms MacTIERNAN: The Minister should be aware there is a major problem with the consultative committee. Representatives from the heavy haulage industry were appointed to that committee but, unfortunately, they were not invited to the meetings and were not in attendance when these decisions were made. Perhaps the commissioner can comment on this point. The real concern from heavy haulage drivers and companies, who have no vested interest, is that the public does not respond in the same way to private escorts as it does to police escorts. Have the police

commented on that? I note the commissioner often refers to national standards, and it is odd that Western Australia is moving away from the national standard. I understand the National Road Authority embraces a maximum width of 5.5 metres for private escorts.

Mr FALCONER: I cannot comment on all those details. I know the police had input, and I am not sure of our position at the end of the day, other than the fact that we were not vehemently resisting the proposal. I was not aware the heavy haulage people were not at the meeting. This is not a direct handball, but it was under the Minister for Transport because the Road Safety Council is in his bailiwick.

Ms MacTIERNAN: I am concerned about Western Australia moving away from the national standard.

Mr FALCONER: The Minister advises that Peter Rottway, our superintendent from traffic, has been our representative on most of these committees, was in that group and accepted the proposal.

Mr DAY: I went to a briefing organised by the Minister for Transport a couple of months ago and representatives of the industry were at that briefing. They had been involved on the committee and certainly they did not say they had not been advised when meetings were being held. The police representative was very happy with the outcome. It is a matter of police resources being better utilised in other areas, and also the use of private escorts for heavy haulage contractors represented a reduction in costs. They saw it as a positive move and I was not aware of any widespread concern by the public about accepting non-police escorts.

An accreditation package was being put in place to ensure escorts are properly qualified and receive appropriate training. Perhaps that is an issue members opposite could pursue in the Legislative Council with the Minister for Transport.

Ms MacTIERNAN: I am aware that is the theory.

Mrs ROBERTS: I refer to the regional structure detailed at page 738. I am aware the Minister has been asked two questions without notice about the estimated actual FTEs in 1996-97 compared with the estimate for 1997-98. The previous answer from the Minister seems to indicate there will be approximately 181 fewer FTEs in the metropolitan area. He said that is because the number of recruits has decreased. What reduction in the number of recruits impacts on this figure?

Mr FRAME: The figures in the papers include the staffing allocation for the Police Service based on an apportionment of corporate services FTEs and costs. In addition, probationary constables are primarily allocated to the metropolitan region for the duration of their probationary period.

Mrs ROBERTS: How many probationary constables were included in the figure of 2 425 for 1996-97 compared with those included in the 1997-98 figure of 2 244?

Mr FRAME: I will answer the question from the perspective of the increase in the number of FTEs allocated to the metropolitan region, as a result of the 500 civilianisation program. An additional 213 positions were allocated to the metropolitan region under those programs. I do not know whether that answers the question.

Mrs ROBERTS: That makes it more perplexing. On the previous page the number of FTEs for 1997-98 is 6 399. The figures seem to indicate 181 fewer police in the metropolitan region. You are saying it is partly because of the apportionment from corporate services and partly because of probationary constables. The Minister has previously said the number of recruits at the academy was included in the figure, and because of the 500 plan there were additional recruits in 1996-97. Obviously, there are not the same number of recruits this year and I want to compare the number of recruits from one year to the other.

Mr DAY: That detail will be provided as supplementary information. In a normal year, to cover the attrition rate, between 200 and 250 recruits are taken in. Anything over and above that relates to the additional number needed for the 500 program. Of the reduction of 181, it would be true to say they could all be recruits who are moved from the academy and the metropolitan region into other regions. That includes the crime operations area and the traffic operation and support areas, many of which are in the metropolitan region.

Mrs ROBERTS: I would like a breakdown of the categories for the 2 425 in 1996-97 and the 2 244 in 1997-98. How many detectives are employed?

Mr DAY: That will be provided as supplementary information.

Mrs ROBERTS: I want to know the staffing and funding levels of the alcohol and drug coordination unit, the child abuse unit and the official corruption unit for 1996-97 and 1997-98.

[9.50 pm]

Mr DAY: We will not know next year's allocation for another month or so, but we can provide the figures for 1995-96 compared with those for 1996-97.

Mrs ROBERTS: You do not know what the staffing or budget is for those units for 1997-98?

Mr DAY: The internal budgeting process for 1997-98 is still being determined.

Mr MacLEAN: The Police Service spends approximately \$700 000 on the resettlement of police officers. However, there is a reluctance by married officers to move to small country areas. Could this be due to the standard and cost of the Government Employees Housing Authority accommodation that is provided to those officers? What measures has the Police Service put in place to try to overcome these problems? What are your thoughts about the GEHA program?

Mr JONES: Over the past two years the Government Employees Housing Authority has actively leased new accommodation and sold off its aged accommodation. A substantial stock of houses must be addressed. Through local management by divisional policing officers we have been able to obtain some of the better stock that is available from the existing GEHA accommodation. However, that is not to say we have a solution to housing problems in all towns throughout the State. Realistically, the program will take some time to be effective in turning over the stock of aged accommodation. However, it is actively benefiting the Police Service at this stage, with the terrific growth of police officer deployment to country regions. That has been particularly effective in the north.

Mr FALCONER: I have recently been to the Kalgoorlie region and I suspect there is another issue. I do not think the difficulty in getting officers into country areas relates only to housing; there are cultural and marital issues. Police who have worked in the metropolitan area, particularly newer police, are somewhat reluctant to go to smaller country areas. Interestingly, I encountered some officers recently who went to the country with some reluctance, but a stick of gelignite would now be needed to get them out of the town. They do not want to return to the metropolitan area.

It is not peculiar to this jurisdiction that some officers, who are mostly men, have spouses with a career. There are not many Aherns stores in Wiluna or even larger places if one is a buyer for Aherns. I suspect that in the future we could have a problem. However, regional country commanders are addressing recruits, whose average age is 26, while they are trainees in the metropolitan area about the benefits of country living and country policing. Some commanders are talking about having a video made of their area. The Police Service is going onto the Internet and people have suggested having a page that promotes country regions to encourage people to take an interest in going bush. I do not think the issue is all about housing; it is a bigger issue.

The converse applies. People in the country have said to me that they do not want to go back to the city. For the long term development of the service and the cross-fertilisation model that we want to work towards, that might not be a good thing. If we allow people to permanently stay in the country, they lose touch with many policing issues and organisational changes as a result of remoteness. It is healthy for them to come back for a tour in the metropolitan area and face some of the issues taking place here.

Mr MacLEAN: You mentioned family matters; does the service have counselling services or some other service to acquaint spouses with country living? As you said, if someone had a particularly high profile job in the regional town, he or she would not want to move to a small town.

Mr FALCONER: We recently starting doing that. We talk to people who want to join the force at the academy with their partners before they are recruited. We talk to them about a range of demands, including the potential to be posted at some stage to the country.

Mrs ROBERTS: The first point on page 746 refers to the drafting of a new Police Service Bill and regulations incorporating professional standards. Has a draft of the new Police Service Bill been completed? If so, who has a copy of the draft, and can I have a copy?

Mr DAY: No, it has not been completed. I have not seen a copy yet, but I expect full public consultation will occur at the time, and the member for Midland will be included in that process. It is being worked on at the moment.

Mrs ROBERTS: Further on the legislative program, the Minister will note that an undertaking was made, among a number of references, on page 29 of the law and order document of the coalition to produce surveillance devices legislation and regulate the use of listening, surveillance and tracking devices. It says that Cabinet has already approved the drafting of legislation to implement the recommendations of the committee to review the Listening Devices Act. When can we expect to see that legislation in Parliament?

Mr DAY: The surveillance devices legislation will replace the Listening Devices Act. The drafting is pretty well complete and consultation is taking place with the Anti-Corruption Commission and the Ombudsman. I hope it will be introduced this year, although I cannot be any more specific than that at this stage. Other legislation is being

worked on at this moment, specifically the control of weapons legislation for which Cabinet has approved drafting. We are giving that a high priority to deal with some of the problems of lethal weapons other than firearms in existence on the streets which are used in armed robbery. We are keen to introduce that legislation.

Mrs ROBERTS: Will the surveillance legislation we referred to include camera surveillance, the use of which is currently widespread and unregulated?

Mr DAY: Yes. It would include appropriate procedures for the use of camera surveillance devices. We will provide supplementary information to confirm that matter. I understand supplementary information is required to be provided in one week, and a large amount of supplementary information has been requested. I give an undertaking that every endeavour will be made to provide it within one week, but if that is not possible it will be provided as soon as possible thereafter.

Committee adjourned at 10.00 pm
