



WESTERN AUSTRALIA

Parliamentary Debates

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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

Wednesday, 27 May 1998

Legislative Assembly

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ESTIMATES COMMITTEE A

The meeting commenced at 9.00 am.

THE CHAIRMAN (Mr Baker): 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 the member 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 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 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 estimates of expenditure will be restricted to discussion on those items for which a vote of money is proposed. I remind members that we are dealing with the estimates of expenditure, and that should be the prime focus of this committee.

While there is scope for members to examine many matters, they must 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 question and the estimates. It will 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 are asked and answered, and that both questions and answers are short and to the point.

The Minister may agree to provide supplementary information to the committee, rather than ask that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the Minister to clearly indicate to the committee which supplementary information he or she agrees to provide. Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the Minister to cooperate with those requirements.

Division 3: Premier and Cabinet: \$89 515 000 -

[Mr Baker, Chairman.]

[Mr Court, Premier.]

[Ms F.B. Roche, Acting Assistant Director General, Public Sector Management.]

[Mr M.C. Wauchope, Director General, Ministry of the Premier and Cabinet.]

[Mr S. Wood, Deputy Director General, Ministry of the Premier and Cabinet.]

Dr GALLOP: I refer to management of matters of State at page 939 of the Budget Statements. Was it government policy to support the Sorry Day yesterday?

Mr COURT: The Sorry Day issue was discussed at Cabinet, and both the Minister for Aboriginal Affairs and I were supportive of reconciliation day and said we would sign the Sorry Book. On the question of whether the Government was supportive, it was regarded as a matter for individuals to make their own decision.

Dr GALLOP: The Premier cannot do that. Ministers Parker, Hames and Day were at the front steps of Parliament House as Ministers of the Premier's Government. That implies the Government must have been supporting it.

Mr COURT: The Government has supported all the events of Reconciliation Week and individual members were left to make their own decision about signing the Sorry Book, as should be the case.

Dr GALLOP: Did the Government of Western Australia support Sorry Day?

Point of Order

Mr MINSON: I am here this morning to discuss budget estimates. This is an opportunity for opposition members in particular to scrutinise the Budget. There are plenty of opportunities on which to raise these very political matters that do not relate to the Budget. I ask you, Mr Chairman, to ask the member to cease this questioning.

The CHAIRMAN: I uphold the point of order raised by the member for Greenough.

Committee Resumed

Dr GALLOP: The Chairman is an absolute disgrace. He has come into this Chamber to protect this Government. It is absolutely clear from page 939 -

The CHAIRMAN: Order! The question does not relate to an item of expenditure. The Leader of the Opposition will come to order.

Dr GALLOP: The Chairman is not in order; he is a disgrace.

The CHAIRMAN: I formally call the Leader of the Opposition to order for the first time.

Dr GALLOP: Has the Premier expended any money on Sorry Day on behalf of the Government of Western Australia?

Mr COURT: I cannot answer that specific question. No doubt, within some areas of government there has been some expenditure.

Dr GALLOP: Therefore, I assume in relation to page 939, this matter was considered by Cabinet. Ministers turned up at the event yesterday on behalf of the Government of Western Australia. I ask again: Was it government policy to support Sorry Day yesterday?

The CHAIRMAN: Order! I have already ruled on this issue. A point of order was raised by the member for Greenough, and I ruled that the question is out of order because it does not directly relate to any item of expenditure.

Dr GALLOP: That is unbelievable. What a mean spirited Government, what a pathetic Government.

The CHAIRMAN: The Leader of the Opposition will come to order.

Mr MINSON: I have received many queries from my electorate, and I am interested to know what benefits will flow to ordinary Western Australians from the expenditure of \$100m on a convention and exhibition centre. Perhaps the Premier will allude to why the private sector was not asked to do this rather than funds being allocated from public expenditure.

Mr COURT: Convention and exhibition centres have been built in all the major capital cities in Australia, apart from Perth, and that has restricted WA's ability to attract major conventions and exhibitions. There has been a push by the tourism industry for some years for dedicated facilities to be provided, preferably in the heart of the city. The Burswood organisation has substantial facilities and for some years it has said it will expand those facilities but, to date, that has not happened. Studies indicate that there would be a benefit of more than \$2b over a 10 year period if appropriate facilities were in place. The main thrust is to make sure that this State is not permanently left out of the convention/exhibition circuit for the larger functions. Because of Perth's proximity to South East Asia, it is seen as a good location for many of these larger conventions. Those members who attend functions on a regular basis will know that as the years go by, in this State people try to squeeze these conventions into inadequate facilities. It is something very much for the tourism industry and also for the future employment opportunities in this State.

[9.10 am]

Mr MINSON: The other part of the question relates to the private sector's capacity to provide such a centre. Was the private sector approached to do that?

Mr COURT: The most logical group to build the facilities are the Burswood Casino people. They have the basis of being able to put in the suitable facilities. We have had a proposal from some private sector operators wanting to build very large scale facilities, and there has been a request for a second casino licence associated with that. The Government has not been prepared to go down that path.

The private sector will not build a dedicated exhibition-convention centre facility because these operations run at a loss. It is no different from building a theatre or the cultural centre at Mandurah. The proposal is to call for expressions of interest and to see just what sort of concept the private sector is prepared to build with the Government. As I said, it is completely open; however, when the proposal comes back it may be that a developer may build a theatre, sporting facilities, etc in return for a major investment which would include a provision for conventions, exhibitions and retail outlets. The Government has a completely open mind. We will see the proposals that come in from the private sector. Our preferred position is something that is largely owned and operated by the private sector, but the State may have ownership of some of the facilities in accordance with the moneys that go into it.

Dr GALLOP: I refer to the second output covering management of matters of State on page 939. I go to the Premier on the question of Cabinet government in Western Australia. Can the Premier indicate whether the principle he has espoused on many occasions, that unanimity is required in all Cabinet decisions, is still the basis of Cabinet government in this State?

Mr COURT: Yes; it is. Members of the Cabinet do not have votes, and never have had votes inside the Cabinet.

Dr GALLOP: Does the Premier abide by the concept of collective government responsibility for the Government?

Mr COURT: Yes, we do.

Dr GALLOP: How does the Premier explain the statements on the smoking regulations made by the Minister for Labour Relations, and the fact that members of the National Party frequently go around the State attacking the Minister for Energy on the uniform tariff? Does the Government have a collective Cabinet responsibility policy, or not?

Mr COURT: This is something quite different from when those opposite were in government. We accept collective responsibility for Cabinet decisions.

Dr GALLOP: Ministers are attacking those decisions in the community.

Mr COURT: If there is to be any change to any Cabinet decisions, it is done in that way.

Dr GALLOP: The Minister for Labour Relations is saying that the only way he will stop his smoking regulations, or go against them, is if he is ordered to do so by the Cabinet. He is deliberately flouting the policies the Premier has laid down.

Mr COURT: Some regulations have gone through the proper processes. If they were to be changed, that would also have to be through that process.

Dr GALLOP: The Cabinet has discussed that matter, as the Premier has indicated during question time in Parliament.

Mr COURT: I think the Leader of the Opposition is trying to put up a hypothetical situation.

Mr MINSON: I think the Leader of the Opposition is putting forward a vote of confidence in the Budget. He cannot find anything in it to talk about.

Dr GALLOP: There is plenty to talk about. We are talking about the Budget, about the way the Premier manages the affairs of this State.

The CHAIRMAN: I call the Leader of the Opposition to order.

Dr GALLOP: There is no Cabinet government in this State.

The CHAIRMAN: I ask the Leader of the Opposition to ensure his questions relate to a specific item of expenditure and to refer specifically to the item number and the page number.

Dr GALLOP: It is on page 939.

The CHAIRMAN: What is the item?

Dr GALLOP: Management of matters of State.

The CHAIRMAN: Under which category is the specific item of expenditure?

Dr GALLOP: I am referring to the output description stated under the management of matters of State item.

The CHAIRMAN: Am I to understand that the Leader of the Opposition is relying on the general description?

Dr GALLOP: Of course I am. That has been the standard practice in these meetings all the way through. I go back to my question to the Premier: Did the Minister for Family and Children's Services, the Minister for Police and the Minister for Aboriginal Affairs speak on behalf of the Government yesterday at the Sorry Day rally.

Mr COURT: Yes. Of course they spoke on behalf of the Government. I made a point yesterday which I do not think has been properly reported in the newspaper this morning, and I will have that checked. I made a comment that I saw the name "Sorry Day" as inappropriate; not that a day of recognition is inappropriate. If the basis of the comments of the Leader of the Opposition is the way in which my remarks were reported, I advise him that I am having the matter checked out. I stand by my position that I believe the name "Sorry Day" is inappropriate. The Leader of the Opposition thinks people can get up and browbeat Australians by saying, "Today is Sorry Day; you will all say sorry" -

Dr GALLOP: I want the Premier to clarify the Government's position.

The CHAIRMAN: I ask the Leader of the Opposition to allow the Premier to answer the question.

Mr COURT: In a democracy like ours those days have gone. People can make up their own minds on this issue.

Dr GALLOP: I want to know what is the Government's position. The Premier wants it both ways. He is mean spirited.

The CHAIRMAN: I ask the Leader of the Opposition to wait until the Premier has finished his answer.

Mr COURT: I did two things yesterday.

Dr GALLOP: No. The Premier read the polls and tried to make some gain out of them.

The CHAIRMAN: Once again, I ask the Leader of the Opposition to allow the Premier to answer the question.

Mr COURT: Yesterday I did something that I normally do not do. The Government had a position. On this issue - this is a rare occurrence - I also had a personal position. If the Leader of the Opposition -

Dr GALLOP: Does that mean Cabinet members can have personal positions?

Mr COURT: Yesterday I had a family position on this issue. If the Leader of the Opposition wishes to discuss it in this meeting, I am only too happy to do so.

Dr GALLOP: I am not interested in the Premier's personal position. The Premier is in charge of running this State. What is the position of the Cabinet on this issue?

The CHAIRMAN: I will make a ruling: The Premier has already answered that question. The Leader of the Opposition is becoming somewhat repetitious. The Premier also indicated that there was no expenditure on yesterday's Sorry Day.

Dr GALLOP: He did not indicate that at all. He did not say that at all.

The CHAIRMAN: I ask the Leader of the Opposition to relate any questions he may have directly to specific items of expenditure. I call for any further questions.

Mr TRENORDEN: For the first time today I would like to get down to the Budget.

Dr GALLOP: The Government spent no money on Sorry Day.

The CHAIRMAN: The Leader of the Opposition has had a fair opportunity.

Mr TRENORDEN: I point out to the Leader of the Opposition that I have been in this place for 11 years and I have been through a few Estimates Committee hearings. I was part of the Opposition for seven years. During that time we carried on like pork chops at these hearings as well and we got ourselves nowhere at all.

Dr GALLOP: Have you become a statesman now?

Mr TRENORDEN: No.

Mr MINSON: That is more than you will become.

Dr GALLOP: Do you agree with the uniform tariff policy?

Mr TRENORDEN: No; I do not. I was amused by that statement.

Dr GALLOP: It is good that someone is backing us up.

Mr TRENORDEN: I do not believe in the current stance being taken. I refer to page 767. It is important that we talk about the significant trends outlined. I wish to hand out a big congratulations to Treasury and the Treasurer for allowing a major change to the way in which these accounts are delivered, in particular, on the bases of accrual accounting and program management.

The CHAIRMAN: Can the member for Avon confirm which page he is referring to? We are currently dealing with division 3 which commences on page 935.

Mr TRENORDEN: In that case, I will leave my question on this matter until a little later.

Dr GALLOP: I refer to page 936 which outlines the proposed implementation of a new leadership development program for senior executive service members. First, what is the expected cost of this program? Secondly, are any

Public Service-wide development programs planned for staff in levels 1 to 4; and, if so, at what cost? Thirdly, are any Public Service-wide development programs planned for staff in levels 5 to 8; and if so, at what cost?

[10.20 am]

Mr COURT: Ongoing programs have been developed inside the public sector for improving skills and the like.

Mr WAUCHOPE: The Public Sector Management Office of the Ministry of Premier and Cabinet has run executive development programs for some time, some of which have been running since the mid-1980s. We have taken the opportunity to review the effectiveness of some of those and to bring them to a close with the aim of replacing them with a suite of programs broadly called the leadership development program. We have not developed the program at this stage, but that will be done over the next 12 months. It is intended that savings from the existing programs will be applied to the new program and that participants in the program will meet the costs. To a large extent it will be cost neutral.

Dr GALLOP: Are any programs planned for levels 1 to 4 and 5 to 8?

Mr WAUCHOPE: To a large extent agencies are responsible for organising their own programs. With the devolution of responsibilities to chief executive officers for the efficient and effective management of their agencies, they have responsibility for identifying programs. A number of providers are in the private sector - academic institutions and the like - that were probably not there 10 or 20 years ago. They are developing programs in conjunction with agencies on an ongoing basis.

Mr RIPPER: You did not tell us the overall cost of the leadership development program. You said it was cost neutral. What is the cost?

Mr WAUCHOPE: At this stage it is intended to be cost neutral. We are still developing the concept and the detail of the program so it is not possible to put a cost on it at this stage.

Mr RIPPER: If it is cost neutral, it is because you are spending money on similar programs. What is the expenditure on those programs?

Mr WAUCHOPE: I will provide that information by supplementary information.

Dr GALLOP: What is the estimated number of FTEs in the public sector for 1997-98 and the estimated number of FTEs budgeted for 1998-99?

Mr COURT: Across government there are 88 000 FTEs of which 20 000 are in what we call the traditional public sector.

Mr WAUCHOPE: The Ministry conducts a census at June of every year. The document called "Profile" is issued to agencies and others. The June "Profile" of 1997 indicated there were 88 485 FTEs in the public sector of which 20 000 are public servants; that is, roughly the equivalent of those people under the old Public Service Act.

Dr GALLOP: What about estimates for 1998-99?

Mr WAUCHOPE: There are no specific estimates for 1998-99.

Mr COURT: There are many problems associated with the measurement of FTEs. More and more people are working in part time flexible arrangements. It was a measure in the past on which people put quite a focus. However, it is becoming increasingly difficult for it to have meaning.

Dr GALLOP: How many level 1 to 3 officers will be recruited into the Public Service during 1997-98? How many level 1 to 3 officers, excluding graduates, will be recruited into the Public Service during 1998-99?

Mr COURT: The separate agencies have responsibility for their recruiting programs. The requirement for skills in government is changing. A good example is an agency such as the former Building Management Authority.

Dr GALLOP: Main Roads needs the skills in dealing with budget blowouts.

Mr COURT: You are in a good mood! If you want to take that line you should get your spokesperson to better understand the budget papers.

Dr GALLOP: She understands only too well. There is no way in this Budget that we can show the total amount of money spent on Main Roads. It is not in the Budget.

The CHAIRMAN: The Leader of the Opposition has asked a question and the Premier is answering it. The Leader of the Opposition will come to order.

Mr COURT: In Treasury, as with many other agencies, there has been a demand, with the introduction of accrual accounting, for people with full accounting qualifications. As a result, we are seeing a changing mix in the different agencies of the types of people required. In Treasury we have been aggressively seeking graduates to get a pool of people. Unlike the days when there was a freeze on graduates, we are competitively recruiting graduates to come through the system.

Dr GALLOP: Is there no government policy for recruitment?

Mr WAUCHOPE: Agencies have responsibility for recruiting their own graduates. We assist to ensure that academic institutions and others are put in contact with the agencies that express a need for graduates. With regard to base grade recruitment, the Ministry is involved with the Commonwealth in a uniform testing arrangement whereby people can be accredited for employment if they have attained certain skills. The intake of people depends on the demand at the time. There is always a pool of people who have had that testing done and who are available for selection.

Mr MINSON: I refer to page 935. The first dot point interests me considerably because of my interest in events in Asia. I expect we will see a downturn in investment in our projects as a result of Asian companies affected by the downturn. Closer to home that may well affect Geraldton because of the An Feng-Kingstream Resources project. Some of our businesses which have invested heavily in Asia may wind up in bankruptcy. The sale of raw materials may be affected. At this stage is there any indication of the depth of the effect on Western Australia of the Asian situation?

Mr COURT: The Premier's office has responsibility for two overseas offices - the European office and the north Asian office operating out of Tokyo, which also covers Korea. The downturn in Asia has certainly impacted on Australia. One example is the steel industry in Japan which is currently producing at its lowest rate for about 25 years. It was selling a lot of product to China in the past two years. However, China is now being subjected to dumping from Russian and Korean products. It is anticipated that for a year or so the steel market will be in a difficult position which will have a flow-on effect. I do not think we will see much new investment in steel around the world in the next couple of years because of that downturn.

As I have reported to the Parliament, as a result of the stagnant growth in Japan, its forward estimates for energy requirements are a bit up in the air, although we are fortunate that our energy source, liquid natural gas, is a preferred fuel on environmental grounds.

We have been told that Korea may not be able to take all of its LNG contractual commitments in the short term. From 2003 onwards, Korea anticipates another shortfall. Some immediate ramifications have been experienced. The difficulties in Indonesia may, in a perverse sort of way, assist us in that our reputation as a reliable competitive supplier of materials will stand us in good stead. Investors will be more attracted to Western Australia than to other countries where there is a higher sovereign risk. There has been an immediate effect and it is something we will watch closely.

[9.30 am]

Mr BRADSHAW: Dot point 3 on page 936 states -

Promotion of understanding and debate on constitutional and intergovernmental issues by implementing programs to increase public awareness of the State's Constitution and the Australian federal system of government . . .

How successful has that been with the WA Constitutional Centre being set up, etc?

Mr COURT: Bipartisan support has been forthcoming for the establishment and operation of the Constitutional Centre for which I thank the Leader of the Opposition. It is probably too early to say how effective it is as an education tool. Certainly, large numbers are attending the facility. Combining the activities that were previously in Subiaco, which taught school children how the parliamentary process and the like work, into one centre adjacent to Parliament House is a positive step forward. The forums have been well attended and have been successful. The most active was the last one which took place at the TAFE campus in Perth. Three more regional forums will take place. We have just announced another will take place at Albany. There was one in Bunbury, and a lot of interest has been displayed through that great southern area. We must work out the detail of how we can bring those forums together. We accept that a people's convention to which one does not elect delegates does not have the same meaning and strength as a full constitutional convention comprising a component of elected representatives. However, we are looking at those options. We have not been deterred. The interest has been strong. We have not been able to cater for all the people in a couple of the forums, which is why we have an additional one. A lot of it is done by volunteers; the main speakers and the such have been very supportive of widening the debate. I think that next year the focus

will be on a referendum on the republic issue. However, we think it is much healthier to have a focus on all of the constitutional issues including our state Constitution and the federal Constitution.

Mr RIPPER: How many senior executive officers in the Public Service are budgeted for in 1998-99, and how many are there currently? What is the current average salary of each band of the senior executive service, and what is the expected average salary of each band of the senior executive service in 1998-99?

Mr COURT: Is that right across government?

Mr RIPPER: Yes.

Mr COURT: I do not have those figures and I will provide that with supplementary information.

The CHAIRMAN: That is noted. Is the Premier able to get that information within seven days?

Mr COURT: Yes.

Dr GALLOP: I refer to the performance measure for output 3 on page 941 which shows the target number of redundancy packages will increase from 445 in 1997-98 to 550 in 1998-99. In which agencies did redundancies occur in 1997-98, and in which agencies will they occur next year?

Mr COURT: I will provide you with supplementary information on the split up of where redundancies occurred in the current financial year. The main change will be due to the changes in MetroBus, because we will cease to operate buses. I will provide supplementary information about what is taking place in this financial year and the estimates for the next financial year.

The CHAIRMAN: That is noted.

Dr GALLOP: How many chief executive officers and other heads of department are currently acting in their positions?

Mr COURT: There are 16 acting CEOs, including one permanent appointment that has been made. However, the appointee has not yet commenced in that position. From 1 July last year, 19 appointments to CEO positions have been finalised. Four appointments have been made in the current CEO recruitment process, two of which are reappointments.

Dr GALLOP: The second dot point on page 936 states -

Following the findings of recent reviews, there is a need to streamline the framework governing the management of the public sector.

What reviews were undertaken, and what were the key recommendations of those reviews? Will you table those reviews in the Parliament? What does the statement "streamline the framework governing the management of the public sector" mean? Does it mean that there will be a reduction in the number of Ministers of state in Western Australia?

Mr COURT: A Fielding and Kelly review of the public sector took place, and we are currently working on amendments to the public sector management legislation. We have no intention of changing the number of Ministers. I think you gave a commitment in the last election that you would bring it back to 12. Will you still stick by that?

Dr GALLOP: We will have our policy at the next election. We will certainly be reducing them.

Mr COURT: Will you change the number to 12?

Dr GALLOP: We will not announce our policies three years before the election. I am sure you will not either.

Mr COURT: We will not change the number of Ministers.

Dr GALLOP: What does "streamline the framework governing the management of the public sector" mean?

Mr COURT: The Public Sector Management Act has been in operation since October 1994 and a review has taken place. Cabinet has spent some time looking at changes to it, and we want to bring in an amendment Bill that will hopefully implement improvements to that legislation. Changes have been taking place within the different agencies. The Ministry of the Premier and Cabinet is one example of a change to the structure. It now has a director general and a deputy director general, which has developed a more efficient way and certainly a lower cost structure. We have looked and we are always looking at ways to cut down the number of agencies. I see that as an ongoing process. We have made it clear that we will not go down the Victorian path of developing a small number of super agencies. At the workshops that have involved both Ministers and CEOs, we have agreed that there is some middle ground to be found in that regard.

Dr GALLOP: Will there be any amalgamation of agencies in 1998-99?

Mr COURT: That may occur. I will not rule it out because we have been looking at a number of propositions.

Dr GALLOP: At what propositions have you been looking?

Mr COURT: I will not give you details of the different models.

Dr GALLOP: I am told it is causing concern in the Cabinet.

Mr COURT: No, it is not. On the contrary, we have gone through a process which the Leader of the Opposition may have difficulty understanding. We have discussed these matters at seminars involving the chief executive officers and Ministers.

Mr BRADSHAW: Under recurrent outputs on page 937 of the budget papers, \$813 000 has been allocated for royal and other commissions of inquiry in the 1998-99 Budget. Are the inquiries still running or is this in anticipation of new inquiries which may arise in the coming financial year?

Mr COURT: Included in the figure of \$813 000 is the Centenary of Federation funding and a Graffiti Task Force funding. However, at present no commissions are under way. It is difficult to plan for what will occur in that area.

Mr MINSON: The number of parliamentary questions processed in 1997-98 referred to on page 939 was 5 400 with a target for the coming year of 6 500. In previous years an estimate of the cost of answering a parliamentary question has been provided. Do you keep tabs on the cost because the resources used are quite large? Hon Carmen Lawrence estimated a high cost for every parliamentary question. Do you have an estimate of the cost?

Mr COURT: We do not have a figure. We could attempt to calculate one if it was of interest.

Mr MINSON: It is not a burning desire.

Mr RIPPER: Put it on notice.

Mr COURT: When we were in opposition, we were constantly criticised for the number of questions. In a democratic process one must handle the flow of questions. I cannot explain why the number will increase by 1 100. The Leader of the Opposition may have leaked information about the increase of 1 100.

Mr RIPPER: The Premier referred to the possibility of a reduction in the number of agencies in the Public Sector. Can he give an absolute guarantee that there will be no amalgamation of the Disability Services Commission and Family and Children's Services?

Mr COURT: We have made it very clear that we want to keep the Disability Services Commission as a separate operation. We do not intend to change that. However, a separate operation can exist within a larger agency.

Dr GALLOP: That is the question: Will you guarantee it will be a separate agency?

Mr COURT: I will not guarantee any agency. One cannot guarantee that in government. If the Government gives those sorts of commitments, it is tying its hands. We see the Disability Services Commission operating as a distinct unit. That does not mean it will not come under the umbrella of another body.

Dr GALLOP: It is no longer distinct then, is it?

Mr COURT: The Disability Services Commission is a unique agency and we are proud of it. We have a good track record. There is more to be done and we have no intention of taking away the character and the culture that has been developed in that agency.

Dr GALLOP: The key issue raised by interest groups is that there be a direct line between the Disability Services Commission and a Minister. If it were part of a bigger unit, that direct line would not exist.

Mr COURT: If the Leader of the Opposition is asking whether a Minister is directly responsible for Disability Services, the answer is yes.

Dr GALLOP: No, that is not the question. Will the department within which Disability Services will lie have a number of different functions, including Disability Services, and a chief executive officer who will report to the Minister?

Mr COURT: There are a number of areas under Arts, including libraries, museums, art galleries, etc. Each of those areas has responsibility for its operations. However, instead of half a dozen CEOs, there is one CEO and someone in charge of each different agency.

Mr RIPPER: Will that happen with the Disability Services Commission?

Mr COURT: I do not think it will, but I will not rule out across government changes taking place. That would be irresponsible.

Dr GALLOP: Is the Premier currently considering a reorganisation of Cabinet and a reallocation of portfolios?

Mr COURT: We are always considering a reorganisation.

Dr GALLOP: Are you currently considering a reorganisation of Cabinet?

Mr COURT: If we are always doing it, that means we are currently doing it.

Dr GALLOP: When will you be in a position to make an announcement?

Mr COURT: I will not put a time frame on that. It usually occurs around Christmas time.

Mr TRENORDEN: On page 947 of the financial statements, the amounts under Non-current Assets for land and buildings indicate a sizeable jump. Why has that occurred? Is it because of the valuation method?

Mr COURT: It takes into account the moneys budgeted for the start of the convention-exhibition facility - which is about \$10m in the first year's Budget - and other capital works programs. The new capital works includes \$10m for a convention-exhibition centre if it is completed in that time. It also includes an amount for electorate offices totalling nearly \$2m; the Barrack Square redevelopment totalling \$2m; and a capital city development program, which includes contributions to street scaping and landscaping work.

Mr TRENORDEN: Why is there a substantial change in the figures for current liabilities in equity and the total equity in 2000 and 2001?

[9.50 am]

Mr COURT: The big change is the impact of the capital works program. We envisage most of those programs will be close to completion at that time.

Mr BRADSHAW: Do the items superannuation, depreciation and other referred to on page 937 under "Adjustments for non-cash items" refer to a government liability or has money been put aside for these items?

Mr COURT: The expenditure covers the change in the unfunded employer's liability in respect of current employees under the pension scheme, those who accrued a benefit on transfer from that scheme to the lump sum scheme, and the notional employer's contribution to the lump sum and Westate superannuation scheme, if the Ministry made concurrent employer contributions. I have the calculation method if the member wants it. It does not cover past liability; it covers only the growth in liability in that year.

Mr BRADSHAW: What is the Government doing to fix this non-funded government liability in these areas?

Mr COURT: In this Budget, for the first time we are fully paying the government superannuation charge that must be paid to all private sector employees. Therefore, the Government pays the guaranteed charge for all new public servant employees and from now on, that will be fully paid for. If you look at the graph, a tail shows the liabilities going up and then easing out as people leave the scheme. We are making a contribution to help speed up that process. I do not have those figures here. We did publish them but I can provide them. I cannot say how long it will take for that tail to disappear. However, from memory it goes through to 2020. It tapers off quite quickly, apart from some short term growth with new employees under that scheme and the fact that we fully funded it.

The CHAIRMAN: Does the member want that to be provided by way of supplementary information?

Mr BRADSHAW: No.

Dr GALLOP: Mr Chairman, I seek some clarification on how we will approach the divisions we have before us.

The CHAIRMAN: That is largely a matter for members. On my calculations, we have seven divisions to deal with in four hours. Division 3 is perhaps the more topical of the seven divisions. However, that is a matter for members.

Dr GALLOP: Is the Government still undertaking the attitude monitoring surveys?

Mr COURT: Yes, it is.

Dr GALLOP: How many surveys will be conducted in 1998 and at what cost?

Mr COURT: There will be two. They will be held six monthly and the annual cost will be \$124 000.

Dr GALLOP: When is the next one due to be conducted?

Mr COURT: I think it is being done at present.

Dr GALLOP: When will some of the results of the survey be published in the Parliament? I emphasise "some" because that is all we receive.

Mr COURT: When they are available to us. I cannot give you a date when that will be.

Dr GALLOP: Does the Government receive other information, such as briefings, in addition to the survey results?

Mr COURT: Yes. The Leader of the Opposition knows that we get a verbal briefing which we have provided to the Opposition.

Dr GALLOP: Will the Opposition receive a briefing on the surveys that have been completed already this year?

Mr COURT: Yes.

Mr RIPPER: Is the information from the attitude monitoring surveys shared with any other Government; for example, the Federal Government?

Mr COURT: I hope not because it is done for us. When you say shared, I suppose it is shared with everyone. However, the Federal Government does not get briefings on our polling, as the Opposition does.

Dr GALLOP: The problem is that information that is tabled in Parliament is really only a portion of the survey conducted and we know many more questions are asked; the Government possesses a lot more information. Why does the Government not publish all of the results of the survey so that everyone can reflect on them?

Mr COURT: We have explained to the Leader of the Opposition that under this attitudinal monitoring survey the pollster gives us trends. We are now able to do that over a five year period. The interpretation of that information is made available to the Opposition as well as to the Government.

Dr GALLOP: It is not made available to the Opposition.

Mr COURT: The Opposition gets as much information as the Government does.

Dr GALLOP: No, it does not.

Mr COURT: The Opposition gets the same briefings and interpretations and can ask the same questions.

Dr GALLOP: That does not automatically come to the Parliament or the Opposition.

Mr COURT: In answer to the question whether the Government shares that information with the Federal Government, the answer is no. It is only information that is made available. It certainly does not get briefings on the information. In other words, it does not share its information with us.

Mr TRENORDEN: On page 946 and right through the document there is a new format for presenting the budget papers. I congratulate the Treasurer in leading Australia to an accrual basis. Considerable comment has been made to me as Chairman of the Public Accounts and Expenditure Review Committee about members' ability to understand the Budget. Some members are having trouble relating the papers to previous years and to the future, particularly in terms of outcome statements. Will that be an easier exercise for members next year?

Mr COURT: The accounts to which you referred from page 946 onwards provide traditional operating balance sheet statements. That has not previously been made available and it makes it impossible for Governments to hide how they are funding projects in different agencies. As far as outputs are concerned, I am the first to admit a lot of work has to be done to improve the measures by which we will judge funding those agencies. For example, one at the beginning of the section referred to the output being a certain number of media statements released. I am the first to admit that that is not a measure of the output of an operation. I think some agencies have been able to find better performance measures than others.

Yes, I think there will be a considerable improvement in making sure that there are meaningful output measures in the different agencies.

[10.00 am]

Mr MINSON: I refer to the heading "Capital Budget Statement" at page 951 of the Budget Statements and to the allocation of \$9.4m for the continuation of the capital city development project, of which \$4.5m will be used to redevelop Barrack Square. For what will the extra \$5m be used? I was interested to read about the possibility that a tower will be built to house the old bells of St Martin in the Fields. Would the Environmental Protection Authority

allow those bells to be rung, given the nonsense that took place about the bells that were erected by St Hilda's Anglican School for Girls? In fact, the bells at St Hilda's have been covered in so successfully that one cannot hear them ring when one is inside the church, let alone outside.

Mr COURT: The member certainly knows how to touch on a difficult issue! The bells of St Martin in the Fields were a gift to this State. Those bells are a magnificent peel of bells, and they are now being stored in a fully assembled way and are ready to be hung.

Mr MINSON: Where are they?

Mr COURT: They were at the University of Western Australia's storage sheds next to McGillivray Oval, but they are now in a warehouse that we have rented; I do not know in what suburb. The proposal is that a bell tower will be a feature of the redevelopment of Barrack Square. We are keen to have the bells in place so that they can ring in the new millennium. The noise aspect is interesting. The bells will be in a sound chamber that can be opened and shut, and it will be one of the few bell towers in the world where the public can not only hear the bells being rung but can also go into the tower and be among the din to see what is happening. One only needs to see the size of these bells to understand how impressive they are. Noise will be a factor. However, the bells at St George's Cathedral are rung at most lunchtimes, and people have now become accustomed to that.

In recent years the Government has committed to some projects that have taken a few years to implement. We are now moving towards doing one-off projects, such as Barrack Square, where we work in consultation with the council. We are doing fewer joint projects and more projects where we identify something that needs to be done and get on with it. For example, with regard to the old Treasury Buildings, we will be calling for expressions of interest shortly to try to get the private sector involved in that redevelopment. I can provide a list of the specific projects as supplementary information.

Mr MINSON: I would like to see that, and also to know where I can see those bells, because I was not aware that we had those bells in the State.

Mr COURT: They were for some time stored only a short distance from the member's home. As I said, any member of Parliament who inspected those bells would find them incredibly historic. I find it an absolute shame that we have not had those bells hung properly.

Mr MINSON: I am stunned and amazed that the bells were allowed to be sent out from England.

Mr COURT: That is another issue. Those bells are of great heritage significance in Great Britain, and that is why we need to do justice to them here.

Dr GALLOP: I refer to the public sector management functions of this division and to the contracting out of government services. Have any surveys been conducted to assess the costs and benefits of the government contracting out program; when were those surveys conducted; who was consulted in the surveys; and will the Premier table a copy of the last survey conducted?

Mr COURT: Ongoing studies have been done on the effectiveness of that program, and we have tabled those results in the Parliament. If the Leader of the Opposition puts that as a supplementary question, I will give him information about when the last survey was carried out and when the next survey will be carried out.

Dr GALLOP: I am a bit concerned that for many of these whole of government questions that we are asking today we cannot get responses now. This is a major issue of government, and the Government is doing work on it. That information should be available.

Mr COURT: A major government agency - Contract and Management Services - is responsible for overseeing this matter. We have always provided that information in the past, which has been able to identify the savings that are flowing through as a result of contracting out.

Dr GALLOP: What methodology is used by those surveys?

Mr COURT: In determining the savings that have been made?

Dr GALLOP: In determining the costs and benefits of contracting out.

Mr COURT: Has the Leader of the Opposition seen one of those surveys?

Dr GALLOP: I saw a survey from the University of Sydney a couple of years ago, but I have not seen any surveys since.

Mr COURT: It is probably best to give the Leader of the Opposition one of those surveys.

Dr GALLOP: I have read the survey that was conducted by the -

Mr COURT: It outlines the methodology that is used in the survey.

Dr GALLOP: What is it?

Mr COURT: I cannot tell the Leader of the Opposition off the top of my head.

Dr GALLOP: I will tell the Premier what it is. They go to the agencies and ask them whether they have made savings, and they then report back the results. It is not an objective analysis of the situation at all.

Mr COURT: I will give the Leader of the Opposition an example of a saving. The estimates that we were given for the infill sewerage program were in the vicinity of \$1.3b. As a result of our insisting that competitive estimates be made involving the use of the private sector, that program ended up coming in at \$800m. That is a good example of how contracting out has delivered a positive benefit to the taxpayers of this State. When the Leader of the Opposition asks what measure do we use, the Auditor General has confirmed the financial savings that have flowed from our fleet management program.

Dr GALLOP: When was the last survey conducted?

Mr COURT: I cannot answer that, but I have said that I will provide that information.

Dr GALLOP: Was it conducted by the University of Sydney?

Mr COURT: It has been doing the surveys.

Dr GALLOP: The point of the Estimates Committees is to get this information here and now. I thought that would be a fairly major part of public sector management and that the Premier could provide that information.

Mr COURT: I have explained that we have always provided that information to the Opposition - not at the Estimates Committees, but at any time of the year that the Leader of the Opposition wants it.

The CHAIRMAN: The Premier has indicated that he will provide that as supplementary information.

Mr TRENORDEN: I refer to the heading "New Works" at page 951 and to the electorate offices equipment upgrade. I have a vested interest in this question. A fairly substantial amount of money has been spent, and I am sure members of Parliament appreciate that. Does that figure cover all the new equipment that is required to complete the program; and to what extent will recurrent funding be provided for that equipment upgrade? I am aware that several offices, including my own, are experiencing some problems getting equipment up and running. Will that program come in within budget?

Mr COURT: We will never have all the offices finally upgraded because they are continually being upgraded. I think the member would agree that electorate offices have some of the best information technology equipment that one could ask for.

Mr TRENORDEN: I do not argue. The improvement has been substantial.

Mr COURT: There are two components. It includes a computer hardware and software budget of \$1.9m, which comprises replacement and upgrade of photocopiers, facsimile machines, printers and telephone systems, and an office security upgrade. It also covers the installation costs of equipment, and training and implementation costs for those new systems, which are growing. The policy is to ensure that all members of Parliament are treated equally. The availability of new equipment runs in cycles. Is the member's difficulty with the installation of new equipment? Are those problems being sorted out?

[10.10 am]

Mr TRENORDEN: I am not arguing about the service. All MPs are going on line, which is different from what was there before, so there are different problems. I just want to be assured that sufficient funds are available to meet those requirements, as I presume the demand is greater than expected.

Mr COURT: I am advised that there have been some problems with the new software and we are applying resources to resolve that problem.

Dr GALLOP: Output 3 refers to support for the Minister for Public Sector Management. What functions are performed by the Public Sector Management Office in this division?

Mr COURT: We have changed the structure within the agency and some of the roles that it carried out.

Mr WAUCHOPE: Following the review of the ministry towards the end of last year the former Public Sector

Management Office was abolished and its functions were undertaken in two different divisions within a revised Ministry of Premier and Cabinet. The support for the Premier as the employer in his capacity as Minister for Public Sector Management comes under a new division called public sector management. Ms Roche is the acting assistant director general. That relates to the employing functions under the Act and the training and development of the senior executive service and of the chief executive officers. The residual functions, which deal with matters broadly called public sector review, include issues such as machinery of government and come under a new division headed by the deputy director general, Mr Wood. In undertaking that review there has been some down scaling of some of the activities that were undertaken. We are still reviewing what activities are core to the Minister and to the ministry under the Act. That process will be ongoing. Effectively, the functions have been split into two divisions within the ministry rather than being a separate office.

Dr GALLOP: Is contracting out handled by the public sector review unit to which you referred?

Mr WAUCHOPE: Yes.

Dr GALLOP: What is its brief on contracting out?

Mr WAUCHOPE: We are still resolving some of the functions that will be undertaken and at what scale to determine what should be performed by other departments such as the Department of Contract and Management Services and the Ministry of Premier and Cabinet. The final position has not been determined, so residual responsibilities and functions are being undertaken.

Dr GALLOP: Who has current responsibility to review the overall performance of contracting out within government?

Mr COURT: Within the agencies the CEOs have a direct responsibility for what they do with contracting out. If they see contracting out as a more cost effective way to achieve better service delivery they will make that decision. Under the arrangement whereby CEOs must accept more direct responsibility they are in the frontline making those decisions.

Dr GALLOP: Who monitors the performance?

Mr COURT: A CEO's contract of employment outlines performance targets that he or she must achieve. In addition, the Auditor General plays a role in looking at the changes that are taking place and commenting on whether they are effective.

Dr GALLOP: The Auditor General has already looked at contracting out in some areas and has made comments on those. Who within government would respond to those comments by the Auditor General to ensure their implementation?

Mr COURT: Each agency has that responsibility. The Leader of the Opposition is making a broad assertion that contracting out and privatisation are bad.

Dr GALLOP: No. I am making a comment that it needs to be monitored like any initiative of government.

Mr COURT: Everything inside government must be monitored. A CEO and the Minister take responsibility for what is happening in agencies.

Dr GALLOP: There is a problem with the Court Government because it is ideologically addicted to this form of government. Therefore, I am concerned on behalf of taxpayers that the risks involved, which the Auditor General has pointed out in various reports, do not seem to be of any concern within government. I cannot point to anywhere in government where you are trying to weigh up those risks to see if we are receiving benefit.

Mr COURT: I find the Leader of the Opposition's comment amusing. The former Labor Government, with Dr Gallop as a Minister, wanted to contract out a new power station at Collie.

Dr GALLOP: That is right. That followed extensive debate on the subject.

Mr COURT: Dr Gallop is now running a campaign opposing the privatisation of Western Power, as well as wanting the private sector to own and operate a power station. We made a judgment when we came into government that we could not put together a competitive private package, and we made a decision not to contract it out and we have done it ourselves. We will soon see the official opening of a new government owned Collie coal fired power station. That seems to go against the Leader of the Opposition's comment that we are ideologically driven by a desire for privatisation.

Dr GALLOP: The Premier has announced it as his policy. It is a statement of fact.

Mr COURT: One of the biggest investments made by this Government is a government owned power station built by the Government. I could just as easily say that the Leader of the Opposition's Government was ideologically driven by a desire for a privately owned and operated power station. The Leader of the Opposition had better sort out his policies.

Dr GALLOP: The Minister for Energy said clearly that he intends to sell it off. However, that is neither here nor there.

Mr COURT: We are keen down the track to take the Government out of power generation.

Dr GALLOP: That is right, so I do not know why the Premier made the comment.

Mr COURT: The Leader of the Opposition could hardly oppose that when as a former Minister he wanted a privately owned power station. The only difference is that he could not achieve it.

Dr GALLOP: Who will monitor contracting out in government and respond to the Auditor General's comments?

Mr COURT: It is a responsibility of the CEO of each agency to run those businesses. The Ministers accept the final responsibility for what is happening in those agencies. In relation to a policy across government, the major privatisation decisions are made by Cabinet. The proposals come to Cabinet. The two main examples to date have been BankWest and the Dampier to Bunbury gas pipeline. We make a public announcement about major privatisations and put in place an appropriate process. We have been pleased with the results of that process to date. The major privatisation decisions are made by Cabinet. Decisions on contracting out are part of the day to day operations of departments and a lot of that is small bickies. It is up to the CEO to make a decision whether he or she can get a better deal through contracting out. The Leader of the Opposition is having trouble coming to grips with the fact that under the competition policy more and more government operations have been exposed to competitive forces. We have no option under the law other than to allow competition against government businesses except where certain exemptions are granted.

Mr TRENORDEN: Page 948 of the forward estimates for 2000-01 shows that net cash from investing activities takes a dive of about \$20m.

[10.20 am]

Mr COURT: That is related to the completion of the capital works programs.

Mr RIPPER: I refer to page 938 where the performance measures are indicated for the Media Office. Which departments, agencies, members of Parliament or other people receives information prepared by the Government Media Office?

Mr COURT: Through their Ministers, all government agencies would have access to that material. Most of it is accessed by the Parliamentary Library.

Mr RIPPER: What types of services are provided for agencies and Ministers?

Mr COURT: That would be a summary of news programs and copies of press statements. That is the main service. Earlier I said that the outputs are not satisfactory. In some areas the description is a little subjective. The challenge for all agencies is to ensure that performance measures are meaningful. I have already said that the number of press statements issued is not a satisfactory output measure.

Mr RIPPER: Does the GMO provide a media monitoring service or other services to private public relations companies; and if so, is the service free of charge?

Mr COURT: That question has been placed on notice on a number of occasions. The answer is no. We have confirmed that answer with the Ministers of agencies.

Mr RIPPER: Has that question been investigated?

Mr COURT: Yes, the answer was no. However, if Ministers or agencies have any evidence of that we should be told. To cover that situation, we have put out a further directive. We have not found any evidence of that occurring.

Mr RIPPER: Does the Government Media Office play a role in providing media training for Ministers, and are Ministers responsible for that, or is it coordinated and paid for centrally? Are private public relations companies engaged by the Government or Ministers to provide media training?

Mr COURT: They would have a role in providing media support. That is what the Government Media Office is all about.

Mr RIPPER: I am talking about coaching, such as videotaping mock interviews, advising Ministers whether they should brush up their performance, preparing people for interviews, and so on.

Mr COURT: I am sure that training takes place. If it does not, it should. Whoever delivers the service would be paid from a ministerial office budget.

Mr RIPPER: Ministerial office budgets are part of this division. The Premier should say whether the Government is employing private public relations companies to provide media training for Ministers. He should name the companies employed and inform us about any contracts.

Mr COURT: That is up to individual Ministers. It would be no different from the budget of the Leader of the Opposition's office. If he wanted to carry out training, provision would be made within his budget for that expense to be met.

Mr RIPPER: Will the Premier provide supplementary information on the amount of money spent by the Government on media training for Ministers in 1997-98, and the amounts expected to be spent on that training in 1998-99?

Mr COURT: I will ask the Ministers to provide that supplementary information. Do we include the Leader of the Opposition in that?

Mr RIPPER: The Premier can include whomever he likes, to ensure that the information is comprehensive. Has the Government or the Government Media Office entered any contractual arrangement with a company called News Hounds; and, if so, what is the nature and cost of the contract?

Mr COURT: I will provide that as supplementary information.

Mr RIPPER: By way of supplementary information can the Premier also name the other public relations companies with which the Government has entered into contracts, the nature of the service, etc?

Mr COURT: Would that be through the Government Media Office?

Mr RIPPER: Through the Government. It is unclear whether the Government Media Office has responsibility for hiring public relations companies or whether it is done through ministerial office budgets. Through whatever means, we would like to know which companies are hired and the cost involved.

Mr COURT: It would be a major task to name all the public relations firms across government, considering all the different agencies using PR firms in one form or another on a normal day to day basis. If the member wants to know which PR firms are used by the Media Office, I will supply that information.

Mr RIPPER: Used by Ministers - not agencies.

Mr COURT: By Ministers - okay.

Dr GALLOP: At page 938 reference is made to the management of communications between the Government and the people of Western Australia under output 1, support for Premier as Head of Government. Is the Government Media Office included under that heading?

Mr COURT: Yes.

Dr GALLOP: Can the Premier indicate how much is spent on the management of communications between the Government and the people of Western Australia; where the money went in 1997-98 and what is planned for 1998-99?

Mr COURT: The amount spent on the communications unit in 1997-98 was \$184 000, and it will be the same amount next year. For the Government Media Office the estimated outturn is \$1.122m, and it will be the same amount next year. That is roughly the same as it was when we came to government. In 1997-98 the amount spent by the Government Advertising Office was \$21 000; it will be nothing next year, because that office has been abolished. The polling surveys area received \$150 000 last year, and will receive the same amount next year.

Dr GALLOP: That covers four areas.

Mr COURT: Now it is three.

Dr GALLOP: Media management, government advertising and government polling.

Mr RIPPER: How many staff will be employed by the GMO next financial year?

Mr COURT: There are 18 FTEs in the Government Media Office, which includes the director, support staff and media monitoring and it is the same number as were employed when we came to government. There are 17 media

secretaries; there were 16 when we came to government, with one fewer Minister. The advertising office had three FTEs; but that office no longer exists. As a comparison, when we came to government there were 37 FTEs; currently there are 35 - but that is not enough.

[10.30 am]

Mr RIPPER: Your Government needs to double the size of the Government Media Office to get its message across!

Dr GALLOP: Who initiated the convention centre proposal within the Government? Was it the Premier, the Minister for Tourism or someone else, and how many submissions went to Cabinet on the matter? How many of those submissions supported the expenditure of that money? Finally, was the decision unanimous in Cabinet that the expenditure be undertaken?

Mr COURT: It was unanimous in Cabinet. It went to Cabinet as part of the budget approvals, and a presentation was given regarding how proceeds from the pipeline sale would be spent.

Dr GALLOP: Who organised the convention centre presentation within government? Was it you or your department?

Mr COURT: Let me finish the answer. It went to Cabinet as part of the overall budget approvals. In relation to how those moneys would be spent, as part of our budget process, a number of proposals were advanced. Some were funded, some were not. Discussion was held among senior Ministers regarding priorities. Before going to Cabinet, broad agreement was reached that we should identify a couple of major projects with direct benefit to the people of the State. A number of education initiatives were considered, but it came down to two: First, fast-tracking the implementation of computer technology into schools or, second, fast-tracking the airconditioning program in schools. It was seen that the best investment would be to fast-track computing as considerable progress and expenditure had already been made on airconditioning.

In relation to long term employment opportunities, the Government was keen to see two major projects get off the ground. The first is a marine support facility, which is to be funded with a large federal government contribution of some \$80m, and \$120m provided by the State Government.

It was not a matter of a single Minister proposing the convention-exhibition centre, as it had strong support within the Government. As large expenditure is involved, the private sector would not undertake it without the sugar coating of a casino licence. The proposition was put forward and agreed to.

Dr GALLOP: Why was the alternative Burswood proposal rejected?

Mr COURT: No rejection of Burswood took place. Burswood has a monopoly for another couple of years, and thereafter nothing stops the Government issuing another casino licence provided the casino, from memory, provides a similar facility in scale to that of the current casino. We have been somewhat frustrated that Burswood has not capitalised on its position to provide improved convention-exhibition facilities. However, that is a commercial decision it makes. As I understand it, Burswood is about to make a presentation to the Government on planned expansions. We have had presentations in the past, but the projects have not taken place. I like to think that Burswood will go ahead and improve its facilities. It has a unique location. It was announced yesterday that Burswood had bought the cement works site, which is a very good strategic investment as it is prime land. That whole area is in the electorate of Victoria Park, and the area from the hill will be like a North Sydney development; that is, we will see a combination of commercial and residential development. That upgrade will extend through to Belmont. We could swing Belmont as a marginal seat the way the revitalisation of the area is going!

Mr RIPPER: You could put a lot of Liberals in there, and I would still win.

Mr COURT: The attitudes of the Town of Victoria Park and Belmont City Council are very progressive.

Mr RIPPER: They are doing a good job.

Mr COURT: They realise that much of their real estate is prime. The Ascot Waters development is fantastic. I know the local member is a little nervous about the people going into the area.

Mr RIPPER: The first constituent who came to see me from that development said he felt guilty that he had not joined the Labor Party, and asked for an application form.

Mr COURT: Is that right? Next year the Deputy Leader of the Opposition will tell us how the numbers are going because the development is first-class. We have been driving the Burswood people hard to carry out new developments. They were hindered by their corporate structure, and the Government is pleased to be able to help to bring them under the one umbrella. However, that does not stop a CBD convention-exhibition facility being

considered. We will see which proposals come from the private sector for that development; weigh up what the Burswood people will do; and then make the appropriate decision.

Dr GALLOP: Is it possible that if Burswood convinces you that it will meet future demands in that area, the Government will not commit the money?

Mr COURT: If the Burswood people went firm in their proposal, we could see a change. We have spoken about a convention-exhibition village, which will have an effect on propositions advanced. Nevertheless, the tourism sector has a strong demand for a facility in the CBD. If a major facility is controlled by Burswood, it will have control over the major conventions and exhibitions which come and go.

Dr GALLOP: How do you plan to run the convention centre then?

Mr COURT: The preferred proposal would be for the whole complex to be run by the private sector.

Dr GALLOP: You cannot have it both ways, Premier. You say you are anti the Burswood development as it will be run by Burswood -

Mr COURT: Far from being anti-Burswood, we are frustrated that nothing has been built already.

Dr GALLOP: You said that it is not the preferred option because Burswood's interests would dictate how it worked, and the facility should consider the broader interest; however, you said also it will be run by the private sector.

Mr COURT: You miss the point. We believe it is in Burswood's long term commercial interest to establish a critical mass in the area to make it viable in the long term. The Government believes that it currently does not have a proper mix of facilities. Burswood is talking about improving its ballroom facility and changing the showroom to a lyric theatre. That is fine; we need not provide a lyric theatre if that is the case. However, the proviso is that it can take shows, the performance of which run for some time. You start restricting major conventions if you have one set of facilities, some of which are locked up. If there is no flexibility for other conventions to come in, that proves a difficulty.

[10.40 am]

Dr GALLOP: The people who will run the convention centre will have private interests too and that will provide a constraint.

Mr COURT: What is wrong with competition? Why are you so opposed to the city having a decent convention-exhibition facility?

Dr GALLOP: I am opposed to \$100m of taxpayers' money going into it.

Mr COURT: Wait and see what the money will go to.

Dr GALLOP: How many submissions that went into Cabinet supported the expenditure of \$100m?

Mr COURT: When you say "how many submissions", I have explained for at least the past four years that one of the priorities of the Tourism Commission has been for the establishment -

Dr GALLOP: So the Tourism Commission supported it, but did Treasury and all the other government departments support it?

Mr COURT: It is a government decision. Treasury will not comment on whether it supports a convention-exhibition facility proposal until it goes to Cabinet. Treasury will not see it.

Dr GALLOP: You have committed \$100m of taxpayers' money, which we in this Parliament are being asked to support. I am asking who made submissions in relation to that expenditure. There was no submission from Treasury in relation to it.

Mr COURT: This Budget puts the funding into a trust fund. We will go through a process whereby we will call for expressions of interest. We will then make a determination as to whether one of the proposals is acceptable. Then a formal submission on that proposal will go to Cabinet. Plenty of checks and balances are left in the scheme before that commences. As we have done with BankWest and the pipeline sale, we are giving plenty of advance notice of what we want to do. We are putting this money in this Budget into that development trust fund. That is what we want to use it for. Similarly with the computer program, the money has gone into that fund and as it is required it will be drawn.

Dr GALLOP: Who will oversee that process?

Mr COURT: The convention-exhibition project will be driven out of the Minister for Tourism's office. A number of Ministers are involved, basically those in the capital city committee who have a direct interest. Regular reports will go to that committee. Similarly, another government Cabinet committee which is responsible for overseeing major strategic developments will be kept up to date. The way we work with Cabinet subcommittees is that the reports of those subcommittees go to Cabinet the following week.

Dr GALLOP: So the \$100m is not yet committed?

Mr COURT: In this Budget \$244m goes into that development trust fund from which we are planning to allocate moneys for computers, moneys for a convention-exhibition facility when required, and some moneys for other projects, including sport and recreation.

Dr GALLOP: That still may not be spent on the convention centre.

Mr COURT: It is all subject to whether an acceptable project is put to the Government. I thought, if nothing else, we have already focused the minds of the Burswood people.

Dr GALLOP: That is the point of the exercise, is it?

Mr COURT: It is not the point of the exercise; I said that it is one of the results.

Dr GALLOP: You are starting to back off already when under pressure.

Mr COURT: Not at all.

Sitting suspended from 10.44 to 11.00 am

Dr GALLOP: I seek some further clarification from the Premier about the decision made by the Cabinet, as part of the Government, to allocate \$100m which has gone into a trust fund to develop a convention centre in Perth. I understand no decision has been made about the expenditure of that money.

Mr COURT: No. The process announced at the time was that we would go out for expressions of interest for a convention-exhibition facility. The responsible Minister and agency are currently preparing a scoping exercise about the sorts of facilities we would like to see incorporated in a convention-exhibition village. When it goes out to the private sector, we anticipate a number of different proposals will come back to us, depending on the site a particular proponent puts forward. There will be no limit on the sites to be used. The whole idea is to see just what sort of investment someone is prepared to proceed with. Included in that, if we put money into it, will be an explanation of whether we will end up with the physical ownership of some of the facilities. If, for example, it incorporated theatres or whatever, we might own those facilities. Any proposal will go through a formal Cabinet process.

Dr GALLOP: What will the \$100m that has been allocated for 1998-99 be spent on?

Mr COURT: The expenditure of funds may not be required this year. It will depend on the speed with which a proposal is brought together and completed. We may decide to go ahead with the project and provide some money, but that money may not be expended in this financial year. A project may not be agreed to; however, if it is agreed to, construction may not commence.

Dr GALLOP: The Premier is asking us to put aside money in this year's Budget and to agree to \$100m going into the trust fund, but he is not committed to expending this money in the way in which he is telling the Parliament it should be.

Mr COURT: We do not expend any money unless it goes through the proper process. We made it clear that we want a dedicated convention-exhibition facility in Perth. We will go through a proper process to achieve that. No final submissions will go to Cabinet until they have gone through that process. The Leader of the Opposition knows that we often put aside money for capital works and that money is not expended. There may be delays in approvals and environmental clearances and whatever. When there are delays in the normal capital works program, we slot another project into the pecking order.

Dr GALLOP: Was the allocation of \$100m in this year's Budget, which has gone into the trust fund, subject to any evaluation within government?

Mr COURT: The Leader of the Opposition talks about its being subject to Cabinet evaluation.

Dr GALLOP: The Premier said the Cabinet looked at it.

Mr COURT: No final proposal has been put forward because we have not yet gone out for expressions of interest.

Dr GALLOP: Was there a discussion within government, outside of the Cabinet, on whether this was the way to use \$100m?

Mr COURT: I have already given the Leader of the Opposition reports that strongly support the need for a dedicated convention-exhibition facility in Perth. On that basis, since 1994 the Government has always wanted such a facility. We do not believe we can compete in the tourism industry without appropriate facilities.

Since the announcement, a number of major operators of those sorts of facilities in other States have indicated that they want to have input into some of the design features of this facility, having learnt from the mistakes made in the construction of other facilities. Hopefully we will get the best of all worlds and we will have a state of the art facility that will be quite different from those in other States, and we will make sure it is considerably better.

Dr GALLOP: What is the Government's attitude to a casino licence being attached to a new convention centre?

Mr COURT: Although propositions have been put forward, I have not been prepared to consider it further. The Government has made it clear that it is not a pro-gambling Government. We would not support a second casino licence, although one proposal, in particular, was very attractive and would give us all the facilities we want. We do not want an extension of gambling in this State. Whereas gambling moneys - the premiums up-front - largely pay for the facilities in Melbourne and Brisbane, we realise that if we do not go down the gambling path, we must find funds from consolidated revenue.

Dr GALLOP: Will the Premier make it clear to all those who put in an expression of interest that no casino licence will be attached to the facility?

Mr COURT: Yes.

Dr GALLOP: Will that be part of the process?

Mr COURT: It is public knowledge that the monopoly of the casino runs out in 2001. If there was a change of government, a decision would be made by a new Government about what it wanted to do about a second licence. We believe we now have a competitive advantage in many ways by not having to be dependent upon gambling revenues. We believe we have enough attractions here to get a facility to work without the requirement for gambling.

Dr GALLOP: I seek clarification of the comment that the \$100m may not be spent this year.

Mr COURT: Yes. It is the same with the computer program. We have put in \$100m. The Education Department estimates that to implement it in an orderly way will take between three and four years. If it can be fast-tracked, the funds are available to do it. Once the moneys go into the trust fund, the implementation must be done in an orderly, efficient way. The department has said that it will take three or four years to deliver the computer program because some schools require a bit of rewiring. In the process of doing that, the department may well decide to do other electrical works in those schools. It is to be drawn on as required.

Dr GALLOP: Are the dedicated convention-exhibition centre Perth feasibility update document and the report in early 1994, which it followed, the only two internal government assessments of this project?

[11.10 am]

Mr COURT: Yes. For many years at tourism association meetings the industry, particularly the peak national body, has been lobbying us hard to commit to such a facility. The industry has made it very clear that we have fallen behind other cities by not having those facilities available. People want to come here. The LNG 12 convention was a good example of how a large number of temporary arrangements had to accommodate requirements.

Dr GALLOP: Has no other area in government besides Cabinet assessed this project?

Mr COURT: The point you are missing is that the proposals that will flow from the expressions of interest have not yet been given to us. When they come in they will undergo a proper assessment process. If we do not believe they stack up, we will not accept them.

Mr TRENORDEN: Is it possible that other institutions such as sporting bodies, will gain some benefit from a \$100m convention centre? Mention has been made of soccer or rugby grounds. Over the years public comment has highlighted the need for a facility that would accommodate Elton John type concerts.

Mr COURT: There has been something of a blinkered approach to this matter. When we have referred to convention-exhibition facilities we have been talking about a convention-exhibition village. We do not know what specific proposals will come in. I have taken an interest in many of the developments in other parts of the world. A concept with a strong technology focus would give Australia a tremendous advantage. One of the proposals may incorporate many media related activities.

It may well incorporate a rugby-soccer stadium in the central business district area. We are not ruling out any proposals. The Festival of Perth has been lobbying hard for some years for flexible theatre space. It has been using

the old Boans warehouse for some of its productions. The festival requires a facility with a bare shell and good acoustics that can be used for a range of theatrical presentations. Much of the Festival of Perth entertainment is done on the Esplanade and in other open areas. Some of it is terrific, but a centre could incorporate something like that, which we need. It is a wonderful opportunity to develop a unique village concept.

One of the criticisms of convention-exhibition facilities is that they can often act as barriers. In Melbourne, "Jeff's shed", a big facility on the south bank of the Yarra acts as a barrier to the river, although it works well inside. Those issues must be addressed. Because I have an open mind I cannot tell you what might come forward. However, I hope it incorporates many of the things I have mentioned.

Mr RIPPER: I note that one of the functions of the ministry regarding public sector management outlined at page 941 is whole of government reporting on public sector workforce demographics, trends and management issues. The Auditor General points out problems with the replacement of major centralised computing systems such as the government accounting and payroll system and personal information management system. Given the problems that have occurred in agencies such as Agriculture WA with introducing new accounting systems, does the Premier now regret abandoning systems such as the government accounting system?

Mr COURT: No. There has been a major change to accounting systems within government. A shift from pure cash accounting to accrual based accounting will typically result in problems. We have suffered from lack of qualified expertise in many agencies which we have always accepted as an issue. We have had to drive the change hard. It is a credit to Treasury and the other agencies that in the past two years in particular they have made a quantum leap into presenting their accounts in the accrual accounting way. It means that for the first time our assets must be properly identified and valued. That in itself, which is a routine task in the private sector, has been a major job because it has not been done in the past. Similarly, all liabilities must be properly identified.

I am the first to admit that major accounting problems exist in many of the agencies as we make those changes. However, we now have it in place. The challenge now is not only to improve its implementation but also for the chief executive officers to use it as a management tool to better control their agencies.

Mr RIPPER: Is not the problem that you are trying to manage these issues on an agency by agency, rather than a whole of government, basis? Individual agencies like Agriculture WA are purchasing private sector accounting software packages which are not delivering the accountability outcomes required of a government agency. The Auditor General says that many problems and issues remain particularly in the area of control. Would it not be preferable to approach these issues on a whole of government basis with the development of a major centralised computing system like the government accounting system rather than allowing agencies to buy whatever they want?

Mr COURT: You do not understand the issue. We have a whole of government policy for accounting standards.

Mr RIPPER: I am talking about the computing systems.

Mr COURT: The Government has demonstrated its ability to move quicker by encouraging the agencies to meet that policy implementation.

Mr RIPPER: Have you not had a disaster in Agriculture?

Mr COURT: We have had difficulties in all areas. A major change has taken place. For many years the private sector has been gradually providing the accounts for local government. It will be a much easier exercise to get local government onto full accrual accounting because a wide range of accounting expertise has been introduced over the years. Much more private sector involvement will be seen in delivering accounting services in the public sector.

Mr RIPPER: Is it government policy that this is best done on an agency by agency basis rather than a centralised computing system?

Mr COURT: We are not a communist country. We have devolved power to the chief executive officers who have responsibility for their agencies.

Mr RIPPER: Are you happy with the result?

Mr COURT: I am happy with the progress. It is a great achievement to have made the accounting changes that have occurred in five years. That is a terrific result, but it can be greatly improved. A CEO is employed only if he has the ability to ensure fundamentals such as a modern accounting systems are in place. That is par for the course.

[11.20 am]

Dr GALLOP: I refer to page 936 wherein it states that one of the initiatives planned for 1998-99 is to promote Western Australia's natural gas reserves to South East Asian markets, in particular China and South Korea. I also

refer to the government officers who work overseas. What will you say to the Western Australian public servants overseas in relation to the comments made by Hon Greg Smith in the Legislative Council last night when he advocated a "thank you day" rather than a Sorry Day? He said perhaps the Aboriginal people of Australia should thank the Europeans for settling the country rather than vice versa. In the course of articulating this proposition, he also said words to the effect that Australia, after all, might have been settled by Asians. Do you think that sort of comment will help us sell our gas reserves overseas?

Mr COURT: If you want to spend the budget estimates talking about what a member of Parliament has said in the Legislative Council, so be it. In a democracy, a member can make that point of view if he wants to.

Mr RIPPER: You can preselect him and do the deal with Hanson. It will all be terrific for your selling of gas.

The CHAIRMAN: Order! The question bears no relevance to an item of expenditure.

Dr GALLOP: That is absolute nonsense! I contest that ruling.

I come back to the issue that the Premier has government officers in Japan and Korea. There is no question that the business and political interests in those countries are very interested in the attitudes of Australians to Asia in general and Asians in particular. A member of your upper House has cast aspersions on Asian migrants to this country who have played a magnificent role in its development and continue to do so. What will you say to the public servants who work in Asia when asked the question as to whether this is government policy?

Mr COURT: I am not aware of what a member said in the Legislative Council last night. If the comment is as you have indicated, I think it shows a lack of understanding of history, because you can demonstrate that the Aboriginal people in Australia have a direct link with Asia. I have sat in this Parliament while Bill Grayden gave lengthy speeches on the connections. From a historical point of view, his comments would not be correct. In relation to our officers in Japan and Korea, the Government has a terrific relationship with both of those countries. In China, the main work is being done through a representative from the Department of Commerce and Trade who is a first class officer. It is true that in the past year in China we have concentrated a lot of effort on two projects. One is a DRI project and the other relates to LNG sales into that country. It is a very ambitious project, but we are keen for Western Australia to become the first State supplying LNG into China and the coastal provinces. I do not see how the issue that you have raised would have an effect on our relationship.

Dr GALLOP: Do you not think it is a matter of concern?

Mr COURT: I just said if it is as you have reported it, I would say he is historically wrong.

Dr GALLOP: I certainly hope it does not represent government policy, or are we so loose now in our definition of government policy that anything goes in your Government?

Mr COURT: I am taking your word for what was said and I would be much more comfortable reading *Hansard*.

Dr GALLOP: A controversy occurred earlier this year about the tipping guidelines. Could I now obtain some clarification on this? Does the department produce guidelines for Ministers and staff on using public money to tip in Australia and overseas? If so, do these guidelines allow for the use of public money to tip in Australia? When were the guidelines in relation to tipping in Australia most recently revised? Upon whose request were they revised? What was the standard policy for tipping in Australia prior to the most recent revision?

Mr COURT: When the Labor Party was in government, there were no guidelines for tipping. In 1995 some guidelines were put out which covered tipping in general terms and indicated that tipping should not occur within Australia. However, where it was considered appropriate to tip overseas, that could be done. That has proved to be an unrealistic policy. It was changed so that when tipping was appropriate in Australia, it could occur. You have made a lot of noise about this issue.

Dr GALLOP: The only issue we have raised is the circumstances under which the guidelines were changed.

Mr COURT: As I said, there were no guidelines when you were in government and we put some in place. The circumstance in which they were changed is that we reviewed those guidelines with the involvement of the Auditor General, so that they were seen to be appropriate. We have taken a completely responsible approach. We have extensive documentation of tipping within Western Australia that took place when you were in government. You are being hypocritical about this exercise. When you were in government, your people tipped when it was appropriate. We have put guidelines in place and have revised those guidelines.

Mr RIPPER: After one of your Ministers got into trouble!

Mr COURT: Tipping was your practice when you were in government. Your people tipped if it was appropriate to do so at a restaurant. You should be a little careful about how you run on this issue.

Mr RIPPER: Do not put words in my mouth.

Dr GALLOP: Were they guidelines when they existed?

Mr COURT: Yes, they were. They were put in place in 1995 and they were revised in August 1997. The guidelines for expenditure on official hospitality were the subject of circular No 4/95 to Ministers. The guidelines were reviewed following two years of operation and addressed issues identified by an audit of ministerial office expenditure. The bottom line is we have been prepared to put guidelines in place. You have been running on this issue in a very hypocritical way because -

Dr GALLOP: We have not, we raised the issue. You had guidelines and you then conveniently changed them.

The CHAIRMAN: I ask the Leader of the Opposition to allow the Premier to answer.

Mr COURT: When you were in government, you had no guidelines and you were prepared to tip.

Mr RIPPER: What is the use of guidelines if a Minister can break them and they then get changed?

Division 5: Governor's Establishment, \$2 425 000 -

[Mr Baker, Chairman.]

[Mr Court, Premier.]

[Mr Kevin Skipworth, Official Secretary.]

[Mrs Carol Buckley, Deputy Official Secretary.]

Mr BRADSHAW: With regard to the current Governor, what length of time does he have to run, and what appropriate actions will be taken to look for a new Governor?

Mr COURT: He was appointed on 1 November 1993 and his appointment was extended for two years from 1 November 1996. It was extended for a further 12 months from 1 November 1998 to 1 November 1999.

[11.30 am]

Mr MINSON: Has the current Governor indicated a wish to continue or will we need a new Governor?

Mr COURT: I have been advised that this is his preferred timetable. The Government believes that he and his wife are doing an outstanding job and would have no difficulty with extending his term. He has accepted two extensions.

Mr MINSON: This question has no great relevance to the Budget. However, it would be inappropriate to go into 2000 without appointing a Governor. If the present Governor says he will definitely leave, we must lock in place a new Governor before 2000.

Mr COURT: That is a point well made. It is a lengthy process and previously we had a long period with an administrator.

Division 6: Office of the Auditor General, \$6 785 000 -

[Mr Baker, Chairman.]

[Mr Court, Premier.]

[Mr D.R. Pearson, Auditor General]

[Mr A. Yukich, Assistant Auditor General.]

Dr GALLOP: I refer to page 146 of the budget papers. Why is there a reduction in the full time equivalents in the Office of the Auditor General in 1998-99? What functions will no longer be undertaken by the office? The latest profile of the Public Service publication shows that in 1992-93 the Office of the Auditor General had 133 staff. That figure has fallen to 105 in 1998-99, a fall of 21 per cent. Given the significant changes to government reports, in particular the move to accrual accounting, are sufficient funds allocated to staff in the office to undertake the functions?

Mr COURT: The Auditor General's operations are different from others in government which have been asked to drive productivity improvements. We want to achieve greater output with fewer people but there are other reasons for those changes.

Mr PEARSON: Contracting out has increased while contracting in the audit area remains fairly static at about one-

third of the financial attest audit load. We have contracted out more in the support and services area, particularly in the area of information technology support and training. As the Premier mentioned, we have made substantial investments in communication technology over recent years, for which there is a productivity dividend.

Dr GALLOP: As a percentage of total expenditure, how much is contracted out compared with five years ago?

Mr PEARSON: In raw numbers, the total amount contracted out is about \$2.25m and that has probably increased by \$300 000 over five years.

Dr GALLOP: What current projects or reports is the office undertaking and what projects are in the pipeline?

Mr PEARSON: Aside from the ongoing and very important base program of the annual audit of financial statements and performance indicators of 350 agencies comprising the public sector, there are two areas to which I will refer. Reports on the review of the Ministry of Fair Trading and the review of assessment of customer satisfaction are close to being finalised. In the area of customer satisfaction, as part of performance indicators, a review was conducted of the veracity of the surveys and methodologies used in assessment. We are looking at the Department of Education's utilisation of facilities and relating that to the ability of schools to deliver a comprehensive program in terms of the size and critical mass of primary schools and high schools. We are looking at electronic commerce as an emerging area in which government is working and that is part of our program of emerging issues of relevance when identifying control areas. I cannot give firm tabling dates for the next three items. We are looking at recruitment across the public sector and considering the cost and timeliness of recruitment procedures while recognising the need to maintain merit and equity considerations; corporate governance in statutory bodies; and a review of the management of homeless youth in the welfare sector. These are the current performance examinations on our agenda.

As an adjunct to the annual financial statement and performance indicator round, a series of controls, compliance and accountability reviews are being undertaken. I am attempting to complement the individual findings in annual audits and to take these findings a step further to establish whether it is transactional problems or part of a broader problem that needs to be addressed in a more comprehensive manner. One of the issues that is a by-product of the annual financial statement round is the use of credit cards. I am on record as supporting the use of credit cards as a good tool for both procurement and payment of accounts in the public sector, but these credit cards must be tightly managed to harvest that dividend. We are looking also at the administration of grants, payment of visiting medical practitioners in public hospitals, parliamentary travel, fringe benefits tax, overpaid salaries and recovery of overpaid salaries practices, and the calculation of termination payments, which is a one-off case to produce a correct figure. The management of leave is another area of general concern across the public sector. There are a range of other issues that relate to particular agencies or operations. A review is being conducted on the quantum of stamp duty collected on the sale of motor vehicles as a by-product of our fleet management report where research was invested in establishing the value of the used car market. We are seeking to maximise the return on that investment by conducting an exercise at State Revenue to determine the amount of stamp duty it collects from the second hand car market and matching that with the industry statistics. The implementation of information systems across government is an area of interest to us.

Mr BRADSHAW: What is the cost of the Auditor-General's travel expenses for 1997-98 and what is estimated for 1998-99? How many days was the Auditor General absent from Western Australia in this financial year and what is estimated for the next financial year?

Mr COURT: We do not have that information available but will provide it in supplementary information.

[11.40 am]

Mr TRENORDEN: On page 139 of the budget papers, under external influences, the last dot points raises the issue of adverse impact on audit resources, and page 144 contains a line concerning advice provided to agencies. There is a reasonable lack of understanding of accrual accounting among government agencies, of which many operatives have been on a cash accrual basis. Is it the Auditor General's responsibility to supply a proportion of the advice required to bring those people up to standard or is that the role of the Treasury?

Mr COURT: The Government has a policy for the implementation of accrual accounting. Over the last five years, the Auditor General has been watching the changes that have been taking place. However, now that we have that policy implemented, I see it as the Auditor General's role to ensure that the quality of accounts is acceptable. As has been outlined in some of his recent reports, there have been difficulties in the implementation of new accounting systems. Therefore, it is an overall government policy, not the Auditor General's responsibility, to make sure that agencies have their proper accounting systems in place; that is the responsibility of the chief executive officers. The Auditor General reports just on whether he believes the system is satisfactory.

Mr TRENORDEN: But he does give some advice, Premier.

Mr COURT: Yes. I ask him to comment.

Mr PEARSON: I strive to make advice available that complements my audit findings. A key example of where that advice is given is on internal audit committees, where my office is invited to participate on committees. We routinely provide personnel to participate in an observer capacity on those committees. More specifically, where there have been adverse findings and an agency has a task force addressing those, I consider it beneficial for my office to be accessible to elaborate on the findings and provide advice in consideration of agencies acting on those recommendations. Similarly, with the development of performance indicators and the need to address performance examination reports, often we receive requests from agencies for collaboration. Also, in the introduction of new accounting standards, I encourage agencies if they have doubts to raise them with us in order to receive an early indication of our attitude or approach so that they can take that into account.

Mr BRADSHAW: Is it the role of the Auditor General to check on government agency efficiency; that is, whether agencies have too many employees sitting around doing nothing? If performance indicators are a way of checking on government agency efficiency, how do you audit the public performance indicators? Do you take for granted what an agency tells you or do you go in there and audit its performance indicators?

Mr PEARSON: Yes, we audit the performance indicators. The provisions of the Financial Administration and Audit Act require me to reach a conclusion as to relevance and appropriateness of the indicator for the program objective. The second element of my audit approach is to assess the reliability of the indicator as to truth and fairness in the traditional audit role. Another explicit provision of the FAAA provides me with a mandate to review the efficiency and effectiveness of the agency's operations.

Mr RIPPER: I was interested in the Auditor General's comments about the audit of the use of facilities in the Education Department. Is this an audit of the Minister for Education's local area education planning process? Are you looking at community use of school facilities for non-educational purposes, or are you looking at the Education Department's use of its own facilities and whether some schools are over or under provided with facilities given the enrolment of their students?

Mr COURT: I will ask the Auditor General to answer that question as the answer might lead to a new wave of closures!

Mr RIPPER: Will you be recommending a new wave of school closures?

Mr PEARSON: No. It is a review of the Education Department's approach to managing school facilities. It is focused primarily on that education use. There is no focus on community use in this review. The examination is in progress, however it is premature for me to speculate on conclusions or recommendations.

Dr GALLOP: Do you take into account the Government's approach to what it regards as a proper sized school for the delivery of curriculum?

Mr PEARSON: We take into account the policies as promulgated by the Education Department. However, as auditors, we certainly do not challenge policy at the government level. We review policy implementation.

Mr RIPPER: Would you describe this, in part, as an audit of the local area education planning process?

Mr PEARSON: It is not specifically an audit of that process.

Mr RIPPER: But in part?

Mr PEARSON: The implementation of that policy is a part of the consideration, yes.

Dr GALLOP: I refer to the number of accountability problems that have arisen and have been highlighted by the Auditor General with the replacement of the government accounting system, otherwise known as GAS. Was the replacement of that centralised system with departmental financial management systems managed effectively by the Treasury and other departments? Was training provided to departments prior to the shut-down of the central accounting system? Was there a transitional period in which GAS and departmental operating systems were run simultaneously to ensure that departments were able to cope with the new processes?

Mr PEARSON: I have not performed an examination or audit of the total transfer from GAS to the specific systems. However, it was clear that the GAS system was effectively at the end of its useful life; it was a cash-based system. Nationally, aside from Western Australia, the move was towards accrual accounting, and a new accrual based system was necessary. It was a government policy decision to take the dispersed approach. Because I have not performed an audit, I cannot make specific comment on that other than to note that it is the accountable officer's and the

accountable authority's responsibility under the FAAA to be accountable for that implementation. In terms of simultaneous operation, a deadline was set, I think with a two or three year time frame, for the closure of GAS; agencies were given that intervening period to migrate to alternative systems.

Mr BRADSHAW: Has there been an increase in the number of Auditor General's reports in the last few years? There seem to be many more reports produced these days than six or seven years ago. Is this the case or was I missing out on them before?

Mr PEARSON: Over the last three or four years, I think it would be nine to 11 reports a year. However, if you compare that with five or six years ago, yes, there are more reports. I think there were five to seven reports produced in 1991-92.

Mr BRADSHAW: By way of supplementary, why has there been a sudden increase in the number of these reports produced?

Mr PEARSON: For two reasons specifically. One has been the coming on stream of the performance examination capacity provided for in the FAAA when it was introduced in 1985-86. In common with experience elsewhere, that expertise takes some time to develop and build up into a program. That would account for about six of our reports a year compared with probably three or four in 1990-91. As to what we now call portfolio reports, health sector reports and a forthcoming tertiary education sector report, they have developed in response to feedback from parliamentarians in surveys, who have indicated they want greater clarity and segmentation of audit findings so that reports are more digestible. That is how I interpret the feedback we received. As a consequence, whereas in the past we brought out a couple of general reports that included a mixture of everything, we now bring out a general portfolio report that primarily addresses 30 June balance date audits; a health sector report, because the health sector is a large and significant sector, and it currently lags behind the remainder of the 30 June balance day agencies in finalising its financial statements; and a tertiary education sector report, which is predominantly a 31 December based set of audits.

[11.50 am]

Mr RIPPER: I refer to the statement at page 139 that the year 2000 issue has the potential to impact on all public sector information systems. We have seen information from the Auditor General's Office that the cost to Health will be over \$100m. Has the Auditor General's Office prepared an estimate of the total likely cost in the public sector? I gather that Health comprises around one-quarter of the state Budget. Does that mean that the public sector is looking at a bill of over \$400m for the year 2000 issue?

Mr PEARSON: We have not done an estimate. The comparison that you draw is probably a fair de facto extrapolation. We need to bear in mind that the costs are not necessarily all additional costs but will in significant part be taken up by the application of existing resources to address that issue as a priority.

Mr RIPPER: In other words, other computer developments will be sacrificed to deal with that issue?

Mr PEARSON: Yes.

Mr COURT: I have read a lot of reports and the like about what will be the costs and effects, and I believe it is quite difficult to predict what will happen at the end of the day. Agencies can do what they can to ensure that their systems are in place, but problems may arise if the people with whom they are interacting do not have their systems in place. It will obviously be an interesting time. From the talks that I have heard and the papers I have read, no-one can accurately predict what will happen. A lot of computer companies have put quite outrageous figures on the cost. It is one of the greatest selling tools of all time to encourage people to put in new computing systems; and even if they put in new computing systems, they will still run into some problems if they are interacting with an old system.

Mr TRENORDEN: Page 145 refers to \$804 000-worth of internal advice to the Auditor General. I am not surprised that the Auditor General would need some advice, because in the past decade we have seen considerable change in the role of the Auditor General. Does that amount also include external advice, such as legal, financial and administrative advice, and advice on the issue that is referred to at page 139; namely, the international harmonisation of accounting standards, which may also be an area about which the Auditor General will need to seek advice from external sources?

Mr PEARSON: The understanding that is expressed in your question is correct. It basically comprises advice from external parties with regard to directions in public sector auditing; developments with accounting standards, both nationally and internationally, including making submissions from my office to be taken into consideration in that process; and external advice on particular issues. The other major component is what I would call broadly planning and development activities within my office at an early stage before they are identifiable or attributable to a particular audit to assist in developing directions and options.

Dr GALLOP: The Auditor General's report on the Joondalup Health Campus stated that the project did not include comprehensive evaluation of the benefits, costs and risks involved. It also listed additional risks to the State which included reduced flexibility and lack of competition for new services and facilities; limited contractual control over the quality of services; fixed availability charge, with limited control over service quality; a guaranteed offer to purchase a minimum quantity of services; financial incentives for the operator to influence admission, treatment and discharge patterns; and potential overpayments because of incorrect coding of treatments. What discussions have taken place between the Health Department and the Auditor General's Office with regard to those matters, what advice has been offered by the Auditor General to avoid a repeat of those problems, how have the practices of the Health Department changed as a result of that advice, and what guarantees are provided that future privatisation contracts will avoid the same pitfalls?

Mr COURT: The process that was followed for the letting of the contract for the Joondalup Health Campus was a proper process. The issue raised by the Auditor General was the transparency of the arrangements. The ultimate argument about competition, for example, is that when a government monopoly is performing the work, there is no competition.

Dr GALLOP: You told us it was still a government hospital.

Mr COURT: When the Government owns and operates a hospital, you cannot argue about competition, because there is not any.

Dr GALLOP: What do you mean? A private hospital system competes with the government hospital system.

Mr COURT: The point I am making is that if one cannot get into the government business, one cannot compete.

Dr GALLOP: That is your version of competition, and we do not accept it.

The CHAIRMAN: Order, Leader of the Opposition! Allow the Premier to answer the question.

Mr COURT: Earlier today I gave an example of the Leader of the Opposition's view of privatisation, and that was the Collie Power Station. The former Government tried to get the private sector to build a power station.

Dr Gallop interjected.

The CHAIRMAN: Order!

Dr GALLOP: It is pretty clear that the Chairman has been backing up the Premier all day, so I am not surprised.

The CHAIRMAN: Order! The Leader of the Opposition will come to order.

Mr COURT: The Leader of the Opposition raised the question of competition. I want to put on record the hypocrisy of the Leader of the Opposition in opposing the privatisation of part of Western Power when this Government has built a government owned power station and the former Government tried to build a privately owned power station. The Leader of the Opposition does not seem to have his policy worked out.

With regard to the transparency of the Joondalup Health Campus contract, as a result of those recommendations, we have modified contracts that have taken place since then -

Dr GALLOP: In what ways?

Mr COURT: For the new hospitals.

Mr PEARSON: Since the tabling of that report, officers from the Department of Health and Treasury have had meetings with me and my staff about getting a greater understanding of the rationale behind the recommendations, and I understand they have taken that on board with other options that they are considering so that they can benefit from those recommendations. As the Premier mentioned, my basic concern with an element of that contract was the transparency of the business case. That facilitated a review, and in that case I was less than satisfied that I was able to perform an audit function, and we raised some other areas of risk that we saw in managing a contract with a successful contractor over an extended time, recognising the likely changes that would arise from technology and procedures.

Dr GALLOP: Did you have available all the information pertaining to that contract when you did your analysis?

Mr PEARSON: I had available all the information that we felt we needed.

Dr GALLOP: Did you get all the details of the contract?

Mr PEARSON: We certainly had the contract.

Dr GALLOP: The Premier said that future contracts had been adjusted as a result of the Auditor General's report. In what ways?

[12 noon]

Mr COURT: We are determining operating contracts for Bunbury, Mandurah and, if we go down that path, Armadale. As I said, as a result of the recommendations from the Auditor General we will ensure that we accommodate his concerns.

Dr GALLOP: In what ways have the contracts been adjusted as a result of the Auditor General's recommendations?

Mr COURT: Some of them are not in place yet. We will accommodate the Auditor General's recommendations in future contracts.

Dr GALLOP: But you cannot say in what areas?

Mr COURT: The Auditor General will confirm that our attitude is to ensure that he is satisfied with the contractual arrangement before we enter into it and that he is part of the process.

Mr PEARSON: I am being consulted as part of that process. A potential area of difficulty will be the extent to which I can provide an audit position prior to sign off. They are large and complex contracts and an audit, by its nature, cannot provide a 100 per cent assurance on all transactions.

Mr RIPPER: A statement on page 139 refers to the existing and proposed use of the private sector to deliver public services under contract and competition policies which requires a higher standard of performance and conduct in the public sector. The Auditor General has presented reports on issues such as the Joondalup hospital which carry with them some recommendations. Does the Auditor General intend to produce a general statement of the standards of performance and conduct required in the public sector to deliver public services under contract and competition policies?

Mr PEARSON: I do not see that I will make a specific report on that. However, I see that general issues will be addressed as a product of the range of audits that I carry out. As a by-product of other audits we produce a good practice guide. However, I do not see that I will be in a position to do that in relation to contract management. The sorts of issues to which I alluded related to accountability and audit risks associated with doing things differently. That is not to say the different approach is wrong. However, we need to change our management approach as there is a difference between managing a contractor and managing a subordinate. Those are the sorts of areas to which the public sector needs to continue to pay particular attention.

Mr RIPPER: My impression from the Auditor General's answer is that we will gradually learn what he thinks are the appropriate standards for the management of these issues on a report by report basis. Would it not be preferable to produce a guide to good practice in this area up-front, so we do not have to wait for mistakes to be made and audits to find them?

Mr PEARSON: That would be the ideal. However, that would be the responsibility of the relevant government agencies and of the accountable officer. In that respect I note that the Department of Contract and Management Services has made moves in that direction.

Mr TRENORDEN: On page 146 the estimated actual expenditure is unusual in that \$2.6m has been paid back to consolidated revenue. How did that occur?

Mr PEARSON: That is the effect of the net appropriation. They are the fees that I charge for audits of non-budget dependent agencies.

Mr TRENORDEN: That is not an unusual position, so why is it recorded in this manner?

Mr PEARSON: This is the first year that my office has operated under a net appropriation. In the past that amount of revenue has gone direct to the consolidated fund.

Mr KOBELKE: I refer to the Auditor General's report titled "The Funding Facility for the Western Australian Government's Light Vehicle Fleet". Firstly, the scope of this report is limited to financing and lease agreements and does not relate to management. Does that mean that the Auditor General was not able to form an opinion on whether there was any net benefit from contracting out the financing and control of the fleet?

Mr PEARSON: It is a function with any audit that one must scope it. Although we contemplated looking at the fleet management component, that element of the arrangement was under considerable change. The indication was that it would go back to the market to relet those contracts. I decided it was not an appropriate use of my resources to review something that would be subject to significant change.

Mr KOBELKE: Do we have a date for the completion of the second report, and will the second report be able to draw a line under the whole operation and indicate a net gain or loss to government in rearranging the financing and control of the Government's small vehicle fleet?

Mr PEARSON: I am not committed to a second report because those contracts have not been let as yet and I reserve my position on whether to do an audit when the contracts are final and I can assess the situation. It is difficult, if not impossible, to draw that comparative line, because of the quality of historical information and the amount of change that has occurred to agencies over the years. One benefit that will come from the move to accrual accounting and the enhanced budget papers presentation is greater integrity in the data that is available. In the future the sort of comparison that the member is looking for should be possible.

Mr KOBELKE: On that matter of integrity of data the Auditor General mentions in his report that he has drawn heavily on information available from Matrix as the controller of the contract. Does the Auditor General have any concerns in this case and in other cases about the integrity of the information that is provided when it is within the control of the private operator who is making profit from the contract and perhaps is in a position to provide data which does not give a full and accurate picture as required by the Auditor General?

Mr PEARSON: On this occasion I was satisfied by the integrity of the data and the level of cooperation afforded my office by Matrix. The Commission on Government made recommendations to enshrine that provision in legislation.

Mr KOBELKE: In the executive summary of that report the Auditor General indicated a saving of \$4.87m per annum against a Treasury benchmark interest rate. Was the Auditor General able to form an opinion on whether that Treasury benchmark interest rate was conservative or a reasonable rate?

Mr PEARSON: We considered the benchmark rate as the appropriate one to compare this funding facility against, and that is why I was explicit about the quantum of the saving.

Mr OSBORNE: The entire thrust of the Auditor General's role is to ensure accountability. With regard to the accountability of the Auditor General's office, what is the nature of his tenure and what process exists for a review of the Office of the Auditor General? Is there any possibility that this Parliament can be involved in the review of the Office of the Auditor General other than the usual method in which he reports to the Parliament after a review of an agency?

[12.10 pm]

Mr PEARSON: I am appointed to age 65 and removable by motion of both Houses on specified grounds. That is somewhat like the requirements in a quasi-judicial type appointment. In terms of routine accountability, the Treasurer appoints an auditor to audit my office. That is conducted annually and reported to the Parliament. In terms of the Parliament holding myself accountable over and above that statutory requirement, in my time here I have arranged peer reviews of my office where outsiders have reviewed that office and provided me with a report.

On the last occasion, I made that report available to the Public Accounts and Expenditure Review Committee of this House and to the Standing Committee on Estimates and Financial Operations of the Legislative Council. Currently I am undertaking a review, and I have consulted with those two parliamentary committees as well as the Public Administration Committee of the Legislative Council regarding the terms of reference. That review is nearing completion. I have undertaken to provide a copy of that report to those parliamentary committees. More broadly, I return to the Commission on Government's recommendations for a statutory periodic external review of my office.

Mr OSBORNE: Will that be carried out by the same peer review process?

Mr PEARSON: It could be. However, statutory reviews in other jurisdictions tend to be driven by a parliamentary committee which appoints a separate reviewer. Overseas, sometimes those parliamentary committees have chosen to use an existing peer review process, but they take a close involvement in directing it.

Mr MINSON: How do you choose what or whom you will investigate? Are you available on request to undertake investigations? For example, a Minister's office or department may not want any trouble with the Auditor General, but may request you to undertake a quick review, without your producing a formal document which must be tabled in Parliament.

Mr PEARSON: I am available to be sought out, but I will not agree to a private report. The independence and perception of my office must be maintained, and I have an obligation to Parliament. When agencies from time to time request me to do something, and if it coincides with my priorities, it would be on condition that it would be part of a report to Parliament in the normal way. On matters of significance it will be reported in its own right; and matters not of significance may receive a passing reference in an annual report.

Mostly I approach efficiency and effectiveness reviews on four themes: We try to maintain a balance at any time between examinations of established and ongoing programs, new and emerging programs, "state of the State" areas, such as fleet management; and basic accountability issues, such as credit cards and travel. We do that to try to achieve a functional spread of examinations. We also have a second dimension to try to spread them across the public sector. Education, health and welfare areas are looked at, as are some of the harder edged infrastructure areas. We try to maintain a balance, but invariably we are doing six to eight examinations at one time, and given the scale of the public sector, it is a very thin coverage.

Division 7: Salaries and Allowances Tribunal, \$264 000 -

[Mr Baker, Chairman.]

[Mr Court, Treasurer.]

[Mr B.J. Moore, Executive Officer.]

Dr GALLOP: The Salaries and Allowances Tribunal has indicated that one of the issues it may need to address this year will be work following the implementation of the recommendations of the Parliamentary and Judicial Superannuation Review Committee's report. The ball is in the Treasurer's court. Assuming the Government decides to support the review, when does the Treasurer expect to introduce legislation?

Mr COURT: The Leader of the Opposition said that the ball is in our court, but during my 16 years in this place whenever changes have been made to superannuation -

Dr GALLOP: The Labor Party has expressed support for the review.

Mr COURT: In the past, changes have been supported but when they are brought to Parliament it has been a different exercise. We intend to take the legislative path recommended by the review. The tribunal is completely independent. It will make its determination accordingly. I cannot give a specific date. I imagine that we will try to introduce legislation to Parliament later this year or early next year.

Dr GALLOP: Should the executive officer be given the task of looking at parliamentary salaries in the light of the changes recommended by the review, has he given consideration to the methodology he may use to determine an appropriate salary in those circumstances?

Mr MOORE: At this point, the report has been presented to the tribunal in an informal manner. The answer is no.

Mr MINSON: I refer to salary packaging. Over the past 10 to 15 years, Parliaments have decided to tie the salaries of members of Parliament to a public service level. We are not public servants. Those senior public service salary levels can be subject to packaging; yet the salaries of members of Parliament cannot be packaged. Is it appropriate to tie our salaries to a public service level? If so, is the CEO being hampered by the fact that it is difficult to package our salaries?

Mr MOORE: What would you package in a parliamentary salary? The electorate allowance is provided by the tribunal and is an allowance for servicing the electorate. It is not salary. If we were to consider the packaging issue, what would the components of the package be?

The tribunal invariably has avoided tying parliamentarians' salaries to a public service level - and for good reason. Currently in Australia, parliamentarians cannot receive a salary increase until there is an increase in the Australian Public Service award. Under the current Federal Government there will be no increase in that award. This is the only tribunal in Australia that has the capacity to independently determine the remuneration of parliamentarians.

Mr MINSON: My next question is a little mischievous. The Government has been very supportive of workplace agreements and enterprise bargaining agreements. We receive an increasing number of allowances, including our electorate allowances, and so on. We have an electorate officer and members may have another part-time officer in the metropolitan area. I have one in Geraldton and another part-time officer at Dumas House. We also receive postage and travel allowances. I can travel throughout my electorate as often as I wish. We also have an imprest account. With only 91 members of Parliament, it is possible to strike individual agreements under a global allocation, which would better serve the needs of a member. You know that I refer to a private matter. Do you think a place will exist in future for workplace agreements to be struck on an individual basis for members of Parliament?

[12.20 pm]

Mr MOORE: The problem with workplace agreements relates to the question of who is the employer of members of Parliament. The tribunal has tended to steer away from workplace agreements. Regarding allowances, the tribunal would be guided by Parliament if a need were seen to provide a composite allowance for members rather than spelling out their individual parts as we currently do.

Mr TRENORDEN: Very recently a union representative made a public statement on Radio 6PR that over the past six years, not inclusive of current activity, nurses had received a 16 per cent increase in income, and that parliamentarians had, interestingly, "voted" themselves a 42 per cent increase during the same period. Is that figure anywhere near correct?

Mr MOORE: A general misconception is held by the public regarding the recent report on judicial and parliamentary superannuation; namely, the view is that parliamentarians received a 22 per cent increase this year. That is not the case. The last increase was in November 1996, and the cumulative increase since December 1991 for parliamentarians has been 23.25 per cent.

Division 8: Treasury, \$1 001 370 000 -

[Mr Baker, Chairman.]

[Mr Court, Treasurer.]

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

[Ms A. Nolan, Assistant Under Treasurer.]

[Mr M.L. Harris, Assistant Under Treasurer (Financial Management).]

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

[Mr I.K. Johnston, Chief Executive, Government Property Office.]

Dr GALLOP: I refer to the major initiative for 1998-99 for the further development of WA's contribution to the process of reforming the national tax system. What level of consultation has taken place between the Western Australian Government and the Federal Government on tax reform? How many submissions has the State Government put forward to the Federal Government on taxation reform in the last, say, three years, and will the Treasurer table those submissions?

Mr COURT: I have publicly criticised the fact that insufficient consultation has occurred with the Federal Government on tax reform. I strongly believe that one cannot politically sell effective tax reform in this country without the States being on board, which requires major reform in commonwealth-state financial arrangements.

Two positions have been presented: First, a general position was prepared by the States as part of Council of Australian Governments discussions. Second, the Government recently put a more specific proposition to the Federal Government. As expressed publicly, the submission outlined options for changes in the tax mix, including the ability of the States to share a component of income tax, with the Federal Government withdrawing from that area. That component is designed to eliminate a large number of grants we receive, and to assist in removing some undesirable state taxes. Similarly, it involves sharing a broad based tax to assist in abolishing some state taxes.

Dr GALLOP: How would you share an indirect tax?

Mr COURT: One would need a commitment that the Federal Government will give the States a percentage of revenue collected by that tax. The state taxes considered are financial transaction taxes - such as financial institutions duty, federal bank account debit and stamp duty on financial transactions - and payroll taxes. To get out of those areas would require a broad based indirect tax at differing levels. Nothing is magical about tax: Certain amounts of money come in, and it is necessary to change the mix around. Figures are available on a desirable mix.

I will check through Cabinet regarding making that position available to the Leader of the Opposition. However, I see no reason for it not being provided as we have tried to encourage an open debate on tax issues.

Dr GALLOP: In relation to the consultation the other way, has the Federal Government indicated its tax proposal to the States collectively and WA particularly?

Mr COURT: No, it has not. I am concerned that it is very easy in a tax debate for an Opposition to run a fear campaign. A mature, open debate on tax is achieved only by putting everything on the table and spending time educating the public on options. One can run a scare campaign saying tax will apply on certain products, while ignoring the fact that tax will be removed from a number of other areas. If enough fear is generated, people will ask, as occurred in 1993, "Why go down that path?"

We are worried about whether a strong commitment will be forthcoming to enable States to raise revenues needed for their expenditure. I express concern as we have not been told the Federal Government's proposals. However, I see this as a unique opportunity, after 100 years of federation, to return to the initial agreement.

Dr GALLOP: The Treasurer indicated that he has not seen the Federal Government's proposal. Has he put his own submission to the Federal Government; namely, that which he would like tabled for public discussion? What is the Treasurer's bottom line regarding any federal proposal? Is it that any federal proposal which does not reduce vertical fiscal imbalance, for example, will be unacceptable?

Mr COURT: If the Federal Government does not agree to address that issue, it will not address the last part of the reform guidelines.

Dr GALLOP: The Federal Government speaks as though FID, BAD and other state taxes are a terrible thing, and that it will get rid of them through a consumption tax at a federal level. However, that change will dramatically affect vertical fiscal imbalance in Australia.

[12.30 pm]

Mr COURT: As I have said, I will not comment on hypothetical situations. If the Federal Government is prepared to give us access into a component of income or indirect tax, that must improve our current situation.

Dr GALLOP: Could you indicate whether the State Treasury has done an analysis of what a goods and services tax would mean for Western Australia?

Mr COURT: When you say "an analysis", the Treasury has done quite a bit of work. I will get the Under Treasurer to explain that work. The brief we gave the Under Treasurer is to make sure we are aware of all of the options possible and of the effects a goods and services tax would have on our State.

Mr LANGOULANT: We have looked at which taxes we think would be most desirable for us to have a share of. Basically only two have been identified. The impact of a goods and services tax would depend on its structure, if any, when it is finally put into place. We could have a value added tax or a tax directed more towards sales. We have looked broadly at what the impacts of those taxes would be across the State and Australia. We have looked at it in this context and also in the context of the proposals put forward several years ago. The impacts we have looked at are at the macro rather than micro level at this stage. We have the capacity, including external advisers, to quickly examine the impacts of any proposal which may be put forward by the Commonwealth.

Dr GALLOP: Is there a written report within Government on the impact of a GST on WA or is it just part of that process?

Mr LANGOULANT: There are internal papers but we do not have a report which we have provided to Government at this stage.

Dr GALLOP: As part of your submission to the Commonwealth, Treasurer, have you argued for a broad-based tax or that there should be exemptions?

Mr COURT: The report has been written, working on a range of assumptions of how the Federal Government might introduce the tax and whether there would be exemptions. By and large we have not gone into the detail of what the Federal Government might include or exclude in a tax. We are looking at a broader picture of estimating the revenues that may come in under certain arrangements and how the State could possibly share in that. In preparing our case, we have also sought advice from Access Economics, which has had quite a bit of experience in this regard, both with previous packages that have been prepared and a lot of work that has been done since then. The main focus of our report is the commonwealth-state financial relationships rather than the detail of how a tax would be introduced.

Dr GALLOP: What room should the Commonwealth give with income tax; in other words, how far should it vacate the field? Should the States have the ability to vary the marginal rates?

Mr COURT: We believe that the Federal Government would have to vacate a substantial area on income tax if we were largely to get rid of grants. We do not see what the big deal is because we would be replacing grants with that component of income tax.

Dr GALLOP: There is a word with "c" at the beginning, and "l" at the end - control.

Mr COURT: Yes, except we have the grants coming anyway. We have said that we believe a component of grants should still be left in place; that is, that a large part of the grants would come out but there would still be a component left to make sure that a balancing mechanism was in place to assist less well-off States. As to what the rates should be, our position is that, in practical terms, we would probably initially, maybe for a five year period, have standard rates across the country, but after that five year period we would allow a variation between States in income tax rates.

Mr BLOFFWITCH: At page 1230 you mention the High Court's decision and the change in the tax regime under

which the Commonwealth Government had to take over excise taxes that we were imposing. I have heard on many occasions that we have ended up worse off because of that transaction and yet when I look at fuel and cigarette prices there seems to be no appreciable difference. I am constantly told that we are not getting as much back from the Commonwealth as we were getting when collecting the tax ourselves. Could you explain to me where we lose this money and what it is?

Mr COURT: In the transition year there were difficulties with some losses on tobacco and fuel tax. I will ask the Under Treasurer to explain what the losses were and how we will claw them back in the next few years through an agreement that we have reached.

The CHAIRMAN: How long would it take for the Under Treasurer to analyse the tax reform package that will be announced shortly by the Federal Treasury, particularly its impact on Western Australia?

Mr COURT: It may well be announced during an election campaign. I think there would be a difficulty. The Under Treasurer can comment, but I would have thought that he would be able to provide advice within hours of a package coming out.

Mr LANGOULANT: To state the obvious, it would depend on the structure of the package, its complexity, and particularly the complexity of any change or the introduction of a new tax. We would be able to provide advice within several hours. We provide advice on the commonwealth Budget in a matter of hours. I would expect to be able to provide detailed advice in a day or so.

Mr BLOFFWITCH: I was awaiting a reply when you asked your question, Mr Chairman.

Mr LANGOULANT: 1997-98 was very much a transition year. It was always seen as a transition year after the High Court decision. Any arrangements we entered into with the Commonwealth would leave the States slightly disadvantaged in that year. The extent of the disadvantage has been more than we thought. The principal factor which contributed to it is the actions of some tobacco companies at the time the High Court decision was brought down. At the time when the excise rate on tobacco was increased, apparently there was some movement of stock across the excise point which meant effectively that the States were denied the revenue from the product.

There was also some difficulty in 1997-98 with petrol, which affected the eastern States more than Western Australia. The member is right that there has been little impact on petrol prices in Western Australia, because the excise rate was set rather close to where it was in Western Australia in any event. Other States had a far larger adjustment to make. In recent times from our observations of revenue that we are now getting from excise on tobacco and fuel and sales tax on liquor, we expect that in any full year, that is in 1998-99, we will be closer to what we would otherwise have been receiving.

Mr TRENORDEN: The second dot point on page 1249 refers to a major work commencing on the waterfront and the development of a new Maritime Museum. That is a good thing. I have been asked privately about the loss of dock space. Even though it has not been used for docking a great deal, we occasionally see service ships in the area, particularly visiting United States warships. The dock is not seen to be used for any commercial purposes. Is it considered that the dock space may be required some time in the future?

[12.40 pm]

Mr COURT: The dock space will always be available and under the proposals the Government is considering, it will be increased. That end of the wharf has not been used for heavy ships for many years, and it is one part of the wharf that has not been rebuilt. That side of the Fremantle wharf is deceiving. Many people think the sheds are on solid land but, in fact, half of those sheds are built on piles. The shore slopes and that is where the piles start. A lot of work has been done over the years, and is still being done, to put in heavier duty piles for the bigger ships.

Similarly, before the Jervoise Bay marine support facility is built, a large refit will be done on one or two offshore oil and gas facilities, but that area must first be re-piled so that the heavy cranes and equipment can go over the top of it. That end of the wharf has been used mainly for tuna boats and for the *Leeuwin* and the *Endeavour*, when they are in town, and it is proposed that will continue. However, the establishment of a major ferry terminal is under consideration. Work will need to be done, but it is envisaged that end of the port will be used more.

The other issue at that end of the port is the strong swell. The aerial photos show a long slow curve on that part of the port, and in certain wind conditions it is subject to a high sea swell. There will be no change to the use of the waterfront and, if anything, there will be an improved use of the facility.

Dr GALLOP: I refer to the goods and services tax, and the percentage applied to everything purchased. Has Treasury carried out an analysis of the impact of a GST on the state Budget? I am not talking about replacing state taxes, but about a GST imposed by the Commonwealth. Firstly, what impact would it have on the state Budget and,

secondly, what impact would it have through the various grants Governments makes to community sporting and business groups?

Mr COURT: The State would pay certain taxes but under the reciprocal arrangements being negotiated, WA would also tax the Commonwealth on certain items.

Mr LANGOULANT: We have been working with the Commonwealth for the best part of 12 months on a proposal, at the officer level, to introduce reciprocal taxation arrangements which involve the Commonwealth applying its taxes to state activities and the State applying its taxes to commonwealth activities. As part of that work we have been looking at the respective financial impacts, because it has been agreed that any such move would be revenue neutral between the two Governments. The result of the work we have been doing is that the net financial impact on the State of that sort of outcome would be relatively small.

Dr GALLOP: What about a GST on top of that?

Mr LANGOULANT: That is applying the current sales tax arrangements. We have not looked at a GST or modelled the GST impact on the Budget, primarily because we are awaiting the details of the application of the GST. We have looked at it only in broad terms. We have formally flagged this issue with the Commonwealth, and I hasten to add the reciprocal taxation arrangements, on which we have been working with the Commonwealth, are dependent on seeing its package of tax reforms and working through them on a revenue neutral basis in terms of impact on WA's Budget and the Commonwealth's Budget.

Dr GALLOP: How would it impact on the grants made by Government to community groups?

Mr RIPPER: Those groups which must pay GST, no doubt will ask for extra money to cover it.

Mr LANGOULANT: There would be an impact if a GST were very broadly based. There would be a financial impact on the activities in which those community groups are involved. That is one of the things we have been working on.

Dr GALLOP: What percentage of the Government's Budget is spent on consumables each year?

Mr LANGOULANT: We spend between 60 and 70 per cent of the Budget on wages. A very small component between \$450m and \$500m is for capital expenditure. The balance is spent on consumables.

Dr GALLOP: That would all be liable to a GST.

Mr LANGOULANT: If it is all in the base.

Dr GALLOP: It is hard to achieve a revenue neutral position with a GST.

Mr COURT: At present we are paying sales tax on cars.

Mr LANGOULANT: The revenue neutral outcome would be achieved not by simply applying the taxes, there must be a financial correction; that is, an adjustment to our FAG payment, for instance.

Mr RIPPER: This State would be at the mercy of the Commonwealth in the financial correction that might be made.

Mr COURT: Unless we secede.

Mr LANGOULANT: Arguably the States always are at the Commonwealth's mercy.

Dr GALLOP: On the question of commonwealth-state finance and the continuing argument by this State that its share of the grants from the Commonwealth does not take into account the special needs of Western Australia, in particular the rate of growth and the impact on the provision of infrastructure, what progress is being made to change the formula used by the Grants Commission? Secondly, has an analysis been done of the impact of any change to the formula on other States, such as South Australia and Tasmania which are struggling at the moment?

Mr COURT: A review is under way and recommendations will be made in 1999. Treasury has been making substantial submissions to that review.

Mr LANGOULANT: The Premier is right; Treasury has been in open discussion with the Grants Commission for the best part of two years as part of this review. Every five years a review is carried out of the methodology that underpins the calculations, and each year the review process is updated. We are in the middle of a major five year review and WA's major case relates to the treatment of capital. The Grants Commission does not assess capital expenditure need or capital revenue directly; it focuses on only recurrent expenditure and revenue. Our argument to the commission is that, as Western Australia is a young State with a rapidly growing economy and population, greater weight should be placed on capital assessment and it should be an explicit component of the calculations. We have been providing detailed argument and calculations about what it would mean.

With regard to the impact on the two States mentioned, I cannot recall the figures but I would be happy to provide further information. All our submissions are public submissions.

Dr GALLOP: Would a changed formula impact negatively on those two States?

Mr LANGOULANT: I expect it would.

[12.50 pm]

Dr GALLOP: Does it make it difficult to sell in a national context?

Mr LANGOULANT: Absolutely. That is one of the problems with the Grants Commission process. We must stand before the commission and argue, with considerable force and substance, for it to change its position. It is a zero sum game, and some States are providing significant assistance at the moment to those States that are not performing as well.

Dr GALLOP: I refer to a document put out by Treasury as part of the Budget Statements. It feeds into the work done by Treasury and relates to productivity savings within government. The economic and fiscal overview, on page 2, states that in 1997-98 productivity savings of \$60m are expected. Will those savings be achieved? If so, what agencies contributed to them and what has been the level of contribution from the agencies? I also turn to the savings expected for 1998-99 stated to be \$86m. What agencies will contribute to those savings and what are the implications for FTEs, and how will they impact on services?

Mr COURT: I will get the Under Treasurer to comment shortly. Basically there is a productivity expectation in the Budget. We expect the agencies to be able to deliver. It has become a part of accepted budget practice, both federally and in the state scene. The Federal Government expects about a 1 per cent productivity improvement.

Mr LANGOULANT: This is the second year of the productivity measures. They are run over three years. They were built through the forward estimates last year when the policy was introduced and were taken through the forward estimates for all agencies, proportional to their discretionary outlays. It is a proportional productivity measure across the agencies. The forward estimates figures here and the budget numbers for 1998-99 take account of productivity measures.

Dr GALLOP: Can that be identified, or is it across government generally?

Mr LANGOULANT: It is up to about 1.75 per cent of the discretionary outlays for each agency. We could identify it for each agency, but we have not done that through the papers.

Mr TRENORDEN: I refer to the development of comprehensive community service obligations and dividend policies capable of being applied to all government agencies, outlined on page 1232. Quite a bit is mentioned on the previous and following pages about the national competition policy. I am pleased to see emphasis being placed on this area, particularly for those who live in rural Western Australia. The community service obligations will be an important part of government procedure. When are we likely to see a discussion paper on these issues?

Mr COURT: A discussion paper on community service obligations has been put out. I will get the Under Treasurer to comment. Some issues relating to water and electricity are involved. The main purpose is to make sure there is no hidden cross-subsidisation. If we are to provide a benefit somewhere, it must be clearly identifiable. That is important particularly when we are trying to encourage new investment into the provision of some services.

Mr LANGOULANT: We could provide a copy of the paper that we put out. It deals with what is the basis of a community service obligation, how it is measured and how the financial compensation is determined. It is accompanied by a number of other papers of a similar kind which have been put out including by the Industry Commission which takes a similar line to the approach we have taken. At the state level we are one of the few jurisdictions that explicitly identifies the community service obligations with which the trading enterprises are involved.

Mr TRENORDEN: I am interested in that document. Is the relationship to the national competition policy explained in these documents? Is there a clear definition in the federal legislation of what is a community service obligation?

Mr LANGOULANT: No; there is not. To a large degree, the issue of community service obligations stands in its own right, separate from competition policy issues. If an agency is being exposed to competition, the community service obligations, being a significant part of the cost, must be separately identified. Equally, that must be identified when putting a service into a competitive arrangement. Beyond that, they are two reasonably discrete concepts.

Mr RIPPER: I am interested in productivity dividends. Will the Treasurer indicate what they have been for this past financial year and what will they be for this coming financial year in the key areas of health, education and police?

I have been advised that the productivity dividend for education in one financial year was \$35m. I am interested in obtaining precise figures from the Treasurer on the productivity dividends for those two financial years in those two key areas.

Mr COURT: When we have a productivity component, the agency must deliver its services within its budget; in other words, it must try to bring about changes in the way it does things so that it can come within its budget.

Mr RIPPER: What is the size of the productivity dividend, or cut, that has been applied to each of those areas in the two financial years to which I have already referred?

Mr COURT: The Deputy Leader of the Opposition talks about a cut. Reduced expenditure does not mean reduced service. That is something members opposite have trouble coming to grips with.

Mr RIPPER: I just want the figure.

Mr COURT: We will provide some figures in education, health and police areas by way of supplementary information.

Mr RIPPER: I am pretty surprised those figures are not immediately to hand. These are key issues.

The CHAIRMAN: We have an undertaking that those figures will be provided within seven days.

Mr TRENORDEN: The second point on page 1230 refers to the talk about the growing pressure to invest more heavily in infrastructure. I agree those pressures exist. A very important infrastructure measure not mentioned there relates to rural people being able to get online. Is that a question of capacity in rural areas? How will that be dealt with?

Mr COURT: Some proposals are being administered largely through the Department of Commerce and Trade. An additional \$10m has been put into the works to assist in what the Deputy Premier calls the communications pipeline. It is to make sure that more rural and remote communities can go online. That is in addition to considerable moneys that have already been spent in that area. That is covered in the budget for the Department of Commerce and Trade. That \$10m is a part of the \$244m that has gone into the development trust fund. An office of information and communications in the Department of Commerce and Trade will have responsibility for that program.

Mr KOBELKE: I ask the Treasurer to provide by way of supplementary information some detailed statistics drawn from the budget overview appearing on pages 12 and 13. There is a graph on page 12 which shows surplus/deficits as a share of gross state product. Can the Treasurer provide the base figures for that graph and, in particular, how they are related to the information on page 13? To be specific: For all the years from 1981 to the projections for 2001-02, I am after the surplus/deficit, according to general government, public trading enterprises and the total public sector; and also the net debt for each of those three sections, the gross state product and the state population for each of those years. In that way we will see the figures underlying the graph and add to it the net debt.

Mr COURT: We can get those figures.

[1.00 pm]

Dr GALLOP: I refer to Treasury's new presentation of the budget figures this year. Will the Treasurer show me on which page of the budget papers is the total level of funding for health in 1998-99 and what is the figure?

Mr COURT: We did the Health budget yesterday.

Dr GALLOP: This is about presentation. Can you guarantee that in the papers you presented in the new format you can show me where is the total amount of expenditure on health?

Mr COURT: The total appropriation and from where it comes is on page 550. In accrual based form it is on page 557 and how it is financed is on page 559.

Dr GALLOP: What is the total amount being spent on health in 1998-99?

Mr COURT: Those amounts are combined on page 558.

Dr GALLOP: What is the estimated figure for 1997-98?

Mr COURT: At page 557 the estimated total cost of providing the health services is \$1 939 862m.

Sitting suspended from 1.02 to 2.00 pm

Dr GALLOP: Before we suspended for lunch I asked whether the Treasurer could show me the total estimated level of funding for health in 1998-99. I was quoted \$1.939b. In all the other literature you have quoted \$1.640b. Why the anomaly?

Mr COURT: The \$1.6b is the consolidated fund contribution to health funding. There are moneys from other sources.

Mr HARRIS: The table at page 550 shows the consolidated fund appropriations to health. The total consolidated fund appropriation is the figure at the bottom of the page. The operating statement at page 557 represents the accrual accounting view of operating expenditures in health for the coming financial year and suggests that the total cost of services and expenditure is \$1.9b.

Dr GALLOP: Why are you not quoting that figure in the Budget Statements?

Mr HARRIS: The \$1.9b includes funding from other sources; for example, Lotteries Commission funding and contributions that might be made to trust accounts in hospitals from private patients, etc.

Dr GALLOP: I refer to taxes and charges. I have been asking the Treasurer in Parliament to indicate how he arrived at the weekly expense for a typical household of \$293 over the last two state Budgets. Will he table the figures on how that was arrived at?

Mr COURT: Yes, I can provide you with that information now.

Dr GALLOP: In answer to a question in Parliament on Thursday, 21 May you said that the burden of taxes and charges as a percentage of a person's average earnings had fallen since 1992-93. Can you provide me with the analysis that supports that proposition?

Mr COURT: It is on the piece of paper I just gave you.

Dr GALLOP: Why will there be an increase of FTEs from 170 to 196 in Treasury in 1998-99. Where will they be working? What will be their functions? What is the expected increase in salaries?

Mr COURT: The reason for the increase is that the Government Property Office has now come under the Treasury umbrella.

Dr GALLOP: What is the expected increase in salaries?

Mr LANGOULANT: The estimates for salaries appears at page 1241. Salaries amount to about \$1.3m.

Mr RIPPER: I refer to the first dot point at page 1232 under systems. Do you have an indication of the total cost of these concessions which are mainly funded through cross-subsidisation in government trading enterprises. Can we also have an indication of whether the State has incurred additional expense as a result of the Federal Government's announcement that health care cards will be available to self-funded retirees. That seems to make these retirees eligible for some state government concessions. Have discussions been held between the State and Federal Governments on the impact of this federal decision on state concessions?

Mr COURT: Regarding the second part of the question, we do not have the figure giving the effect of the health care cards for self-funded retirees. We will provide you with an estimate.

Mr RIPPER: My understanding is there will be an impact on state finances. Will the Commonwealth make a payment to the State Government to compensate for that or has it just announced a benefit and expected the States to fund it?

Mr COURT: That has been the practice in the past and it has left us in a difficult situation. The Federal Government makes policy decisions that will cost us a lot of money. We will get an estimate of what we believe will be the cost.

Mr LANGOULANT: Regarding the first part of the question, we are working with the Ministry of Premier and Cabinet to establish a database for the concessions. The work is not complete, so we cannot give you a figure.

[2.10 pm]

Mr RIPPER: Would it be in the hundreds of millions of dollars?

Mr LANGOULANT: I would expect so.

Mr KOBELKE: My question concerns the fifth dot point on page 1232 where it states " . . . ensure that inter-governmental agreements . . . will best serve Western Australia's interests". Given that the Commonwealth Government is currently negotiating on the Multilateral Agreement on Investment, the MAI, has the State Government negotiated with the Commonwealth Government concerning that matter? If so, has the State Government adopted a position, and can you outline what that position is that you may have put to the Commonwealth Government?

Mr COURT: At this stage we have been briefed on the MAI, but we have not taken a position on it. We do have some concerns about what it could mean. Our main concern is that if the Federal Government signed an agreement such as this, we would end up having an international agreement dictating to the State whether certain investments can take place in the State. I have some warning lights glowing, but at this stage I have not had a recommendation from our policy officers. It would be something that would be worked through with Treasury and with the policy officers in Premier and Cabinet who have been doing that work.

Mr KOBELKE: Such things as trying to encourage local purchasing agreements and local supply of equipment could all be outlined under the MAI, unless it was covered by a stated exception, I hope you would be putting a strong case to the Commonwealth to ensure the exceptions, whatever they might be, would adequately cover the State's interests.

Mr COURT: I have had only an initial look at it. I have not had formal advice on it yet. My initial reaction is one of warning lights.

Mr KOBELKE: Are you willing to give an undertaking that you will require the Commonwealth not to commit itself in any formal way to the MAI without first consulting the States?

Mr COURT: Theoretically under our new arrangements, the Commonwealth is meant to be consulting with the State and it has obviously started that process. However, I can assure you that when I am given some formal advice on it, and if I do not think it is satisfactory, we will campaign very heavily for them not to commit to it. I might be seeing reds under the bed; however what I see is the possibility of multinational corporations setting their own agendas in States such as Western Australia.

Mr KOBELKE: That is my concern as well. Has the Commonwealth formally approached Western Australia on the MAI?

Mr COURT: No, all we have had to date is a briefing. I will double check in Premier and Cabinet with the policy office, but at this stage it has only been a briefing.

Mr BRADSHAW: I am led to believe that in regard to the national competition policy, certain funds are put up by the Federal Government for compliance. Is this correct, and if so, how much money is involved, when will the money start to flow, and under what circumstances will you get money?

Mr COURT: Some funds are available. This year it will be \$32m on the condition we meet our commitment to the implementation of the policy. That in itself is not an easy task. A number of reviews must be done through the different government agencies; for example, some issues to do with access for pipelines and so on. I will get the Under Treasurer to explain the annual review that takes place so that we can be ticked off to receive those payments.

Mr LANGOULANT: Under the competition policy agreement, a program of review is in place, and we must keep jumping various hurdles on an annual basis. These include issues such as legislation review. We must review all pieces of legislation for any provisions which might be anti-competitive and decide whether they are in the public's interest. We must also meet various access requirements. These are largely in respect to gas and rail. Other structural issues must also be observed whenever we move to introduce competition into markets. The funding associated with it is in two parts. There is a discrete competition grant and also the per capita indexation component of our financial assistance grants are a part of the arrangements. For instance, if we are found not to have met the requirements, we lose both, all, or part of both the grant and the per capita growth in our FAG payments. The grants grow through the years to in excess of \$80m.

Dr GALLOP: Treasurer, you have been recorded as saying that you want to see Western Australia debt free by the year 2008.

Mr COURT: Yes.

Dr GALLOP: Could you define debt free?

Mr COURT: The measure we are using is a net debt figure, so it would be a zero net debt figure.

Dr GALLOP: For the whole of government?

Mr COURT: Yes.

Dr GALLOP: On what assumptions are you claiming that the State will be debt free by 2008?

Mr COURT: The main assumption would be that the coalition stays in government until 2008.

Dr GALLOP: What assumptions are you making about government agencies?

Mr COURT: In the forward estimates, we have a four year picture in front of us. We would envisage over that period that we would continue to have appropriate asset sales to make that possible, and continue to have controls on expenditures so we can reach that target.

Dr GALLOP: Do the figures that are consolidated operating statements on pages 51 and 102 show that until the end of this millennium net debt will rise? When is it that you are starting to move towards it?

Mr COURT: Considering one of the programs we have announced - for example, the road program - some debt comes in earlier over a 10 year period in the program, but over the course of the program it is all fully funded. That is one of the lumps in the expenditures. One that we have just had is the Collie power station.

Dr GALLOP: History does not stop still. At the end of this decade, there will be new issues emerging that will require capital expenditure.

Mr COURT: We have already committed to major capital works programs within these figures, and we have funded them. That is the difference. We did not have to increase the cost of motor vehicle registrations. We could have gone down a debt path and funded it, but we have not. We have a cash flow coming in to fund that commitment. In five years we have basically got halfway there. We have said that in 10 years we will do the balance of it.

Dr GALLOP: Would the balance be Westrail, Western Power and AlintaGas privatised?

Mr COURT: The sale of Westrail will not be a big dollar earner. I cannot tell you the sorts of estimates at this stage, but Westrail has been a considerable drain on our revenues for years. AlintaGas without the pipeline would have been a relatively easy privatisation. There is no reason for the Government to be in the gas distribution business, particularly as we are nearing a situation in which, if AlintaGas was sold off with third party access available into the grid, larger companies would be able to buy gas from competitive sources. I would have thought that was a step in the right direction. We have made it clear that we would not move on a privatisation or partial privatisation of Western Power until after an election. They are three areas in which, over time, there would be no need for Government involvement.

[2.20 pm]

Dr GALLOP: Of the reduction in total public sector debt from 1992-93, how much has been funded from asset sales and how much from other measures? What are those other measures and how much have they contributed to debt reduction?

Mr COURT: The majority of it is asset sales. I do not have the precise figure here but we could provide that.

Dr GALLOP: It is almost 100 per cent, is it not?

Mr COURT: We have brought the government sector into a surplus situation. The reduction in debt levels has been possible as a result of the asset sales.

Dr GALLOP: The Government has stated that it is saving \$400m in interest payments per annum. The consolidated operating statements at pages 51 and 102 show that the interest expense for Government was \$340m in 1993-94 and is expected to be \$148m in 1998-99, which represents a fall of \$192m. Could the Treasurer tell us where the \$400m figure came from?

Mr COURT: There is a \$400m interest saving across the Government - some is in the Budget and some is in the trading enterprises. For example, AlintaGas has \$1b less debt, which is a saving. On page 51, the interest figures for the consolidated fund and the interest payments for the different trading enterprises are in their annual accounts.

Dr GALLOP: Could the Treasurer provide us with supplementary information on how that \$400m is made up?

Mr COURT: Page 51 shows the budget fund. We will have to provide it for the trading enterprises.

Dr GALLOP: Will the Treasurer provide us with the reasons for the increase in the public trading enterprises net debt from \$4.561b in June 1998 to \$4.736b in June 1999?

The CHAIRMAN: Will the Leader of the Opposition refer to the page of the budget papers, which will make it easier for other committee members?

Dr GALLOP: These are from the consolidated fund statements.

Mr COURT: This concerns the capital works program in Western Power, Westrail, the Water Corporation, LandCorp and Homeswest. The Water Corporation alone has capital works this year of nearly \$300m in major treatment plants and other projects.

Dr GALLOP: There is no doubt that any debt-free future has to be based on asset sales.

Mr COURT: Not solely on asset sales. It depends, of course, on whether they can be sold at the right price.

Mr KOBELKE: The Treasurer sees no need for government to continue to own Westrail along with some other instrumentalities. The second dot point on page 1232 refers to a scoping study for the possible sale of Westrail. How far has that process advanced and what role is Bird Cameron playing in helping with the study or representing potential buyers of Westrail?

Mr COURT: A scoping study is under way beginning the process before a formal proposition will be put to Cabinet. I will ask the Under Treasurer to explain the work that is being done at present.

Mr LANGOULANT: There is a steering committee of which I am a member together with members from Westrail and the Transport Department. A number of consultants have been engaged to assist us in making recommendations to the Government. I do not recall Bird Cameron being among the consultants assisting us. They may be working for an interested party from the other side. We are at a reasonably early stage in the scoping study analysis. Our aim is to have the analysis to a point at which we can submit it to government within the next few months. To be more precise than that would be a little bold.

Mr KOBELKE: That would be with a set of proposals relating to the total sale; or are we looking at the sale of certain aspects of the Westrail operation?

Mr LANGOULANT: That is what we are looking at. That is one of the issues.

Mr KOBELKE: The total sale?

Mr LANGOULANT: We are looking at whether there is overall merit in a total sale or a partial sale. One of the issues, for instance, is whether to sell the operation with or without track. The issue of land is not a major point. We think the land should stay with the State. We are looking at a range of options including a full or a partial sale, and we will provide the Government with a full cost benefit analysis of the different options.

Mr KOBELKE: Will that be finalised and ready to hand to the Treasury within the next two months?

Mr LANGOULANT: Yes.

Mr COURT: Quite a bit is happening in the rail area. The issue is: Do we retain ownership of the rail land? We have retained ownership of the corridor with the pipeline sale and, as members know, we are expanding that corridor so that competitive or other services can go down that line.

Mr RIPPER: Will the Treasurer give us a summary of the net cash flow between the consolidated fund and the Government's trading enterprises? There are large payments to the trading enterprises on page 1247. Then from the trading enterprises there are tax equivalent receipts, sales and income tax, rate equivalent receipts, dividends, surpluses and other things on page 1251. It would be helpful for the Parliament to know of the net cash flow between the trading enterprises and the consolidated fund and how that varies from year to year. I imagine it is possible to make the calculations with a calculator. However, you may have the answer already.

Mr LANGOULANT: All of the information is in the papers. I would need the benefit of a calculator to tell you what the net figure is. However, you have identified the major community service obligations payments that are made to our trading enterprises shown on page 1247. The major revenue or receipt items are shown on pages 1251 and 1252. The net impact of these amounts would come close to the precise answer. To be precise, other issues would also need to be looked at; for instance superannuation payments between the trading enterprises and government which are not separately shown in those papers. Asset sales, such as land sales, also need to be included. In terms of trend, the best picture is available by looking at the numbers across the years on those pages to which I have referred.

Mr RIPPER: Do you have any comments on the trend? Are we getting more out of our trading enterprises or less?

[2.30 pm]

Mr COURT: Page 1252 shows that the total government enterprises have increased from 420 to 507. You need to then look at the outlays side.

Mr LANGOULANT: Over the past few years there has been a relatively small increase in the total contribution that our trading enterprises make to the Budget. It is not as large as the aggregate numbers appear in terms of revenue because we have introduced reforms such as funding community service obligations. We have also absorbed Westrail's unfunded superannuation liability. You need to take account of these other factors. The overall trend line would have a positive slope but it would not be steep.

The Grants Commission analysis shows that Western Australia is a relatively low revenue receiver in net terms from the trading enterprises. Its analysis shows that what we take relative to the average of the other States is less than 50 per cent. That is; our take from the trading enterprises compared with the other States is about 50 per cent.

Mr RIPPER: Are we penalised for that?

Mr LANGOULANT: No, we are not. That is our decision.

The CHAIRMAN: I let that line of questioning go for a while but I remind members to direct their questions to the Premier who will then refer them to his advisers.

Dr GALLOP: I refer to output 1 policy advice. I am interested in the projections for the coming year. Gross state product growth is expected to fall from 6.5 per cent to 5 per cent but employment growth is expected to increase from 2.5 per cent to 3.25 per cent and wages to grow from 2.75 per cent to 3.25 per cent. Could the Premier explain the background to the assumption that has been made that even though economic growth will fall employment and wages will increase?

Mr COURT: In the past few years our domestic economy has been relatively weak and that has been typified by the housing industry which has been slow to respond even to the very low interest rates. Fortunately, that domestic economy has started to strengthen and it will be one of the major drivers of employment growth. There will be some external factors affecting the export front but, to date, it has remained reasonably strong, with some exceptions: For example, the live cattle trade into Indonesia has experienced a significant fall-off. The belief is that the stronger growth in the domestic sector will feed into stronger wage growth.

Mr LANGOULANT: The structure of our economic forecasts is comparable with the state of the national economy where growth is easing slightly yet, at the same time, employment growth is somewhat stronger than it was 12 months ago. Wages growth is also somewhat stronger. We have a change in activity effect flowing through to employment and wages. We think that inflation will be a little stronger than it has been in the past couple of years and that will also be a component factor in the stronger wages outcome.

Dr GALLOP: The \$140m from the sale of the Dampier-Bunbury pipeline will be used for superannuation. As I understand it, that figure will rise over the next few years to about \$170m. Currently there is about \$1.4b in the Government Employees Superannuation Board fund. I am talking off the top of my head; I should have the figure in front of me but I believe it is \$1.4b. With \$140m this year rising to \$170m, the GESB fund will be a very big fund. Has the Government thought about the way that fund is managed? Will any changes be made to have it achieve results on behalf of the public interest?

Mr COURT: Do you mean by the Government getting its hands on it?

Dr GALLOP: No, I am saying that it will continue to grow. It will probably be the biggest fund in WA.

Mr COURT: Superannuation funds are growing all around the country. They will be very powerful investors. They are required to invest their funds in a prudent way. I am not aware of any changes to their investment policies, apart from the fact that they will have a lot more money to invest. I hope that the GESB and other superannuation funds in this country see a lot of investment opportunities in Western Australia. I hope a large part of those funds are used for investment in the State. For many years, the large insurance companies were not putting a great deal of funding into Western Australia. However, as a result of the development in the 1960s, 1970s and 1980s, that has changed.

I remember the story of a large insurance company which closed its operations in Perth and retrenched a lot of staff. One of your former ministerial colleagues wrote a rude letter saying that he was angered by that retrenchment and he expected the company to invest a lot more funds in Western Australia. The chairman replied with a list of projects in which the company wanted to invest in Western Australia and which were being held up by government delays. In answer to your question, the investment policy is in place. If you want me to provide more detail on the investment practices I will do so.

Dr GALLOP: It is in the annual report of the GESB. Has your Government considered that this will be a growing fund? Are changes needed in the way it is organised and functions?

Mr COURT: The Minister for Finance has been looking long and hard at the issue.

Mr RIPPER: Page 1231 shows that one of the major initiatives for 1998-99 will be further development of accrual output budgeting. The third dot point states that this relates to an incentives and sanctions regime encompassing net appropriations, capital user charging and interest payments. What are the implications of such a regime for a department such as Education? Will the Education Department have to consider the use of the capital tied up in all of the schools? Will it be penalised in the Budget appropriation for having empty classrooms in a school? I am

concerned about the implication that sanctions might be imposed on major government agencies which do not meet certain Treasury guidelines.

Mr HARRIS: The incentives and sanctions regime encompassing net appropriations and interest payments largely relates to cash management within bank accounts. As it stands, the proposal is to pay interest for sound cash management against cash forecasting principles. Where bank accounts go into overdraft, interest will be charged for that facility. The Government has not yet been presented with an option on capital charges. There are examples in other jurisdictions. It is likely that such a capital charge will be on net assets held within the balance sheet and presumably not on liquid assets. We are talking about physical, non current assets.

[2.40 pm]

Mr RIPPER: So there may be capital user charges on all of the capital that is tied up in school buildings?

Mr HARRIS: That issue has not been discussed yet. A working party has been put in place at officer level. It comprises representatives of the Education Department, the Health Department and the major holders of capital assets, and will work out the principles that will deliver better asset management within agencies, as well as look at the operational implication of the capital user charge.

Division 9: Office of the Public Sector Standards Commissioner, \$2 599 000 -

[Mr Barron-Sullivan, Chairman.]

[Mr Court, Minister for Public Sector Management.]

[Mr D.W. Saunders, Commissioner for Public Sector Standards.]

[Ms M. Murray, Director of Equal Opportunity in Public Employment.]

Mr RIPPER: The second dot point under significant issues and trends at page 968 states that the number and complexity of complaints referred to the Office of the Public Sector Standards Commissioner is expected to increase. In the past financial year, how many complaints has the commissioner considered that have come from the Education Department?

Mr SAUNDERS: I do not have the detailed breakdown and would need to follow that up. I can give only the total figures. The Education Department accounts for a significant share of the total number of complaints.

Mr RIPPER: Can that be provided as supplementary information?

Mr COURT: Yes. Is that the breakdown of the number of complaints that have come from the Education Department?

Mr RIPPER: Yes. The Equal Opportunity Tribunal's ruling that the transfer system that applied for teachers in administrative and promotional positions was discriminatory and had to be abandoned has meant that 850 teachers who were appointed to administrative positions on the assumption that they could transfer back from the country to the city no longer have that right. Is it of interest to you as Commissioner for Public Sector Standards that these people went to the country on that assumption and now find that their expectations have been dashed and there is no foreseeable end to their tour of duty in the country?

Mr SAUNDERS: Sections 7, 8 and 9 of the Public Sector Management Act deal with such a matter. Section 8 deals with the principles of human resource management and states that appointments must be made on the basis of merit and equity. The tribunal found that the transfer system was not equitable and was not based on merit, and threw it out. The larger question should be that appointments should conform with that basic principle of equity and merit.

Mr RIPPER: Do those 850 teachers who consider themselves now stranded in the country have any basis for complaints to you?

Mr SAUNDERS: Only if they applied for jobs and believed there had been a breach of standard in the conduct of the selection process. On that ground, they could lodge a complaint.

Mr RIPPER: Would the Education Department's failure to provide professional development opportunities for country teachers that were equivalent to those for city teachers constitute a possible breach of standard?

Mr SAUNDERS: The code of ethics requires equal and fair treatment for all. If there was any nepotism or bias in any program that dealt with the human resources of a department, that would be ground for complaint.

Dr GALLOP: I refer to the report by the Public Sector Standards Commissioner on the resignation of Mr Gary Byron, former Director General of the Ministry of Justice, which was covered by an allocation in the Budget last year.

I am interested in the criteria that are used by the Public Sector Standards Commissioner to judge ethical standards in government. Is the truthfulness or otherwise of statements made by senior people in government to other public managers in the course of carrying out their duties an ethical requirement in government?

Mr COURT: Of course it is a requirement to tell the truth in government, no matter whether a person is at the bottom level or the top level.

Dr GALLOP: The Premier's submission to the commissioner on this issue dated 29 January 1998 is clear. He stated -

Mr Byron was never directed by me, or any person on my behalf, to undertake any action in relation to removing Mr Payne from his position as Executive Director, Offender Management.

However, the report that was completed by the Commissioner for Public Sector Standards states -

The alleged direction to Mr Byron to transfer Mr Payne was transmitted orally by the Premier's chief of staff, Mr Fletcher. He was the "messenger" according to Mr Byron. Presumably the message would be made eventually into a formal written direction under s.42(2). Mr Byron was justified in believing it bore the imprimatur of the Premier as Minister for Public Sector Management.

In other words, the commissioner concluded that Mr Byron was perfectly justified in believing it was a direction from the Premier that should have meant that Mr Payne was to be shifted, yet the Premier in his evidence said he never directed any person to take that action.

Mr COURT: The Leader of the Opposition has used the words that the commissioner has used; that is, "alleged direction". It is a pretty simple case, and I think this is where -

Dr GALLOP: He said Mr Byron was justified in believing it.

Mr COURT: I am saying that I was going to meet with Mr Byron with regard to those matters, and that did not occur. He handed in his resignation before that meeting occurred. The Leader of the Opposition seems to have difficulty coming to grips with the fact that if I was going to discuss that matter with Mr Byron, I would have done it with his Minister and I would have done it face to face. I do not take too kindly to the Leader of the Opposition saying that alleged things may happen when a meeting never took place with Mr Byron on this matter.

Dr GALLOP: The report of the Commissioner for Public Sector Standards -

The CHAIRMAN: Order! Can the Leader of the Opposition remind the committee of the page and item number to which he is referring?

Dr GALLOP: This is a report that was completed by the Commissioner for Public Sector Standards in the 1997-98 Budget. I refer to page 970 and the estimated outcome for the year. This document was funded as part of the 1997-98 Budget. The Premier is missing the point. If what the Commissioner for Public Sector Standards says holds true the Premier's chief of staff must have been telling Mr Byron something that was not true; that is, he had to shift Mr Payne because the Premier wanted him to. That is the only way to read this report.

[2.50 pm]

Mr COURT: It is normal practice -

Dr GALLOP: For people to tell untruths to others?

Mr COURT: - for my office to discuss those issues. The point the Leader of the Opposition is having trouble coming to grips with is that it was the intention of the Minister for Justice and I to discuss these matters with Mr Byron. However, before that occurred we received his resignation. That resignation was made public before I received it.

Dr GALLOP: I remind the Premier that he said in his submission that Mr Byron was not directed by him or any person on his behalf to undertake any action. However, the Commissioner for Public Sector Standards has concluded that Mr Byron was justified in believing that the statements made to him by Mr Fletcher that Mr Payne had to be shifted came from you. You cannot have it both ways.

Mr COURT: The chief of staff in my office cannot direct Mr Byron.

Dr GALLOP: How do you feel having a chief of staff who does not tell the truth to other public servants?

Mr COURT: I do not agree with that.

Dr GALLOP: Is the Premier saying that Mr Byron was telling lies?

Mr COURT: You can put together as much innuendo as you like. However, my chief of staff cannot direct Mr Byron.

Mr RIPPER: He can perhaps try to.

Mr COURT: Under the law he cannot.

The CHAIRMAN: Member for Belmont, we do not take interjections in this procedure.

Mr COURT: We received Mr Byron's resignation before we had discussion with Mr Byron.

Dr GALLOP: He was under the understanding that he was being pressured by you to shift a public servant.

Mr COURT: He can understand what he wants. One should talk to the Minister responsible and then make personal decisions based on meetings with the Minister responsible.

Dr GALLOP: Does the Premier have total confidence that his chief of staff was speaking the truth -

Mr COURT: Yes, I do.

Dr GALLOP: - when he said to Mr Byron that he believed Mr Payne had to be shifted because that instruction was coming from you or the Attorney General?

Mr COURT: Do not put words into his mouth.

Dr GALLOP: Are you saying that was not the case?

Mr COURT: I am saying that neither I nor Mr Byron's Minister had provided a direction. We had not even had the meeting in relation to the matter.

Dr GALLOP: Why did your chief of staff tell Mr Byron that there was a direction?

Mr COURT: If Mr Byron thought that a chief of staff could make that direction he did not understand the Public Sector Management Act.

Dr GALLOP: The Commissioner for Public Sector Standards, who is sitting next to you now, said that Mr Byron was justified in believing it bore the imprimatur of the Premier as Minister for Public Sector Management. In other words, the commissioner believed what Mr Byron said, which means he did not believe what Mr Fletcher said.

The CHAIRMAN: This does not seem to relate to the line item.

Mr RIPPER: I have received complaints from teachers that some teachers are spending significant amounts of money, hundreds perhaps even thousands of dollars, on consultants to assist them to prepare applications for promotion. These applications are important because many people apply but only a small number of people are interviewed. Do you regard it as proper and in accordance with public sector standards that such a practice is apparently widespread in the Education Department?

Mr COURT: Are they using their money or taxpayers' money?

Mr RIPPER: They use their money to pay consultants to prepare applications for promotion within the Education Department. I am told that one consultant is booked up for three years - apparently he is a successful consultant in terms of preparing applications. I am concerned that teachers are being judged on the efforts of others rather than on their own efforts when they seek promotion. Is such a practice in accord with public sector standards?

Mr COURT: I am not aware of that. However, we cannot dictate what an individual does with his or her money. If people want to spend money on professional development, on professional tax advice or on the matter that the member for Belmont raised it is not up to the Government to dictate what they do with their money.

Mr RIPPER: Do not you think the Government might be promoting people who do not have the ability to present the quality of the application that is expected? Are you not concerned that you might be promoting the wrong people?

Mr BRADSHAW: Do you have any evidence of that?

Mr COURT: People are judged on their performance. If someone is promoted into a job and does not perform that person should not stay there.

Mr RIPPER: Perhaps you are unaware of the stickiness of that matter in the Education Department.

Mr SAUNDERS: It is a fairly widespread practice across the public sector. It is not unusual for people to seek

professional help to prepare their CVs and to present their claims in the best possible light. Some people are better at doing that than others. The standard requires that the merits of the applicant be fairly assessed. It is important for the selection panel involved to sift through that material and to select the best applicant. It is usually reasonably clear whether an application has been professionally prepared and that should not count against the applicant.

Mr KOBELKE: On page 972 the performance measures indicate that the number of breaches of standards reviews that are lodged is expected to remain the same, complaints will increase from 150 in the current year to 215 in 1998-99, and inquiries conducted will increase from 50 to 60. On the surface that indicates a rather large rise in complaints and a deterioration in the standards of public servants.

Mr SAUNDERS: When the office began in 1995-96 the figure of 57 breach of standards complaints related to only six months. In the year following the figure jumped to 221 and we expect for the current financial year that it will be 313. About 90 per cent of those complaints relate to recruitment, selection and appointment cases.

Mr KOBELKE: Are you saying the figure is 313, when the budget papers show 215?

Mr SAUNDERS: I am referring to up to date figures. Those figures were our best estimates at the time.

Mr KOBELKE: The figure of 215 has been superseded?

Mr SAUNDERS: I thought it would be helpful to refer to these more up to date figures. The number of complaints for the part year 1995-96 was 11. By complaint I mean people who complained directly to me about some matter. For 1995-96 the number was 48; in 1996-97, 82; and currently we are experiencing a big jump in complaints and we expect 215.

Mr KOBELKE: Can you extrapolate the figures for inquiries conducted?

Mr SAUNDERS: The complaints are broadly divided into two categories: Those that we can resolve quickly through discussion and those that require a reviewer to be appointed. The estimate for inquiries in the budget papers is about right for the year.

Mr KOBELKE: Is the commissioner indicating that the fourfold increase is a lag because of time taken to deal with the matters that go to a full inquiry?

Mr COURT: There seems to be a trend upwards as people are probably becoming aware of the process available to go to the Office of the Public Sector Standards Commissioner.

Mr KOBELKE: I am trying to discern whether it is a flow through of the start up of the Office of the Public Sector Standards Commissioner or a reflection of an increase in the underlying level of complaint. Anecdotally, I hear that standards are falling in the public sector, and therefore, more complaints are made. Does it relate to administrative matters and the setting up of this office?

[3.00 pm]

Mr COURT: The point has already been made that the majority of complaints relate to the education system.

Mr SAUNDERS: They are mainly to do with recruitment, selection and appointment. Again, the Education Department is the biggest employer and one expects it to dominate.

Division 60: State Revenue, \$211 625 000 -

[Mr Barron-Sullivan, Chairman.]

[Mr Court, Treasurer.]

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

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

Mr BROWN: I refer to the last point under significant trends and issues on page 1121. Will the Treasurer elaborate on the level of tax evasion and avoidance in the taxpaying community? What amounts of money are involved?

Mr BRYANT: The level of tax evasion has not increased dramatically over the years. It is an ongoing issue and trend. New avoidance schemes open up all the time. Some are not necessarily avoidance schemes to defeat revenue, but are set up in the normal course of business. One such scheme recently related to a share buy-back scheme, which made good business sense. However, the effect was that it defeated the Stamp Act. The Government made an announcement that it would ensure that stamp duty was paid on those sorts of transactions. That was a decision of the Supreme Court in Victoria.

Mr BROWN: I recall that case. I am always intrigued that the State relies heavily on payroll tax. I understand that under the Pay-roll Tax Assessment Act, the Government is entitled to assess the level of payroll tax by considering whether many entities may be only one entity. Is that correct?

Mr COURT: Yes, and we group it on that basis.

Mr BROWN: What do you do if there appears to be a single, prime contractor and hundreds of so-called independent contractors who each have an independent contract, but do not employ anyone, and each receives a contract rate for labour only?

Mr COURT: We negotiate for about five years, and reach a settlement.

Mr BRYANT: That is a difficult question. Again, it is a case of the legislation not keeping pace with business practices. Although that is used as a tax avoidance mechanism in some cases, in many other cases it makes good business sense to outsource the non-core areas of business. They are genuine outsourcing arrangements. Whether it is a liability for payroll tax turns on the question of an employee-employer relationship is determined under common law. The courts will determine that. The Treasurer was alluding to the shipbuilding industry. A provision of the Pay-roll Tax Assessment Act enables certain contracts to be prescribed. In accordance with an agreement with the shipbuilding industry, a prescription of a contract has been promulgated and, as a consequence, payments made under the contract are subject to payroll tax.

Mr BROWN: The other week we looked at the premises of a large shipbuilder, where everyone is under individual contract. The workers are not employees; they are independent contractors. They are paid for their labour at a certain rate per hour. Is there now an arrangement under which payments made to those people, for the purposes of the legislation, are treated as wages?

Mr BRYANT: Yes. The extent to which the payment relates to labour, and the administrative arrangement being determined is that 80 per cent of the payment will be subject to payroll tax.

Mr BROWN: How is that worked out?

Mr BRYANT: By looking at the records of the payments and expenses of the independent contractors.

Mr BROWN: What about such an arrangement in the building industry? We are constantly told that there is not enough money for hospitals, and so on; yet these arrangements pop up all over the place. If a person can avoid 4 per cent or 5 per cent of tax, it is not a bad scheme. That appears to be rife in the building industry.

Mr BRYANT: There are many independent contractors in that industry. It is a question of whether they are avoiding payroll tax. At the moment they are not evading payroll tax. They avoid it because they do not have a liability.

Every jurisdiction in Australia is grappling with the question of whether the Act has kept pace with business contracts. Considerable effort is being put into finding a solution to the diminution of the payroll tax base of the wages base in order to find an equitable solution. That is the difficulty.

Mr BROWN: In the building industry, many individual contractors do not have the right to take on employees. Under the many tests applied to determine the difference between a contractor and an employee, they do not have the right to subcontract, take on staff, and so on. They are very limited. It could be carpet laying or pest control. Frankly, it seems that unless something is done in the area, the tax becomes optional.

[3.10 pm]

Mr BRYANT: To the extent that we are aware of a scheme which defeats the legislation, which is evasion, because an employee-employer relationship exists, we will act to assess the matter. We do act. We bring a lot of what would be regarded as independent contractor situations into the payroll net because we believe they have an employer-employee relationship and the payment made to be wages.

Mr RIPPER: Apart from the incidents to which we have just referred, do you have a proactive program to target tax evasion and avoidance? For example, do you have a task force of lawyers and accountants who examine suspected examples of avoidance or evasion? Do you also have a group looking at updating the relevant legislation? Do you have officers who attend suspect commercial enterprises to inspect the books and arrangements? What sorts of resources do you allocate to such activity?

Mr BRYANT: We have a compliance division, the sole task of which is to address those issues. It comprises 40 officers from our total of 223. Incorporated in that division is a strategic intelligence unit. We tap into information from a range of sources, including tip offs from the private sector, individuals -

Mr RIPPER: Competitors.

Mr BRYANT: That is a very good source. For instance, when we had jurisdiction for tobacco, the tobacco companies were very good at keeping us informed of illicit tobacco trade. We use other government agencies to get information, and that provides a good avenue to detect evasion and avoidance. For instance, we are able to determine the total level of wages paid in Australia by each organisation; we run a program using that database against our registered payroll tax database; we identify those with a potential liability which is not registered; and we follow them up.

Mr RIPPER: What is the extent of the cooperation between the Australian Taxation Office and your office on these matters?

Mr BRYANT: We have an extremely good relationship with the Australian Taxation Office. Regulation 13J of the Commonwealth Tax Regulations gives us access to any information for the purpose of our administration.

Mr RIPPER: How do you regard the success of your anti-avoidance and evasion activity? Do you have some judgment regarding how well you are doing on this issue?

Mr BRYANT: The quick answer is to point to how much revenue we raise. However, the absolute answer is that when our investigators find nothing, we will have achieved our goal. We believe it is important not to raise revenue, but to educate people so they understand their liabilities and detect those who, despite that knowledge, choose not to pay the right amount of tax. Our record would withstand any scrutiny. Although any level of evasion is unacceptable, our level by any measure would probably be as good as, or better than, any other revenue authority in Australia.

Mr RIPPER: Do you explicitly benchmark yourself against the activities of other state revenue agencies?

Mr BRYANT: We do. I do not have the information with me.

Mr RIPPER: So you base the judgment that you are doing as well if not better than anyone else on an explicit program?

Mr BRYANT: We must be careful as each State tends to measure things in different ways. No good is achieved in picking up raw information and saying we are better in this area. What measure is to be used - we caught more people doing the wrong thing; we educated them better; or surveys prove that we are more effective? A number of aspects need to be sensitively measured. It is a condition of the benchmarking exercise that jurisdictions do not make the information publicly available for that reason.

Mr RIPPER: Do you have any idea of the possible annual loss to the State Government from these avoidance activities? Do you know the size of the problem you are trying to impact upon, or is that by definition unknowable?

Mr BRYANT: I think the latter. The absolute performance measure for a revenue collecting agency is the extent to which it is collecting the revenue to be collected. Not knowing the size of the pie, unfortunately makes it difficult to measure the gap. I would not like to put a figure on the compliance gap, as it is called. We collect about \$2b in revenue. I would not put a figure on it as it could be taken out of context. It would not be high.

Mr RIPPER: Ye of little faith!

Mr BROWN: Returning to the point I raised earlier, I cannot see in the major initiative for 1998-99 anything proposed in relation to avoidance and evasion measures.

Mr BRYANT: With the major initiatives, we have not put down ongoing strategies. The one to which you refer is a strategy we undertake all the time. It is no different from assessing taxes throughout the year, which is not mentioned either. The ongoing programs are not listed in the major initiatives.

Mr BROWN: I looked at the Estimates Committee debate last year, where I raised this matter and was told it was being looked at. I raise it again this year and it is still being looked at. In case I am raising the same matter again next year - I think I might be - many PAYE taxpayers become extremely angry that they pay their tax while others do not pay their fair share. I support that view 100 per cent. Every dollar received by PAYE taxpayers is taxed. In this issue, one can say we are talking about the income for the State, not PAYE taxpayers. However, if PAYE taxpayers are not taxed at the source, employers who choose to employ people as employees, as opposed to using other measures, are taxed fully; there is no avenue out, as the books are there. Therefore, they become extremely frustrated about some of the other areas set up as avoidance devices. Good commercial reasons may exist for having a contractor, not an employee, but the offset is that one does not pay payroll tax.

Mr COURT: Payroll tax is paid predominantly by the larger employers. An issue arose in the shipbuilding industry, and it was to the credit of State Revenue that it worked through that issue to the outcome achieved. It was not an easy process. The member for Bassendean seems to be referring to practices in the building area.

Mr BROWN: I refer to a range of areas.

Mr COURT: Can you give examples?

Mr BROWN: Everybody knows that a tax threshold exists before payroll tax is applied. Break it down into units.

[3.20 pm]

Mr COURT: The grouping provisions, as I understand it, are pretty officious.

Mr BROWN: The grouping provisions apply only if the person is an employee. I looked at a milk vendor's contract the other day. One would hold that that person operates an independent business but if one looks at the contract, one sees the amount of discretion he has is very limited. Look at the contracts for carpet layers, and those in the pest control and building industries.

Mr COURT: Are they not genuine small business people?

Mr BROWN: No. They do not have the same discretion. They have some flexibility. As you will know, there is a series of control tests. Some people are very clearly employees; they work to direction, start at 8.00 am and finish at 5.00 pm, and carry out what the boss says. Other people are very clearly employers or independent companies; they employ people, pay their own workers' compensation and superannuation, operate independently, take contracts from anybody and are at large - like a delicatessen. There is no question at all; if one looks at all the tests, one sees they are independent businesses. However, we have a growing proportion of people in this grey area in the middle. It seems that some people on St George's Terrace are getting very wealthy through drawing up contracts which give almost the same level of control to the prime contractors as they do to the employers, but setting up the contracts in such a way that the people purport to be independent businesses. For example, some larger companies have required their so-called independent contractors to take out incorporations. One of the reasons the Australian Securities Commission said it has had a large increase in registered businesses is that those little people have been told to go and buy shelf companies. Are we looking at these things or simply saying that it is too hard and too difficult? If someone in the business community were hard pressed and his business was looking down the barrel, he would have a look at this because it could be big bucks.

Mr BRYANT: As I said earlier, the question of whether a person is an employer or employee is, as you have said, based on those tests. We apply those tests to thousands of businesses every year. We look at each relationship to ascertain whether there is a liability. As the Treasurer has said, the threshold for payroll tax is \$675 000, if my memory serves me correctly. It means that not very many businesses would come within the payroll tax net anyway, regardless of whether there is a contract or employee arrangement. Even the shipbuilding industry was subject to payroll tax before we brought the contracts into the net. Employers there were paying payroll tax but not on all of their work force; now they are paying it on contracts as well.

I shall give you an idea of the breakdown: Approximately 7 350 companies are liable for payroll tax in Western Australia, a third of which are located in the eastern States; in other words, they are national companies that operate in Western Australia. Some 80 per cent of the revenue comes from about 30 per cent of the companies - not necessarily the same companies. That does not leave much revenue coming from the rest of the registered companies. Not many companies in Western Australia come anywhere near that threshold, whether or not one takes into account the contractor's relationship. That is not to say that there would not be more revenue if the contract provisions applied to all businesses all the time. The question is, how do we do that in a way that does not discriminate against the genuine contractor's position. As you quite properly pointed out, the challenge to tax administrators is to find out a way to advise government to ensure that the leakage of revenue and the erosion of the tax base are not so bad that the State cannot function. We are certainly looking at that. An interjurisdictional committee to deal with this issue only has been formed and has commenced meeting.

Mr BROWN: Why do you not apply it to labour only contracts or substantially labour only contracts?

Mr COURT: Do you want to bring all of the small business people in?

Mr BROWN: No. A delicatessen is not that.

Several members interjected.

The CHAIRMAN: I remind members to direct all questions to the Treasurer and to refrain from interjecting. Then we will get more questions.

Mr BROWN: I raise this matter here and I will raise it every year. I speak to PAYE taxpayers and honest employers who pay payroll tax and have to compete out there. It is pretty grim when employers say that they will not set up some dodgy little arrangement to save a few dollars but will recognise and meet their obligations and be good

corporate citizens, and ordinary PAYE taxpayers are told, "We will have to impose a new charge because the revenue of the State has gone down." We all know about tax avoidance and evasion. Every dollar that is avoided or evaded has to be paid by somebody else.

Mr BRADSHAW: What does it cost in round terms as a percentage of the revenue you collect to administer and run your department?

Mr BRYANT: Last year, based on the cost of collection divided by revenue on an accrual basis, it was 85¢ per \$100, taking into account all costs. We have not finished this year yet, so I do not know this year's figure. If we take the accruals out, it comes down to about 55¢ on a cash basis.

The CHAIRMAN: On page 1122 the fourth dot point under major initiatives refers to outsourcing the receipting of the department's mail payments. Is that a significant component of the department's operations? What is involved and what sort of savings do you envisage? It obviously has implications for other agencies and even at local level.

Mr BRYANT: We use casual staff at the moment to open the mail and to receipt it because of the seasonal nature of the mail and the fact that the task does not take a full day. We had the requirement either to replace our receipting equipment or look at a more effective way of doing it. We have recently let the contract for outsourcing the receipting of the mail payments.

The CHAIRMAN: Perhaps I was reading more into it than there is.

Mr BRYANT: It is simply receipting and opening the mail.

Mr BRADSHAW: On page 1121 as part of the recurrent costs, is the Fuel Suppliers Licensing and Diesel Subsidies Act 1997. I thought that was a federal Act. How did you get in on that? How do you collect revenue for it?

Mr BRYANT: With the loss of the business franchise cases of Ha and Hammond heard in the High Court, the State lost the right to levy charges on fuel, tobacco and liquor. In order to put in a safety net arrangement, the Commonwealth increased the excise on fuel by 8.1¢ per litre. To ensure that users of fuel off road, who previously did not pay the business franchise on fuel, were not disadvantaged, a subsidy scheme was put in place by the State. This payment represents the cost of that subsidy at 7.45¢ per litre. The subsidy is paid to major oil companies and distributors. The people who use fuel off road - predominantly farmers, miners and fishermen - must apply for a certificate and present it to the fuel distributor. That enables them to purchase the fuel without the 7.45¢ excise. The fuel distributor then claims the money from the State.

[3.30 pm]

Mr RIPPER: The 1997-98 Budget contained a doubling of the debits tax, which is processed through this department. The justification given in the 1997-98 budget papers was that this measure was consistent with proposed moves towards a uniform national financial tax regime beginning in 1998-99. Is this new regime still expected to commence at the beginning of 1998-99 or at any time in 1998-99? If yes, when will it commence? If it is not to be introduced, what now is the justification for doubling the debits tax?

Mr COURT: The States are keen to get rid of the financial institutions duty or the bank accounts debit tax. This State now has the same rate as all other States except Queensland. Queensland does not have a financial institutions duty, but the States are keen to reach an agreement whereby one of those taxes is abolished. That will be difficult to achieve with one State being on the outer. However, if agreement is reached on a tax reform package, which is accepted by the people, the goal is to get rid of both the FID and BAD taxes.

Mr RIPPER: Is the Premier arguing that there will not be a uniform national financial tax regime without the Commonwealth Government's national tax reform package?

Mr COURT: No. We have basically reached agreement with all States, apart from Queensland. It may be useful to see what happens after the Queensland election with regard to agreement being reached. Because Queensland does not have a FID tax, it is obviously in a very favourable position. The Government would like to think that the States can reach agreement to get rid of one of those taxes.

Mr RIPPER: In which financial year does the Government now hope to have a uniform national financial tax regime?

Mr COURT: It depends on a package put forward by the coalition Government and whether it is re-elected. It also depends on what can be negotiated with Queensland to abolish one of those taxes. I would like to think that both things can be done in the next financial year.

Mr RIPPER: Do you mean in 1999-2000?

Mr COURT: No, next year if agreement can be reached.

Mr BRADSHAW: Because Queensland does not have a FID tax, is the Government aware of companies that are based in Western Australia but that bank in Queensland? How many are there, and what is the loss to the State?

Mr BRYANT: The Government is aware of the practice of banking in Queensland. The Parliament passed an amendment to the Financial Institutions Duty Act a year or two ago which imposes a charge on a deposit that is subsequently transferred to a Queensland account to avoid financial institutions duty in Western Australia, notwithstanding that the account is located in Queensland. There is still an opportunity to bundle up cash and freight it to the other States. As the Treasurer said, all jurisdictions are looking for reform of the financial taxes regime because it is a terribly complicated arrangement and the opportunities for avoidance are very high, particularly when people move money around the country.

Mr RIPPER: I refer to the revenue from taxes and licences in the detailed estimates of revenue for 1997-98 and 1998-99 at page 24 of the Budget Statements and the amount relating to petroleum royalties. Will the Treasurer explain the significant decrease in the anticipated revenue from petroleum royalties from \$247.5m in 1997-98 to \$194.5m in 1998-99?

Mr COURT: I cannot give an answer. It may have something to do with the drop in oil prices. Oil and gas are related to those prices. The royalties on other products, such as iron ore and alumina, are heading in the right direction. I will provide an answer as supplementary information.

Mr BROWN: At page 112 of the Budget Statements reference is made to the impact of technology on financial tax regimes. What is meant by that?

Mr BRYANT: This is one of the significant issues and trends listed. A number of things apply to the financial taxes area and technology. One is the ability to transfer money by the Internet and to transfer money from one jurisdiction to another; in other words, a person can live in Western Australia and have an account in New South Wales or another State, and forum shop for the jurisdiction with the most favourable conditions for that person's method of banking or conducting business. It is an issue for the financial taxes area and a whole range of things, but it certainly impacts on financial taxes.

Mr BROWN: The publication released by the Deputy Prime Minister, called "The Long Silk Road", estimated that by 2000 the Internet trade would be in the vicinity of \$100b to \$150b. Given that we are talking about a GST or some tax on products and services, for each good or service purchased in Western Australia the Government would receive some money. Given that people do not necessarily now need to buy products at their local shop, but can shop in Singapore, London or elsewhere without visiting those places, this has massive implications for the tax regimes of both the State and the Commonwealth. What has been done about that?

[3.40 pm]

Mr BRYANT: The member is right, the Internet will lead to borderless nations and States. That is one of the issues that not only revenue agencies must worry about, but also all the regulatory agencies of all States and countries. There is no simple answer. I assure the member that plenty of research is being undertaken about the implications and how best they can be monitored. It is possible to order a pair of jeans from the Levi Strauss group direct. They will be made to order and dispatched and the buyer can pay for them by credit card. No-one here would know about the transaction. Amazon.com is the biggest bookshop in the world, yet it has no normal shop. There are plenty of examples. It is a question of how we address that issue. We are aware of it and are looking at ways in which it will impact on our revenue. When we have some answers, we will inform the Government.

Mr COURT: Gambling is becoming a big problem area. From a regulatory point of view, given the estimated growth in gambling by peopling using the Internet, we must look at how we collect appropriate taxes.

Mr BROWN: Yesterday I was at a seminar. We read lots of facts and figures about this all the time. We were told yesterday - it is not new - that Internet usage is doubling every 100 days. It is mind-blowing to think about that figure moving from the last estimate of 40 million to 100 million users in a very short time. I wonder what sort of resources are going into this area. It seems to me that the implications are massive. Are many resources going into this? The Treasurer raised the issue of betting. People in that industry may say that to offer reasonable dividends and to attract punters, a lower tax rate in Western Australia is needed. To be competitive will we be pushed down the line that we must have lower tax rates, and then take up the lowest common denominator argument?

Mr BRYANT: I am not sure whether that is a policy question or a technical question.

Mr BROWN: I will ask some administrative questions: What are we doing about that? Is a team of people looking at it? Is it a high priority? Has money been set aside for dedicated people to look at it and push it along, or is it on the list of things to be done?

Mr COURT: Some pretty strong vested interests will lead to a form of regulation for the proper payment of taxes by the States. As I understand it, some large online betting is affecting revenues into the United States. Some of those States are getting considerable revenue from gambling. If countries and states start to see losses in their revenue base because of what is happening, there will be a move to a form of regulation that will use the available technology to tax people. If people buy Levi jeans through the Internet, the regulations will ensure that the company selling them has a responsibility to make sure the taxes in the country to which the product is going are paid. A regulation will have to be put in place for that to occur. When some places start to lose a lot of revenue, those changes will be put in place.

Mr BROWN: There will be a nice battle between the States and the multinationals.

Mr COURT: I used the telephone to buy something from the United States at one stage. The import duties and transport costs and other costs that would have to be paid were outlined to me when I made the order. I paid the import duties and the transport costs, but not the commonwealth or state taxes associated with the purchase.

Mr McGOWAN: What sort of car was that?

Mr COURT: It was a kid's toy.

Mr McGOWAN: A number of years ago the Treasurer committed to the abolition of payroll tax. That was an aim and objective of the Government. At the time the Treasurer described it as a tax on jobs. Does the Treasurer still hold to the view that it is a tax on jobs? If so, does he have any plans to revive the commitment to abolish the payroll tax in the future; and, if not, why not?

Mr COURT: It is definitely a tax on jobs. The Fightback proposals in 1993 would have seen the abolition of payroll taxes. We did not do this this year, but for some years we have been increasing the thresholds considerably to take as many small businesses as we can out of paying that tax. Let us look at the State's revenue sources on payroll tax. We have proposed to the Federal Government that payroll tax, along with the financial institutions duty, the bank account debits tax and stamp duty on financial transactions should be removed as part of any tax reform package. Whether we get rid of payroll tax will depend on the rate at which a Government sets a broad based indirect tax. We would like to see a whole list of state taxes go. We would certainly like to see payroll tax go. If a package enables us to get rid of some taxes - let us say, FID, BAD and stamp duty on financial transactions - that is better than nothing.

Mr McGOWAN: Will the Treasurer outline the sorts of negotiations he has had with the Commonwealth on this issue, whether the Commonwealth has outlined to him what it is intending to do, and the rate it is looking at if it abolishes these taxes?

Mr COURT: I do not want to duplicate the debate. However, we had quite a lengthy discussion with the Leader of the Opposition under the Treasury provisions on taxation.

Mr McGOWAN: On the goods and services tax?

Mr COURT: We went into detail on all parts of the taxation package. I will summarise it: We have not had much consultation with the Federal Government. We have been involved in two presentations: One as part of the Council of Australian Governments process, with the States coming together and putting forward their principles and a general package; and in the second we sent more detailed proposals to the Federal Government about what we want to see happen. We have indicated that it must go through a few areas. We will indicate whether we can provide that to the Opposition. Basically it involves the Federal Government surrendering an area of income tax to enable us to get rid of a large part of our grants and also to make a dent in some of the state taxes, while giving us a share of some of the revenue from a broad based, indirect tax which will help to get rid of some of the less desirable state taxes.

Basically that is what we are proposing. We are seeking to continue to have a component of the grants so that less fortunate States can receive additional support. The state component of income tax, as we see it, would probably be at a uniform rate across all States for the first five years, or thereabouts, of the change; thereafter the States would have differential income tax rates.

Mr McGOWAN: I take it from that answer that the Treasurer is a supporter of the GST?

Mr COURT: We have supported a broad based indirect tax that is in a package that enables the State to have genuine reform of both commonwealth and state financial arrangements. If the member is asking me whether I am in support of a GST, I would have to qualify my answer by saying that it will depend on the overall package. On many occasions I have said that the time has come to have a mature debate on taxation. If the Labor Party simply runs a fear campaign, it will do this country a disservice. We have an opportunity to change the tax mix and, at the same time, to try to get genuine reform in commonwealth-state financial arrangements. We will not achieve that by using

the Labor Party's tactic of sitting back and trying to develop the fear side of the campaign. The community has gone past that; it wants a well informed debate on the issues.

[3.50 pm]

Mr RIPPER: Does that mean that the Treasurer and the State Government will withhold support for a GST unless it involves the abolition of regressive state taxes and the reform of commonwealth-state financial arrangements?

Mr COURT: I have said on numerous occasions that it is important for a Federal Government, regardless of its political persuasion, to achieve consensus with the States on tax reform, because if they are not on side they will not be able to sell it. I have also said publicly that if the coalition comes out with a tax package that has been developed without state involvement and without our support, it is stepping into dangerous political waters.

Mr McGOWAN: Would you support it?

Mr COURT: Members have seen my responses to Federal Governments, whether they be Labor or coalition. If I do not believe what they are doing is in Western Australia's best interests, I say so.

Mr BRADSHAW: I refer members to page 1137 and conveyance and transfer duty. The estimated revenue for 1998-99 will drop significantly compared to the figure for 1997-98. What are the reasons for that expected drop in income?

Mr BRYANT: It drops from \$451m to \$423m. During 1997-98 there was a big transaction involving the Dampier to Bunbury pipeline, which contributed \$104.4m to the stamp duty base. That will not be there next year, but to some extent it will be offset by an average increase in stamp duty rates of 12.5 per cent.

Mr TRENORDEN: I refer to page 1136 and the completed works revenue collection information system. I visited Washington State last year, which allows small business to lodge a single return online. People can dial in, put in their figures and find out what their tax bills will be. They can even vary their figures and find out the variations in the taxation. That same return applies across all government agencies. Is the Government looking to going online to that degree? I know it does not have the capacity now.

Mr COURT: United States businesses pay separate income taxes to federal, state and local governments.

Mr TRENORDEN: I am referring to taxes paid to the State of Washington.

Mr BRYANT: The capital budget amount represents the finalisation of the revenue collection information system that has been developed over the past five years. We hope it will be completed by the end of this year. That will bring our three major systems together into one generic system. According to Anderson Consulting, this is the first client server revenue collection system in the world. We have recently negotiated a sale to New South Wales for \$1m. This is a state of the art revenue administration system. We have not yet linked it to make use of online technology, either through the Internet or some other facility, but that is the clear intent and it has been built with that capacity. We will look to do that.

The CHAIRMAN: Reference is made to the High Court's decision deeming that the business franchise fees were unconstitutional. What is the difference in the total amount of state fuel tax that applied before the decision as opposed to now?

Mr COURT: Earlier today the Under Treasurer provided that information in relation to fuel, tobacco and alcohol. He detailed the shortfalls that occurred and how we will try to make up those losses. There was a one-off shortfall in tobacco, where for a short period we did not collect revenue. There have been difficulties, particularly in Queensland and New South Wales in respect of the fuel tax. Those figures will be on the record earlier in the day, but they can be provided.

The CHAIRMAN: I am happy to refer to that information.

Mr RIPPER: I refer to the recent increase in stamp duty rates on property transfers. What is the expected additional cost which will be incurred by a person purchasing a house of average value?

Mr COURT: The average value has gone up; it was \$135 000 and it is now \$140 000. The calculations for a \$135 000 transaction were in the budget speech. For example, on a \$100 000 land package a purchaser will pay \$900 less than the current rate. The first home buyers' rebate was increased from \$85 000 to \$135 000. The duty has been scaled up to \$135 000.

Mr RIPPER: Is there a different rate for first home buyers?

Mr COURT: At \$100 000, a purchaser would save \$900 on the current payment.

Mr RIPPER: Is that for a first home buyer?

Mr COURT: Yes.

Mr RIPPER: What about a subsequent purchaser?

Mr COURT: They do not get the \$500 rebate.

Mr RIPPER: How does the new scheme affect first home buyers and others?

Mr COURT: I will provide the information in relation to transactions of \$100 000, \$135 000 and \$150 000 for first home buyers and others.

Mr RIPPER: Will that be in the supplementary information?

Mr COURT: Yes.

[4.10 pm]

Mr McGOWAN: The Treasurer mentioned earlier that he sent a submission to the Commonwealth Government on his thoughts and proposals for taxation reform. Will the Treasurer agree to table that document as part of supplementary information?

Mr COURT: No. When I was asked that question today, I gave a quite detailed explanation of that submission. I said also that I would probably have to put it through Cabinet, and that I would then have no difficulty with its becoming public, because it reflects what we have been saying about this issue. I gave a commitment to the Leader of the Opposition that we would table our tax policy if he would table his. I do not see why we cannot make that public in the next month or so, and we will also be interested to see the Opposition's taxation policy.

Mr McGOWAN: If the Treasurer will not table it until some point in the future, can he at least advise us now what share of commonwealth revenue he is seeking on behalf of the State in the form of potential GST and personal income tax revenues?

Mr COURT: I do not have the actual percentages with me, but in the case of income tax, we would want the majority of our grants to be removed and the Federal Government to surrender that level of income tax, and we would also want a share of a broad based indirect tax if that were introduced. A substantial share of income tax would be required if it were to replace the grants.

The CHAIRMAN: We are dealing with division 60. These questions do not appear to relate to the Budget.

Mr McGOWAN: They are about revenue. The Treasurer said in his submission to the Commonwealth that he would want some share of personal income and GST revenues. I accept that the Treasurer is not prepared to divulge the details at present, but -

Mr COURT: It is no secret what levels would be required to replace grants, etc. That is public information.

Mr McGOWAN: One of the great fears with regard to a GST is that in every nation in which it has been introduced, the rate of tax has increased. If the Treasurer did receive a percentage share of commonwealth taxation revenues and give up all sorts of state taxes and grants from the Commonwealth, could not some future Commonwealth Government, be it Labor or Liberal, or One Nation, for that matter, reduce the percentage share that the State would receive? Does the Treasurer's proposal say definitively that a certain percentage share must be maintained, or could that percentage be decreased by some Commonwealth Government in the future?

Mr COURT: The only way to achieve that level of certainty would be to amend the Constitution to enable the State to raise sales taxes. Under the Constitution, the State can raise income taxes, but the Federal Government would need to agree to surrender its position.

Mr McGOWAN: If this proposal were accepted, could not some future pernicious Federal Government reduce Western Australia's share of grants?

Mr COURT: It can do that now.

Mr McGOWAN: If we gave up direct grants and direct state taxes, could we not be at the whim of some future Commonwealth Government that might not be too keen on the complexion of the Western Australian Government?

Mr COURT: To the contrary. If we replaced grants with a share of an income tax base, we would have a greater guarantee than we have with the Grants Commission findings.

Mr McGOWAN: At least the Grants Commission has a semblance of independence, whereas if we told the

Commonwealth that we wanted a share of income tax, we would be putting our faith in the hands of elected representatives who might not like the complexion of the Western Australian Government and might reduce in the future the share that the State would receive.

Mr COURT: I did not say a share of income tax. I said that the State would have its own income tax, where the Commonwealth would surrender a component of the income tax that was raised by the State. That might initially be at a uniform rate for five years, for example, but after that, it would be advantageous if there were varying rates between the States. You are getting confused between a share of revenues and the State's having a taxing component.

Mr McGOWAN: In recent weeks, the Commonwealth has said that a GST would not be used to fund reductions in personal income taxes in the future. Does the Treasurer agree that a GST should not be used to fund reductions in personal income taxes and that it should just be used to replace state taxes such as payroll tax, financial institutions duty and federal bank account debits tax?

[4.20 pm]

Mr COURT: It could be used to achieve a more rational tax on goods and services and to enable the States, in part, to get rid of some state taxes. No doubt the income tax system works against the average working family because these days a typical family quickly reaches the top level of income tax, and that is unacceptable. We should be in a situation where income tax cuts can be put in place. I would like to think that would be largely funded by the federal government surplus.

Mr McGOWAN: Should that involve a goods and services tax?

Mr COURT: No.

Mr McGOWAN: So, you do not see a GST funding income tax cuts?

Mr COURT: No. There would not be enough money to do that.

Mr McGOWAN: Is the Treasurer concerned about the imposition of a GST on small business, given that wholesale sales tax applies to approximately 50 000 to 55 000 small businesses across Australia but a GST would apply to 900 000 small businesses, and given that the National Tax and Accountants' Association has said that the establishment costs of a GST would be \$12 000 for every small business and \$7 000 on administration every year?

Mr COURT: I suggest that the member try running a business under the current crazy wholesale tax system. The current system is absurd with the different rates for various products. I think Doug Clegg gave an example on radio of his tackle shop in which some safety items attract high levels of tax, and others attract no tax at all. Some clothing is taxed at one level, and others at a different level. It is a complex system. A GST would simplify the situation for people currently paying the different levels of tax. There would be higher compliance costs for businesses not currently involved, but again one of the goals of tax reform is to try to spread the burden of the tax base - as mentioned by the member for Bassendean. If the member for Rockingham thinks the current income tax system is equitable, he should say so publicly. However, when people reach a high level of tax very quickly -

Mr RIPPER: And when the rich avoid the tax!

Mr COURT: That is right.

Mr RIPPER: Has State Revenue undertaken an analysis of the efficiency and equity of current state taxes? Perhaps an analysis has been undertaken elsewhere in government. If so, can the analysis be tabled?

Mr BRYANT: We have not undertaken a specific analysis of the efficiency of our taxes. An analysis has been made of the cost of collection of taxes, and we would be happy to table that. It is a fairly easy exercise for anyone to do. We are very cognisant of that area. For instance, by and large, the department does all the compliance work on land tax. It provides the taxpayer with the obligation simply to read the assessment, check it and pay it. On the other hand, payroll tax provisions require 7 500 businesses to pay the tax; to keep records, and to fill in a return on a monthly basis. Stamp duty provisions require an instrument to be lodged and duty to be paid. Overall, the compliance costs are not great on an ongoing basis. For instance, banks pay it in federal institution duty and debits tax by computerised systems. It is all about aggregating transactions and filling in a return. They are not onerous requirements.

When a commonwealth committee looked at compliance activities, a report from the Chamber of Commerce and Industry of Western Australia indicated that it was a large figure. A member referred to that. The figure could not be substantiated. In its booklet the CCI made a comment to the effect that the figure looked high but there was no evidence to support the high figure. A lot of this is anecdotal, and if one asked a businessman whether the cost of compliance with a tax was high he would always say that it is.

Mr RIPPER: I think from that you are saying that compliance costs are reasonable and efficiency is reasonable. That is my paraphrasing of those remarks. Have you looked at the equity effect or is it not within your brief?

Mr BRYANT: The efficacy of the tax laws -

Mr RIPPER: No, equity and fairness.

Mr BRYANT: One of the aspects is equity. It is one of the three major tenets on which good tax systems are based. If we believe there is an inequity we refer it to our Minister and he will make a decision about whether something should be done. We monitor the situation. Amendments come to Parliament on a continuous basis, which reflect the level of scrutiny within the department.

Mr COURT: The Minister for Finance has driven many amendments where he believes inequities in the system exist. Due to his experience in the area, he is not afraid to bring amendments to Parliament to improve the situation - often at some cost to the revenue of the State.

Mr RIPPER: It appears that the Minister for Finance has been concerned mainly with horizontal equity; whereas there is a strong argument that state taxes and charges are regressive in their overall impact on vertical equity. Has an analysis been done on that?

Mr COURT: I provided the Leader of the Opposition with some figures today which indicate that taxes and charges have declined as a percentage of average income. It has been a relatively small decline, but at least it has been a decline.

Mr RIPPER: Are state taxes regressive overall?

Mr COURT: What do you mean by regressive?

Mr RIPPER: A general argument is that the greater capacity a person has to pay tax, the higher the proportion of his income he should pay in tax, when many state taxes are flat or impact more heavily on lower income earners as a proportion of their income.

Mr COURT: That is not necessarily the case when we combine taxes and charges. Sewerage rates are based on valuation, and under the user-pays system the rich people would have cheaper dunnies. One could not say that some of the charges are regressive, but most other taxes are.

Mr RIPPER: I take it from that comment that no overall analysis has been done on the issue.

Mr COURT: I said that there has been a decline in the percentage of average weekly earnings being paid in tax and charges.

[4.30 pm]

Mr RIPPER: If I may pursue the issue of advice and analysis, has State Revenue prepared any papers on taxation apart from the second reading speeches for the Minister for Finance's little Bills? Has State Revenue provided any advice to the Government on tax reform or completed any submissions and, if so, will the Treasurer make those available to the Parliament?

Mr BRYANT: We have not independently prepared any advice to the Government on taxes. Taxation policy is a matter for Treasury. We provide input to Treasury. A number of committees have been formed over the years which have dealt with a range of issues. Many of them have produced public reports. One that springs to mind deals with land tax. We have worked with Treasury on other issues. It is for the Government to decide whether they should be made public.

Mr RIPPER: In the 1997-98 budget papers a list of proposed evaluations were to be conducted by State Revenue in 1997-98. Have those evaluations been completed? If so, what has been the outcome? Will reports arising from those evaluations be made public? If so, when will it happen? They are set out on page 919 of last year's budget papers and comprise the following: To validate current system data for migration to the new RCIS computer system, to review land tax exemptions applied to land outside the metropolitan region and country town planning schemes, to review annual reconciliation process for payroll tax to produce further refinements and to evaluate the compliance.

Mr BRYANT: All those initiatives at that time have been conducted to a greater or lesser extent. We had a discussion earlier on the compliance activity. We could report on that but we have not prepared a formal report. There is an ongoing evaluation of our performance in that area. The migration to the RCIS computer system is part of the development of it. Release 1 went live in March of last year, release 2 should go live on 29 June of this year and release 3 will go live on 14 September of this year. That will cover payroll tax and land tax - the major taxes. The revision of the process for payroll tax reconciliation has been done, and has resulted in a considerable saving

in our overtime budget. I am pleased to say that it resulted in the partial funding of our workplace agreement and EBA pay rise for the staff. A land tax exemption review has also been conducted. As I said earlier, the land tax system works on the basis of the department determining the liability without taxpayers providing a return. Where exemptions are in the system, they tend to remain until there has been a review of them. Where there have been longstanding exemptions, we have circularised those people who are currently enjoying those exemptions to ensure that they are still validly entitled to them. Unfortunately, some of those people were found to be no longer entitled to those concessions and have been taxed accordingly.

Mr RIPPER: Are arrears and back taxes recouped?

Mr BRYANT: Where appropriate arrears of taxation have been applied. In most instances, it is a case of a primary production business not qualifying in the last year or so.

The CHAIRMAN: I would be grateful if members could relate their concerns to items of expenditure in the consolidated fund.

Mr BROWN: The third dot point from the bottom of the page 1122 refers to the provision of stamp duty relief for corporate reconstructions involving the interposition of a foreign company between a Western Australian company and its shareholders. Will you explain that for those of us who are not clear about what that language means?

Mr BRYANT: This was an amendment that went through the Parliament. We are talking about a company in a group situation. It is about removing the corporate veil to allow reconstruction to occur without the payment of stamp duty. There was a prohibition in the amendment we put through to allow reconstruction to occur where an overseas company would normally not have a liability for stamp duty in Western Australia, notwithstanding that the interposed entity was a company incorporated on a foreign exchange. A company involving the London Stock Exchange was one instance which comes to mind. Under the previous rules, where a company was incorporated for the purpose of transferring assets from the group and where there was no change in beneficial ownership -

Mr BROWN: Beneficial ownership is the important point. I am trying to work out how that works with the foreign entity that comes in.

Mr BRYANT: There is no change in the shareholders. The company merely lists on the foreign exchange. The company does that because of the depth of foreign markets. For example, a pharmaceutical company was involved. The London Stock Exchange has a particularly strong pharmaceutical index. In order to tap into that, the group had to have a listing on the foreign exchange. It had the same shareholders and there was no change in beneficial ownership of the company. However, it needed to list on the foreign exchange in order to access the liquidity of that market. This provision was put in so that it did not prohibit or impede the development of Western Australian incorporated companies.

Mr BROWN: How does that operate with public companies where the ownership is changing all the time as shares are traded?

Mr BRYANT: Share trades overseas are not caught anyway in Western Australia; only shares on the Australian stock register are caught. If they are not on the Australian register, they are not subject to stamp duty. There is no issue from that point of view.

Mr RIPPER: Does the Royal Agricultural Society pay land tax on the showgrounds in Claremont?

Mr COURT: I am informed that it is specifically exempt.

Mr RIPPER: What is the reason for that exemption?

Mr BRYANT: That amendment has been in the land tax legislation for as long as I can remember. It was picked up from the 1907 Statute and maintained in the 1976 Statute. The Statute does not refer to the Royal Agricultural Society showgrounds. I do not have the correct wording, but it is something like "showgrounds for the community".

Mr RIPPER: It is almost a century old concession.

Mr COURT: Do you think it is a bargaining chip for the speedway?

Mr RIPPER: If you gave me a guarantee that the speedway will not go anywhere near my electorate, I may decide not to pursue this issue!

Mr COURT: I do not know why you do not want it; it is a major employer of people.

Mr RIPPER: My constituents do not, apart from the odd petrol head.

Mr McGOWAN: Is it in the Treasurer's electorate?

[4.40 pm]

Mr COURT: If not, it is on the border.

Mr McGOWAN: Do you want it there?

Mr COURT: I have never seen it as a problem because for many years I lived three streets away from the speedway and noise was not an issue. It is a lot quieter now than it was 20 years ago.

Mr McGOWAN: In earlier answers the Treasurer said that any tax cuts are to be provided by a surplus, rather than by a goods and services tax. Does that mean that the surplus should be used to fund tax cuts, or that it should be used to pay off Government debt first?

Mr COURT: There is no magical money. One of the few ways of funding a tax cut is to have control over expenditure so that those savings can be passed through in the form of tax cuts. The coalition Government has put controls on expenditure and taken the budget back into surplus, and that is good news.

Mr McGOWAN: Does the Treasurer think the surplus should be used for tax cuts?

Mr COURT: Some of it can be used for tax cuts.

Mr McGOWAN: Does that mean that all of the surplus should not be put towards debt reduction, but some should be put towards tax cuts?

Mr COURT: We have a choice: We can either put it toward debt reduction or we can have some strategic asset sales, which the former federal Labor Government did, but those moneys were not used to reduce debt.

Division 61: Valuer General's Office, \$4 993 000 -

[Mrs Holmes, Chairman.]

[Mr Court, Treasurer.]

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

Mr RIPPER: On page 1121 of the Budget Papers, a significant increase is projected in capital services for the forward estimates from \$290 000 in 1998-99 to \$550 000 in 2001-02. Can the Treasurer explain what this is all about?

Mr WILLIAMS: That is about the redevelopment of the valuation system to replace the mainframe to address the major issues of the year 2000 problem and to ensure the new system is compliant with that developed by the State Revenue Department and the values can be interchanged with that system.

Mr RIPPER: I thank the officer for answering the question about capital services which I did not ask!

Mr TRENORDEN: The second dot point on page 1255 within significant issues and trends talks about the valuation of an agency's assets being a requirement of accrual accounting. This is an important issue. I seek an indication from the Valuer General as to just how much of a problem it has been to go out and value every asset within his jurisdiction. Does he have any comment on issues such as the value of land under roads and other issues that are currently in formation?

Mr WILLIAMS: There are approximately 120 000 parcels of land which we started valuing three and a half years ago. We have inspected a considerable number of those properties and expect to finalise the project by the end of this coming financial year. There may be some remote properties which we will not inspect. I am referring to those for which we can use aerial photographs. Those blocks are vacant, with no improvements. It is not cost effective to look at all the properties. We are not talking about only assets. We are doing a considerable amount of valuation work for local government and Government in relation to plant and machinery. This area has been neglected up until now. With accrual accounting it has been necessary to bring them to account.

Another area that has been, and is being, addressed by many agencies, including local government authorities, is valuations for insurance purposes. There was an instance in Victoria, I think, where council offices, which were significantly underinsured, burnt down. When the insurance company was asked to pay up, it did not. Someone is liable to make that up, be it the ratepayers or the chief executive officer.

Mr TRENORDEN: I also asked about the value of land under roads.

Mr WILLIAMS: Land under roads is an issue which we are currently addressing with the other Valuers General and the Auditor General. The next Valuers General conference will be held in Perth in September. This issue is already

an agenda item. There have been some views which seek to produce some magic formula. My view is that the value of land under roads is nominal and is probably the equivalent to the rural value in the outer suburbs. In my view that is a nominal value.

Mr BROWN: In terms of addressing the year 2000 issue, how far has the Valuer General gone with that and what are his current plans for hardware and software?

Mr WILLIAMS: We have an internal network which we tested over the Australia Day weekend. It was found to be year 2000 compliant. We have tested our systems to date. We are redeveloping the software valuation system and we will be running it on hardware that is year 2000 compliant. We have been addressing that issue for the past two and a half years and working toward that compliance.

Mr RIPPER: What sort of investment has been necessary to ensure that year 2000 compliance?

Mr WILLIAMS: The funding for the redevelopment of the valuation system was about \$4.5m; however, of that, \$2m was funded out of internal savings by not enhancing or improving the current system. In short, it is approximately \$4.5m, but we would have had to redevelop the system anyway; it is 13 years old.

Mr RIPPER: Does that mean that not all of those funds were spent on the year 2000 compliance?

Mr WILLIAMS: No. The consequence is that we are year 2000 compliant.

Mr COURT: I stand to be corrected when I say that when the decision was first made to renew, it was not seen as a particularly big issue; it was an old system. It was more to do with efficiency. The renewal of the old system has enabled the year 2000 compliance issue to be addressed.

Mr WILLIAMS: I recall telling the Treasurer at the time that if we did not do it by the year 2000, there would be no values for land tax purposes.

Mr RIPPER: That sounds like a rather convincing argument to me. An item at the top of page 1256 states that the corporatisation of government departments and agencies such as AlintaGas, the Water Corporation and port authorities means that these organisations attract rates and taxes. It goes on to say that the office has been required to develop expertise in the valuation for rating purposes of the specific assets of those agencies. Has the Valuer General completed the rating of land controlled by AlintaGas, the Water Corporation and the port authorities? How were these values determined? Were particular issues regarding this land taken into account? Can he provide an idea of the value of the land of these agencies?

Mr WILLIAMS: As far as I understand it, the project has been completed. If it has not, it is in the final stages. First we have had to identify the land; then it has been necessary to inspect it to determine the improvements and to carry out valuations. In many cases it was a normal valuation. In others, it was more complex in that there was very little evidence upon which to base the valuation; however, we have a good deal of experience in valuing land with limited types of comparable evidence. I do not have the figures available. The totals for those agencies were provided to Treasury. If the member wishes they could be made available.

[4.50 pm]

Mr RIPPER: It would be of interest to know those figures.

The CHAIRMAN: I seek clarification about the provision of documents.

Mr WILLIAMS: I will endeavour to provide those figures. It depends on retrieving them from the computer under those headings. I will provide all the information I can in relation to those properties.

The CHAIRMAN: I seek clarification of what will be provided.

Mr WILLIAMS: It is the total of the rating and taxing valuations for corporatised agencies.

Mr RIPPER: Is the Valuer General currently assessing the value of Western Power and Westrail?

Mr WILLIAMS: I cannot answer that question at present. Once those organisations corporatise, we will carry out the required valuations.

Mr RIPPER: Have you not dealt with the question of how to assess the value of land under railway lines?

Mr WILLIAMS: No. Westrail has not been valued yet because it is not in a corporatised state.

Mr RIPPER: Will that raise the same issues raised in the previous question regarding the value of land under roads?

Mr WILLIAMS: Land under railways is different from land under roads in that the land under the railway line is held

by Westrail. Its use is exclusive to Westrail and no-one else has right of access across that land; whereas everyone uses roads for all sorts of purposes, from driving on it to laying pipes under it.

Mr RIPPER: Railway land might be more valuable?

Mr WILLIAMS: Yes.

Mr RIPPER: What increases in average house values are expected from financial year to financial year?

Mr WILLIAMS: We are currently reviewing valuations of residential land as part of our annual review of the program called Value Watch. That publication will be produced early next financial year and will indicate the increase in values as opposed to last year. We do not use a mean valuation. We value the individual property as if it were in the same condition as first valued in 1988. We provide a trend of how that individual property in that suburb is moving.

Mr TRENORDEN: Under the guise of accrual accounting, one of the places you will value is Parliament House. In that process of valuing a building, is a liability applied to a heritage building; that is, maintenance and repairs not carried out and those types of issues? I am a member of the advisory council to the Australian Standards Association and have some interest in this issue. Local government in the Shire of York owns several heritage buildings and is required to register those buildings as assets. It is also required to put maintenance and other work not undertaken on its books as a liability.

Mr WILLIAMS: To a degree heritage buildings provide difficulties in valuation for asset purposes. We take the function of the building into account when determining the cost of replacing the functionality of the building, rather than the building itself. Obviously to replace this building in its present state would be far greater than a building which gives the same service or functionality.

Mr TRENORDEN: Do you assess the liability on the upkeep of a building that is retained for its heritage value, or is that expected to be done by local government?

Mr WILLIAMS: Local government is expected to do the upkeep on its buildings. Our valuation is the value of the property in its existing state and is based on its existing service potential.

Mr BROWN: On page 1261 of the budget papers under the heading "Operating Statement", the operating revenues have a consistent theme for this year and again in the year 2001-02; what is the reason for that?

Mr WILLIAMS: The metropolitan triennial revaluation for gross rental values is carried out every third year and the revenue for that project comes in when it is complete. That shows the up cycle of revenue coming in every third year.

Mr RIPPER: I refer to the dot points on page 1256: What is involved in the proposed "revenue based productivity measurement model"?

Mr WILLIAMS: We are a revenue organisation which has encompassed net appropriation. If we raise more revenue for less cost we have increased our productivity. In the past we have used various models to prove productivity gain. We are at the stage where - as the private sector does - we must look at the increase in revenue compared with the cost of producing that revenue.

Mr McGOWAN: A number of years ago the Valuer General's office changed the method of valuation of shopping centres. Large enclosed shopping centres were formally assessed on the basis of the retail floor space rather than the car park areas, the alleyway areas and the general thoroughfare areas. My recollection is that the method of valuation was changed to include that floor space area as part of a gross rental value which enabled local councils to impose higher rates because of the increased floor space. That was transferred onto small businesses which then had an increased rates bill. How did that occur and do you have any plans to reverse that in light of the adverse impact on small business people?

Mr WILLIAMS: Firstly, the council had the option of introducing differential rating and it could have adopted a lower rate. Secondly, changes in certain outgoings were not included in the gross rental value which, based on legal advice, should have been included. The gross rental value includes rates, repairs, insurance, maintenance and other expenses necessary to maintain the value of land. If one does not maintain a car park or the common areas, one is not maintaining the value of land. We were following, to a degree, British case law which was not appropriate under our legislation. Crown law advice was that those outgoings which were not included in the gross rental value should have been included.

Mr McGOWAN: What legislation was that?

Mr WILLIAMS: The Valuation of Land Act defines gross rental value. We needed to include those outgoings that maintained the value of land. The value of land is maintained only if the car parks are tidy and clean, the shops and common areas are properly maintained, and the airconditioning in the common areas is run efficiently and cleanly. Those were definitely outgoings which should be included as part of the gross rental value.

[5.00 pm]

Mr McGOWAN: If a differential rate is not imposed, does that have an effect on small businesses?

Mr WILLIAMS: Differential rates are imposed by many local governments to ease the burden in the areas in which they wish to provide concessions. I do not believe I should change the valuation to ease the rate burden. The rate burden is the rate in the dollar. If I start bending the valuations and do not follow the principles of the Act, where do we stop changing things?

Division 78: Fire and Emergency Services, \$5 764 000 -

[Mrs Holmes, Chairman.]

[Mr Day, Minister for Emergency Services.]

[Mr R. Mitchell, Acting Chief Executive Officer.]

[Mr W. Harris, Acting Executive Director, Bush Fire Service.]

[Mr R. Dyson, Executive Director, Western Australian State Emergency Service.]

[Mr W. Forbes, Acting Executive Director, Fire and Rescue Service.]

Mr DAY: I thank the Opposition for agreeing to deal with the Emergency Services portfolio first, as we expect that will take somewhat less time than the Police portfolio.

Mrs ROBERTS: I am pleased that Mr Bob Mitchell, the CEO of the Fire and Emergency Service Authority, is in attendance. I note from last year's Estimates Committee that some questions were asked under the Bush Fires Board division. Should I ask them now or later?

Mr DAY: Division 77 covers the Bush Fires Board, as it technically still is. Division 78 covers the State Emergency Service and the Western Australian Fire Brigades Board. I am happy to answer questions relating to both divisions.

I am sure that the member is aware of what is happening in this area. We have brought together under the structure of the Fire and Emergency Services Authority, the Bush Fires Board - as it technically still is but it will be known as the Bush Fires Service - the State Emergency Service and the Fire and Rescue Service. At this stage last year they were separate agencies. The passage of legislation to formally establish the Fire and Emergency Services Authority is yet to be introduced. It will go to Cabinet in the near future and I hope it will be introduced in this Chamber in the next three weeks or so. Once that legislation has been passed, the three agencies will be formally part of the one agency. They are being treated as one at the moment, although technically the Fire and Emergency Services Authority is the Department of Fire and Emergency Services.

Mrs ROBERTS: That is a major initiative. When will the enabling legislation be introduced?

Mr DAY: I hope it will be introduced during this session and passed through both Houses.

Mrs ROBERTS: Parliament will be prorogued in three weeks.

Mr DAY: Yes, but we still have a few sitting weeks this session. It will be in this Chamber during that period.

Mrs ROBERTS: Was former chief officer, Mr Barry Duck, dismissed on Friday, 21 October 1996? If so, why?

Mr MITCHELL: On 21 October 1996, chief officer, Mr Barry Duck, and the chief executive officer, Mr Chester Burton, resigned their commissions.

[5.10 pm]

Mrs ROBERTS: Is Mr Barry Duck still paid out of Fire and Rescue Service funds? If so, how much is he paid? Is he provided with a vehicle and mobile phone? Who pays for fuel for the vehicle? Who pays for the mobile phone? What work, if any, does Mr Duck do with the Fire and Rescue Service?

Mr MITCHELL: Mr Duck is paid out of the Fire and Rescue Service's budget. The all up salary and costs, including vehicle, is in the vicinity of \$120 000. He is currently on secondment working out of the office of the Ministry of Justice in the Education Department. We are carrying the costs until he is placed within the public sector.

Mr DAY: He is funded by the Fire and Rescue Service because it is part of the overall government policy that the salaries of officers in Mr Duck's situation are covered by their original agency. Mr Mitchell may be able to confirm that.

Mr MITCHELL: Until redeployment is completed, that is the situation in many cases.

Mrs ROBERTS: How much has it cost the Fire and Rescue Service for Mr Duck since he has ceased working for them? Does Mr Duck pay into the Fire and Rescue Service superannuation fund? Would he be accumulating long service leave, holiday leave and the like?

Mr MITCHELL: Since 21 October, Mr Duck has received his ongoing total salary package, including vehicle, of around \$120 000 to \$125 000 per annum. He is accumulating long service leave, annual leave, etc under his normal employment conditions.

Mrs ROBERTS: Is the funding formula along the following lines: 25 per cent via the insurance company's contributions and 12.5 per cent each by the state and local governments?

Mr MITCHELL: In permanent fire districts, yes. In voluntary districts the State Government's contribution is 100 per cent.

Mr DAY: Are you asking whether Mr Duck's salary is being covered under that system?

Mrs ROBERTS: That is the next question, yes.

Mr DAY: The answer is yes, as the budget of the Fire and Rescue Service is made up of those contributions.

Mrs ROBERTS: That is my next question, whether the insurance company or the Government is paying Mr Duck to work at the ministry.

Mr BRADSHAW: With regard to bush fire brigades, has anything been done to upgrade their communications - that is, radios - given the overall commitment to link them up with each other rather than having an ad hoc situation with outdated radios and the like?

Mr DAY: This Government has given a very high priority to providing substantial, upgraded equipment to bush fire brigades, both from the communications and fire appliances perspectives. An extensive program has been under way for four years now and I congratulate my predecessor, the member for Wagin, for his initiatives in this area. The program has been carried on in my term as Minister. It has led to a significant improvement in the standard of equipment that is available to volunteer bush fire fighters. Not long after I was first elected to Darling Range I was made aware of the significant deficiencies in equipment which many of the volunteer bush fire brigades had to deal with at the time. In my time as Minister I have observed, certainly in the electorate represented by the member for Murray-Wellington, a significant re-equipping program. In short, volunteer fire fighters have much better appliances and communications equipment with which to operate than they had in the past. That scheme has been very successful and it is continuing. However, I will ask Mr Harris to provide more detail about the nature of the communications equipment scheme.

Mr HARRIS: The repeaters and mobile radios available under the scheme are compatible with Department of Conservation and Land Management and Fire and Rescue Service equipment. The sets have 100 channels, therefore, all those frequencies are in the mobiles. When those three agencies are together they can communicate with each other very successfully almost anywhere in the State where repeater systems are operating, primarily the south west land division.

Mrs ROBERTS: What strategies does the State Emergency Service have to deal with emergency situations arising because of the year 2000 millennium bug; for example, if elevators throughout the city break down and the like?

Mr DYSON: Elevator breakdowns do not come within the role of the State Emergency Service. They would normally be directed to the Fire and Rescue Service, it being a 24 hour service, whereas ours is purely a voluntary service. On that basis, the Fire and Rescue Service would be best placed to answer that question.

Mrs ROBERTS: I would like to hear the answer, because elevator breakdowns could result in a chaotic situation.

Mr DAY: It could, and certainly the year 2000 issue is of major importance to government and business generally. The computing systems used by the emergency services authorities have extensive programs to ensure that those issues are dealt with.

Mrs ROBERTS: My question does not relate to the computer systems at the Fire and Rescue Services and the like. It relates to the chaos which could occur in the city as a result of computer components in all kinds of machinery.

Mr DAY: If lifts break down, obviously that is primarily the responsibility of the businesses in, and owners of, the buildings that operate those lifts. However, it is the type of situation of which the Government should be aware. As Mr Dyson said, from an emergency point of view, it is the responsibility of the Fire and Rescue Service and I ask Mr Forbes to provide more information.

Mr FORBES: This year, particularly in the last couple of months since FESA was created, we have conducted a series of rolling fire drill activities. I was involved in such a drill this afternoon at Kwinana. Obviously this has nothing to do with lifts, but last week a drill was conducted at Northbridge where lifts were involved. The QVI building is on the program and a drill will occur there in the next couple of months. Fire drills which incorporate rescue aspects will be conducted in a variety of buildings throughout the Perth metropolitan area, the central business district in particular. These drills focus on the entire building, not just on people being trapped in lifts which break down at midnight or whatever time it might occur. They are part of a series of rolling drills that we will undertake for this calendar year and after the year 2000.

Mrs ROBERTS: I would have thought that a drill to deal with just the QVI building at one moment in time would need a strategy different from that required to deal with the possible consequences for a whole city over a period of a day or two at the change in the millennium.

Mr FORBES: I accept your point. That is why we involve more than one or two fire stations. There are a number of fire stations where the degree of the difficulty that might occur is extended beyond a particular building, such as QVI, to a number of scattered facilities around the city. We are taking small steps. Obviously we are not prepared in a major way at this stage, but people are becoming competent in dealing with buildings which present significant internal difficulties with regard to obtaining access either from the roof downwards or from the basement upwards.

Mr TRENORDEN: I have had two wildfires in two years in my electorate as a result of which it has become clear that education on these issues is vital. On page 170, we see under the first significant issues and trends, that preparedness and efficiency through an adequate level of equipment and training and coordination of resources in the region is essential. I am not certain that that is happening in my area and I would like your comment on how we are going to meet those requirements. I do not want to be particularly critical, but the last two fires in my electorate occurred in built up areas, and as a result we now have a better understanding of the fire risk. My electorate and some other electorates that surround the metropolitan area are high fire risk areas; therefore, we need to be better prepared.

[5.20 pm]

Mr DAY: I accept that some areas in the Avon electorate have a high fire risk.

Mr TRENORDEN: And in the Minister's electorate.

Mr DAY: My electorate has some high risk areas as well, and it is an issue I have had to deal with from an electorate point of view on a number of occasions. I agree that it is essential to have a high level of coordination and communication between the agencies involved not only in preparing for firefighting but also when the emergency is in progress. That applies to communication and coordination between the Fire and Rescue Service, the fire brigades - both career and volunteer - the Department of Conservation and Land Management firefighting units and the Police Service which plays a major role as overall coordinator during emergencies and controlling the movement of people on the ground.

A lot of progress has been made in this area in the past few years. I have been given examples of past problems in which there were arguments on the ground about who had primary responsibility for the fire. That is an unsatisfactory situation. One of the overall aims in establishing the Fire and Emergency Services Authority is that the three previously separate agencies are now together under the one structure. This allows for a greater degree of coordination, particularly in respect of planning and emergency operations. If the member has specific examples of problems occurring in his electorate, I am interested in them.

A debriefing is always conducted after a major fire or emergency. A debrief followed the Brookton-Pingelly fire when some of those issues would have been addressed.

Mr HARRIS: We intend to concentrate the resources that will now be available through the creation of FESA in the fire prevention area. That will occur over the winter months in conjunction with the officers of the Fire and Rescue Service. The number of our training programs will increase this year. A CD-ROM is available for training purposes, instead of bringing, for example, wheatbelt farmers into the classroom. That will improve the basic training component for the safety of firefighters. The establishment of a suitable regional office within the next six months will enhance the better coordination of resources and facilitate coordination of fires between the Fire and Rescue Service and the local authorities.

We readily move people between regions to react to fire situations. That is now well accepted. There was some

resistance at the start of the Brookton fire to bringing people from other regions and Perth. The local people did not even see the need to bring in the helicopter.

Mr TRENORDEN: They soon saw the need for it.

Mr HARRIS: Yes, and it was well accepted. As some of those areas do not have fires of that magnitude very often - a fire in the wheatbelt area usually lasts about four hours - a protracted incident is unusual and they are not skilled in managing a large number of people and resources for an extended period, and that put them under pressure. We must look at holding exercises so that communities can handle a large incident. That will occur perhaps once in 20 years; however, we must be prepared.

Mr TRENORDEN: Reference is made to linkages between local government and volunteer firefighters. In my electorate, the Shire of Toodyay is doing a fantastic job, but some other councils are not up to the speed of Toodyay. However, people in my electorate lack individual fire awareness. As the population turnover is about 20 per cent a year, I am concerned that the new people coming into my electorate from the metropolitan area have no awareness of what a fire is until they see one or know how to prevent one.

Mr DAY: Community education fire prevention programs are essential. The community fire guard program, which has operated in this State over the past two to three years, has been successful, where it has operated. We hope that will be expanded with the assistance of local government in the next couple of years. We have to keep working away at those programs, and in areas which have a relatively high turnover of population we must provide an ongoing education program. Local government has a role to play in that, and the State Government has a role to play through the Fire and Emergency Services Authority. Advertising campaigns are undertaken through television and radio, and generally speaking, local government also plays a role. The bush fire services need to identify local government authorities which need to do more in their areas. It has officers in various districts whose primary role is to liaise with local government and to try to improve matters in that respect.

Mr BROWN: Page 473 indicates that additional funds were allocated to the Forrestfield Training Academy, and most of the money has been spent for that purpose. Is that training academy used for full time firefighters, volunteers or both?

Mr DAY: The Forrestfield Training Academy is the Fire and Rescue Service facility to train career and volunteer firefighters, as well as volunteer bush firefighters, and Department of Conservation and Land Management firefighters.

Mr BROWN: What is the difference in training methods for the various groups?

Mr DAY: There is some difference in the detail of the training. Essentially volunteer and career firefighters prepare for similar emergencies. However, career firefighters, by virtue of the fact that they are involved full time, are specialists in the operation and undertake more detailed training in respect of emergencies including hazardous chemical spills, motor vehicle accidents and a range of other emergencies.

[5.30 pm]

Mr MITCHELL: The basic difference in training, as the Minister said, is that it focuses on the different roles of the groups. The Fire and Rescue Service focuses on structural firefighting in the main, with breathing apparatus, hazardous chemical recovery and response training and the like. The bush fire services use the training academy mainly as a classroom facility for bushfire training. CALM uses the facility with training simulating forest fire. The training is focused on the responsibility of each group using it.

Mr BROWN: I anticipated that to be the case. We have a volunteer service and a full time service. I assume that good reasons exist for the two services.

Mr DAY: We could not provide an emergency response across the State without the involvement of about 20 000 volunteers in firefighting, and through the State Emergency Service. As a State, we are extremely dependent on volunteers giving up their time and effort to provide protection for the community. Along with career firefighters, the volunteers' role is important.

Mr BROWN: I understand that. I wish to determine from a lay perspective that fighting a fire in a multilevel building on different floors with different chemicals involved is different from fighting a forest fire.

Mr MITCHELL: The training facility is used for different purposes. Props and training facilities are designed for structural firefighting. For training in respect of forest or bushfires, for example, a computer simulator enables people to learn how to approach such fires. It is done in a different environment. It is still a training academy, but training is provided within different sections of the academy.

Mr BROWN: Can the Minister explain the hours' or weeks' training volunteers receive, when compared with that for career firefighters, when joining the service?

Mr MITCHELL: They all receive regular training, although it is not all conducted at Forrestfield. It is an ongoing training program. Much of it is carried out at the stations, whether it be for volunteers or career firefighters. The main work at Forrestfield for volunteers and firefighters in the Fire and Rescue Service is structural firefighting. Much of the rest of the training is conducted at stations on shift.

Mr BROWN: Is there not an induction period for career firefighters, be it two or three months, in which they go through a structured training course?

Mr MITCHELL: There is a 13-week induction training program for career firefighters at the training facility. This covers the breadth of the firefighter's role not only in suppression, but also in prevention and other such matters.

Mr DAY: We are advertising for a new intake for the Fire and Rescue Service. The last output of recruits from the training academy included six women, who were the first female graduates from the academy for a number of years. In the past, only one career female firefighter worked in Western Australia. Significant progress is being made in accepting women and integrating them into the career firefighting role. This is welcome.

Mr BROWN: I am not sure whether it was answered by the Minister's predecessor, but I asked a question about the differences in the level of training provided for career and volunteer firefighters. I could not work out why three months' training was provided to career firefighters if it could be picked up in a day by volunteers.

Mr MITCHELL: I do not think for a moment that volunteers do not receive a significant amount of training. Most of this is done on-station. Training such as BA training is delivered in country stations to volunteer firefighters. The range of skills taught to career firefighters may be broader than that for volunteers. The last intake regime had a three-week program on dealing with the community on prevention issues. That program is not yet delivered to volunteers.

Mr DAY: The skills and training available for career firefighters is extensive, but it can also be extensive for volunteer firefighters. Some volunteer brigades in the State are kept very busy responding to emergencies in their areas. The Kalamunda Fire and Rescue Brigade comprises all volunteers and is kept very busy. Other units around the State, such as Port Hedland and Mandurah, are staffed by volunteers and are kept very busy. Undoubtedly, their skill levels are very high. Equally, some of the bush fire brigades with very strong skills are kept very busy.

Mr BROWN: I do not doubt that or the commitment of the people involved. I was attempting to rationalise an answer from the Minister's predecessor that these firefighters had the same skill levels, yet one group receives three months' training and another group is trained on the job. If the skill level is the same, the same training should be given to everybody. Otherwise, one training program is overdone and another underdone. I still do not understand.

Mr DAY: The member for Bassendean can take up the matter with my predecessor, the member for Wagin, who is in the Chamber and very able to defend himself. Things are much more intensive in training and work activities for career firefighters than for volunteers.

Mr BROWN: As the metropolitan area expands, is additional provision made in the budget to increase the number of career firefighters?

Mr MITCHELL: The budget contains one allocation for the south west career fire station No 2. This is the relocation of the Spearwood Fire Station further south to Jandakot. The Spearwood station historically had enormous overlaps in response time with Fremantle and O'Connor stations. The entire City of Cockburn is to be covered by the relocation of the station, which has been agreed to by all involved. Essentially, it will provide greater coverage without appointing additional firefighters because of the overlap in the area. That is the only extension for career firefighting in the budget.

Mr BROWN: So that is a relocation, not the appointment of additional bodies?

Mr MITCHELL: Yes. It is to be located in a more appropriate place.

Mr BROWN: This is a change in management technique. When I looked at the issue some years ago, stations were always enabled to have an easy backup when one station was called out. Depending on the incidence of call out, it would be arranged so stations were not left too thin on the ground.

Mr MITCHELL: Yes. This will make little difference to that aspect because of the over-coverage of the three stations of Fremantle, O'Connor and Spearwood. The response time and backups were not covering the normal response times one would expect from the fire service.

Mrs ROBERTS: At the commencement of the Estimates Committee hearing, the Minister noted that the Opposition

had agreed to deal with divisions 77 and 78 prior to division 76, Police. The only concern I expressed to the Minister was that it not be used as a tactic to reduce time available for questions on the Police estimate. I am keen to move on.

Mr TRENORDEN: I have more questions.

Mrs ROBERTS: We should not have a protracted debate on Emergency Services, as would not have happened if we had discussed Emergency Services at the end of this session.

Mr DAY: I am happy to be as expeditious as possible and cooperate with the Opposition. We have had a number of questions from opposition members on this division, and I am happy to quickly answer questions from the member for Avon. Before I get to that, I will provide additional information about the year 2000 and the possibility of lifts getting stuck and so on. Mr Mitchell has reminded me that, given that the event will occur at midnight, it is unlikely that a large number of people will be stuck in lifts. We do not anticipate a problem, but that will be taken into consideration between now and then.

[5.40 pm]

Mr TRENORDEN: At page 171 reference is made to assistance to purchase certain equipment. One of the complaints from the volunteer fire service is about protective clothing. How much assistance can the volunteer firefighters in the bush expect in this budget?

Mr HARRIS: Each year the grant scheme is advertised widely throughout local government, and applications are received twice a year. However, applications for protective clothing are considered at any time of the year. An amount of \$80 000 is allocated to protective clothing, and all protective clothing requests are fulfilled. It has been the board's policy not to reject any request. Every request from local government is funded on a dollar for dollar basis.

Mr DAY: The Government will also provide Fire and Emergency Service volunteers with an additional \$250 000 a year over the next four years to increase the amount of protective clothing available.

Mr TRENORDEN: Reference is made at page 171 to the availability of more resources for regional operations following rationalisation of corporate services. Precisely what does that mean?

Mr DAY: That refers to the establishment of the Fire and Emergency Service Authority and draws attention to one of the positive outcomes of that changed corporate structure and the rationalisation of resources in the so-called corporate service activities of each of the three previous agencies. Some have been combined in the overall structure, and it has released some staff for allocation to the operational areas, including the various districts and regions for the operational divisions.

Mr TRENORDEN: When can we expect to see legislative amendments relating to the Wooroloo-Wundowie fires and, to a lesser extent, the Brookton-Pingelly fires? I understand there was a vast improvement in the system in terms of cooperation and communication, but there are residue issues such as control of plant.

Mr DAY: Insurance for volunteers is in the public arena at the moment and the member for Wagin chaired the committee last year that reviewed the matter. I thank him and the members of the committee for their involvement. Other legislative changes that impact on the management of fire emergencies and so on will not be seen in the near future. Some changes to the Bush Fires Act are in the pipeline, but discussions are still being held between the stakeholders about the details. As I said to the member for Midland earlier, the legislation to establish the Fire and Emergency Service Authority should be coming to the Chamber within the next three or four weeks.

Division 76: Police Service, \$405 876 000 -

[Mrs Holmes, Chairman.]

[Mr Day, Minister for Police.]

[Mr R. Falconer, Commissioner of Police.]

[Mr K.J. Porter, Deputy Commissioner (Administration).]

[Mr J.P. Frame, Director Human Resources.]

[Mr S. Jones, Director Asset Management.]

[Mr R.G. McDonald, Director of Finance.]

[Mr R. Tomasini, Police Inspector.]

Mrs ROBERTS: At page 908 it is stated that Western Australia experienced the highest rate of reported victims of

armed robbery per 100 000 persons, and that the rate has increased from 28.3 to 54.8 over the past three years. Comment is then made about the clearance rate. It is further stated at page 908 that Western Australia achieved significant reductions in reported victims of burglary per 100 000 persons of 9.8 per cent and 22 per cent for motor vehicle theft. It is noted, however, that compared with other States, Western Australia has the highest rate of victims of burglary and motor vehicle theft. What are the current rates for burglary and motor vehicle theft per 100 000 persons, and what are the current clearance rates?

Mr DAY: It is difficult to be precise about the current rates, but we have an estimate of the current rates.

Mr FALCONER: These figures are based on the reported incidence of crime to the end of April this year and are extrapolated to the end of this financial year. It should be said that the reference to the reduction in burglary and motor vehicle theft is based on the figures of the Australian Bureau of Statistics for the calendar year 1996, and very soon figures will be available for the calendar year 1997. In the fiscal year, burglary is fractionally down about 0.3 per cent, and motor vehicle theft is extrapolated to the end of this year to be up about 14 per cent.

Mrs ROBERTS: What are the rates per 100 000 persons?

Mr FALCONER: I cannot give that figure. These figures are the flat numbers rather than the number for each 100 000 persons. The burglary rate is 3 206 and the motor vehicle theft rate is 1 094. On a per capita basis, the motor vehicle theft rate is up 13.2 per cent and the burglary rate is down 1.6 per cent.

[5.50 pm]

Mrs ROBERTS: Is that on a per capita basis?

Mr FALCONER: Yes.

Mrs ROBERTS: I want to follow on with a third question about burglaries and the like. The first dot point on page 909 under Major Initiatives, states that high priority will be given to tackling drug offences and reducing burglary, assault and robbery. What are the overall targets that have been set to reduce burglary, assault and robbery, and how many fewer burglaries, assaults and robberies per hundred thousand persons should the community anticipate as a result of targeting these crimes?

Mr FALCONER: The current operation relating to burglary, robbery, assault and stealing offences is Operation Barrow. In its fifth week of operation - the operation commenced on 27 April - Operation Barrow processed 560 persons for burglary, robbery and assault offences in the metropolitan area.

Mrs ROBERTS: The question was in two parts: Firstly, what overall targets have been set to reduce burglary, assault and robbery offences based on the fact that they have been given high priority - targets are mentioned in those initiatives - and, secondly, how many fewer burglaries, assaults and robberies per hundred thousand persons should the community anticipate as a result of targeting those crimes?

Mr DAY: The overall target of the Government and the Police Service is to not have any of these offences occur at all. However, I will ask the commissioner to comment on whether realistic numerical targets are in place at the moment.

Mr FALCONER: There are targets for the forthcoming financial year. They are not indicated in the per capita numbers about which information is being sought. They relate to the increase by 5 per cent in the number of drug trafficking offences detected. In my view, it is not about the commission of crime; it is about the detection and clearance rate. That should be our business. The police are not directly responsible for the commission of crime; far from it. We have a role in crime prevention. However, my view is that our principal role is demonstrating that we can increase the clearance rate. It is very difficult for the police to control the amount of crime, which is why we are involved in community based problem solving policings, the causal factors, and long term crime prevention. In terms of our measure of effectiveness, my view and the view of the command group of the Western Australia Police Service is that we must demonstrate that our performance measurement is the clearance rate. In relation to drug offences, it is targeted at trafficking offences, particularly related to heroin, and that is directly linked to the number of heroin overdoses. We also know a large amount - probably somewhere between 40 per cent and even as high as 70 per cent - of other crime in the city of Perth are connected to the drug addiction problem.

The other issue to be considered in the increased availability and use of heroin by young people is developing local prevention strategies to reduce the risk of young people's exposure to drugs and drug offending. We are involved in a couple of national projects, one at Mirrabooka funded under the national drug campaign, and one at Geraldton. They are concerned about different ways of policing, particularly in regard to local level issues and young people getting access to drugs.

The rate of burglary offences in this State is 45 per cent above the national rate, and it has been for more than a decade. Our objective and target is to reduce the incidence of reported burglary offences by 20 per cent. We believe we can have, and are having, some impact on that principally by getting people to take sensible precautions to eliminate much of the opportunistic crime. In my view it is also important to increase the clearance rate of burglary offences from 12.3 to 15 per cent. Constantly people are critical of that. It is interesting to note that the clearance rates of burglary offences in the United Kingdom varies from 12 to 14 per cent. It has shifted into the 30 and 40 per cent clearance rate with the introduction of a national DNA database, which gives police the capacity to obtain samples from suspect persons, and of course, collect forensic samples from house burglaries and other crimes. I believe that until we tackle the issue at the national and state levels, we and other police in this country who are in the same boat will struggle to get that clearance rate of 2.5 or 3 per cent.

Western Australia has the highest rate of armed robbery offences per capita of any State or Territory. The number of robberies increased by 43.5 per cent between 1994-95 and 1996-97. Our intention is to decrease the rate of robbery offences. That can be done by our pro-active patrolling and visiting the so-called soft targets that are very vulnerable to these spontaneous, unplanned, but dangerous robberies. We intend to reduce the clearance rate of robberies by 5 per cent to achieve a clearance rate of over 42 per cent. Our armed robbery squad was recently given an award by the banking industry in this State for its high level of success with more organised robberies. The suburban, unplanned, spontaneous, but dangerous robberies are of great concern to us and are one of the central targets of the current Operation Barrow.

The rate of motor vehicle theft has been and is higher than any State or Territory at 803 per 100 000; the national rate is 671. Our intention is to reduce the rate of motor vehicle theft by 10 per cent with a view to reaching the national average by 1999-2000. We want people to fit immobilisers and to take more care. Many cars are stolen because the opportunity is provided by the owners; keys in the ignition and so on. We also intend to increase the clearance rate of motor vehicle theft from the current 17.1 per cent up to 20 per cent. We have looked at the national benchmarks for clearance rates and we are aiming to get ourselves at least to the national benchmark for police agencies.

Mrs ROBERTS: What is that national benchmark? Is that 20 per cent?

Mr FALCONER: I cannot say. That is the basis for which we will aim, rather than making ridiculous aims that are totally unachievable. I have said that we should look at the national achievements and aim to match our colleagues nationally.

Mrs ROBERTS: I only inquired in case you had the figure in front of you.

Mr MacLEAN: My question relates to the Delta program and the continuing growth of the program. I am particularly interested in any changes that have gone into the process of liaising with the officers and their acceptance of the program. I am also very interested in the regional area structure and the success of each of those structures. I am aware that Joondalup is successful for a few months, but when the little darlings get out, it is not quite so successful. Will the Minister comment?

Mr DAY: In general terms the Delta program and in particular the regionalisation process to which you referred have been very successful. That has been brought home to me on my visits to various centres around the State, where local officers are taking responsibility for issues in their own areas. They are genuinely appreciative of the fact that they are able to determine how they respond to local problems. That has worked very well. As far as the question of liaison with officers or feedback from officers is concerned, a lot of that goes on within the Police Service. The Delta implementation unit I think it is called, or the Delta unit, has a communications team which no doubt communicates in both directions. I am sure the commissioner will be happy to elaborate on that.

Sitting suspended from 6.00 to 7.00 pm

Mr FALCONER: The specific comment about the Delta program was about regionalisation and the districts. To paraphrase, the Delta program is about decentralisation of the policing function and empowerment at the local level to address policing issues by a problem solving model. It is not about zero tolerance at all. It is about problem oriented policing, and it is about local police addressing local problems with the local community and other strategic allies.

In the northern region, for example, John Standing did an extremely good job. In the near metropolitan area, one of the pilot programs was conducted at Northam, which I visited recently. In the past 12 months, the Commission of Australian Governments' report has rated the satisfaction of the community of this State with the police at 84 per cent, which is in the high to very high category. Jim Monteleone, the superintendent in Northam, ran a survey based on the same model, and he received 3 000-odd returns, in which the community of Northam rated its satisfaction with the police at 88 per cent.

In my view, we should be keeping some scorecard about our change process, which we say is radical with regard to the structure and the organisation, and profound with regard to the cultural shift in the way we police this State. I would combine two things: The Council of Australian Governments' report, in which we achieved equal highest ranking in the nation, with an 84 per cent satisfaction rate, and the recently released results of the Morgan Gallup poll which is run annually on the integrity and honesty of professions, in which the profession of policing nationally received its highest ever rating at 60 per cent, and in which the Western Australia Police Service was rated at 70 per cent. Last year, it was rated at 53 per cent, so it has increased by 17 per cent in one year.

Those responses from the community tell us some important things about our agency and the way in which we are conducting our business. Some people may argue that the only proof of the pudding or the only true measure is the amount of crime that is reported. I said last year, and I say again this year, that I believe, after 35 years' experience in this business and in senior positions elsewhere, that all the research from victim surveys tells us that a large amount of crime is unreported. The amount of crime that is reported is related to the standing of the Police Service or force - we believe ours is a service - in the community. In my view, people report crime more frequently and in more detail through an agency in which they have a high degree of trust and satisfaction.

I believe that much of the crime iceberg is below the water - that is, it is unreported. However, as our standing in and our cooperation and partnership with the community increases, so does the iceberg become more visible, and more crime is reported. We must concentrate on our standing in the community and the importance of the partnership style of policing, because if we want the community to work with us on important issues such as dysfunctional families, education and other social issues, it is important that our standing in the community is high. The Western Australia Police Service now has the highest standing that this agency has had in a decade with its customers - the community of Western Australia - and that is a measure of the success of the Delta program.

Mr BROWN: With regard to vehicle and property crimes, I find the higher incidence of reporting in Western Australia compared with other States difficult to understand, because a reasonable percentage of people are insured for stolen vehicles and property, and one of the tests that insurers use is whether the matter has been reported to the police. All the studies that have been done by criminologists state that the incidence of sexual abuse, for example, is grossly under-reported, and that it always has been and probably always will be, because of interfamilial problems, etc. Is it said that the incidence of reporting of vehicle and property crimes is higher in Western Australia than elsewhere?

[7.10 pm]

Mr DAY: I am sure the thrust of the member's question is right, particularly for motor vehicle theft, because it is a relatively high value item and whether a vehicle is insured does not make much difference to whether somebody reports it. That is because they would genuinely believe that by reporting the theft they have a greater chance of the vehicle being returned to them. I am sure there is a close relationship between reporting property theft and its being insured. The same generalisation would apply to high value items as for motor vehicle theft. However, reporting the theft of some of the lower value items would be dependent on the level of response people believe they will get from the Police Service. I can recall having a lawn mower stolen from my home about 18 months ago. I did not report its loss to the police or claim it as an insurance item and I am sure many people would do the same, whereas they would report a theft if it were an item of a higher value.

Mr BROWN: If a gnome were stolen from someone's front garden they generally would not report it to the police because they consider police are too busy doing other things. I imagine that is the same in Western Australia as anywhere else. Is the commissioner's argument that the incidence of reporting in relation to vehicle and property crime is higher in Western Australia than in other States?

Mr FALCONER: No, and with respect that is not what I said. I was referring to crime overall. I do not believe I am confined to motor vehicle theft and burglary. However, with regard to burglary, one should not assume in this day and age that every householder has contents insurance, because that is not the case. The member is right about the public reporting vehicle thefts.

Last year I was incredulous at research from New South Wales; in fact, we had it verified. In NSW the figures indicate that 42 per cent of robberies were not being reported. It transpires that many of those were what we would call rip-offs. In the drug scene around Sydney people who are buying or selling drugs are being robbed by other people in the drug subculture, which results in a huge amount of non-reporting.

Western Australia has the best crime stoppers program in Australia. We came on board last, but we have the best reporting rate. A lot of that is generating crime results and figures. Our message to the community is that if there is crime in their area or if they are a victim of crime they should report it to the police. The member is right when he says that many people do not report minor crime on the basis of some sympathy for the workload of the local

police. However, we can identify crime and base our policing on intelligence driven policing only if we know exactly what is happening. I believe that we are encouraging a higher report rate in regard to certain crimes. A classic example is assaults. The report rate for assault and incidents of violence is increasing.

Lots of violence is committed around drinking establishments and night clubs. Much of that is young men against young men and remains unreported. However, if one considers the number of young males affected by liquor who are being stitched up and treated in public hospitals, mainly in the early hours of the morning, there is a huge volume of crime that is below the water line that will rise up. Empirical data and research supports that. A police agency must increase its standing and its access and availability; it must also tell people that it needs to know what is happening so that in an intelligence based model it can start targeting and tasking. For example, if a particular hostelry, because of its management or bar practices, has a higher incidence of violent activity around its premises we target that place and the management and its practices. We are asking people to report crime. The member is right that most people who have a motor car stolen would report it - even those people with rust buckets that we should not have on our roads.

Mr BROWN: If I understand what the commissioner said earlier the police measure its rate not in terms of the level of crime but in the level of cleanup of crime.

Mr DAY: Both.

Mr BROWN: Okay. As I understand it the commissioner stated that the issue of the level of crime is not singularly a police matter.

Mr DAY: Quite correct.

Mr BROWN: Given that it is not singularly a police matter, whose responsibility is it?

Mr DAY: It is the responsibility of everyone in the community. The Government has a role to play at all levels, as do all members of the community. As the member for Bassendean will understand, the causes of the incidence of crime in the community are many and varied and relate to education, parental guidance, parental control, a range of social factors and in some cases pure greed on the part of the offender.

Mr FALCONER: I mentioned Northam previously, because I attended a meeting there of all staff. I spoke with the crime prevention officer who talked about some of the messages that he has conveyed to the community in Northam about eliminating some of the opportunistic crime by people taking sensible crime prevention precautions, such as, for example, a simple thing like pulling down one's roller door so all the valuables in one's garage are not in open view, which is almost an invitation to take them. The other person with whom I spoke was a policewoman who is involved in the schools based activity. She had been away on a weekend camp with a group of young people who had been identified as young men and women from dysfunctional families. She is working in social crime prevention. She is trying to provide a role model and some advice to these young men and women in regard to their potential future activities. That will have an impact on crime in the future. There is situational crime prevention and social crime prevention. This is a successful model. As I said earlier, Northam has reduced its road toll and crime rate and the level of satisfaction of the local community is well above the state average.

Mr BROWN: About three years ago in this State a major crime prevention conference was held. It talked about the need for agencies to work together. I have yet to see that at the local level.

Mr DAY: The Government agrees with the need for that to occur, and the Police Service in particular wants that to occur. A lot of pressure is being put on to try to make it occur. The member for Bassendean is right that more agencies need to be involved and matters have improved in the past few years.

Mr BROWN: There is a lot of resistance to it, and it is a matter for the Government, not the commissioner. It is not happening and until such time as there are proper collaborative efforts between police, Education, Family and Children's Services, Justice and a range of other agencies it will not happen. I see that as a very significant failure.

The CHAIRMAN: If we want to get as many questions in as possible, I suggest the member for Bassendean stick to succinct questions rather than putting his own message forward

Mr BROWN: On page 909 a major initiative refers to operational priorities and targets. It states that a high priority will be given to tackling drug offences. What additional resources and funding will be directed at this priority area, or is it intended that the existing officers involved in this will have to make do with existing resources?

Mr DAY: Additional funding was provided to the Police Service as part of the special initiatives of the Government to deal with the problem of heroin overdose fatalities last year. I cannot recall the exact amount of the funding, but it will be provided in just a moment. The Government has provided additional funds for that purpose, over and above the specific effort provided by the Police Service. The additional funding for the anti-drug initiative was \$300 000.

[7.20 pm]

Mr BROWN: Is that for this year?

Mr DAY: It is for the current financial year. Over and above everything else, through other agencies additional funding was provided for other activities. The \$300 000 was provided in 1997-98.

Mr BROWN: What about 1998-99?

Mr DAY: No specific allocation of that nature has been made outside the general budget. That does not mean it will not be considered for the next financial year. The request from the Police Service was for this financial year. If issues arise in the next financial year we will deal with them. The overall and continuing priority of the Police Service is to deal with drugs in the community. That has a very high priority. The commissioner will provide further information on that area.

Mrs ROBERTS: This issue has been given a high priority but there has been no allocation.

Mr DAY: Dealing with the drug problem in the community is a continuing high priority for the Police Service. A great deal of effort is put into that area. I would like the commissioner to provide further information.

Mr FALCONER: Tackling these issues always seems to centre on specialised squads, such as the drug squad. Each metropolitan district has a district support group. A major initiative for 1998-99 is that high priority will be given to tackling drug offences. A number of initiatives have been taken, including placing officers from the districts in temporary duty positions with the drug squad, to enable the officers to understand and recognise some of the intelligence based policing issues, and the court requirements for quality briefs of evidence following drug arrests and convictions.

Last Friday this city was visited by the head of customs, the National Crime Authority, and the second in charge of the Australian Federal Police. They looked at our joint intelligence group which works in the customs office at Fremantle, targeting the upper echelons of drug movers and shakers in this State with connections in other States and overseas. Those senior officers and the head of crime command in New South Wales, considered our model.

At the street level - which is very important because it is the marketplace for drugs - we have run operation Final Dose, which goes beyond the officers in the drug squad. The metropolitan districts are targeting that area. So far, 3 343 people have been charged with various offences. I admit that not all of those offences relate to trafficking in drugs, but the indications are that pressure has been brought to bear at the street dealer level - the marketplace - and at the same time the joint intelligence group has been established with Customs, the NCA and the AFP.

Those initiatives have achieved some results. I prefer not to discuss those results in this public forum, with the media in attendance. It is significant that the heads of those law enforcement agencies received a briefing last Friday relating to what we can and have achieved through that mechanism.

Mr DAY: The greater degree of coordination and cooperation between our Police Service, the National Crime Authority, the Australian Federal Police and the Australian Customs Service has resulted in consideration of our model, which is highly regarded around this country. That initiative is the result of meetings between the Commissioner of Police, the Federal Attorney General and me last year.

Mr BRADSHAW: Under what conditions is immunity from prosecution provided to a police witness?

Mr DAY: That is more a responsibility of the Director of Public Prosecutions. I understand it is a very involved area. It is an operational area, and I ask the Commissioner of Police to provide an answer.

Mr BRADSHAW: Why do police offer witnesses immunity in exchange for certain information?

Mr FALCONER: This is a very contentious point, which is being addressed in other areas. The DPP has written to me stating strongly that the question of immunity is very different from the power of discretion. If a person has committed serious criminal acts, an operational police officer has no authority to grant immunity. All the material against the possible witness should be presented in a report to the DPP, seeking immunity for the individual presumably because he or she will provide a service generally by taking the forces of law and order further up the line, and so on.

Mr BRADSHAW: The Police Service does not provide immunity?

Mr FALCONER: The DPP can provide immunity in the case of a major offence. Quite rightly, with lesser offences, if promises are made by police officers the DPP wants the detail recorded and signed off, to provide a record for accountability purposes to the Ombudsman and/or the Anti-Corruption Commission. He is correct in that regard.

Mr BRADSHAW: Three people have told me that they have been offered immunity if they provide certain information against my brother. That is an example of the Police Service in action.

Mr DAY: How long ago was that?

Mr BRADSHAW: It was in the last couple of years. Does David King, a former Wanneroo City councillor, still have immunity even though some of the information he provided was not correct?

Mr FALCONER: I cannot answer that question.

Mrs ROBERTS: How does this relate to the Budget?

Mr BRADSHAW: It falls within the Police Service budget and relates to the officers involved.

The CHAIRMAN: I will give the member some latitude at this stage. However, members should refer to specific items.

Mrs ROBERTS: I refer to page 923, non-current assets; plant, equipment and vehicles. Is a vehicle provided by the Police Service to Mr Robert Reid, the Minister's chief of staff?

Mr DAY: I do not believe that the vehicle would be provided by the Police Service. I believe it would be provided under the same arrangement as that applying to other ministerial staff - through the Ministry of the Premier and Cabinet.

Mrs ROBERTS: In the past some vehicles were provided by the Ministry of the Premier and Cabinet and other agencies.

Mr DAY: I am not aware of the vehicle being provided by the Police Service.

Mr McDONALD: The arrangement was varied in 1997-98 when the resources for the Minister's office were transferred from the host agency to the Ministry of the Premier and Cabinet. I understand that the vehicle supplied to Robert Reid was part of the Police Service fleet prior to that time, but it is now supplied through the Ministry of the Premier and Cabinet.

[7.30 pm]

Mrs ROBERTS: Page 923 refers to non-current assets and lists plant, equipment and vehicles. The Minister previously advised me that only those personnel who are sworn officers, employees and nominated persons are entitled to use cars either owned, leased or paid for out of Western Australia Police Service funds. Who are all the nominated persons entitled to use cars, either owned, leased or paid for out of WAPS funds who are not sworn officers or employees of the service? Do any of those nominated persons include the spouses of members of the command group? If so, who are those nominated persons, and under what terms and conditions do they have use of the vehicles?

Mr JONES: We recently had a parliamentary question on that very issue from you.

Mrs ROBERTS: I have quoted the Minister's answer regarding nominated persons. You failed to specify who those nominated persons are.

Mr JONES: Are you seeking the spouses' names or the nominees in each case?

Mrs ROBERTS: Whoever the nominated persons are.

Mr DAY: It is possible for a senior officer to nominate a person.

Point of Order

Mr MacLEAN: I am concerned about the direction of the question. I have no problem with the question about who has vehicles in the Police Service.

Mrs ROBERTS: Who has use of them? The issue involves police resources.

Mr MacLEAN: I have a problem with identifying the nominated people. If mine were a government car, I would nominate my spouse. It is a normal procedure in government to nominate people in that way.

Mrs ROBERTS: When you are a Minister, you can answer questions.

The CHAIRMAN: Hear him out.

Mr MacLEAN: My concern is that people will be drawn into the public limelight who were not directly part of the budget process regarding a normal procedural matter.

Mrs ROBERTS: They are using public cars paid for out of the public purse.

Mr MacLEAN: This procedure has been adopted since government acquired cars. I would like the question deferred and for you, Mr Chairman, to seek some clarification on whether this question is allowable. Although the question relates specifically to whom the car is issued, it extends to seek the name of the nominated persons. It could be a secretary who drops an officer off at work, and does some other things. It could be a spouse.

Mrs ROBERTS: This is not a point of order.

The CHAIRMAN: I understand the point raised by the member. The sessional orders for the Estimates Committee are very different from the standing orders determining the operations of the Chamber. They are vague in some respects. Short of reading out the statement read by the chairman at the commencement of the session -

Mr MacLEAN: I suggest that you leave the Chair and seek clarification.

The CHAIRMAN: I do not intend leaving the Chair at this stage. On such occasions previously I have given the Minister some latitude. Ministers generally have answered questions to the detail they think complies with the provisions determining this committee's operation. In other words, I am sure the Minister will address his comments on any line item in the Budget. If we digress from that course, and the Minister does not want to enter generalities, I will back him up in that respect. I give the Minister latitude to answer the question in line with budget items.

Committee Resumed

Mr DAY: It is possible for senior officers to nominate a member of their families to also drive a vehicle allocated to the officer. Obviously, spouses would fall into that category. If the member is requesting a list of names of people nominated, that would be unreasonable and would be an inappropriate breach of security. The general system is that which operates for members of Parliament; namely, a family member with the authority of the person to whom the car is allocated is able to drive the vehicle.

Mrs ROBERTS: Without necessarily getting into the names of all the nominated persons - I assume quite a number are involved from the Minister's comment - do the terms or conditions of the contract of either the commissioner or other officers of the executive command group make provision for a second vehicle to be available to any of those officers?

Mr DAY: Is the member asking whether second vehicles are made available to any officers?

Mrs ROBERTS: Does any person in the command group have a second vehicle at his or her disposal, as part of the contract? If so, who is the regular driver of that second vehicle.

Mr DAY: The commissioner advises me that he has one car provided under his contract. He may travel in another vehicle, which is a Police Service car.

Mr TRENORDEN: Page 913 refers to the outcome of level of public order and community confidence which enables people to go safely about their normal pursuits. I live in Northam, and I can vouch for most of the commissioner's earlier comments. The level of community acceptance of police in Northam prior to Delta was awful. Therefore, he did not come from a high level to a higher level, but from a low level to a high level. The attitude of the Northam police has been tremendous and the public have responded. Community patrols are the next matter which should be pursued in a community like Northam. However, we should not use a fixed model, but adopt our own model to community patrols according to circumstances. What are the Minister's and the commissioner's attitudes to community patrols?

Mr DAY: A significant increase in the level of interest in community patrols has occurred in the last three years or so. Local government has started to take them up. The City of Bayswater is well recognised as one of the pioneers in this area. These patrols have been well received from all accounts by local residents, and in no way are they regarded as replacing the activity or taking over responsibilities of police officers. They operate in addition to the service provided by local police. As far as possible, they work in communication with, and in a supplementary manner to, police vehicles on the ground. They have not led to any reduction in police presence but are able to give a quick response to the lower level incidents, such as noises or problems with graffiti. Generally speaking, these patrols have established a good rapport with police. The Treasurer indicated in the Budget an allocation of \$1m a year over four years to assist local governments in providing community security patrols. This is to be provided through the budget of the Department of Local Government. Discussions are taking place at the moment on how those funds will be most appropriately used.

[7.40 pm]

Mr TRENORDEN: I would like to design such a community patrol in Northam because the patrol should have very

little or nothing to do. I would like to design a patrol in Northam which would be community orientated, with community and not policing aspects. I would not want a community patrol driving around Northam looking for criminals; I would like it to be doing things which would settle down elements in the Northam community.

Mr DAY: That is very much what they are intended to achieve.

Mr FALCONER: Very shortly after my arrival in Western Australia I attended a breakfast at the Security Agents Institute. I made some statements based on my previous 31 years' experience, which included being the assistant commissioner for crime in Victoria. I visited Europe, the United Kingdom and North America with the Minister for Police from Victoria who, I hasten to add, was a Labor Minister for Police. When we visited those countries, we discovered that their models were unlike our Australian model. In country areas we had police and night watchmen - to use the old term - who worked together. In the metropolitan areas we had private and public policing - to use the parlance of criminologists - which had tended to grow apart. They were not cooperative at all; in fact, we were almost looking on one another as competitors, particularly on the police side. What I said to the Security Agents Institute that morning gave them a happy breakfast. I said that I believe that we need to work together in partnership but that they had to recruit the right types of people; they had to have codes of ethics; they had to have complaint mechanisms; and there had to be a licensing process, so that we did not get ratbags in the industry doing bad things while they were pretending to be good guys. Much of that has come to pass.

What has been demonstrated in Bayswater and Belmont is that security agents in uniform and in marked cars, working with the local government authority which has a great role to play in this, can perform many services and can take a load off the police personnel. For example, if local larrikins up-end a wheelie bin or something of that nature and a call goes through, if security agents attend and stand the wheelie bin upright and talk to the citizen who called, if there are no identifiable names or car numbers or anything investigatable or prosecutable, then they have fixed the problem and can go about their business. One of the benefits that they have with many of these minor matters is that they do not get tied up in paperwork and other issues as the police do. It really allows the police to go about their core business on which they really need to concentrate. Senior Sergeant Fred Heal is working more actively and is briefing the security people on what is happening in the area, so that they are targeting and asking their patrols to deter crime and other inappropriate social disorder to allow the police to concentrate on other issues. We have finite resources. As I have said, that is not about politics but about government. No Government can give us a veritable omnipresent army in this city or in Northam.

If the member is referring to the possibility of people in the community doing this, in the remote parts of the State people from Aboriginal communities have formed community patrols to deal with their own people. That gives the police a step back position so that they can address some of the issues. At the Australasian Police Commissioners' Conference I obtained some information from the police commissioner from Fiji about volunteers. I must admit that I have always been somewhat sceptical about the United Kingdom volunteer system, which is longstanding. I have asked people to look at what has been done in Fiji, where they are using volunteers who express an interest in joining the police. The work gives them some training and gives people an opportunity to look at their capabilities while they are working with the police in a community patrol group. I am attracted to that model, if that is in keeping with what the member has in mind.

Mr WIESE: The initiative outlined in the second dot point on page 909 is probably the most important initiative of this budget. It is the upgrading or renewal of the computer system and the computer network, which over the four years when I was involved was certainly in need of a major upgrade or a replacement. Are we to totally replace that system or upgrade it? What is involved in what is indicated in that dot point?

Mr DAY: As the member for Wagin has indicated, this is a very large project which has been in planning and under consideration for some time, including when he was Minister for Police. Yes, it is intended to completely replace the whole of the information and computing system for the Police Service, partly to improve the hardware but also to improve all of the systems that are in place in order to increase the effectiveness and productivity of police officers so that they need to spend less time completing forms and that sort of thing and more time out on the street. In very simple terms that is what is intended to be achieved, but I will ask Deputy Commissioner Porter to provide a little more information.

Mr WIESE: Are we able to put a time span on the project?

[7.50 pm]

Mr PORTER: At page 928 we also make reference to the status of our systems at the present time, where we indicate they are outdated and no longer able to meet the needs of modern policing. There are fragmented information databases and manual recording systems which hamper police operations. A substantive program is in place. I will indicate the benefits and features of that system. It will provide an integrated information management system. At

present we have numerous silos of information which are not integrated and which, therefore, inhibit management professionalism and expertise and also impact on our operational capability. That non-sharing of items of information will be eliminated. We will have faster and better systems for the exchange of information with other agencies and jurisdictions. At present systems are in place but they are not as contemporary and expeditious as they should be to enhance the benefits and requirements of our agency as well as the Ministry of Justice and other associated agencies. It will improve the quality of the information through this plan, reduce paperwork, transcriptions and duplication. We have at least some 500 paper based systems in our organisation. On many occasions, for example, particularly when processing for prosecutory briefs, the inclusion of the same information is repeated time after time. This system will enable a reduction of that duplication. There will be timely access to more and better information. That means that there will be on-line information. At present we have to search through numerous sets of systems. There will be a more flexible assignment of work because the system that we will develop will enable on-line timely information about what is going on in the community with safety and security. There will be more capacity to assign work. We will have highly facilitated public interaction. An example of that is the recently introduced PC COP program, for which the Western Australia Police Service won a golden award at a recent national conference.

We will provide through the CADCOM program, to which the member referred, a better security for voice and data communications. Some of the benefits of this Delta communication and information technology program will impact upon the community, the Government and the police.

The benefits to the community include more police being in the public view. They will spend less time sitting behind a desk filling in forms or preparing briefs or behind a single computer system. It will provide more opportunities for the police to be in the public view. There will be a faster and better response, a more complete service. We will have improved proficiency; in other words, police will be more on the ball because the information will be contemporary and relevant to the issues they are facing at that time.

There will be regular performance information. At present the systems are in such a state that information to assist in the management of our organisation is being seriously impacted upon. Information on incidents affecting the public will be available through the Internet. I have already mentioned PC COP. People will be able to lock onto it and find out exactly what is going on at a specific time and location within the community. There will be improved continuity and on fewer occasions the police will have to "get back" to inquirers because of the systems and the technology, particularly the CADCOM system, that we intend to develop. At present far too often we must go back to the community to provide further information. With the CADCOM system and the Delta information communications and technology applications that we will be developing, we will have information on hand at the location of the incident. We will also have greater access via government information initiatives.

By way of benefits to the Government and management of the organisation, we will be able to devolve process, management and decisions. The supervisor will be in a position to direct deployment of officers more appropriately. At present the systems available in the organisation do not enable an online understanding of exactly what is going on in an area, and recognition of the requirement for a deployment of troops from one position to another because of the lack of information. The system we intend to develop and the technology underpinning those systems will enable that to occur.

Mr WIESE: Perhaps a lot of this stuff could be tabled and made available to the committee as a whole. The officer is indicating the benefits and most of the committee members are pretty much aware of what they are. He talked about developing those programs. That indicates a lot of homework is still to be done. I wonder whether time lines can be given for that. When is it expected to get the full benefits out of these programs that will be developed and put in place?

Mr PORTER: I was getting to that and I apologise for my delay in doing so. There are three stages to this project. The first release, which progressively leads up to March 2000, includes new records management information systems, new resource management information systems, and dealing with the 2000 issue. The Western Australia Police Service has considerable exposure to that latter area. We have undertaken a significant planning program to deal with it. Given that we are still in the planning phase, at present our exposure is between \$6m and \$8m. Also in the first release we will be developing the police workbench, Internet, security, audit and reference data management systems. In layman's terms it boils down to this: We will be introducing a new network and new desktop support so that the systems that are developed in the second and third phases will handle the sophisticated systems that must be implemented.

In the second phase, progressively until March 2002, we will include operational policing systems on persons, vehicles, locations of interest, property, exhibits, incidents, offender processing, investigation management information, other information reporting systems and management information systems.

In the third release, which will progressively lead up to the year 2003, there will be practice and procedure systems, community information systems and management information systems which, as members will see, is broken into two phases.

Mr DAY: In short, it is about a five year program. Requests for proposals for expressions of interest from computing companies have been put out.

Mr PORTER: From a whole consortium.

Mr DAY: The project has been started and an overall tenderer will be decided by September this year. As I say, there is a five year programming time.

Mr WIESE: The budget papers indicate expenditure in the next year of about \$12m of the \$50m that has been allocated. Is that the total? When will we get the digital trunk radio network and the ability to have the automatic vehicle location systems in place?

Mr PORTER: The CADCOM project will be fully operational by 2001.

Mr WIESE: Is that the digital communications and vehicle location ability?

Mr PORTER: That is right.

The CHAIRMAN: I realise that was an extremely comprehensive answer. Some mention was made of tabling a document. The committee procedure is different from the normal procedure of the Chamber. Documents cannot be tabled. However, if the Minister wishes to distribute the document to members, he may do so. Otherwise, he may provide it by way of supplementary information.

Mr DAY: It is available for any person who wants it. I ask those who do want it to let me know.

Mrs ROBERTS: Can it be included in supplementary information?

Mr WIESE: That would be fine as far as I am concerned.

The CHAIRMAN: The Minister has agreed to provide it by way of supplementary information.

Mr McGOWAN: A little while ago the Minister was discussing council security patrols. From his answer, it sounded like the Minister and the Commissioner of Police are both supportive of council security patrols. They free up police from low level responsibilities that take up a great deal of police time when they are on the streets. I think it is a pretty valid point and a good way of using police resources.

As the Minister will be aware, a couple of months ago the Premier made a statement which supported the concept. He made that announcement on a Sunday to enable him to obtain maximum media exposure. People throughout Western Australia, including those in my electorate, had a raised expectation that these would be major programs throughout Western Australia. One million dollars has been included in this Budget, to which the Minister has already referred.

Is the Minister aware that 142 councils in Western Australia must share that \$1m and that the cost for the program run by the Bayswater City Council involved \$500 000? The Bayswater City Council is an average size, or perhaps even a small one, within the metropolitan area. The amount of money vis a vis the expectations that have been raised is not enough to come up with any viable program across the State. How is it intended to address this? How is it intended to ensure there is some sort of sense of equality across Western Australia in the way these funds are allocated? Irrespective of the documents that are available, surely there is a submission or some papers relating to this issue. Will the Minister provide those papers by way of supplementary information?

The CHAIRMAN: I will give the Minister leeway to answer that question. However, I am aware a specific item in the Budget dealing with this issue is in a completely separate division.

Mr McGOWAN: The member for Wagin -

The CHAIRMAN: I acknowledge that the member asked a question about this issue generally. I did say that I would allow the Minister to answer this question. I am just making the point that the specific item is located elsewhere in the Budget.

Mr DAY: That is correct. That funding is allocated within the portfolio of the Minister for Local Government; however, in general terms we do not expect there could be a large expansion of security patrols simply because of an allocation of \$1m by the State Government. Quite a number of local government authorities are prepared to allocate funding, whether it be from within their existing resources or as a result of an additional levy on ratepayers

to provide that service. I understand that the additional levy on residential ratepayers within the Bayswater City Council amounts to \$15 annually. Generally it is extremely well received. People can see what they are getting for that relatively small amount of \$15 a year. We are looking at a program where local government authorities can be encouraged in some way or provided with some assistance to assess their security needs in particular areas. It may be that they can address those needs through measures other than security patrols. We are looking at providing that sort of assistance. At the moment we have not come to any conclusion about the matter.

[8.00 pm]

Mr MCGOWAN: Is it to pay for a research officer or someone of that nature?

Mr DAY: It could be a matter of funding a security assessment for the local government authority, or a liaison officer to be employed by the local government authority to manage the whole system within its boundaries, or whatever. We have not finalised the considerations at the moment.

Mr MCGOWAN: There are 144 councils.

Mr DAY: I would be very surprised if all of those councils wanted to take it up. We would be looking primarily at councils in the metropolitan area and the major regional centres. I do not think it would have to be spent between 144 councils, and we are not suggesting a large subsidy could be provided for the actual operational cost as a result of that allocation. Those matters are being considered at the moment by me in part, and also by the Minister for Local Government, and we will be providing information publicly when those decisions have been made in the near future.

Mr MCGOWAN: Will you provide supplementary information on any work that you have done thus far or any papers that have been prepared?

Mr DAY: The matter has not been concluded. Once the considerations have been concluded, I will be happy to provide any relevant supplementary information, but it is probably more the responsibility of the Minister for Local Government. Once that is concluded, we will have a look at what we have got.

Mr BROWN: I refer to page 922 and to the notes at the bottom of the page, particularly note (a): "The full time equivalents (FTEs) for 97-98 Estimated Actual, 98-99 Estimate and the three outyears are", and then the figure, which is the same for all of them, of 6398. How is it that there will not be any additional FTEs, and presumably police officers employed in five years, despite a growing population and disturbing crime rates, when promises have been made by the coalition contrary to that view? How do those figures stack up in relation to commitments that were made by the Government prior to the last election?

Mr DAY: The commitment that was made before the last election was that we would maintain the police/population ratio for Western Australia which is among the best in Australia, and indeed that is exactly the present position which we expect to maintain. We have the second best police/population ratio of any jurisdiction in Australia. The only one that has a higher ratio is the Northern Territory.

Mrs ROBERTS: They have different duties so a comparison is not necessarily all that worthwhile.

Mr DAY: As far as I know it is comparable. It is the best comparison we can provide. Our promise was that we would maintain it as one of the best ratios in Australia. You are asking whether there is any provision to increase the number of officers over the next few years. Because these figures are shown to be unchanged over a five year period does not mean we will not make any policy decision to change that. I expect we will make a decision to change that within that five year period, but it is not a question we are addressing at the moment. An additional 800 operational officers have been provided over the past three or four years, so we have met that commitment as well. As a Government, we need at some stage to address the total number of police; however, our main priority based on the advice we receive from the commissioner is that we need to concentrate on maintaining the level of operational officers at a good level on the one hand, but on the other hand, concentrate on improving the equipment, resources, and infrastructure with which they must operate so they can do their job properly.

Mr BROWN: My understanding of your commitment to the people of Western Australia was that the Police Service numbers would grow in line with population growth, not simply remain somewhere better than the police/population ratios in other States. My understanding is that when the former Government came to power in 1983, we were one of the worst in Australia and when we left office in 1993, we were one of the best, if not the best. I was not in Parliament during those years, but my understanding is that that was the case. I am questioning whether you are stepping away from your commitment, as appears to be the case based on the undertaking given at the last election to maintain the police numbers in line with population growth. I stand to be corrected if that was not the case, but this is one area of my portfolio in which I have taken a particular interest, and, as I recollect, that was the Premier's firm commitment.

Mr DAY: I have just advised what was our election policy commitment; it is something I have looked at on a number of occasions. Our promise was to maintain the ratio as one of the best in Australia. The member might want to check the coalition policy statement for the 1996 election. As I said, we are doing that and we will continue to do that. At some stage we will need to address the question of increasing the overall number of officers. Our main focus at the moment is providing resources to enable the police to do the job properly and we are doing that in a big way by building a number of new police stations. We are keeping all the opposition members happy!

Mr BRADSHAW: I refer to page 919, Output 6, Services to the Judicial Process. I quote from *The West Australian* of 2 August 1996 an article under the heading "Bribe trial for developer" -

Property developer Dominic Casella was committed for trial yesterday on a charge of bribing corrupt former Wanneroo mayor Wayne Bradshaw to get a Woodvale property rezoned in 1987.

That charge was eventually dropped. The article contains several dot points which are as follows -

- Allegations that detectives pressured a key witness to make a statement implicating Mr Casella.
- The vastly different versions of events given in two statements provided a month apart by that witness.
- An incorrect assumption by detectives that Mr Casella had a rezoning application before the Wanneroo council when the alleged bribe occurred.

Were investigations undertaken into those police officers who it was alleged pressured a key witness to make a statement implicating Mr Casella? Has any investigation been made into the fact that the allegations of the police were wrong?

Mr DAY: That is a fairly detailed question. I understand it was the subject of examination in the Royal Commission into the City of Wanneroo and material that was provided to the City of Wanneroo was examined as part of that inquiry. Obviously that is not information I have available to me.

[8.10 pm]

Mr BRADSHAW: Were the people who allegedly tried to influence a witness to implicate Mr Casella investigated?

Mr DAY: I have no idea.

Mr FALCONER: I am not into guessing games. It will not surprise you that in managing a very dynamic and diverse organisation I do not know everything. If this is an issue that is relevant to these proceedings and you wish to know the answer and our Minister concurs, I will provide that information but I cannot answer the question right now.

Mr BRADSHAW: Surely major allegations against your police officers printed in *The West Australian* would have come under your nose. It is fairly serious stuff. They are not just minor allegations. They are substantial allegations.

Mr FALCONER: Are you saying that I should know everything? I do not, and I will not answer the question until I am sure of the answer. I cannot be sure of the answer and therefore I am unable to provide a direct response at this moment.

The CHAIRMAN: I remind all members not to engage in banter with the advisers and to direct questions to the Minister. I realise the adviser has offered supplementary information and I ask the Minister to confirm if that will be provided.

Mr DAY: We are happy to provide that as supplementary information. As the commissioner said, it is not in the information available here at the moment.

Mrs ROBERTS: May I ask my question now?

The CHAIRMAN: The member for Wanneroo is next.

Mr MacLEAN: I am next, Mr Chairman. I have been waiting patiently here for a long time. I notice that the capital works figures are substantial -

Mrs ROBERTS: There is an increase.

Mr DAY: The member for Midland agrees that there is an increase.

Mr MacLEAN: Yes, and it is good to see.

Mr DAY: To which page are you referring?

Mr MacLEAN: Page 910 for the costings.

Mrs ROBERTS: Mr Chairman, I have my questions ready.

Mr MacLEAN: I am listening to the member for Midland. Would the Minister outline the capital expenditures? What percentage is for country areas? I notice on page 930 that the Clarkson Police Station gets a guernsey but I cannot see the Joondalup Police Academy.

Mr McGOWAN: It has not been decided yet. I can answer that one.

Mr DAY: I do not know anything about a Joondalup Police Academy. The location of the police academy has not been finalised at this stage.

Mr McGOWAN: The Rockingham-Murdoch campus.

Mr DAY: I am not aware of Rockingham having put in, although it may have through Murdoch University. It is well-known publicly that a short list for the location of the academy comprises Murdoch and Joondalup.

I mentioned some aspects of the extensive capital works program before when you asked about the proportion to be carried out in country areas. I cannot give that specifically but in general terms we have provided a large amount of capital resources in the last four years to country areas. I have opened new police stations in the last eight months or so in Halls Creek, Roebourne and Kununurra. Twelve months ago I opened a new police station in Meekatharra. Funds are allocated in this year's budget for new police stations in Lockridge, in the member for Wanneroo's electorate, Clarkson and in rural areas for the district police headquarters and local police station in Bunbury. That will cost about \$7.5m. There are also allocations for new stations in Busselton and Wiluna. We are looking after both metropolitan and rural areas.

The allocation for the academy has been made by the Government. It is shown on page 929 and is an allocation of \$35m in total. In the 1998-99 financial year expenditure of \$8m is budgeted.

Mr McGOWAN: How do you explain the fact that you promised it to Joondalup?

The CHAIRMAN: Please, no questions by interjection.

Mr DAY: Some people might have the idea that it was promised to Joondalup, but it was not.

Mr McGOWAN: It was broadcast on television.

Mr DAY: Some people might have perceived that that was the case and some people in the northern suburbs in particular might have, for their own reasons, come to the conclusion that it would be in Joondalup, but that matter has not been finalised.

Mr McGOWAN: I am in the southern suburbs and I thought that. It was announced the first day of the campaign.

Mrs ROBERTS: I refer to page 922, operating expenses, salaries. How many staff are in each of the following categories: The command or executive management group; commissioned officers; sworn officers; police Aboriginal liaison officers; crosswalk attendants; and other unsworn officers?

Mr DAY: From memory, there are 104 Aboriginal liaison officers. I ask Mr Frame to provide the information on the others.

Mr FRAME: The command group comprises the commissioner, the deputy commissioner and assistant commissioners and has an approved strength of nine. Commissioned officers have an approved strength of 155; Aboriginal police liaison officers, 104; and sworn officers, 4543. We have an authorised strength of 411 crossing guards and 1114 public servants. We have wages staff of 58. That should give us a total of 6 398.

Mrs ROBERTS: What is the current monthly attrition rate for police officers? How many police officers have retired or resigned so far this year? How many police officers are currently suspended from duty? How many new recruits have graduated so far this year? How many new recruits are expected to graduate between now and the end of the year?

Mr DAY: I ask Mr Frame to answer. While he is preparing the answer, I inform the committee that discussions are under way with a view to moving responsibility for school crossing guards to another agency under the control of the Minister for Transport. Also, I understand that the actual number of school crossing guards is higher than the authorised strength mentioned by Mr Frame; it is in the vicinity of 480. The Police Service has provided more guards than have been funded for.

Mrs ROBERTS: As Mr Frame made the point that each of those was the approved strength, I assume that some of

those categories may be under the approved strength whereas the number of crossing guards is over. Can you advise how much under approved strength those other categories are? As you can tell me the actual number of crossing guards, what are the actual numbers for the others?

Mr FRAME: Our actual employment level at 30 April was: Senior command members, 8; commissioned officers -

The CHAIRMAN: Member for Midland, in order to ensure that there are no errors in the transmission of this material would you be happy to ask for this by way of supplementary information? You would only have to wait a few days.

[8.20 pm]

Mrs ROBERTS: If there is any difficulty in providing that information now, I am happy to have it provided as supplementary information.

The CHAIRMAN: I am mindful of the need for accuracy.

Mr FRAME: I can provide a comparison in table form as supplementary information.

Mr DAY: We can come back to that matter after some other questions; and if the information cannot be provided then, we will provide it by way of supplementary information.

Mr FRAME: The current attrition rate is approximately 15 per month. In 1997-98, 197 officers resigned, retired or were medically unfit. I do not have the number of officers suspended at this time and will have to provide that as supplementary information.

Mrs ROBERTS: You do not know how many officers are currently suspended from duty. Does the commissioner know?

Mr FALCONER: Not accurately.

Mrs ROBERTS: Can I have that as supplementary information? The other questions were: How many new recruits have graduated so far this year, and how many new recruits are anticipated to graduate between now and the end of the year?

Mr FRAME: Can we provide that as supplementary information?

Mrs ROBERTS: Can you provide that information for both 1997-98 and the 1998 calendar year?

Mr FRAME: Yes.

Mr WIESE: I suggest it be one or the other, or it will be totally confusing.

Mrs ROBERTS: I am not confused easily.

Mr WIESE: I refer to the heading "Operating revenues" at page 922, which shows that net profit on disposal of non-current assets in 1998-99 is projected to be \$1.5m in round figures. What amount was budgeted for in 1997-98 - it appears that you will only achieve a figure somewhat close to the \$81m that is shown on that page? Does that relate in any way to the receipts paid into the consolidated fund, which is referred to further down that page; and, if not, why was the estimated actual in 1997-98 \$16.8m when it is shown as only \$3.2m in 1998-99? Does that mean you are keeping more of your revenue from fines? That is wishful thinking!

Mr DAY: There has been a change in the accounting system with regard to this matter.

Mr McDONALD: Since 1 July, there has been a variation in the financial arrangements for all agencies. One of the key reforms, apart from accrual accounting, that has resulted in the new format that you have observed is the concept of revenue retention. That means that whereas previously agencies were not allowed to use revenue that had been raised, and the expenditure and revenue components were independent of each other, revenue is now a key aspect of our finances. We are required to raise the revenue that we intend to raise, and that is used for expenditure purposes within the agency. Therefore, if we fail to raise the revenue, we face the penalty of not being able to use the revenue for those purposes. That comes into play in various ways throughout the financial statements. There have also been variations in revenue.

Mr WIESE: Does that mean you will keep an extra \$13.5m this coming year that you did not have last year?

Mr McDONALD: No. In simple terms, large components will not apply next year, such as the firearms' buyback. We are anticipating normal revenue collections such as licences, central revenue and commonwealth revenue outside of the buyback; and with the exception of unique circumstances such as the buyback, the revenue collections will be largely the same.

Mr WIESE: In the coming financial year, will you get \$1.5m from net profit on disposal of non-current assets?

Mr McDONALD: That is correct. That will result largely from the land sales program that was approved for the Police Service a few years ago as part of the budget strategy.

Mr WIESE: Have the particular locations been identified or is that a grab bag figure?

Mr McDONALD: It is for locations that are currently known.

Mr JONES: A number of sites have been identified as being surplus to the needs of the Police Service. For example, Belmont Police Station has been replaced with a new facility in the middle of the subdistrict, and that site is now available for sale. The Cannington police facility, which was a small site on the highway, has been replaced by a significant facility close by. The majority of the land sales relate to those initiatives that have come from the very aggressive capital program in which the Police Service is currently involved.

Mr WIESE: Very good.

Mr BROWN: What is the estimated actual expenditure of the Police Service training branch for 1997-98, and what has been allocated to the training branch for 1998-99?

Mr DAY: At this stage, the internal Police Service budget for 1998-99 has not been determined. I am not sure whether any information can be provided.

Mr FRAME: The training budget for 1997-98 was approximately \$3m, excluding salaries.

Mr BROWN: What does that mean?

Mr FRAME: It excludes the salaries of officers employed at the training branch.

Mr DAY: In other words, the salaries come out of other parts of the Police budget.

Mr BROWN: Does that exclude the training officers' salaries or the salaries of the officers in training, or both?

Mr FRAME: It excludes both.

Mr BROWN: If it excludes all salaries, what does it include?

Mr FRAME: The recurrent expenditure involved in equipment, running costs, travel allowances and accommodation.

Mr FALCONER: In addition to the dollar figures, it needs to be made clear - and sadly at times the media does not get these things right, partially because of its interpretation and partially because of some of the wide eyed comments that are made around town - that we have put more money and effort into training and development in the past three to four years than in at least the previous 10 years. The amount of money that has been raised does not take into account - quite rightly, as has been pointed out - the salaries of the officers attending the training and the salaries of the trainees but is for running the courses and travelling allowance. It appears that one of the legacies of the past is that country officers were often not permitted to come to training in the metropolitan area because of the costs associated with their travel and accommodation when they got to town. The statements that were made, and they were verified, were that some people in the metropolitan area had lots of training and people in the country had minimal training. I have made a commitment to constant, ongoing training and upgrading. We are maintaining that level, but it is very costly. I have often said publicly - it is generally not reported - that training is not a luxury but a necessity. In some ways, some officers are paying for the neglect of the past. We have made a substantial effort and spent large amounts of money to keep up with that, and we will continue to do so.

[8.30 pm]

Mr BROWN: I seek some comments on the Delta program. A number of police officers have told me that the new system is quite confusing, in that they are required to be generalists, not specialists. They say that it is difficult, if not impossible, to keep up with the law which is continuously changing due to court decisions every week. Some of my constituents have had the misfortune to be affected by that situation. For example, fish was confiscated because a constituent did not have a fishing licence, when he did not require a licence to catch that type of fish. The fish were returned, and profuse apologies were made. However, it was a dreadful experience because he was told that if he did not hand over the fish he would lose certain other things. Although the fish were returned by the officer 12 hours' later with an apology -

Mr DAY: Was a fishing inspector involved?

Mr BROWN: It was a police officer.

Mr FALCONER: I have never said that the Delta program was about increasing expertise in fish seizure. We do not have a fish detection or stealing unit, and I do not intend to establish one. That sort of mistake occurs regularly in generalist policing. We are not infallible; that is not part of the job description. That is not a core business in which we are normally involved.

I admit that we are making a move towards generalist, multiskilled policing. It is a pity that some specialists find that situation uncomfortable. However, we are working our way through the problem. Many officers are reaping the benefits - and we have spoken about Northam and areas north where we are receiving a good response from the community. We are being awarded high marks for performance and customer satisfaction; so we must be doing something right. Not everyone has embraced or applauded the initiative. However, the plan has been set and we will continue with it.

Mr BROWN: I understand the policy. I simply say that I have spoken to police officers - some from the old school and some from the new. They say that demands are placed on them due to the changing nature of the law, and the administration of that law. They do not want to be locked in an office all day, reading court decisions so that they know what to do. They must be out in the field, which is extremely demanding, and they may be acting contrary to some finding of fact by a court. I just raise the issue. I know that the Commissioner of Police does not accept it, and I understand that. It is a real concern which is being raised not only by the old school but also by new officers who say that the expectations flowing from Delta are very demanding.

Mr DAY: That is the reason for this significant allocation for training. The commissioner may wish to say more.

Mr FALCONER: I do not disagree with the member. Some people feel that change is very threatening. This is a huge change. We have tried to ease people into the situation by providing training officers in every district. Officers will be trained to understand the changes in procedure and practice at the central area. It does not always work like this, but the notion is that they will return to the field and provide training. Commissioner's instructions have been placed on the computer, together with state legislation. Officers in the field can gain access to that information. I cannot be held responsible - nor can anyone else in this position - for the constant change in legislation, which starts mainly in this room, and is often at our behest. The degree of difficulty in policing is increasing enormously, but that is not peculiar to this jurisdiction. That is occurring throughout the country and around the world. It causes some heads to hurt, but we are trying to assist officers in the process.

Mr BROWN: When will the budget for that training initiative be decided? When the decision is made, can we have access to it?

Mr DAY: It will be available in about two weeks. We will provide the information at the appropriate time, if it is requested.

Mr BROWN: I am asking the Minister to send us the information.

Mr DAY: It will not be supplied as supplementary information. I am happy to provide the information.

The CHAIRMAN: If the information is not supplied by way of supplementary information, it is up to the member to place a question on notice.

[8.40 pm]

Mr DAY: I am happy to provide the information, but it will not be through the supplementary information process. We will make a note that the member seeks the information. If he does not receive it, he should let me know.

The actual number of police officers will be provided by supplementary information. The fact that the number of school crossing guards is higher than the authorised strength has no relationship to the actual strength of police numbers in other areas.

Mrs ROBERTS: I did not think it did. I was advised that some of those areas operated below their authorised strength and I wondered by how much.

Mr DAY: The actual strength may be higher or lower than the authorised strength, depending on whether recruits have been taken on.

Mr BRADSHAW: Has the Police Service achieved any significant outcome from recent large scale operations into key policing areas such as burglary and illicit drugs?

Mr DAY: A major effort has been made by the Police Service in both those areas. Operation Final Dose, mentioned earlier, was targeted at street level drug dealing. Some good results were obtained from that major operation. The commissioner referred earlier to Operation Barrow an anti-burglary measure. That is in progress and some good results are being achieved.

[8.50 pm]

Mr FALCONER: I mentioned earlier the figures achieved as a result of Operation Barrow which is a coordinated effort across the metropolitan area. Within the six districts there is normally a high level of coordination and occasionally that can be enhanced. That is what Operation Barrow did; it focussed on burglary and armed robbery. One of the principal thrusts of the investigative practices review is to get down to intelligence based policing within the metropolitan districts. They each have a district information support centre involving analysts and collators. By linking the six districts across the metropolitan area we have had excellent results.

As I said earlier, the number of people processed through the normal system in the metropolitan area since 27 April was 566. Operation Barrow snaffled 560. We equalled the normal routine policing over the metropolitan area by a special operation. I am the first to say here and elsewhere that we cannot sustain operations like that.

In the early hours of this morning 79 division, in routine policing, made a very good drug arrest in relation to alleged traffickers in heroin and amphetamines. A large amount of money - \$32 000 - and large quantities of heroin and methyl amphetamine were seized. The night before, the drug squad, in an intelligence based targeted operation, also seized a large amount. That demonstrates the two forms of policing, and they must work together. Some is routine, perhaps intuitive, and based on actions and knowledge of people, but the other side with the drug squad is targeted and tasked. This joint intelligence group, with Intel officers, is working together in one location from the AFP, the NCA, the Western Australia Police Service and Customs. This was the one which the group of interstate senior CEOs from law enforcement agencies came to look at. They agreed that we should take it longer and further, and put it up in a national forum, perhaps the senior officers' group of the Australian Police Ministers' Council, which comprises the commissioners and other law enforcement heads, as an example of a model that can be used nationally. The head of the NCA, the 2IC of the AFP, and the head of Customs all agreed in principle to that last Friday. That is significant because it shows that from some adversity, with the cutbacks in the federal arena - admittedly some have been rectified in recent times - we have demonstrated we can work, and need to work, together in a planned and systematic fashion.

The two issues are simple. We must strike at the upper echelons, but we cannot take our eyes off the ball at the street level marketplace. That is not synonymous with chasing ambulances. The imagery that the police were hassling people suffering from overdoses was not valid, and we have said publicly that that is not the business we are in.

Mr McGOWAN: A number of weeks ago I raised the subject of police numbers in Rockingham. While the officers are present, I make a few points about the distribution of officers in specific areas. When I raised this matter with the Minister, we discussed the complement of officers at the Rockingham station and he advised me that my figures were correct and the area had a complement of 35 officers. I pointed out that those 35 officers covered a population between 65 000 and 70 000. I also pointed out the figures in other areas - I am not being critical because they probably have what they deserve - such as Geraldton which has 101 officers with a population between 29 000 and 30 000, and Mandurah which has 70 officers with a population between 40 000 and 45 000. Mandurah has double the number of police officers and only two-thirds of the population of Rockingham. Geraldton has three times the number of officers and less than half the population. When these police numbers are factored out in relation to the population, the distribution is very skewed and inequitable.

I know the Minister will say that there cannot be a police officer on every corner, and that the number of police officers has no relation to solving the problems. However, with such blatant disparity in the number of officers, the Government must reassess where the growth areas are. The southern corridor with a growth rate of 8 per cent a year is a major growth area, and it has a degree of geographical separation from the city. I ask the Minister to examine the complement of officers in the Rockingham area. In light of my comments, will he examine the complement of officers to see whether the number can be increased?

A further minor point was raised by the member for Peel in relation to a new police district in Mandurah, Rockingham and Kwinana. That might be a solution to the problem.

Mr DAY: I make the general observations, as I did in the debate in the House when the member for Rockingham raised this a few weeks ago, that a direct comparison cannot be made between the number of police in Rockingham and those in Geraldton or other parts of the State. There are differences between Geraldton and Rockingham, the most notable being that Geraldton is more isolated than Rockingham and the distances required to travel to the next area with significant backup from other police are far greater. Rockingham can draw upon officers in Mandurah and Fremantle far more easily than can Geraldton draw upon the regional centres because the distances are much greater. Obviously, there are significant variations in the ratio of police to population. There are much more striking differences than the examples given by the member for Rockingham. For example, Wiluna, with a population of no more than 1 000, has nine police officers. The ratio is far higher because the situation is different. In my district of Kalamunda, with a population of 50 000, there are 22 officers. Therefore, the electorate of the member for

Rockingham is better off than my electorate. However, the police in my electorate can draw on other significant support from within the metropolitan area, such as the independent patrol group, the district support group, division 79 and so on. I am sure the member understands that.

With regard to reassessment of the number of officers in Rockingham, given the significant growth in that area, I agree this needs to be addressed. As to whether there should be a new police district, the member for Peel has not mentioned that previously but I will ask the commissioner to comment on it. I also encourage the member for Rockingham to meet with the Fremantle district superintendent to directly communicate his matters of concern and interest.

Mr FALCONER: With regard to the issues about the southern corridor and its development, I know that Doug McCaffrey, who was previously superintendent at Fremantle and was recently promoted to Assistant Commissioner, has not forgotten his project. He has gone to policy planning evaluation, where these things should be sent for assessment. In effect, the member will receive his report. He has extrapolated the development rates in that part of the southern suburbs, or the bottom end of the populated belt, and has predicted some concerns. Having said that, it must come to the centre and it must be reassessed. As always, if resources are shifted there will be resistance from the police who are comfortable in the area, from the community who love the police in the area, and from members of Parliament who represent the area. In some places I believe a hard assessment would indicate that the resources should be shifted and could be better utilised elsewhere. The political reality - I am happy to say I am not a politician - is that the moment I recommend that to the Minister and he raises it in this place or elsewhere, there will be a hue and cry. The point he made about resources close to Rockingham, is valid; that is, Fremantle, with its own district support group and a relatively high number of people, was able to mount special operations to supplement and support the local police numbers quite readily. In some areas, such as Geraldton, clearly help is a long way off. That was the same principle in Wiluna, which had nine officers for 300 people.

[9.00 pm]

Mr McGOWAN: These situations did not happen often.

Mr FALCONER: That is contrary to what has been said to me by McCaffery and the metropolitan regional commander. The member's electorate is on the border between the southern and metropolitan regions. John Standing has gone to the southern region at assistant commissioner level. Superintendent Jim Monteleone, formerly of Northam, will take over at Fremantle. If the member intends to talk to them about his area, he should wait until Superintendent Monteleone arrives. He will have access to the scoping review of the area. As the member has correctly said, that indicates a growth in population and raises certain predictable issues that will require some reassessment. I have not heard anyone suggest a new district. Is there a Peel region?

Mr McGOWAN: The member for Peel represents the electorate of Peel, but that does not coincide with the area of Peel, and that has caused a lot of confusion. His area is Kwinana-Warnbro and my area is Rockingham. The area of Peel covers Mandurah, Murray and Dawesville. It is the police district of Peel. Perhaps there is a community of interest in that area and that should be examined.

Mr FALCONER: I know from what McCaffery said that they and other people on the border have met a group that is looking at the whole area and its infrastructure. The significant issue is that we are meeting with such people and considering their concerns, the development they are projecting and the needs of the community. We must assess that in the centre of our organisation to establish how we can better utilise our existing finite resources.

Mr McGOWAN: Will the service examine the numbers in the area and the concept of a Peel district?

Mr FALCONER: I will have the people responsible for those areas examine that.

Mr McGOWAN: Can I have the results by way of supplementary information?

Mr DAY: It would be hard to provide as supplementary information. It is not existing information. It will need to be considered by the Police Service. There is a commitment that the district superintendent will discuss these matters with the member.

Mr FALCONER: Not only can they discuss them, but also that is expected of them. If the member's electorate covers two regions, he may have to deal with two people. We knew that whatever way we divided the State, we would not please everyone. It is not a matter of doing this as a courtesy: It is a necessity. We are encouraging officers in these positions to meet with people like the member.

Mr McGOWAN: So someone will contact me.

Mr DAY: I have been encouraging the member to contact the Fremantle superintendent. We will make a note and ask the officer responsible to contact the member.

Mr MacLEAN: A number of senior constables have applied for promotion to sergeant and they have expressed some concern that nothing appears to be happening.

Mr DAY: Stage five of the advance process has been under way.

Mr FRAME: Phase five of the promotion process is nearing conclusion. It will be the largest selection process undertaken. We have 400 applicants, and that process will result in 190 appointments to the position of sergeant. That is expected to be finalised by the end of June.

Mrs ROBERTS: When was Commissioner Bob Falconer's contract last renewed? What is the total value of the contract and what are its terms and conditions?

Mr DAY: The commissioner's contract was put in place in approximately June 1994 for five years. It therefore has slightly in excess of one year to run. The question of renewal has not been raised at this stage. The value of that contract has been published previously.

Mrs ROBERTS: Does the Minister know what the figures are?

Mr DAY: Not off the top of my head.

Mrs ROBERTS: Page 912 states -

The 1997/98 estimates and 1998/99 targets are substantially based on a single activity survey conducted in June/July 1997 at police stations throughout the State.

May I have a copy of that survey and its results?

Mr DAY: In relation to the previous question, as far as the commissioner's contract is concerned, it is my view, the Government's view and the view of the overwhelming majority of citizens of Western Australia that it has been worth every cent.

Mrs ROBERTS: Perhaps the Minister should do some polling on that.

Mr DAY: Is the member suggesting something contrary to what I have said?

Mrs ROBERTS: There are concerns about the management of the Police Service in this State. There are also concerns about the Minister's performance.

Mr DAY: What concerns might they be?

Mrs ROBERTS: Rising crime rates. I am waiting for an answer to my question.

Mr DAY: We are happy to provide that by way of supplementary information.

Mr PORTER: It is within the Government's accountability requirements. That survey was undertaken early this year. To assist us in establishing the outputs of the organisation for the next fiscal year, another two surveys will be undertaken.

Mrs ROBERTS: I am seeking a copy of that survey and the results.

Mr DAY: We are happy to provide that.

Mr BROWN: How much was initially allocated in the 1997-98 Budget to the police air support unit?

Mr DAY: We will provide that as supplementary information.

Mr BROWN: What is the estimated actual expenditure for the police air support unit for the 1998-99 financial year?

Mr DAY: That will be provided as supplementary information.

Mr BROWN: Last year the commissioner told the Legislative Council Estimates Committee that a smaller helicopter for general purpose use would be highly desirable and that a decision would be made about it in the near future. Has any decision been made?

Mr DAY: That issue has been identified. The helicopter the air wing has at the moment is described as a Rolls Royce model. It is very good for the purpose for which it was designed and for search and rescue. It is also expensive to operate and a smaller helicopter has been identified as desirable.

[9.10 pm]

Mr FALCONER: The decision to get one is quite easy to make. The question is how to acquire a helicopter within

budget and what type of helicopter to buy. Two models have been promoted. It is a bit like choosing between a Holden and a Falcon. It depends whom you talk to. One is an Aerospatial Squirrel; the other is a Bell Ranger. In either case we would be looking for a very good secondhand one because we could not afford a new one.

The last review by independent consultants of our air wing suggested running a particular model for managing our air wing for about six months, which is almost up; and then determining how to deal with the air wing in its totality. In other words, do we retain all or some of the fixed wing? Do we dispose of some of those to help purchase a smaller helicopter?

The bottom line, as the Minister mentioned, is what we have in that Kawasaki is a racehorse. It was a bum deal. Whenever it was bought and by whomever it was bought, they bought a pig in a poke. It has Japanese safety specifications, not American ones. Although it is safe, it is very expensive and spends a lot of downtime; however, we need it. It has twin engines and it can perform essential search and rescue. The recommendation - and I accept this proposition - is that we need to retain it and use it for search and rescue. However, we also need a smaller helicopter for air support to routine operations. How do we do that? No matter which decision we make, it will not please those at the air wing or their support group who seem to be forever - pardon the aeronautical pun - firing missiles at us from outside.

Mr BRADSHAW: Is there any flexibility in the existing budget for that purchase, or part of that purchase?

Mr DAY: A large allocation is provided for the operations of the Police Service. There is no specific allocation for this purpose currently. However, that is something that can be considered internally within the Police Service. On the matter of flexibility, I will ask the commissioner.

Mr FALCONER: It is a matter of weighing up the need for certain assets against whether we would benefit more if they were sold. The debate is very simple: Do we need twin engine aircraft; are we in the transport business; or do we need our smaller fixed wing aircraft in the far north, the deep south and out near the rabbit proof fence for moving senior management and other people around rapidly? In the last assessment the recommendation, which made a lot of commonsense, was to keep the small fixed wing aircraft for those purposes. However, we are making this assessment.

The deal was that for six months we look closely at their necessity for transport; the notion being that we sell off two of the large multi-engine or twin engine aircraft that perform principally a transport role and purchase that from other providers. In other words, when we need to transport somebody out of necessity, we use other providers. In some emergency situations we must do that now for the tactical response group and other groups. That decision must be made in the near future. The bottom line, if we get to that point, is to sell two larger fixed wing aircraft and put that money towards buying the appropriate type of secondhand single engine helicopter.

Mr BRADSHAW: What is the Police Service doing to hasten implementation of DNA technology in the solving of crime in Western Australia?

Mr DAY: The subject raised by the member for Murray-Wellington is an important one relating to crime investigation, not only for major crimes - the obvious ones of serious sexual assault, murder and so on - but also some less serious crimes such as burglary. As was said earlier, it has been found in Britain that where much more widespread DNA testing is possible, the clearance rates for a whole range of crimes, particularly including burglary, has increased substantially.

It is a matter that concerns, and needs to be addressed by, much more than the Police Service, of course. For us to have the ability to undertake much more widespread DNA testing, there will need to be a change to legislation. That would require the involvement, at least, of the Attorney General as well. Discussions are currently under way with a view to achieving that. There needs also to be a national approach to this issue. One of the matters on the national agenda at the moment is the establishment of a national DNA database similar to the present national fingerprint database. I think I am right in saying that it will be on the agenda for the Australasian Police Ministers' Council meeting in a fortnight. That is an overview. From the police point of view, there is a strong desire for that to be achieved. However, it will need significant legislative change and, no doubt, community debate as well.

Mr BRADSHAW: When people are born, what is wrong with taking a DNA sample and putting it on record so that eventually the whole population would be recorded? That would facilitate a search of a suspect.

Mr DAY: That may be welcome from a policing and, particularly, a crime investigation point of view. However, I do not think it is the sort of notion that the community would accept. We are looking currently at a much more readily available ability to take DNA from people who are reasonably suspected of having committed a crime. I believe that such a provision needs to be introduced.

Mr FALCONER: I appeared before a parliamentary committee on the DNA issue in this State. At a national level

I am the commissioners' representative on a group called the National Institute of Forensic Science Board of Control. I am making a presentation to the Australasian Police Ministers' Council in a fortnight. What is significant in the United Kingdom - and what was not anticipated when they introduced the national DNA database in England, Scotland and Ireland - is the clearance rates for what they call volume crime, like burglary. What was anticipated was an increase in the clearance rates for the most heinous offences of murder, rape and so on. However, as a result of the acquiring of samples from suspects and forensic evidence from crime scenes and matching the two, there has been an enormous clearance rate of crimes in the UK. As I mentioned earlier, clearance rates for burglaries improved from 12 per cent to 15 per cent - which is about par internationally in western style policing - to 30 per cent to 40 per cent. It is also interesting that the national DNA database in the UK was recommended by a royal commission which looked into police misconduct and miscarriage of justice. It is also worth noting that DNA profiling and technology is exculpatory as well as incriminatory. However, it is also much more definitive than it ever was and is getting better. It can identify people from smaller samples. Although DNA cannot give that person's name it can tell investigators that the person who left a very small sample of their body - a piece of skin or whatever else - was a tall, dark haired, slim person, or the reverse. It can tell that person's racial origin; so, it can limit the scope of the suspects.

My recommendation to the parliamentary committee was that realistically in this State and in this country police would need to go before a magistrate to present their grounds for reasonably suspecting someone of one of the appropriate listed crimes. The magistrate could then order that the person provide a sample. It could be a mouth swab; it is not intrusive in the strict sense of the word. It already has great potential in New Zealand, Canada, the USA and the UK. It is the greatest investigative tool since the discovery of fingerprinting about 90 years ago. The hope is that the Federal Government will see it that way and then every State and Territory will need to enact legislation.

At least now all the scientists in this country in every State and Territory are using one methodology, therefore we will all have apples to compare with apples. All we need is to collect it in our jurisdictions and link it into a national database in the same way we have been dealing with fingerprints over the past 25 to 30 years.

Mrs ROBERTS: What is the estimated total cost of the police presence at the Fremantle waterfront dispute during 1998? Is it the case that it cost up to \$160 000 a day? How much additional money did the Commissioner of Police request from the Government to cover the additional expense? Is it the case that backlogs of work developed at police units throughout the State as a result of the extra police presence at Fremantle; and have all those backlogs of work been cleared?

[9.20 pm]

Mr DAY: The total additional cost to the Police Service of the operation at Fremantle over the duration of the event has an estimated upper limit of \$2.5m. Some of those figures are still being determined in detail. Police operations in other areas were dealt with by backfilling officers into the stations and by putting more officers on overtime, so that officers could be released to deal with the issue at Fremantle in such a manner that there would be no adverse impact on the various districts in the metropolitan area and nearby country areas.

Mrs ROBERTS: I continue to hear from police officers that when they returned to their respective stations or units a backlog of work was waiting for them. Some officers claim that they are still catching up on the backlog of work which arose due to their presence at Fremantle.

Mr DAY: If there had not been a blockade and a substantial problem caused by certain members of the public at Fremantle, there would not have been the requirement for the large number of police on some occasions.

Mr FALCONER: Yes, there is a backlog of work. It is obvious that when we move resources in large numbers - on at least two occasions in Fremantle - there must be a flow on effect. While we did run on overtime and recalls, we cannot do that to optimum numbers because of the large cost involved. I am talking about the backfill operations. Naturally, when officers are away from their normal duties a backlog will develop. Recently I was at one of the districts which has put on additional people and it is only now catching up with some of the matters that fell behind. That is a logistical fact of life when we are required, in my view, out of necessity to provide large numbers of officers on a particular operation.

Mrs ROBERTS: Part of the question that has not been answered is how much additional money did the commissioner request to cover the additional expense. The Minister referred to a "necessary presence" on the evening when upwards of 500 police officers were involved - I think it was a Monday night. What was the reason for that number of officers on that particular night?

Mr DAY: That was a result of an operational decision made at senior levels of the Police Service to respond most appropriately to the situation at Fremantle.

Mrs ROBERTS: What situation were they responding to?

Mr DAY: There was a blockade of the roads preventing the free movement of vehicles, in particular the movement of trucks into Patrick's wharf area at Fremantle, so action was necessary to deal with that situation. The Police Service took appropriate action to respond to the situation, including a court decision the following day.

Mrs ROBERTS: It was widely reported that busloads of officers were on standby at Claremont and other venues. There was no blockage of the road that night. I drove through there and saw most of what was going on. Clearly a situation that night required the attendance of that massive number of officers. What was that situation? Why did the Police Service feel it needed that degree of preparedness on that evening?

Mr DAY: That was a decision for the commissioner and his senior officers.

Mr FALCONER: I was not here, although I do not excuse myself from responsibility, particularly with the money the taxpayers are paying me. I was in touch with Deputy Commissioner Brennan who was overseeing the operation and newly promoted Assistant Commissioner McCaffery, who was in charge at the site. On the two nights on which we had the largest numbers of officers we had been told trucks would be coming in the drivers of which would exercise their lawful right to enter into the docklands to remove cargo. On the basis of that information it was decided, operationally, and in my view, correctly, that the police needed to have sufficient numbers to ensure that lawful action could take place, effectively, through that blockade and to maintain that presence while those trucks went in and came out of the wharf area. The fact is that on one occasion the trucks did not turn up and on the second occasion a Supreme Court decision was handed down that led to the standing down of the Patrick's people who were inside to load the trucks. They were things beyond our control.

Mrs ROBERTS: That was a determination of how lawful it was for the trucks to enter.

Mr DAY: That was not the issue. A decision by Justice Tony North of the Federal Court had an impact on the actions which could be taken. It was not an issue of whether it was lawful for trucks to enter but of who could load them.

Mr FALCONER: Even if the trucks had arrived there was nobody to load them, so it made it meaningless. However, the police were required to deal with the eventuality of trucks turning up the drivers of which wanted to exercise their lawful right to go in. That was why police numbers were so high.

Mrs ROBERTS: Who advised the police that the trucks were going to go in there and they had a lawful right?

Mr FALCONER: My advice is that the principal liaison point was the Fremantle Port Authority.

Mr DAY: There was frequent communication between the Fremantle Port Authority and the senior police in charge of the operation, as well as information being provided from the transport industry and other relevant parties to the dispute.

Mrs ROBERTS: You did not take any advice from the Maritime Union of Australia?

Ms MacTIERNAN: Or from the Minister for Transport?

Mr DAY: The Minister for Transport had an interest as the Minister responsible for the Fremantle Port Authority, but it was not a case of his issuing directions.

Ms MacTIERNAN: That is what he alleged. You and the commissioner referred to discussions between the police and the Fremantle Port Authority. We know that those discussions commenced prior to the sacking of the workers and formation of a picket line. Did you commence discussions with the Fremantle Port Authority and planning for this picket line before the workers were aware that they were to be sacked?

Mr DAY: I have no idea and had no involvement. I make the general observation that any Police Service worth its salt will get as good intelligence as it can on any major issue. I am sure that is what was done in relation to this.

[9.30 pm]

Mr FALCONER: I can add this much: I cannot answer that precisely right now.

Ms MacTIERNAN: Could you provide by way of supplementary information the history of the contact between the FPA and the Police Service on this matter prior to the sacking of the employees?

Mr DAY: I am not sure that this relates to the budget papers before us.

Ms MacTIERNAN: It relates to the expense which was subsequently committed of \$2.5m. We are trying to establish why this money was expended. We are determining the degree to which the police were involved in preparation prior to the sackings.

Mrs ROBERTS: And the expenditure of the \$2.5m.

Mr DAY: I am not convinced that the supplementary information sought relates to how the upper estimate of \$2.5m was accounted for. We can certainly provide information on how the costs were determined. However, operational matters about how the Police Service makes decisions and responds to industrial disputes or other community issues should not be provided by way of supplementary information.

Ms MacTIERNAN: Does the commissioner have any objection to our learning when his agency commenced discussion with the FPA?

Mr DAY: If there was a request for assistance from the FPA, that is a matter for it or the Minister for Transport to answer.

Mr MacLEAN: What is the time line for the issue of new sidearms for police officers? I understand that it will not be a general issue. As replacement firearms are needed for existing weapons, officers' sidearms will be upgraded, pending qualification of course. Do you have a time line for the start of that program?

Mr FALCONER: We do not have a definitive time frame. We have acquired some additional new sidearms for limited specialist groups. My priorities are different from some other people's, perhaps. We talked about training earlier. We have a conflict resolution training system called verbal judo. I want to ensure that every police officer is subjected to that program, and on a cyclical basis. We are shifting from fixed to expandable batons. We will not replace them totally as the non-expandable batons need to be used on occasions. That requires training as well as purchase. It is a statewide initiative.

Last but not least, we will phase in in an orderly fashion oleoresin capicum spray. Last on my needs, demands and shopping list is the re-equipping of the total general work force with new sidearms, particularly pistols.

Mr MacLEAN: I ask about the capicum spray because of the ongoing stories from another State regarding the use of lethal force. I would not like to see our officers in that position, nor would I like to see them feel that they are placed in danger. Do you have some time line for the introduction of capicum spray.

Mr FALCONER: Not that I can give now. The national police research unit recently handed down a report on the use of force by police. It includes batons, firearms and the use of ballistic vests, shields, expandable batons and OC spray. It has been demonstrated elsewhere that OC spray is not a panacea. Some people are impervious to it. An argument is that some people carrying it think it is like Mortein; that is, when Louie the fly is sprayed, he rolls on his back on the floor. It does not work that way. Indications are that police, and other purchasers, have been lulled into a false sense of security with capicum spray. We have demonstrated that it does not work with two of our people. One person beat up on a heavy bag for about 40 seconds, which is a long time, and another person fired one magazine, reloaded and fired a second magazine with his face dripping with the spray. It can be added to the equipment. When making instantaneous decisions, it gives people another choice. Officers probably get only one chance when deciding whether to go for a baton, OC spray or a firearm. It depends on what the person being dealt with is holding. If he has a pump-action shotgun, only a dill would go for the OC spray. There is no easy solution. Frankly, at this stage, we have no definitive time frame, but some of our groups are already involved. The tactical response group has OC spray, and the independent patrol group is being trained in it now. I want to phase it in to see how it develops, to see what it can provide and to see the problems it produces.

Mr MacLEAN: The commissioner indicated that OC spray or its derivatives do not always affect people instantly, especially if they are drug affected. Reports from American police indicate that angel dust gives people a different outlook on life, for want of a better term, and other non-lethal restraints are used. US police have used a resin net. Has any investigation been undertaken into other forms of non-lethal restraints than pepper spray and batons?

Mr FALCONER: The national police research unit has looked at a range of such matters. The resin net is like a sticky fly paper fired at people. However, they are impractical in terms of size and availability statewide. They are costly, would require officer retraining and are relatively unproved. However, the national research unit has looked at that equipment, and is monitoring developments. At this stage, it is not recommending that any of those alternatives be adopted.

Mr MacLEAN: I could not see those nets being general issue. However, I could see a use for them with, say, the tactical response group.

Mr BROWN: Who has the authority to call out the tactical response group, and at what level of command?

Mr FALCONER: The tactical response group is an operational support unit regularly used in the Perth metropolitan area. It is not ensconced somewhere to appear from out of the sky. It supports routine operations.

Mr BROWN: Who has the authority to call that group? Presumably, a constable could not do so.

Mr FALCONER: We have a communication controller at VKI and duty inspectors north and south of river from 8.00 pm to 4.00 am. We have controllers at the district level - supervisors, senior sergeants and sometimes sergeants. If those people are at an incident, and the TRG is deployed that night on the road, its assistance can be sought through the controller. With the recent celebrated event with the TRG, the duty inspector for the relevant side of the river was present and in charge of the incident concerned. This does not involve calling out the TRG in its counter-terrorist or major assault role, but simply using it as a supplementation group. This is one of its many functions.

Mr BROWN: What is the criterion for using the TRG?

Mr FALCONER: They are ordinary police officers who are attached to a specialist unit with special skills. If its officers are out on patrol tonight, and they are called to an incident where support is needed for routine policing, as with the independent patrol group, it will respond to that activity. We cannot afford the luxury of the TRG being used only for special hostage seize negotiations and so on. That is part of its skills, but in normal instances the TRG is used in support of covert operations and a range of areas. Where I came from, its equivalent did not perform.

[9.40 pm]

Mr BROWN: What was the purpose of having the TRG down at the Fremantle waterfront?

Mr FALCONER: One of their specialities, and the IPG is the same, is civil disorder situations. They are trained to work as a team and to formulate their tactics so that arrest teams can arrest people who are committing offences in a large crowd. That is normal routine policing, not just in this State but in any other State in this country which has dealings with crowd control.

Mr BROWN: I put the question, and I do not want to stress the point, because I have spoken to a woman who was on the picket line at the Fremantle waterfront with other women who stood there when the TRG approached them, going through the actions that they go through. This woman is quite slight. I would not have thought that she was any great danger to anybody. She tells me there were about 40 people there and about 400 officers, including the TRG. I do not understand why all that manpower was used.

Mr FALCONER: That is contrary to everything I have been told by Brennan and McCaffery, the film I have seen that we took of the antics down there, and the numbers. Some of the police officers were spat upon. Some of them were slight people and women. My disappointment, which I have expressed to my people, is that more people were not arrested down there for their unacceptable behaviour. They should have locked up a few more.

Mr BRADSHAW: Some of the police officers in country areas think that mobile phones would be of advantage to them for use in night patrols and when different police go on duty and they are on patrol. Do you have any plans to provide police officers or police stations in country areas with mobile phones?

Mr FALCONER: Forgive me but I am looking at our chief bean counter, Mr McDonald. Mobile phones and their use are one of the banes of our existence. People give them to our officers but they forget that they cost a lot of money for their calls. Your point is valid. There are two aspects other than the cost of the calls. First, what is happening, and it is not peculiar to this jurisdiction, is that we end up with an alternative communications system in which we have no idea what is going on out there. We purport to monitor and we hope that we are managerially monitoring what is happening out there with our people for their own safety and at times for their integrity and accountability. A whole lot of things are going on with the cellular phone network about which we have no idea. That is one issue. Secondly, they are costing us lots of money. Mel Hay, one of our ACs, who is currently in the Pilbara, has taken a satellite telephone, which is much smaller and has a power pack, which he is testing there. We are very much concerned that in some of the very remote areas when police are out on long distance patrols - albeit they have GPS and such things on their vehicles - their communications are their lifeline. We are looking at that.

Mobile phones are a good idea superficially and we have heaps of them, but we are getting concerned about this alternative system in which we do not know where the demands are or what is going on out there. We must manage it. In the future in far remote areas the satellite telephone linkage is probably one of the answers, but we would like to get it into a radio system with some monitoring capacity so at least we know. Ultimately we will have GPS on our vehicle location systems and we will know where everybody is; we will not have to ask them to declare themselves. We will know in the same way as taxi operatives know when taxis are just around the corner from a job. We will still not know until we get that nailed down. We are conscious of the safety of our officers, which is one of the reasons that we have not come down as heavily as we feel we should on the proliferation of cellular phones.

Mr BRADSHAW: What happens if a citizen rings up the police station and the police are out on patrol, and the phone is dead or whatever? Does the call go through, in my case to Bunbury or Mandurah, and is it diverted from there?

Mr FALCONER: Yes. We have gone to considerable expense quite consciously to put in a diverter system with a single number dial of 131444. The notion is and our belief and fond hope as promised technologically is that if the police are not at the local station, the technology bounces that call on to where there are some police. They can redirect the call to the police, but there should not be any ring out system anymore. As sure as eggs, as soon as I say that someone will pop up with an example where it has happened, but if it has, it was an aberration rather than the normal practice.

Mr BRADSHAW: It certainly seems to be a perception. Maybe you should educate some police officers that they do not need a mobile phone, because in one case police asked a community group to provide the police station with a mobile phone.

Mr FALCONER: Everyone wants one on his belt now. Police get cellular phones given to them and, as I say, two things happen: First, we pay for all the call costs and, secondly, we do not have any idea of their workloads and activities because they are outside of our system.

Ms MacTIERNAN: How many personnel are in the gold stealing squad? Is there any funding from industry for that squad and, if so, how is that funding collected? What is the channelling for that funding and how is it being dispersed?

Mr DAY: I am not sure off the top of my head what is the number of the squad. I do not think it is very large. The commissioner estimates in the vicinity of six or seven officers are in that squad. My understanding is that some contribution to its costs of operation is provided by industry. From time to time they provide consultancy services to mining companies in other jurisdictions. I know that because I sign their travel approvals. Their expenses of course are reimbursed by those mining companies. I am advised that \$370 000 was to be paid by the Chamber of Mines in 1997-98.

Ms MacTIERNAN: Do you have any concern with the involvement of the Chamber of Mines in this way, Minister, when there may be a dispute between various gold mining companies? How do you quarantine against a perception of bias in the activities of the gold squad?

Mr DAY: Obviously that sort of thing must be managed appropriately within the Police Service. I am not aware of any expressed concerns about bias of the gold squad. If you have any specific examples, we would be interested to hear them.

Ms MacTIERNAN: I am asking what policy you have in place, where you have private funding, to stop that perception.

Mr DAY: Are you suggesting a hypothetical situation in which a private company, because it has contributed some funds, could be the subject of some investigation by a unit in the Police Service and that maybe that investigation might not be as thorough as it should be?

Ms MacTIERNAN: I am suggesting the sort of hypothetical situation where a leading contributor to the fund is able to get the gold squad to investigate a commercial rival. What policy do you have?

Mr DAY: That is a matter for appropriate supervision within the Police Service to make sure that that sort of thing does not occur.

[9.50 pm]

Mr FALCONER: Policies do not make the world go around; they do not stop corruption or the establishment of perceptions. You referred to perceptions. I have been twice to Kalgoorlie; it is where the unit is stationed. The gold stealing detection unit has been in existence since almost the start of this agency. It is said to be held in high standing. To my knowledge there have been no accusations or complaints about the sort of behaviour to which you are alluding hypothetically or the image or the impression that the unit is setting up one person against another.

Its funding is provided by the Chamber of Mines, according to my recollection and understanding. The safeguards are a professional standards portfolio, and every publicly initiated complaint in this State is overseen by the Ombudsman. That was not previously the case. I take some responsibility for bringing that about because I did not believe it appropriate that there was some randomness about the oversight. Also, there is now an Anti-Corruption Commission. To the best of my knowledge - no doubt I will be proven wrong at some stage in its long history - someone has said it has done something improper but I have not been made aware of any accusations of impropriety or bias involving the gold stealing detection unit. I am advised that the industry and the Chamber of Mines think it does an excellent job, and some Canadian police were looking at their activities with the notion of setting up a similar unit in Canada where there is diamond and gold mining.

Mr WIESE: I note at page 923 of the Budget Statements that part of the current liabilities is employment entitlements amounting to \$46m. Can the Minister provide by supplementary information a breakdown of the annual and long service leave, as separate figures, that has accumulated and is part of this figure? Is superannuation also included in that figure? Also, in relation to employee entitlements, how much overtime is paid to officers and individual ranks in the service, firstly, in the metropolitan area; secondly, in the southern regional area; and, thirdly, in the goldfields and Pilbara-Kimberley areas?

Mr DAY: Obviously, officers move around the State and it may be difficult to provide a geographical breakdown. Insofar as it is reasonably possible, without excessive and unproductive use of resources, the answers will be provided as supplementary information. Any information that cannot be provided in that way should be sought by question on notice.

Mrs ROBERTS: What is the estimated cost of the Macro task force for 1997-98, and what is the estimated cost of the inquiries into, first, Mrs Threnoworth's murder; second, the murder of Gerrard Ross; and third, the serial rapist for 1997-98?

Mr DAY: Is the member asking for the additional cost of those investigations over and above the normal salaries paid?

Mrs ROBERTS: What additional cost is the Police Service bearing as a result of its involvement in each of those inquiries?

Mr DAY: We can provide that by way of supplementary information, although it may be difficult to ascertain the figure in relation to the serial rapist. I assume there is only one. If it is reasonably possible to provide the information for the serial rapist, it will be provided.

Ms MacTIERNAN: On the question of school crossings, the Minister said that 480 staff are employed for that purpose at the moment. Is that funded through the normal budget allocation?

Mr DAY: It is through the allocation for the Police Service, except that any additional crosswalk attendants employed this year have been funded by the road trauma trust fund.

Ms MacTIERNAN: How much has been received from the trust for that?

Mr McDONALD: I do not have the information but it can be provided as supplementary information.

Ms MacTIERNAN: It is good to see that the Minister is taking notice of the Opposition's recommendations.

Mr DAY: We are always prepared to listen to any suggestions, wherever they may come from.

Ms MacTIERNAN: But the Minister is trying to negotiate for this to be transferred?

Mr DAY: Yes. I agree that the road trauma trust fund is the appropriate source of funding for crosswalk attendants.

Ms MacTIERNAN: Especially now that it has \$11m.

Mr DAY: I agree. The amount of income to that fund is growing fairly rapidly.

Mr MacLEAN: The commissioner mentioned earlier that police districts are now targeting known criminals. How successful is this type of operation and will it continue?

Mr FALCONER: I cannot give the answer to the member in flat numbers.

Mr MacLEAN: I want a general overview.

Mr FALCONER: The nub of the investigative practices review was about continuing to devolve to the district the expertise and the resources to deal with crime where it is occurring in the district. The two senior Scottish police talked about a crime desk. That is a British term, but it simply means a district information support centre. It means the police get a handle on everything happening in that geographical district, whether it is in the country or, more particularly, in the metropolitan area. With the knowledge and the intelligence gathered from all officers, from the specialist groups feeding out to the district, and from the Australian Bureau of Criminal Intelligence in Canberra to our BCI for the district office, we are targeting the people committing crimes in the area rather than doing what we tended to do historically in this country, and that is follow along behind in the wake of the crime. We will always do some of that, and in some ways become burglars' clerks, but we must get ahead of the play.

I went to the opening of the Morley Police Station recently and it has been in operation for only a few days. It has set up a small team, which is a combination of detectives and a couple of keen young uniformed officers, that is targeting a group of heroin addicts who were tearing the place apart with burglaries. They have already arrested those

people. That type of activity is being emulated. It is nothing magical, but we are doing it in a cohesive and coordinated way. There is much more to do. The implementation of the investigative practices review is substantial. There will be retraining of uniformed officers about crime investigation because they are first responders to many events. We have tended to believe that only specialist detectives can make investigations and detect offenders, but that has never been right. We are looking at retraining officers, from constables through the system to higher levels, about being more focused on who in the suburb or town is doing the greatest amount of crime. We are conscious that offenders are much more mobile than they used to be, so we need to coordinate the six districts in the metropolitan area and, similarly, the districts in the country areas.

Mr MacLEAN: You are targeting not individual known offenders, but rather offender groups?

Mr FALCONER: Some are individual offenders and some work in loosely linked groups. Some are spontaneous and are in subcultures, particularly the drug subculture, and we are targeting and tasking them. Also, people at the local level are running small specific task forces rather than following in the wake of these offenders and filling in forms.

Committee adjourned at 10.00 pm
