





WESTERN AUSTRALIA

# Parliamentary Debates

(HANSARD)

THIRTY-FIFTH PARLIAMENT  
SECOND SESSION  
1999

LEGISLATIVE COUNCIL ESTIMATES COMMITTEE

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Friday, 4 June 1999

# Legislative Council

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## STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

The meeting commenced at 9.00 am.

The CHAIRMAN (Hon Bob Thomas): I welcome all of the departmental representatives here today. I inform members that they are required to complete their *Hansard* corrections within 24 hours of receipt of the *Hansard* documents. It would greatly assist Hansard if, when referring to the *Budget Statements* or the consolidated estimates, members give the page number, item, program, amount and so on in preface to their questions. If supplementary information is to be provided, I ask for cooperation in ensuring that it is delivered to the committee's advisory/research officer within five working days of receipt of the questions.

An example of the required Hansard style for documents has been provided to ministers' advisers. I remind agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations.

For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and for each adviser to please state their full name, contact address - that is, the work address - and the capacity in which they appear before the committee.

### **Division 80: Family and Children's Services, \$154 395 000 -**

[Hon Bob Thomas, Chairman.]

[Hon M.J. Criddle, Minister for Transport.]

[Mr W. Budiselik, Acting Director General.]

[Ms P. Bagdonavicius, Executive Director, Strategy and Funding Management.]

[Mr M. de Mamiel, Director, Financial Services.]

[Mr L. McCulloch, Executive Director, Metropolitan Service Delivery.]

[Mr P.M. Birchall, Director, Service Design and Evaluation.]

[Mr T. Murphy, Executive Director, WA Drug Abuse Strategy Office.]

[Ms W. Murray, Acting Executive Director, Office of Seniors Interests.]

[Mr R. Freeman, Director, Business Management, Office of Seniors Interests.]

[Ms A. Norgard, Executive Director, Women's Policy Development Office.]

[Ms M. Robinson, Manager, Corporate Services, Women's Policy Development Office.]

The CHAIRMAN: I ask each of the witnesses whether they have read, understood and completed the "Committee Hearings Information for Witnesses" form? All witnesses have indicated in the affirmative. Do all the witnesses fully understand the meaning and effect of the provisions of that document? Again all witnesses have indicated in the affirmative.

We have combined the Office of Seniors Interests with Family and Children's Services for this hearing. Therefore, questions can be related to either of those two program budgets.

Hon CHERYL DAVENPORT: I gather that the Women's Policy Development Office is part of Family and Children's Services. Obviously it has officers here, so I imagine that is an area on which members can ask questions.

The CHAIRMAN: Yes, we have the officers here. The minister will now make a short statement.

Hon M.J. CRIDDLE: The portfolio arrangements which will be operative from 1 July 1999 have been put in place so that the separate agencies within this portfolio will amalgamate their administrative processes. This involves bringing the Office of Seniors Interests and the Women's Policy Development Office into the same administrative arrangements with Family and Children's Services as those which are in place for the WA Drug Abuse Strategy Office. The new Family and Children's Policy Office has been established under the same structure. The new arrangement will streamline administrative processes and corporate functions and allow each agency to have an increased focus on core business.

The improvement of coordination and cooperation across relevant agencies through practical and constructive initiatives is a high priority for the Government. The new Family and Children's Policy Office is one mechanism by which policy issues relating to families and children in this State can be developed and implemented across government. The person to be appointed to the position of Executive Director of the Family and Children's Policy Office will be announced in the near future.

I will give a brief budget summary. The 1999-2000 appropriations budget for the ministerial portfolio is \$154 395 000. This budget is for Family and Children's Services, the Family and Children's Policy Office, the Office of Seniors Interests, the Women's Policy Development Office and the WA Drug Abuse Strategy Office. The budget includes \$146 047 000 in

recurrent funds and \$8 348 000 in capital services. When revenue of \$14 322 000 is included in the budget, the total is \$168 717 000.

Hon MURIEL PATTERSON: I commend Family and Children's Services for the way it has managed to turn around the public concept of a welfare agency to a family agency. I am hoping that this shows throughout the department's work.

I comment on two points on page 510 of the *Budget Statements*. The first dot point states -

The Government finalised and launched its response to the "Report by the International Year for the Eradication of Poverty (1996) Task Force. As a result the department:

- planned for the introduction of a state wide, community based "No Interest Loan Scheme";
- released three research projects; the Community Attitudes to Poverty Study, Step Families and Poverty Study and the Prevalence of Poverty Among Migrant Families in Western Australia; and
- implemented an annual Churchill Fellowship to 2006 for work on poverty related issues.

That is a commendable way to proceed. However, what are the criteria for selecting the recipient?

Mr BUDISELIK: The recipient of the Churchill Fellowship?

Hon MURIEL PATTERSON: No, the no-interest loan scheme and such support.

Mr BUDISELIK: It will be a targeted scheme. Therefore, not every citizen will be eligible to receive a no-interest loan. It will be based on health care card eligibility criteria.

Ms BAGDONAVICIUS: The new no-interest loan scheme will be a community-based scheme. We are going through the process now of selecting the agency that will administer that scheme across the State. The service specifications for the scheme are non-specific. We are asking the agencies, as they come in with their proposals, to identify for us the selection criteria. In discussions with the Western Australian Council of Social Service we also developed those selection criteria, and we also consulted with non-government services assisting people across the State. It was clear that we needed to have some flexibility. It is a broad target group; it can target families and individuals on low incomes. However, to take into account some of the regional variations that may also need to apply around the State, we did not want to stipulate the level of that low income as part of the service specifications to allow some flexibility as agencies come back with their proposals.

Hon MURIEL PATTERSON: Is there a limit?

Ms BAGDONAVICIUS: We expect that there will be clarification of how the agency administering the service will set a limit. We expect that most of the loans will be up to \$800, maybe \$1 000, for metropolitan and country areas. However, there may be some capacity to raise that to a higher figure, because one of the messages we received clearly from the community in developing the specifications was that costs are higher for those sorts of schemes in the country.

[9.10 am]

Hon MURIEL PATTERSON: The second dot point of major achievements on page 510 of the *Budget Statements* states that the department has responded to national initiatives for the establishment of procedures to minimise the chance of employing people who may pose a risk to children in any paid or voluntary capacity. The criminal record screening unit was established on 1 July. Is it too early yet to establish whether this is proving satisfactory?

Mr BUDISELIK: The criminal record screening unit was established in the department. We have a protocol with the national exchange of police information and we are processing requests for clearances now. These are early days in introducing it comprehensively across the sector, although it has been introduced comprehensively within the department.

Hon MURIEL PATTERSON: I imagine that it will be very important to existing staff and to the public in general.

Mr BUDISELIK: Yes.

Hon CHERYL DAVENPORT: I have some concerns that the Office of Seniors Interests has been placed under Family and Children's Services. I realise that the minister says that the policy office is answerable to her, but I think a range of seniors would find it rather an insult to be placed under an agency that is seen primarily as a welfare agency in this State. If consultations took place with self-funded retirees, you would get that kind of answer. I think there would also be a range of concerns from women that it has happened with the Women's Policy Development Office. What is the significance of the Office of Seniors Interests in particular answering directly to the minister but with all the Financial Administration and Audit Act accountability coming under Family and Children's Services?

Hon M.J. CRIDDLE: The member is quite right that the Office of Seniors Interests will report directly to the minister. The executive director of the agency will be sitting with the other chief executive officers, so that will obviously be an advantage. There will also be some advantages in the administration of the organisation and some streamlining of the administration.

Ms MURRAY: My understanding is that it is very similar. In comparing the administration of the Office of Seniors Interests with aspects of Family and Children's Services' administrative arrangements, particularly the management of finances and streamlining payments and so on, one may see some advantages. The policy development side will remain reasonably discrete in that we will refer, liaise and coordinate through Bob Fisher, the Director General of Family and Children's Services, but the initiatives will come, as they do now, directly from the minister, the community and the perceived need of the community by the Office of Seniors Interests' staff in their liaison and coordination role.

Hon CHERYL DAVENPORT: Does that mean that all of the full-time equivalents under the Office of Seniors Interests now become employees of Family and Children's Services?

Mr BUDISELIK: In terms of reporting, as in the *Budget Statements*, the director general will be the accountable officer for the portfolio, so that is correct. I am aware that he is intending to run an executive which will bring together the executive directors of the Women's Policy Development Office, the Office of Seniors Interests, the WA Drug Abuse Strategy Office and the new Family and Children's Services Policy Office, plus the director of corporate administration, and holding separate the existing executive of Family and Children's Services. He is intending to run it in a way which emphasises the advantages for the other portfolio agencies, bearing in mind that Family and Children's Services is very large in comparison.

Hon CHERYL DAVENPORT: The problem as I see it is having small agencies that have been independent now coming under the umbrella of a big department like Family and Children's Services. I have great fears that they will become the poor relations, as it were.

Mr BUDISELIK: The model for the Drug Abuse Strategy Office was believed to be working very effectively without seeing it immersed in Family and Children's Services. People are seeing that a real advantage is possible in getting to the outcome. The director general was the employer under the Public Sector Management Act, so the position is unchanged.

Hon MARK NEVILL: Page 11 of your annual report shows six executive directors and two directors. The remuneration table on page 69 suggests that one of the directors or executive directors will earn less than \$40 000 a year. Is that correct?

Mr de MAMIEL: I am having trouble finding the information, but the \$40 000 average would not be correct.

Hon MARK NEVILL: So there appears to be an error in the annual report.

Mr de MAMIEL: I would have to examine it further.

Hon MARK NEVILL: The rest of the departmental staff must be on fairly miserable salaries if the executive director earns under \$40 000.

Mr de MAMIEL: We try our best!

The CHAIRMAN: If you are able to find that information during the course of the hearing, feel free to let us know and provide that information. Otherwise we can take it on notice.

Hon MARK NEVILL: Does the department provide any special services to prisoners or ex-prisoners in particular or are they treated as part of the service?

Mr BUDISELIK: As far as I am aware they are treated as a general group of recipients. I am aware that through Outcare, which is funded by the Ministry of Justice - we have provided funding in the past - some specific services are provided post-release and to their families while people are in prison.

Hon M.J. CRIDDLE: Does Family and Children's Services not provide that?

[9.20 am]

Mr BUDISELIK: Not that I am aware of. I am pretty sure that funding is through the Ministry of Justice. The exception is if a woman in prison is pregnant and likely to give birth while in prison. We are part of a committee that looks at the needs of a child who would be born in prison and decides whether that child should stay with the prisoner and that sort of consideration.

Hon NORM KELLY: I refer to page 515 of the *Budget Statements* and to the timeliness of investigating child concern reports. Although I appreciate that the department has been able to increase its performance under this criterion, the percentage of child concern reports where investigation began within priority time frames is only 92 per cent for 1998-99. That means that in over 400 cases, these reports have not been investigated within the priority time frames. Why was the target in last year's budget papers not met? What are the priority time frames for investigating child concern reports?

Mr BUDISELIK: Last year we dealt at some length with the timeliness of our response to child concern reports and child maltreatment allegations. That item has been on the agenda of the executive monthly since that time. We are tracking carefully how our responses are going. There are three priority time frames for child concern reports, depending on the seriousness of the report. A total of 4 095 child concern reports were received in the period July to March, of which 432 were priority 1. The assessment time recorded for all those reports was 92.1 per cent. At executive level, we look at the exceptions to responding within time, and there are generally some specific reasons. Often they started the next day. Examples of not being able to respond within time can include getting to remote communities and being rained-in. We will continue to list 100 per cent as our goal and will continue to strive towards that level.

Hon NORM KELLY: What is the time frame for priority 3?

Mr BUDISELIK: Ten days. The child care concern report is a holding category while we make an assessment about whether we should deliver family support services or regard it as a child maltreatment allegation. With regard to child maltreatment allegations, which is a linked concept, in the period we have looked at, five were out of time for priority 1, and each of those was for a particular reason.

Hon NORM KELLY: What is the time frame for priorities 1 and 2 for child concern reports?

Mr BUDISELIK: Priority 1 is within 24 hours, and priority 2 is within five working days.

Hon NORM KELLY: Do you have the same time frames for child maltreatment allegations?

Mr BUDISELIK: Yes, but for child maltreatment allegations there is no priority 3.

Hon NORM KELLY: I refer to page 521. The percentage of investigations of allegations of child maltreatment which began within priority time frames is 85 per cent for 1998-99. Was it for the same reasons that the target was not achieved for that output? In this case we are looking at over 350 children.

Mr BUDISELIK: With regard to child maltreatment allegations, in preparation for this process we tried to count everything from July last year to the end of March so that we could give you definitive information. In that period, five of the priority 1 child maltreatment allegation cases were out of time, and there were specific reasons for that. Part of the problem is the time lag in reporting, where this year's final figures will probably not be clear until July or August after all the recording has occurred. We are monitoring it very carefully.

Hon M.J. CRIDDLE: The percentage has increased. In January and February the rate was 91 per cent, which indicates an improvement from the beginning of this year.

Mr BUDISELIK: The reasons those five cases were out of time are as follows: Case 1 fell 20 minutes outside the 24 hour cut-off time, so it is not considered to be a serious concern. In case 2, the child lived in a remote desert community on the Northern Territory border, and the case was one of extra-familial assault requiring joint involvement by the police. However, the police were at another remote community, so it took some time to contact them. Case 3 was also in a remote community. Arrangements were made to fly with the police to the community, but the flight was delayed because of bad weather. Case 4 was investigated on Christmas Eve and was out of time by one and a half hours. We are monitoring cases to that degree of specificity. I do not think we will ever achieve 100 per cent on paper, but if we keep accounting for exceptions like that, we are satisfied we are doing everything possible.

Hon NORM KELLY: It is encouraging that the trend is increasing towards 100 per cent.

Hon M.J. CRIDDLE: There will always be anomalies, from what I can gather from the information, and there will always be some exceptional circumstances.

The CHAIRMAN: We are dealing with people, so naturally.

Hon CHERYL DAVENPORT: I refer to the major achievements for 1998-99 at page 526 and to the initiatives that are proposed in the "Time on our Side" document. The first initiative is the intention to continue the elder protection strategy as a pilot for the next 12 months. That pilot has now been operating for about 18 months. When will the pilot be completed? Is it intended to expand that across the State?

Ms MURRAY: The elder protection pilot will be completed in July this year. It commenced a month late. It was intended to run from January to June the following year. The pilot has run a number of workshops across the State, so it is being run outside the metropolitan area. The pilot workshops are providing education about the use of the elder protection protocols, to encourage agencies to regard elder protection as a serious issue, and to tell them how to recognise it, and how to identify the appropriate resource, which may be in the Office of the Public Advocate, Family and Children's Services, the Police or Community Health. Elder protection needs to be directed to a range of areas. One of the priority areas that was identified during the pilot and not completed during the pilot was community development, which was getting agencies on the ground to have a good protocol of working with each other in identifying and allocating a service. The pilot will be extended around this area that was not satisfactorily completed. In addition, the elder protection strategy has identified the need for formal training that can be linked into the existing community services training package, so that people from Police through to Health and Community Services can undertake a training program that is accredited and recognised. That will be a major element. An additional element is working at senior levels with primary government departments to formally and firmly establish how the protocols will work with human resource allocations, job descriptions and financial requirements. Strategies are proceeding. It is intended that the pilot will finish in July, but one element of the pilot is being extended.

[9.30 am]

Hon CHERYL DAVENPORT: I presume that the pilot will then be evaluated and discussions held on whether to extend the program around the State.

Ms MURRAY: Yes. The pilot is being evaluated practically as we speak. The final report of the pilot is due in July. We have preliminary feedback and indication, so we know enough about how the strategies should be directed. The existing need is small, but it is clearly identifiable. We do not have numerical data, so we intend to proceed to obtain good numerical data and to extend the program.

Hon CHERYL DAVENPORT: I refer to the "Time on Our Side: A Five Year Plan for Western Australia's Maturing Population" document and also to the pilot for new technologies for seniors' programs. I understand a pilot program is being considered, in conjunction with the Office of Information and Communications, to make seniors more aware of new technology, particularly in relation to smart card technology. Who from the non-government sector is involved in the consultation process, which I imagine will be required to ensure that the program is appropriate?

Ms MURRAY: The program has two or three elements. Originally, the new technology strategy of the office was to put in place training in appropriate places for seniors to learn to use different forms of technology relevant to their lifestyle. We included automatic teller machines, microwaves, petrol bowsers etc. It is delivered largely through the telecentre network, which is located in the Department of Commerce and Trade; its technology centres operate for commerce, education and

a range of other purposes. Hopetoun, Moora and Quairading were the original sites. The Mandurah senior citizens' centre is also running a pilot. We have engaged a nursing home adjacent to Technology Park, with which a larger program is being developed. Regarding non-government centres, we are working with the senior citizens centres network and the Australian Bankers' Association, in a minor way, to promote education for seniors accessing automatic teller machines.

Hon CHERYL DAVENPORT: So there is no consultation with the peak organisations, such as the Council on the Ageing (WA) Inc and the WA Council of Social Services?

Ms MURRAY: We have certainly consulted COTA and the Australian Pensioners' League of WA Inc.

Hon M.J. CRIDDLE: Advances for seniors will be of real benefit to the community. That knowledge is essential.

Hon CHERYL DAVENPORT: I agree, provided the right people are brought in to make it happen.

Hon M.J. CRIDDLE: Obviously, we must ensure that those people avail themselves of the service. It is essential in the community today.

Hon CHERYL DAVENPORT: In relation to the development of the proposed carers policy, can you tell me which other government agencies and departments, and which agencies from the non-government sector, are involved in the preparation of that policy?

Ms MURRAY: The carers policy is being developed and we are working towards developing a background paper. At the preliminary stage, we are working with Family and Children's Services, the Health Department, the Disabilities Services Commission, with reference to the Department of Veterans Affairs. The Carers Association is the major point of reference within the non-government sector. Also, we have nominated the relevant advisory boards to the Disability Services Commission and Family and Children's Services, and the Seniors Ministerial Advisory Committee, as representing a more extensive network. That will be our next point of contact with the non-government sector. We have a proposed list of immediate contacts once we are into the firmer preparation stage. That could be provided later if required.

Hon CHERYL DAVENPORT: Do you have any idea when the policy might be released?

Ms MURRAY: We are very optimistic that it will be released at the beginning of Carers' Week in October.

Hon M.J. CRIDDLE: I wish to clear up an earlier question from Hon Mark Nevill regarding the executive directors in the annual report. That answer is available.

Mr de MAURIER: The table on page 69 of the report reflects the remuneration paid to senior officers. Some people come off and on the table. The table represents people who were fully paid out in a year, and reflects some people who have left the organisation. One example is the director of special projects, as shown on page 11; namely, Mr Don Punch. Seven people should be on the table, including Terry Murphy. This was shown on page 11. Mr Murphy did not have a full year in 1998, and he is not reflected on the table. I think that explains the anomaly.

Hon MURIEL PATTERSON: In recent years you have increased the special emphasis on parenting as a preventive measure. How are you making the public aware of this service in a broader sense? Can you inform me of the response from the public?

Hon M.J. CRIDDLE: This is all about family and the essential need to keep families together. That is the thrust of Family and Children's Services.

Hon MURIEL PATTERSON: I hope the right people are using the service.

Mr BUDISELIK: We have had a continual focus on our parenting campaigns. We are about to move into stage 5 of our parenting campaign, which has been very effective over the years. It involves the use of the media, as well as our officers around the State being responsive to the needs of the local community by speaking publicly, etc. Our parenting information centres have a large throughput, and are well used in each of the locations. We develop a theme each month at the centres which focuses on an aspect of parenting. Also, above the information level, we provide lower support services to families through home visiting services and so on. We use the Royal Show to display our wares, and we have mobile caravans visiting remote communities. A mobile centre is used in the metropolitan area which is set out in various shopping centres.

Hon MURIEL PATTERSON: Is special funding provided for this area, or is it under the general budget of Family and Children's Services?

Mr BUDISELIK: We put money into that area for parenting initiatives in output 1. We estimate this year we have spent about \$1.7m in promotion and parenting support. That is not at the service level; it relates to officers' time involved in the community spreading the message.

[9.40 am]

Hon MURIEL PATTERSON: Are single parents using this service?

Mr BUDISELIK: Yes.

Mr BIRCHALL: We collect information on the number of contacts made for these services and add together all the contacts in the range of services that Mr Budiselik has just mentioned. We estimate that by the end of this financial year 159 851 contacts will have been made, which is obviously a massive distribution of the information across the community. We also collect information on the satisfaction of the services from the consumers. This is an area in which we rate our very highest;

100 per cent of the people who use these services report that they are very satisfied with them. From the consumer's point of view, it seems to be very successful and appreciated.

Hon MURIEL PATTERSON: That is great to hear.

The CHAIRMAN: The parent information centre and the Outreach service run through Albany are very well run; however, I may have a vested interest because my wife works there!

Hon M.J. CRIDDLE: It is a clear indication that you are doing very well!

The CHAIRMAN: It is a very good service. Consumers do not have to deal with people who are in suits and ties, but with people in T-shirts. The mechanisms they use to get their message across are very innovative.

Mr BUDISELIK: It is very innovative and has gained national and international attention. An academic from America heard about it through a student who had visited Perth. He came over recently especially to have a look. I believe Queensland has also replicated one of the PICs.

The CHAIRMAN: The concept has won an award, has it not?

Mr BUDISELIK: Yes.

The CHAIRMAN: What award was that?

Mr BUDISELIK: The Prime Minister's award.

Hon M.J. CRIDDLE: The Prime Minister's award for innovation in industry. The feedback you just gave is always very valuable when we are dealing with parent or family services and so forth because we need that feedback to know that the services are targeted correctly.

The CHAIRMAN: This service goes to places such Ravensthorpe, Jerramungup and Gnowangerup that are starved of government services. It is an excellent service.

Hon NORM KELLY: I refer to page 507 of the *Budget Statements*, recurrent outputs. It appears from the estimates for 1999-2000 that the services will be decreased. Given some of the previous comments in the papers for the cost effectiveness of early intervention services, it seems a little odd that we are seeing this decrease in funding. The only significant increase in recurrent expenditure appears to be in policy coordination. Can you explain that?

Mr BUDISELIK: It has taken us a lot to understand how that could appear that way. Firstly, there is no reduction in services in each of the outputs. Secondly, there is an increase in the appropriation from the previous year, if an allowance is made for a transfer of \$950 000 to EDWA, of \$3.45m. The actual appropriation to the department has increased this year from last year. The explanation for the relative difference between 1998-99 and 1999-2000 is most simply explained by extraordinary expenses in 1998-99 which will not reoccur in 1999-2000. The best example is in the area of a federal industry award called the cash award which impacted on a large number of services in Western Australia. The affected agencies were funded by both the Commonwealth and the State. The Commonwealth did not make a commitment to provide extra funding to the agencies, so in 1998-99 the State provided an extra \$3.3m to those agencies. That money picks up some of the backlog in the previous year and also brings the agencies up to square for 1998-99. The papers were prepared before the commonwealth budget came down, but the Commonwealth has now indicated its commitment to reimburse the department for that expenditure. In 1999-2000, an extra \$5m of commonwealth money will be spread across the various outputs. Other examples of extraordinary expenses is the Y2K computer bug problem, which consumed about \$1m; some extraordinary items to do with rent; and the transfer of \$5m from health in the drug area. We are satisfied, firstly, that our services will not decrease and, secondly, that more money is available in genuine recurrent expenditure.

Hon NORM KELLY: I refer to the drug abuse treatment and prevention services. I applaud the Government for the fact that since two years ago, funding has doubled for this line item. I am concerned about how the proposed \$13m is to be spent. Is it possible to show a breakdown of that gross funding into what is provided for education services versus what is provided for treatment and prevention programs?

Mr MURPHY: An amount of \$7.153m is spent in treatment and support services; \$3.418 is spent on sobering-up services; \$2.489m is spent on education services; and \$523 000 is spent on prevention, which, apart from education, includes community action.

Hon SIMON O'BRIEN: I refer to the drug strategy and to page 536 of the *Budget Statements*. In the second dot point of major initiatives for 1999-2000, reference is made to "expand diversion programs to engage offenders into treatment at various levels of the criminal justice system". How is that proposed to work?

Mr MURPHY: Western Australia currently has in place the court diversion service, which has operated for 11 years, and operates in the Courts of Petty Sessions and the District Courts. It works with people during the remand period and makes a recommendation to the court for treatment to continue as a condition of a community-based sentence. Building from that base, we envisage a more comprehensive and integrated system of diversion options through the criminal justice system. I preface this by saying that substantial work is being done and decisions are yet to be made by Government on the precise outcomes that will result. This should include the police diverting offenders into compulsory treatment, which is the terms on which the Council of Australian Governments agreed in April this year; and the court diversion service continuing to operate in the court system servicing both the Courts of Petty Sessions and the District Court with a screening service and, for less serious offenders, continuing to work in the same way with offenders during the remand period, and then subsequently engaging them through to treatment.



We recently completed a study, and the Government will take some decisions on the establishment of a drug court for more serious offenders in the near future. The drug court involves judicial supervision of offenders while they are in treatment during the sentence. That represents a graduated level of intervention, becoming more intensive as the problems and seriousness of the offence become greater.

[9.50 am]

The CHAIRMAN: What is the budget for the court diversion office and how many people are employed in that?

Mr MURPHY: That appears under the budget of the Ministry of Justice, but I can give the committee approximate figures. It has three FTEs and a budget of around \$200 000. It is then supported by conditions of contracts in non-government services to work with those clients.

The CHAIRMAN: It is an excellent service.

Hon SIMON O'BRIEN: A major achievement for 1998-99 refers to a comprehensive strategy to reduce heroin overdose deaths involving all the key agencies and drug users that resulted in a decrease in deaths in 1998 compared with 1997 in contrast to other States. Was there, in fact, a decrease in heroin overdose deaths in Western Australia, and can you contrast that with another State, perhaps referring to results of the harm minimisation policy?

Mr MURPHY: The heroin epidemic sweeping Australia has had devastating effects. Western Australia achieved a small decrease of 7 per cent in the number of deaths in 1998 compared with 1997. This contrasts with increases in deaths in the States which have reported these figures; in Victoria by around 50 per cent and in New South Wales by a similar dimension. From all the information available to us, and I caution that not all States make figures as readily available as Western Australia, the death rates in all States are continuing to rise. We managed to keep that down last year and are still doing so this year. However, we are battling against a substantial increase in world production of heroin and a continuing increase in supply. That is an enormous challenge to the drug strategy.

I think the member is asking how that reduction might have been achieved. It has been achieved through a comprehensive strategy and a range of initiatives to prevent drug abuse in the first place, through education such as our drug awareness public education campaign - this is the only State to have such a campaign - and through comprehensive treatment services, most specifically, those treatment services that relate to the prevention of heroin deaths. The number of people on methadone treatment has increased in the past two years from 1 000 to 2 399.

There is also a range of specific initiatives targeting heroin overdose. That involves policies and procedures between police and ambulances, so that people are not discouraged in any way from calling an ambulance; targeted education strategies to those people who are using heroin; and outreach among those people so that a very large group of volunteers - some 100 in the last intake - are trained in resuscitation methods and how to avoid heroin overdose death. They mix with drug users wherever and whenever they can find them to transmit those messages. We see in this strategy a bedrock of preventive and treatment strategies to reduce drug abuse in the first instance and some carefully targeted harm reduction strategies aimed at people who are continuing to use drugs. However, those strategies are being targeted directly at them and not at the general community.

The CHAIRMAN: You talked about the death rate rather than the raw numbers. What is the rate and how is it calculated?

Mr MURPHY: Our raw number reduced from 83 deaths in 1997 to 77 deaths in 1998. Those figures are suspected deaths on the basis of coronial inquiries, and are subject to some variation upon analysis of coronial determination. The rate is calculated on a per million of persons aged 15 to 44, which is the national standard. The only rates that have been published nationally are for 1997 at which time we were running at about 80 per million.

The CHAIRMAN: How does that compare with other States?

Mr MURPHY: That was substantially fewer than New South Wales but at the time virtually identical to Victoria. Obviously given what I said earlier, that gap had widened.

The CHAIRMAN: Could you provide information on a comparison of death rates for each of the States?

Mr MURPHY: It would be sensible to provide accurate figures.

Hon MURIEL PATTERSON: When you referred to the drug abuse success rates, did you mean those who have their addiction under control or those who have full release from addiction?

Mr MURPHY: That is a good question, and there is not a simple answer. It is both, in fact. When we refer to the outcomes of treatment, we measure positive impacts in terms of reduced crime, reduced drug use, and improved health and social functioning. The ultimate success with drug treatment is abstinence. Those other outcomes are points along the way. It is important to measure both because, as people will know, drug treatment is not like mending broken legs; it is helping people through a struggle. Usually they need a few tries at it, but on each try those improvements in functioning increase.

Hon CHERYL DAVENPORT: How many heroin deaths have there been this year?

Mr MURPHY: Thirty-seven.

Hon CHERYL DAVENPORT: Earlier you talked about the diversionary processes. Is it the intention of the Government to introduce a cautioning system to divert heroin users found in possession of heroin into rehabilitation programs as opposed to charging them with a criminal offence?

[10.00 am]

Mr MURPHY: I will give a bald answer to that initially, and then explain. The answer is no. However, the Council of Australian Governments has agreed that police divert drug offenders into compulsory assessment. The actual mechanisms and criteria for that to be achieved are being worked out at a national level between all States, and coordinated by the Department of the Prime Minister and Cabinet. There is a very clear use of illegal drugs, and this State is concerned to achieve the opportunity to charge offenders to ensure that they are engaged in that compulsory assessment and resulting treatment.

The CHAIRMAN: Do you have an estimate of the number of users of heroin in Western Australia at the moment?

Mr MURPHY: An estimate was published in the report of the parliamentary Select Committee into the Misuse of Drugs Act 1981 in August last year. It is a difficult figure and it is the subject of continuing research by our office. It was reported to be between 15 000 and 50 000 in round terms.

Hon M.J. CRIDDLE: It is a difficult factor to measure and it means getting into the hearts and minds of people to work it out.

The CHAIRMAN: Do you have any estimates of the proportion of people who stop using heroin?

Mr MURPHY: There are different figures. One that we have used recently, in response to a query, is the experience of people who go onto the methadone treatment program which is a substitution therapy. The rate of people coming off methadone after being on it for the therapeutic period, which is two to three years, is 3 to 4 per cent a year. On another tack, the natural history of addiction tends to reflect people having careers of anything between five and 15 years of dependence, and there is some natural attrition. The complicating factors are the substantial rates of mortality along the way, with the result that many people who would have had a career of that duration, die before the impact of treatment or natural attrition can help them to get off the drug.

The CHAIRMAN: It is an absolute waste of potential. If you have anything additional you can provide to the committee, I would appreciate that.

Mr MURPHY: I will see what I can do.

Hon RAY HALLIGAN: At page 516 of the budget papers, in the output for family, youth and individual support, one of the major initiatives for 1999-2000 is to implement the new statewide community based no interest loan scheme through not for profit service providers. Are there any figures for this in the budget? Will the agency provide the interest free loans or provide grants to the service providers?

Mr de MAMIEL: An amount of \$1.5m is provided for NILs over the next three years. Obviously we will not divide that by three because we are still negotiating the commencement time for 1999-2000.

Hon RAY HALLIGAN: What criteria must applicants meet to obtain those loans?

Ms BAGDONAVICIUS: The eligibility criteria for the new no interest loan scheme will be agreed through the tender specification in terms of the agency providing that service. It clearly will not be a grant and people will enter into those arrangements on the basis of seeking a no interest loan and will make arrangements to repay that loan. We believe that shifting to a community-based scheme will result in better repayment of loans. That is the experience in other States, and that should generate more income to put back into the scheme to provide additional loans for other people.

Hon RAY HALLIGAN: Are you suggesting the criteria have some form of flexibility?

Ms BAGDONAVICIUS: There will be some flexibility, and it will be published once we have been through the selection process with the agency providing the service.

Hon RAY HALLIGAN: On page 156 also, one of the major initiatives for 1999-2000 is to improve the responsiveness of services to the needs of Aboriginal families and children. I take it that the department has obtained, or is still obtaining, a database of those needs. What sort of responses will be provided once those needs are identified?

Mr BUDISELIK: In terms of our services for Aboriginal people, within the department we have started primarily by trying to get a fair representation of Aboriginal staff in our department. About 10 per cent are Aboriginal. Danny Ford is the Director, Aboriginal Strategy and Policy, and sits on the executive. Increasingly, we are trying to be open to Aboriginal input within the department. Responding to the needs of Aboriginal people varies in different parts of the State. I know, for example, that in the far north, the zone manager has Aboriginal people in the various communities, who receive money additional to their community development employment program, and work in a cooperative way with the department, pointing out problems in the area. We are increasingly trying to support Aboriginal non-government agencies to navigate the processes of our funding, so we continually monitor how many of our funded services are Aboriginal organisations and how many dollars go to those organisations. We have brought about big corrections in historical funding anomalies to organisations such as Djooraminda, for example, which provides a residential care program. We have a broad strategy and that is one of the greatest areas of need for child welfare.

Hon RAY HALLIGAN: You obviously believe you have it under control.

Mr BUDISELIK: We believe we have strategies in place that will lead to a better outcome.

Hon M.J. CRIDDLE: There are many difficulties in that area and the communities must get involved in the strategy.

Hon RAY HALLIGAN: At page 517, reference is made to a keeping families together service. Hon Muriel Patterson spoke earlier about that program. The budget papers indicate that the service has been established in the north metropolitan area. I do not know a great deal about this; what is being provided and what do you hope to achieve?

Mr BUDISELIK: Basically, one of the restructures we are trying to work through with our traditional pattern of funding is to become as preventive as possible, wherever possible. In terms of traditional services to residential child care agencies, we have identified money that is now used to fund the non-government sector for services to families who, if not for this service delivery, would have their children in care.

Ms BAGDONAVICIUS: That service is provided at Mofflyn family support services in the northern suburbs. It also has another metropolitan-wide service.

[10.10 am]

Hon CHERYL DAVENPORT: My questions relate to adoptions. Firstly, the figures for international adoptions in Western Australia are significantly lower than those for South Australia. Given that a non-government organisation seeking an international adoption licence was denied that licence, have extra resources been allocated from this budget to try to raise the number of international adoptions occurring in Western Australia?

Mr McCULLOCH: No extra funding has been allocated for that from the budget. Obviously, with the signing of the Hague Convention on Protection of Children and Co-operation in respect of Inter-country Adoption it is expected that increased numbers of inter-country adoptions will occur in Western Australia.

Hon CHERYL DAVENPORT: Does that mean that you will be able to employ more full-time equivalents to concentrate specifically on those adoptions?

Mr McCULLOCH: I contend that we have enough FTEs already in the pre-adoption area to be able to accommodate that.

Hon CHERYL DAVENPORT: How do you explain that the Western Australian figures are so much lower than other States?

Mr McCULLOCH: In Western Australia we have not been able to develop a relationship with some of the countries; however, we will be working on that especially now that the Hague convention is in place.

Hon CHERYL DAVENPORT: What is the time frame for the review of the Adoption Act 1994? Will that review include amendments along the lines of the recommendations in the review report, removing information vetoes and phasing out contact vetoes for those people affected by the Adoption Act?

Hon M.J. CRIDDLE: Members must be well and truly aware that on the time frame, Mr McCulloch is relying on what happens in Parliament.

Hon CHERYL DAVENPORT: I realise that but it is more than two years now since the review was completed.

Mr McCULLOCH: There were 86 recommendations in the review and the review has been submitted to Cabinet. Cabinet has endorsed 76 of those recommendations; that information was given to the Estimates Committee in the other House. Sixty-five of the recommendations require legislative amendment and the drafting instructions are with parliamentary counsel. The priority of the legislation is obviously up to the Government, as is the issue of the policy statement on which recommendations it has or has not endorsed.

Hon CHERYL DAVENPORT: I ask that this question be placed on notice: Is it possible for you to table the recommendations that have been endorsed by Cabinet?

Hon M.J. CRIDDLE: That is obviously a decision that the minister will have to make and I will take that up with her.

The CHAIRMAN: That question is on notice.

Hon M.J. CRIDDLE: There is a correction to be made in the matter of the Premier's award which was referred to earlier.

Mr BUDISELIK: Just to be absolutely clear, we think we should have received more awards! We did win a Prime Minister's award for our new directions program, which included parenting information centres to some extent. We were also a finalist in the Premier's award in 1998 in the category of public sector for service design delivery. We think we deserve more.

The CHAIRMAN: I agree with you. You do deserve more awards for the parenting information centres.

Hon M.D. NIXON: At page 530 of the *Budget Statements*, the third dot point under "Major Achievements for 1998-99" reads -

Provided a telephone information service, staffed by senior volunteers, and responded to approximately 40,000 calls during the year.

How does this service work? Is it one central number or a series of volunteer groups? What are the types of things to which they respond? To whom do the volunteers direct the seniors who ring in?

Hon M.J. CRIDDLE: Ms Murray will answer that question; however, this exemplifies the fact that seniors can be, and are, of real value in the community today.

Ms MURRAY: That is in fact the case. The telephone information service is staffed entirely by senior volunteers. It is administered within the Office of Seniors Interests and there is administrative support for the volunteers. There are around 40 volunteers and the number at any one time in the office is in the order of six to eight. They work a slightly shorter day than normal and manage their own preferred times etc. We provide travel support and every other support that we can. The people who call in are largely seniors. The service is advertised as an 1800 number, therefore it is a free call for seniors throughout the State. The calls are often able to be answered by volunteers. There is a great deal of human contact on a large number of referrals that might be called common knowledge calls. The volunteers have full information on the major activities of the major government departments and the major referral resources for particular issues. The Department of Veterans' Affairs, Centrelink, the Health Department and other major departments are common referrals. The calls are continuous and frequent. The management of the volunteers centres on the frequency of calls. There is an increase in calls at budget time and when new initiatives are announced. The volunteers are also wonderful in that we have our own supply of volunteers inside the office to check any of our perceptions on the issues for seniors, therefore it is a double benefit in many ways.

Hon M.D. NIXON: Is there any training for these volunteers before they enter into the service? If so, how long does it take?

Ms MURRAY: Yes, there is. I would like to provide information later on the exact duration of training. Training is provided by the office and, as I said, support is provided. They are located within the office adjacent to the full-time staff of the office so that there is immediate support and training. If the member would like proper detail on training, I can provide that at a later date.

Hon M.J. CRIDDLE: Does the member require that information on notice?

Hon M.D. NIXON: Yes, if I could, Mr Chairman.

The CHAIRMAN: That question relating to the volunteers is on notice.

Hon DEXTER DAVIES: My question relates to the provision of treatment and support services for the families of people with drug problems. What is the situation with the service provided by Dr George O'Neil on the naltrexone treatment program? What is the assessment of that program? What is the likelihood of it being extended?

Mr MURPHY: Dr O'Neil has been providing naltrexone treatment since mid-1997. He did so initially as part of a clinical trial, approval for which was withdrawn during that period. However, he managed to continue providing that treatment pending registration of the drug for general use, which occurred on 1 March this year. The drug has been registered for general use as a maintenance therapy, not as a rapid detoxification agent. Dr O'Neil's treatment program involves the use of naltrexone as a rapid detoxification agent, a purpose for which the drug is not registered. That makes it very difficult for government to provide direct support for Dr O'Neil's program; and I will return to that in a moment. He has managed to continue to provide treatment by charging a fee of \$2 600 per client. Not everybody pays; however, that does bring in substantial income that has enabled the program to continue. Additionally, some of the income is generated through Medicare. Recently, the Minister for Health, health officials and myself met with Dr O'Neil and he agreed to reformulate his existing program into a clinical trial and to again present the Government with a request for assistance on that basis. It is only on the basis of using naltrexone as an agent for rapid detoxification in the context of a clinical trial that the Government could consider supporting his program. To do otherwise would expose the Government to substantial legal liability for using a drug for a purpose for which it is not indicated.

[10.20 am]

Hon SIMON O'BRIEN: I refer to output 13 and advancing the status of women. I note that in the upcoming financial year, it is the Government's intention to work with agencies to implement the five priority areas in the Government's second two-year plan for women. What are the five priority areas?

Ms NORGARD: The five priority areas are: Customer focus; women in decision making; women and economic independence; personal safety, including domestic violence; and health.

Hon MURIEL PATTERSON: Mr Murphy, are you aware of the "Don't take drugs" program offered in some primary schools in America? It is a six-week course during which children are taught why people take drugs, why they should not and so on. It is an extremely good course. The kids get T-shirts and a little badge on completion of the course, and they are proud of their achievement. Like many things, I suppose its effect will not last with all children, but it is a very good preventive measure.

Mr MURPHY: I am not familiar with that program, but I am very aware of the drug abuse resistance education program that is delivered by police officers in primary schools in the United States. We looked at that program extensively during the task force on drug abuse. We have a substantial school drug education project involving the Education Department, the Catholic Education Office and the Association of Independent Schools. That program provides extensive teacher and school professional development programs, promotes the establishment of drug policies and protocols in all schools and has delivered a new curriculum for drug education from kindergarten to year 12, as well as having a heavy emphasis on the involvement of parents and the community. Western Australia is without doubt regarded as the national leader in school drug education. That is continually confirmed through the school drug education expert reference group, which was established as part of the national drug strategy. The other indicator of that is the substantial sales of the new curriculum in the eastern States.

Hon MURIEL PATTERSON: That is very gratifying to hear.

Hon M.J. CRIDDLE: We also have the local drug action groups such as Rotary and Lion's and other agencies that are all very helpful in that area.

Hon CHERYL DAVENPORT: I refer to page 507 and the recurrent output costs. I note that the figure for domestic violence funding from 1998-99 to 1999-2000 is substantially reduced by about 40 per cent. What is the reason for that?

Hon M.J. CRIDDLE: It was a carryover situation.

Ms NORGARD: There is an apparent drop. The managed carryover related mainly to the development and implementation of the freedom from fear campaign, which is a major public education campaign aimed at raising awareness and, in particular, changing attitudes and behaviours among men who commit domestic violence. The development of that program was very complex; we had to be very careful that secondary damage was not done while we were trying to prevent primary damage. However, the result was a carryover in the funding. What looks like a lump occurred because we needed to accumulate sufficient funds to get this major project off the ground. While further development is required, the program is now in maintenance mode.

Hon CHERYL DAVENPORT: Mention was made of discussions with the Commonwealth about the crisis assistance supported housing award. How many agencies still need an allocation to compensate for the CASH award? Has any funding over and above the CASH award increases been allocated to refuges? If so, will any of that meet the needs of children and teenagers, particularly to deal with their transition back into the community?

Ms BAGDONAVICIUS: At this stage, 48 services have received CASH award funding. Given the reasons outlined previously, the department's priority has been to look at 24-hour and extended-hour services. We were waiting for confirmation of the commonwealth funding, and now that that funding is to hand we will pursue outstanding applications. Some services still have not sought additional funding to compensate for the implications of the award. We will also look at the non-24-hour services.

Hon CHERYL DAVENPORT: Has any extra funding been allocated to meet the needs of children and teenagers in refuges?

Ms BAGDONAVICIUS: The current priority has been to meet the implications of the award because that has had such a massive impact on our funded services, particularly crisis accommodation services. We continue to fund services for children impacted upon by domestic violence.

Hon CHERYL DAVENPORT: But there has been no substantial increase.

Ms BAGDONAVICIUS: No, the priority has been the CASH award implications.

Hon CHERYL DAVENPORT: Are funds for the establishment of any new refuges included in this budget? In particular, when will the Carnarvon, Derby and Newman refuges open?

[10.30 am]

Ms BAGDONAVICIUS: The building of the refuges is in the Homeswest area of responsibility, given that it comes under the crisis accommodation program. I understand in Carnarvon these people are in rental facilities for the moment because purpose-built accommodation is under way through Homeswest. In Newman some one-bedroom places have been provided, either through Homeswest or are rented; I am not sure. Once the purpose-built facility is constructed, that short-term rental solution will provide medium-term accommodation.

Hon CHERYL DAVENPORT: I return to the domestic violence advertising budget. In relation to the freedom from fear campaign, how much will that cost over the time frame; second, is it intended to evaluate that program; and, third, have Aboriginal callers been identified?

Ms NORGARD: I will take on notice the question about providing the exact dollar figures. They are charted in various ways - the development phase, money for scheduled advertising of television, and funds for the support services - because it is a comprehensive program. We are working with employee assistance programs, the unions and people in the places at which men might collect and see and take notice of the information; for example, pubs, clubs and so on. It is a complex and comprehensive strategy and it would be of more use if I provided the figures later in a way that will give some meaning to them. The evaluation is ongoing. We did a pre-campaign evaluation so that we could have a benchmark to know where we were at. We have done a couple of evaluations since then. I will provide the exact figures later.

The program has been outstandingly successful; way beyond our wildest dreams, I am delighted to say. That presents a different set of problems in that the number of men actively seeking referral into behaviour change programs is starting to outstrip the availability of the services. It has been enormously successful and the evaluations have also shown - once again, to our amazement - even only six months or so into the program, a measurable shift in attitude in the public about the unacceptability of domestic violence. In the evaluation surveys, more men are saying straight out that domestic violence in any circumstance is unacceptable. The program has been successful beyond our expectations. It is attracting international attention. Clearly we are leading the way in a ground-breaking program. I can get the figures on the calls for the member. I do not think identifying Aboriginal calls is possible. The crisis line is staffed through Family and Children's Services. I do not know what my colleagues think.

Mr BUDISELIK: From August 1998 to February 1999, 300 active referrals were made by the help line. As Ms Norgard says, we have had to put extra money into some community-based agencies to receive those referrals and provide the services.

Hon CHERYL DAVENPORT: We all know there is a high level of domestic violence within the Aboriginal community. I know it is difficult to find out -

Ms NORGD: In the domestic violence prevention unit we are aware that Aboriginal family violence is an issue. Although it is extraordinarily difficult to deal with, to come to an understanding of it, and to devise policy and strategies that are culturally appropriate, we are making it a major priority in the second action plan on domestic violence which is being developed at this very moment with extensive consultation throughout the State.

Hon M.J. CRIDDLE: Given that it is a little difficult to separate those figures, we will provide them as supplementary information.

The CHAIRMAN: I confirm that one component of that answer will be provided by supplementary information.

As there are no further questions in written form that members would like to ask, I thank all the members of the departments who have attended for their contribution.

*Sitting suspended from 10.34 to 10.50 am*

#### **Division 40: Transport, \$760 575 000 -**

[Hon Bob Thomas, Chairman.]

[Hon M.J. Criddle, Minister for Transport.]

[Mr M. Harris, Acting Director General, Department of Transport.]

[Mr Greg Martin, Acting Commissioner, Main Roads Western Australia.]

[Mr R. Carleton, Chief Finance Officer, Department of Transport.]

[Ms W. Payne, Manager, Financial Planning, Department of Transport.]

[Mr R. Giles, Acting Director, Budgeting and Programming, Main Roads.]

[Mr A. Hubbard, Executive Director, Regional and Policy Coordination, Department of Transport.]

The CHAIRMAN: Welcome to the estimates committee's consideration of the Department of Transport's allocation in this year's budget. For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee.

For the information of advisers, we need you to speak into the microphones. I ask you to pull the microphone towards you because although the proceedings are being recorded, we also have an amplifier so members can hear everyone. It is important that Hansard be able to hear what you are saying. Each of the witnesses has indicated that they have read, understood and completed the committee hearing "Information for Witnesses" form and that they all fully understand the meaning and effect of the provisions of that document. When members ask questions they should identify the program statement, the page or the line item to assist the advisers in answering. I remind you that you have 24 hours to return your *Hansards* with corrections. I believe the Minister for Transport would like to make some introductory comments.

Hon M.J. CRIDDLE: Thank you, I will provide an overview of the department. The Department of Transport aims to achieve the best transport system in Western Australia. It strives to ensure that transport is integrated, safe, accessible and environmentally sustainable. It does this in six distinct ways: Through policy development Transport determines future directions by developing and implementing policies and strategies for the integrated state transport system; through planning Transport develops and monitors integrated service and infrastructure plans which meet the needs of the community and industry; by securing and coordinating resources Transport ensures the implementation of integrated transport system plans; by coordinating public and private sectors to achieve integrated transport systems; by establishing standards through education and regulation where necessary; and, by producing transport infrastructure and services preferably by providing funds to others.

Main Roads Western Australia is the state road authority and it maintains a network of highways and roads. People sometimes do not realise that Western Australia has 17 400 kilometres of national highways and state roads valued at more than \$10b. Main Roads works with local government to manage the rest of the Western Australian road network system. The annual budget for Main Roads Western Australia for 1999-2000 is \$806.8m, twice what it was five years ago. As with many road authorities throughout the world, the way Main Roads is doing its job is changing. Main Roads has changed the way it plans for infrastructure planning, asset management planning, contracting strategy, long-term maintenance contracts and major project delivery. For Western Australia to maintain and improve its position in the global economy it must strive to keep its transport costs as low as possible. Main Roads has a critical role in making this possible while at the same time meeting the needs of all road users. Since the early 1990s, Main Roads has undertaken reforms aimed at enabling it to do its job better. It envisages itself becoming an organisation which is the manager of the State's road network rather than a provider and builder of roads and an organisation which works closely with the entire community bringing the concept of an integrated transport system to reality. The reform program is aimed at addressing many issues but from a business perspective it is primarily about getting more of the road dollars spent on roads and in the right places and providing the right product.

In 1998 the State Government undertook a comprehensive review of the State's transport system and industry and community needs. This process identified the requirement for \$1.3b worth of additional projects over the following five to 10 years. The projects would not be delivered without an increase in funds. They were grouped together and put under the banner

of Transform WA, and were aimed at providing more of the major transport infrastructure which was required for the State's continued strong economic development. The projects planned to be delivered, in conjunction with those identified in Transform WA, over the next 10 years will contribute towards creating an integrated transport system, with roads providing the vital links connecting rail terminals, ports and airports with mining, tourism, agriculture and manufacturing industries, in addition to allowing people easy access to their everyday needs.

[11.00 am]

The CHAIRMAN: It is the policy of the committee now that we do not ask for introductory statements. However, if the minister feels he would like to make one in the future, he should ensure it addresses major changes in the budget, rather than give an historical perspective. That was how we operated in the past, but we have changed now.

Hon M.J. CRIDDLE: As a former chairman, I thought that was the way the process worked.

The CHAIRMAN: We have changed, and perhaps we have not let departments know. Are there any questions from committee members?

Hon E.R.J. DERMER: I refer to page 867 of the *Budget Statements*. A footnote states -

The Full Time Equivalents . . . for 1998-1999 Estimated Actual and 1999-2000 Estimate are 1,110 and 1,043 respectively.

I noticed in the 1998-99 budget papers that the estimated number of FTEs for 1998-99 was 800 and for 1999-2000 it was 600. Why are the figures in this year's *Budget Statements* so much larger in each of those instances than they were in last year's budget papers?

Hon M.J. CRIDDLE: That was certainly the intention at the time. We have not made the progress in the contracting out that we intended. The figures in the budget at present more closely reflect that situation.

Hon E.R.J. DERMER: For what reason have you not undertaken the contracting out which was expected?

Hon M.J. CRIDDLE: We just have not progressed that far.

Hon E.R.J. DERMER: Is there a particular reason that you have not progressed that far?

Hon M.J. CRIDDLE: We are in the process of going to contracting out. We are progressing along in that way, and as we achieve that aim, we will reduce the numbers.

Hon E.R.J. DERMER: Is there a reason why you have not undertaken that contracting out as early as you obviously expected when last year's budget statements were prepared?

Hon M.J. CRIDDLE: We have not progressed as quickly as we would like to progress. It is all very well to say that we can achieve things at a certain pace, but sometimes the pace of change is different.

The CHAIRMAN: I must also remind members that we are dealing with Main Roads WA and the Department of Transport, so questions about either department are acceptable.

Hon SIMON O'BRIEN: There is some notice of this question which refers to page 1443 of the budget papers. It contains a reference to a large-scale TravelSmart project. What benefits can the community expect to obtain from this project?

Hon M.J. CRIDDLE: The application of the marketing technique in the City of South Perth, which has been called individualised marketing under the TravelSmart name, was rigorously tested with a random sample of just 400 households. The large-scale application is expected to deliver the following benefits to the 35 000 residents: An increase in cycling by 90 per cent, walking by 22 per cent and public transport by 21 per cent; a reduction in car kilometre travel by 14 per cent; a reduction in car and greenhouse emissions by 14 per cent; and an increase in the average time spent exercising through travel by 30 per cent. Further research shows that these benefits were sustained 12 months later. The results of this rigorous testing show that this large scale project will provide excellent community benefits.

[11.00 am]

The CHAIRMAN: I refer to the third dot point at page 1442 concerning the implementation of the graduated driver training system through the implementation of driver competency standards, and practical driver assessment. Have there been any changes in legislation or regulation in relation to the graduated driver training system?

Hon M.J. CRIDDLE: The change relates to the test, which will be a far more practical test and will involve practical manoeuvres. I have seen the demonstration.

Hon MARK NEVILL: Did you pass?

Hon M.J. CRIDDLE: I can assure Hon Mark Nevill that I would pass, having driven probably 2 million kilometres without being involved in a serious accident. The test will more realistically reflect the practical aspect of driving. We are in the process of drafting amendments to the Road Traffic Act which should be completed in the near future.

Hon BOB THOMAS: What is the reason for the delay?

Hon M.J. CRIDDLE: There are some drafting delays in the legislation which I understand involve one aspect.

The CHAIRMAN: What is causing them?

Hon M.J. CRIDDLE: I understand they reflect a problem with the owner-onus section of the legislation.

The CHAIRMAN: Can the minister confirm that coalition backbenchers have resisted the introduction of the new driver classification for heavy haulage?

Hon M.J. CRIDDLE: The legislation is in the drafting stage. We have not taken it to the backbench. Mr Chairman, you may have heard some comments from disgruntled people, but that cannot be reflected at this stage in the development of the legislation.

The CHAIRMAN: Is the minister aware that Western Australia is now the only State not to have the system of heavy haulage in place?

Hon M.J. CRIDDLE: Yes. We discuss those issues at the ATC meetings. The delay is reflected in the heavy legislative program in place. You will appreciate, Mr Chairman, that we do not always pass things through this Chamber rapidly. Some Bills have difficulty; some pass quickly.

Hon MARK NEVILL: What is the status of the proposal to lease the operation at the port of Wyndham?

Hon M.J. CRIDDLE: It is progressing with the local company; we must finalise it. Obviously some negotiations are occurring with the local group. We are reaching some resolution.

Hon MURIEL PATTERSON: Throughout many of our highways the changes to road speeds have become more frequent, changing on one stretch of road from 40 kmh, to 60 kmh, to 70 kmh, to 80 kmh to 110 kmh. I find this distracting. We have heard a number of complaints about it. In the light of the cost of making these changes, will it really have much impact on the safety of the driver?

Hon M.J. CRIDDLE: The speed limits placed on the road are generally reflected in the speed at which the vehicles travel. If vehicles are travelling at a certain speed Main Roads takes into consideration a range of issues, but any limits generally reflect the speed at which the road rule stands and at which the traffic travels. I understand the question about the issue of speed limits within a certain area. I have made that observation and I understand the member's implication.

Hon MURIEL PATTERSON: It takes any responsibility or initiative from the driver. If that is the accepted speed at which people travel why make it an offence to exceed it? I get many complaints about this issue.

Hon M.J. CRIDDLE: It is reflected in the speed at which people usually travel.

Hon KEN TRAVERS: I refer to major initiatives for 1999-2000 at page 1439 under which reference is made to the development of the northern suburbs and Midland metropolitan rail extension master plans. When do you expect the master plans to be completed? When do you expect to commence and complete work on each of the extensions of the metropolitan rail system?

Hon M.J. CRIDDLE: The master plan for the northern line is well and truly underway. I expect work to commence in the next couple of months.

I am unable to give a definitive date for the Bellevue plan. It has only just commenced, so we are looking at a longer time frame. Once the master plans are in place we will be developing possibilities for proceeding.

Hon KEN TRAVERS: Do I take it that there is no allocation in this budget for the funding of the extension to the northern suburbs railway line? If that is the case how do you expect to meet your 1996 election campaign commitment of having it built before the next election?

Hon M.J. CRIDDLE: I understand no allocation has been made in this budget. If it were to proceed I expect it would be possible through borrowings via Westrail.

Hon KEN TRAVERS: Can you confirm that you will meet your election commitment to have the northern suburbs rail extended to Clarkson during this term of government?

Hon M.J. CRIDDLE: I realise that a commitment was made to complete it by then, but it will obviously be difficult to achieve.

Hon KEN TRAVERS: Does that mean that you are unable to meet that election commitment?

Hon M.J. CRIDDLE: We would find it difficult to complete construction by that time. We are certainly considering commencing construction.

Hon TOM STEPHENS: I refer to output measures at page 1444 in reference to bus service passenger place kilometres. I note in the full-page taxpayer-funded advertisement in *The West Australian* on Thursday that you claim to have increased bus services by 21 per cent or some 7 million service kilometres. How was that increase calculated? Is it a net increase? Does it take into account services that have been abandoned?

[11.10 am]

Hon M.J. CRIDDLE: There is a difference in the way the calculation was carried out. Based on the previous year's calculation, 5.4 billion passenger kilometres would be closer to the mark, and this year it would be 5.67 billion passenger kilometres. On the basis of the way it is calculated now, it has increased from 5.068 billion to 5.306 billion passenger kilometres. It is a difference in the way the figures were calculated.



Hon TOM STEPHENS: Over what period has the 21 per cent increase occurred?

Hon M.J. CRIDDLE: We will need to ascertain exactly what period that covers.

The CHAIRMAN: Will you do that now or take it on notice?

Hon M.J. CRIDDLE: We will take it on notice.

Hon TOM STEPHENS: I again refer to the output measures. The percentage of customers who rank metropolitan passenger services as satisfactory was 75 per cent last year and 75 per cent this year. Can you table the customer survey that is the basis for this claim of passenger service being satisfactory to 75 per cent of passengers; if not, why not?

Hon M.J. CRIDDLE: I have no problem tabling this document by Donovan Research, marketing and communications research consultants, which is entitled "Passenger Satisfaction Monitor 1999, A Presentation to Transperth".

The CHAIRMAN: That document is tabled.

Hon TOM STEPHENS: There is no mention of bus patronage levels in the performance indicators, yet that same advertisement to which I have referred says that there are now more than 46 million boardings on Transperth buses each year. Can the minister confirm how many boardings there were on Transperth buses for 1997-98?

Hon M.J. CRIDDLE: We will take that on notice too.

Hon TOM STEPHENS: If you cannot provide that figure to the estimates committee, how were you able to arrive at that figure for an advertisement this week?

Hon M.J. CRIDDLE: Clearly, we ascertained the information and provided it.

Hon TOM STEPHENS: I will certainly take that on notice. However, in addition, could the minister tell the estimates committee the costs involved in placing that advertisement in *The West Australian*, including all costs associated with the advertising agent as well as any other costs associated with the placement of that advertisement?

Hon M.J. CRIDDLE: The figure that I have been given for that advertisement is \$6 100, and that includes the information provided right across the page.

Hon TOM STEPHENS: That includes all aspects of preparation and placement of that advertisement?

Hon M.J. CRIDDLE: My understanding is that is just for the placement of the advertisement.

The CHAIRMAN: Just so that I am clear, the minister has a question on notice. To what does it relate?

Hon M.J. CRIDDLE: The numbers of passengers.

Hon NORM KELLY: I have a few questions on the Main Roads capital works program. I refer to page 875 of the *Budget Statements*. I am particularly interested in the Tonkin Highway works from Albany Highway to Mundijong Road. Last year's budget papers show that over \$5.5m was estimated to be spent on that section. This year's papers show that less than \$1m will be spent. Why has the remaining \$4.5m not been spent?

Hon M.J. CRIDDLE: There has been a report on that section of road by BSD Consultants Pty Ltd. We expect to receive the final report in July. That will cover the whole area of that particular road. Environmental and land purchasing requirements have been identified. When we receive that document, those activities will be identified. The \$4.6m which remains to be spent is available and can be spent as judiciously as possible in either the purchase of land or any other requirement that may fall due this year. That money has not gone somewhere else; it still remains available for the purchase of land or the performance of other necessary work. There have been some other difficulties identified in Corfield Street, I think, where it crosses Albany Highway; that is also a complicated planning issue. There are quite a few issues surrounding that matter, and it will take some time to finalise the purchase of the land and the environmental studies that are required to allow that work to proceed.

Hon NORM KELLY: Given that you had earmarked \$5.5m in May last year, why are you still waiting for a report on how the majority of that money can be spent if there are these environmental problems?

Hon M.J. CRIDDLE: I do not think anybody would expect us to spend money unless we know where we are going. I believe somebody in that area was suggesting another route. In that case, we should carry out the planning and know the actual final result before we spend any more money.

Hon NORM KELLY: Can you give an assurance that you will be able to provide that report once it is made available to you?

Hon M.J. CRIDDLE: Before I give an assurance about those sorts of things, I would like to see what is in the report. We can then make decisions about it. That is entirely reasonable.

The CHAIRMAN: On that point, given that we have a five-day time frame for information to come back to this committee, I suggest that Hon Norm Kelly take that matter up through the House rather than through this committee.

Hon NORM KELLY: Okay. To finish on this line, the overall figure for the project has increased to \$173m. Can you give a longer-term estimate of when that money will be spent, because it appears that it has been put on the backburner for quite a few years?

Hon M.J. CRIDDLE: The start date has been delayed by approximately three years. The committed date for completion is 2007-08. Those time frames are still in place. An amount of \$32m has been identified for work in the area past Jarrahdale and back to the South Western Highway. That is the additional funding that is required. That takes the figure up to \$173m, if I remember correctly.

Hon NORM KELLY: Finally, what is the reason for the delays? Why is that money not being spent? I think it was originally intended that much of this money would be spent in 2003-04.

Hon M.J. CRIDDLE: We have gone back and re-prioritised all of the road funding. We had to do that to make sure our commitments could be met. Whatever the commitments are will be met from that Transform WA package. There will in some cases be a delay in some of the work as a result of the necessity to deliver the works within the budget profile.

Hon NORM KELLY: You said this is due to a re-prioritisation of capital works. Another project that has been pointed out to me is the Wanneroo Road upgrade, on which \$5m will be spent in the upcoming years. Are you saying that it is because of this reorganisation of priorities that the \$4.5m will not be spent in the Tonkin Highway area but will now be spent in the Wanneroo Road area?

Hon M.J. CRIDDLE: Having spoken to the Armadale Council, I should say that it thought we had taken the \$4.6m from last year and put it into that area, which I indicated we have not. However, we will have to re-prioritise the issue. We have a statement of intent on what we will do with our road program over that 10-year period. We will use our best endeavours to deliver it on schedule. However, every year there will be some re-prioritisation because of works that are required throughout the State. It is entirely reasonable to look at it in that light.

[11.20 am]

Hon E.R.J. DERMER: I understand that Main Roads has adopted a position whereby it will reimburse tendering costs of up to \$100 000 per contract to an unsuccessful tenderer. Is that a correct understanding?

Hon M.J. CRIDDLE: The member is talking about the Kwinana Freeway project and \$150 000. We have previously indicated that we would do that. When those people apply for the money they will be recompensed \$150 000. I am not keen to see that type of arrangement continue. I have made that clear in previous statements.

The CHAIRMAN: So it is not \$100 000 but \$150 000?

Hon M.J. CRIDDLE: It is \$150 000 for the extension of the freeway south. That commitment will be met but I do not intend to carry it further.

Hon E.R.J. DERMER: Are there no other projects to which that commitment has been given at the level of \$100 000 or more?

Hon M.J. CRIDDLE: I am not aware of any others. I have made the statement and I will stick by it that from now on we will not put funds forward for the planning of further infrastructure leading into a contract. I will need to check whether we have done it in the past.

The CHAIRMAN: That part of the question is on notice.

Hon E.R.J. DERMER: With respect to the Kwinana Freeway project and any others which you may discover had a reimbursement of \$100 000 or more - this will need to be taken on notice, I would imagine - will the minister advise the committee of the total cost of those commitments for reimbursement on tendering?

The CHAIRMAN: That is on notice.

Hon M.J. CRIDDLE: I am not aware of any.

Hon E.R.J. DERMER: I am interested in the total cost for the Kwinana Freeway project and for any other projects where the commitment for covering tendering costs would have been \$100 000 or more.

The CHAIRMAN: That is on notice.

Hon KEN TRAVERS: I refer to page 632 and to the Hepburn Avenue railway station. When does the minister expect that station to be completed? Why was the decision made to make it a split-platform station and not a single platform station when all the international evidence is that split-platform stations are nowhere near as safe as single platform stations?

Hon M.J. CRIDDLE: We were not warned that we were covering that. If the member asks me that question during Parliament, I will answer it.

Hon TOM STEPHENS: On page 1457 it is said that 130 new buses will be introduced into the Transperth system by the end of the financial year. In the advertisement to which we earlier referred, I notice that you are anticipating that by the end of December, 80 of the 840 new buses ordered will be on the road. Do you accept that the number of buses it is claimed will be on the roads in comparison with the number claimed previously is effectively becoming a moveable feast? In April 1998 the claim was that 133 buses would be purchased in the next financial year and that 60 would be provided thereafter, which meant that in the first two financial years of the program we would see 193 new buses. It appears that this has been downgraded to a claim of 80 buses in the first 18 months. Are you in a position to provide us with the following precise information: The number of new buses that have been provided thus far; the number that have been manufactured in the eastern States and the number manufactured in Western Australia; and the total order that can be expected by the end of June 2000?

Hon M.J. CRIDDLE: We are intending to have 80 buses by the end of this year and maybe just over 130 and then 65 every year for the following years. Four new buses are available now which are operating on the circle route. Seven additional buses are currently in the State predelivery and are being licensed ready for service. By the end of June, 17 new buses are expected to be in service. I will point out the advantages that Western Australia has in having these buses delivered. I recently opened a factory at Malaga. A few people have come over from Victoria to teach our people how to put bus bodies together. That will create 50 new jobs in Western Australia and will be an enormous boost. As the program moves into full gear, we expect that the assembly of these buses will be carried out in Western Australia, presenting an opportunity for a further 50 people to work in the industry.

Hon TOM STEPHENS: Is the minister able to answer the part of the question which asked him to indicate how many of those four buses already on the road were manufactured in Western Australia and how many were manufactured in the eastern States?

Hon M.J. CRIDDLE: I do not have the exact number. Some of the early ones came from Victoria. The buses built locally are very near to being delivered.

Hon TOM STEPHENS: Would it be possible for the minister to take the question on notice and to indicate through the committee how many of the buses that are currently on the road and that will be on the road by the end of June of this year were manufactured in the eastern States and how many in Western Australia? I am still waiting for the answer to the question about the total order that can be expected by the end of June 2000.

Hon M.J. CRIDDLE: I answered that. The Leader of the Opposition must have missed it. I said there would be about 130-plus buses. If he is asking for the exact number of buses that have been produced here and the number that have been produced in the eastern States, I would have to take that on notice.

The CHAIRMAN: That is on notice.

Hon TOM STEPHENS: Has the contract with DaimlerChrysler, the manufacturers of the Mercedes Benz buses, been signed by both parties or either party as of 11.30 am today?

Hon M.J. CRIDDLE: We have given the manufacturers a final draft of what we think is a reasonable contract and we are waiting for them to get back to us.

Hon TOM STEPHENS: Has either party signed a contract yet?

Hon M.J. CRIDDLE: There is a letter of intent.

The CHAIRMAN: Hon Ken Travers asked a question relating to Fastrak and Westrail. That is covered in this division so he can ask the question. However, as there are no representatives here, it will need to be taken on notice.

Hon M.J. CRIDDLE: It is not something that comes out of consolidated revenue.

The CHAIRMAN: Page 1456 shows a Fastrak Westrail figure of \$104 503.

[11.30 am]

Hon M.J. CRIDDLE: That is not the question that he asked.

Hon KEN TRAVERS: I am trying to find the funding for the Hepburn Avenue station.

Hon M.J. CRIDDLE: If he were to ask me that question in the Parliament, I would be prepared to answer it.

The CHAIRMAN: He has a right to ask that question during this hearing if it relates to Westrail. Page 1456 indicates that under metropolitan transport, Fastrak Westrail received \$104m.

Hon KEN TRAVERS: I am very confused about it. My question relates to the construction of the Hepburn Avenue station on the northern suburbs railway line, which is mentioned at page 632, works in progress, for the Western Australian Government Railways Commission. A lot of Westrail material also appears under the Department of Transport division. When will the Hepburn Avenue railway station be completed? Why was the decision made to build that as a split-platform station and not a single-platform station, when all the international experience is that single-platform stations are safer? Will that station be staffed? If the decision to build that station as a split-platform station was made because of cost, what extra cost would be involved in making it a single-platform station? Was the Minister advised of the safety issues involved before he signed off on this station being a split-platform station, because it appears that he was not advised?

Hon M.J. CRIDDLE: This is not part of the consolidated fund. What is in the allocation for Fastrak is the funds that Transport pays to Westrail for its operations. If the member were to put that question on notice, I would answer it.

The CHAIRMAN: We will not waste any more time on that. It will be taken up in the Parliament. Page 1443 lists the major initiatives for 1999-2000. I note the absence of any reference to the introduction of legislation to require roll cages on utilities and other vehicles that do not carry passengers in an enclosed space.

Hon M.J. CRIDDLE: We have not decided on a change to the regulation. Much discussion is taking place in the community about this issue, which is of vital importance to the State. The clear indication from the Northern Territory is that roll cages can prevent up to 75 per cent of injuries and deaths. The figures in Western Australia for people travelling in vehicles without roll cages or on the back of utilities are also of concern, with between four and eight deaths per year, and injury rates of between 90 and 120 people per year. That is a significant cost to the State. That is one of the issues that I am taking up, but we have not decided to go ahead with any changes to the regulation at this time.

The CHAIRMAN: What input have government backbenchers had into this process?

Hon M.J. CRIDDLE: That is a long way from a budget estimates question. I am not prepared to discuss what input our backbenchers have had until we make a final decision. The process that we have in our party is the same as in any other party. We have discussion, and we then make announcements.

The CHAIRMAN: I will ask a specific question. With which organisations and individuals had you met to discuss this issue?

Hon M.J. CRIDDLE: We have had discussions with the primary industry organisations and with -

Hon SIMON O'BRIEN: Mr Chairman, I suggest that to ask the minister what is happening as part of a consultation process within the government party room is not within the jurisdiction of this committee; therefore, the question should not be entertained. I refer also to your opening remark before the question, which was specifically that you could not find any reference to this matter in the budget papers, which by definition would tend to exclude it from the parameters of this hearing.

The CHAIRMAN: I am not prepared to adjourn this hearing so that we can deal with this as a committee in the absence of other people. I am interested to know what money has been spent on this issue, and with which organisations and individuals the minister has met in the development of this policy.

Hon M.J. CRIDDLE: Which policy?

The CHAIRMAN: The legislation requiring roll cages on utilities.

Hon M.J. CRIDDLE: On what page is that?

The CHAIRMAN: I am referring to road safety initiatives at page 1443.

Hon M.J. CRIDDLE: The Road Safety Council brings forward a range of issues that we discuss from time to time. Funding for road safety is well and truly known. The budget for that office is \$3.218m. All discussions on road safety issues are carried out through that office. That office communicates with people on road safety issues. I understand it has been holding meetings around the State, and these issues come up at those times and it talks to whoever wants to bring forward those issues.

Hon E.R.J. DERMER: Is there an existing maintenance contract with MacMahon Contractors (WA) Pty Ltd for a term of maintenance in the wheatbelt, north, mid-west and metropolitan regions?

Hon M.J. CRIDDLE: Yes.

Hon E.R.J. DERMER: Does a clause in that contract provide for an extension?

Hon M.J. CRIDDLE: We would need to take that on notice.

The CHAIRMAN: That question is on notice.

Hon E.R.J. DERMER: For what period can that contract be extended? Will a 10-year term maintenance contract be awarded to replace this contract at its expiration?

Hon M.J. CRIDDLE: Yes.

Hon E.R.J. DERMER: In that region, who will be responsible for maintenance of roads until such time as a 10-year contract is awarded?

[11.40 am]

Hon M.J. CRIDDLE: Until such time that the term network contract is let, the current operator is expected to carry out that work.

The CHAIRMAN: The last question was answered, and the rest are on notice.

Hon E.R.J. DERMER: Was a contract which expired on 29 April 1999 awarded to Boral Contracting Pty Ltd for term maintenance in the Pilbara and the mid west region?

Hon M.J. CRIDDLE: What for?

Hon E.R.J. DERMER: For maintenance.

Hon M.J. CRIDDLE: I understand that that is correct.

Hon E.R.J. DERMER: If that is incorrect, will the minister advise the committee?

Hon M.J. CRIDDLE: Yes.

Hon E.R.J. DERMER: Is there a clause in the contract for extension? If so, for what period can it be extended? When will a 10-year term maintenance contract be awarded to replace that contract?

Hon M.J. CRIDDLE: It is difficult to answer when a contract will be awarded. As the member knows, tenders must come in, be considered and then be let.

Hon E.R.J. DERMER: I am happy to receive the minister's best estimate, and answers to each of those questions on notice.

Hon M.J. CRIDDLE: The one I have not answered will be provided on notice.

Hon DEXTER DAVIES: Page 857 of the *Budget Statements* refers to road maintenance and minor modifications under output 1. What was the impact of the recent flooding and other events with cyclones Vance and Elaine on Main Roads' budget?

Hon M.J. CRIDDLE: Substantial damage was caused by cyclones Vance and Elaine. The total cost is \$12.7m. State highways and main roads in the five regions suffered damage worth \$3.5m, which the State will bear. The damage to the national network, a commonwealth funding responsibility, totals over \$800 000. We anticipate funding assistance under the national disaster criteria. Local government has suffered the worst damage estimated to be worth \$8.5m. That cost will be shared between Main Roads, consolidated revenue and the local authorities. We do not know the latest damage in the Moora area. That requirement will take some time to determine, as members will understand that it takes time for the water to subside and for all roads to be inspected.

Hon MURIEL PATTERSON: The seventh dot point on page 1439 refers to a review of the Taxi Act and the Transport Coordination Act under the national competition policy, with recommendations to be acted upon in 1999-2000. Will the minister enlarge on this reference and explain its impact on Western Australian taxi owners and those who intend to sell their businesses?

Hon M.J. CRIDDLE: A review is being done by Martin West of BSD Consultants Pty Ltd. An option paper went out earlier this year for discussion. I recall that a public meeting was arranged in Perth with the industry, and five regional meetings were conducted. Information collected was brought back to the committee. A draft will be put in place for comment, and we are looking at the final submission to come to me by September, with an ensuing result of some kind for the taxi industry.

Hon NORM KELLY: Page 1446 of the *Budget Statements* refers to the bus acquisition program. I notice that only half of the first stage of this acquisition cost will be spent in 1999-2000. I assume that the rest of the money will be spent in the following financial year. When does the minister believe that the initial acquisition will be completed?

Hon M.J. CRIDDLE: The full acquisition of the 848 buses is to be over 12 years. Obviously, we have not taken delivery of some buses, and hence the changes in the budget.

Hon NORM KELLY: Page 1458 refers to \$108m for the initial purchase of 134 buses, and the expenditure in 1999-2000 is \$15m. This gives a total of about \$61m, leaving another \$47m to be paid beyond June 2000. When will the initial purchase be completed and the 134 buses delivered?

Hon M.J. CRIDDLE: The drawdowns will occur when the buses become available. Variations will take place in the number of buses delivered. That is the variation which appears in the papers.

Hon NORM KELLY: When will the initial order be filled?

Hon M.J. CRIDDLE: It is a clear indication. The 130 buses will come in by the end of June next year. As I indicated to the Leader of the Opposition we expect delivery of 65 buses a year every year thereafter. If we take delivery of more buses, we pay more; if we take fewer, we pay less. I hope that point is clear.

Hon NORM KELLY: I want to ensure that the initial purchase of 134 buses will be concluded by June of next year.

Hon M.J. CRIDDLE: That is the figure we anticipate receiving by that date. Some variation and slight change could be involved.

Hon NORM KELLY: Will the Government consider delaying the purchase or the supply of those buses given the initiatives to operate more gas-powered buses rather than diesel-powered buses?

Hon M.J. CRIDDLE: The Government has no intention to delay the delivery of the buses. Opportunity exists for us to change the fuel which the buses require. We can do that as a result of a decision at any time before. We indicated 2003; however, some recent developments have resulted from negotiations upon which the Democrats have focused, and, who knows, we may receive a free fuel-cell bus delivered to Western Australia that we can trial.

[11.50 am]

Hon TOM STEPHENS: Reference is made on page 1439 of the *Budget Statements* to a major achievement in 1999 being the master plan for the extension of the suburban rail network to the south west corridor to Mandurah. Can the minister clarify the funding arrangements for this project? The Premier's budget speech indicated that the sales of AlintaGas and Westrail would be assisting the funding of this project. What volume of funds are you expecting to utilise on this project from any sale of Westrail? If the sales of Westrail and AlintaGas are not facilitated by the passage of the required legislation through the Parliament, can you advise the anticipated timeframe for the construction of this service?

Hon M.J. CRIDDLE: I cannot indicate a definitive amount of money that will be raised from the sale of either Westrail or AlintaGas, but the intention that was announced when we made public the master plan for the south west rail was that AlintaGas would be used as a primary funding source for the rail to the south and if that happened we expected the completion of that rail system by 2007. If that funding does not become available, we must find other sources of funding. The completion of that would have to be staged - it would be staged by 2007 - and the final date would obviously be projected out a few years.

Hon TOM STEPHENS: I refer to other privatisation strategies, but this time of your own portfolio. On page 1461, a reference is made to \$818 000 accruing from the sale of licensing centres. What licensing centres are you proposing to sell off and how do you intend to replace the services that they are currently offering?

Hon M.J. CRIDDLE: The sale of the Midland licensing centre will realise \$800 000 and the Merredin licensing centre will realise \$18 000. We are looking at replacing them with more appropriately placed shopfront premises all through the shire.

Hon TOM STEPHENS: To be replaced by shire services?

Hon M.J. CRIDDLE: And shopfront premises.

Hon E.R.J. DERMER: I refer to the line item of Reid Highway on page 875. The expected expenditure for 1999-2000 is \$1m. The extension of the Reid Highway to Marmion Avenue from where it currently exists terminating at the Mitchell Freeway will have the effect of dividing the suburb of Carine. My constituents in Carine are concerned at the extension of the Reid Highway dividing their suburb. They are interested in discussing with Main Roads and the minister the options that can be taken to ameliorate the effect of the extension of the Reid Highway. Will the \$1m allocation for 1999-2000 be enough to accommodate changes to roads in that area so as to ameliorate the divisive impact of the extension of Reid Highway on that suburb, or if such changes to other roads were to occur, will they need to be separately funded?

Hon M.J. CRIDDLE: The roads you are talking about are local roads. The Stirling City Council, which is the council you are talking about, will make the decisions on the roads that access this facility. It has been involved in this and is putting \$3.5m into this project - the Government is putting in about \$11m. It is brought about by the need to ease traffic on North Beach Road. There are about 19 000 vehicle movements a day on that road; it is a significant number. The resolution of those accesses has been one of the points that the local government has been involved in. The most recent indication I have from it is that it is happy with the decisions that have been made on the local roads.

Hon E.R.J. DERMER: Many of the local residents are far from happy and want further discussions. Would Main Roads make a contribution to changes to adjacent roads that must be made to effectively accommodate the needs of the local residents?

Hon M.J. CRIDDLE: It would not be my intention to make a contribution to that. We have had extensive communications with the council. My understanding is that it is dealing with those local issues itself.

Hon E.R.J. DERMER: So you intend to make no contribution?

Hon M.J. CRIDDLE: I just indicated that.

Hon DEXTER DAVIES: I refer to one of the major initiatives for 1999-2000, which is to select a site and develop a master plan for the new airport at Kalbarri; it is mentioned on page 1448. The residents in Kalbarri are my constituents although I do not claim private ownership of them; I share them with other members. What progress has been made on that initiative, and what is its likely completion date?

Hon M.J. CRIDDLE: The Kalbarri airstrip is very close to the area in which I live. The site development requirements have been completed. They have been managed through the steering committee, which is chaired by the Department of Transport and includes the Mid West Development Commission, with the Tourism Commission and the local shires of Greenough and Northampton as observers. That is developing well. It is necessary to have a report done and I understand that it is progressing.

Hon TOM STEPHENS: Is it north or south of the river?

Hon M.J. CRIDDLE: It is south of the river near Meenaar Hill just outside of Kalbarri. It is intended to have a 1 600 metre by 30 metre unsealed runway which could handle anything up to and including a Fokker 50, which is the type of aircraft that travels between Geraldton and Perth, and other areas. An air-conditioned terminal will be constructed at a cost of \$1.4m. Some of the funding would be available through the regional airport development scheme, the two shires and Westralia Airports Corporation, with a private sector contribution as well. The environmental study will be completed in about November this year and construction will start straight after.

The CHAIRMAN: I refer to the major initiatives on page 1443 for 1999-2000, and note that you are proposing to implement changes resulting from a review of the Transport Co-ordination Act. Will the bus safety standards for tour bus operators be now put back into the legislation following a meeting between the bus and coach industry and a group of backbenchers?

[12 noon]

Hon M.J. CRIDDLE: I understand that a group of backbenchers met yesterday afternoon, and I will be interested to hear the result of that from the government members. It is not a matter of whether a few people meet; it is not my intention to change the legislation. We have some imperatives within the Transport Co-ordination Amendment Bill and we need to get on with them.

The CHAIRMAN: Will the legislation coming from the other place contain safety standards for tour bus operators?

Hon M.J. CRIDDLE: At this point it is coming up without those amendments.

The CHAIRMAN: Do you have any intention of making those changes?

Hon M.J. CRIDDLE: I will look at it when it comes out of that Chamber.

Hon KEN TRAVERS: On page 1439 a major achievement for 1998-1999 is the development of a master plan for the

extension of the suburban rail network to the south west corridor. I noted that the drawings indicated that a number of stations would be split-platform stations. Is the minister aware of the increased safety issues with a split-platform station compared with a single-platform station? Was this safety issue considered when developing this plan, especially as the stations will be unstaffed? Was cost the determinant between single versus split-platform stations?

Hon M.J. CRIDDLE: It is well recognised throughout Australia that Western Australia is installing facilities such as ramps which allow people with disabilities to move around freely. Western Australia is renowned for providing that infrastructure, and we will ensure that those facilities are in place at the time of building these facilities.

Hon KEN TRAVERS: I am not questioning the Government's commitment to people with disabilities. I am asking about a safety issue and why the Government continues to propose split platforms when all the international evidence is that a single platform station between railway lines is safer than separate platforms on either side of the railway line? Is the minister aware of that problem, and has he considered it in the planning?

Hon M.J. CRIDDLE: When we finalise these plans we will take all those issues into consideration, and that includes safety. I understand what the member is saying, and we will deal with that as we develop the plans further.

Hon NORM KELLY: My questions relate to country transport. Main Roads' works in progress are listed on page 874. One of those is the construction and sealing of Mowen Road at Nannup. How much of the overall funding will be provided by Main Roads, in the light of the fact that \$3m will be funded through the Regional Forest Agreement?

Hon M.J. CRIDDLE: An amount of \$2m. I am travelling to Manjimup next Thursday to look at a couple of those roads. I understand that the \$2m involves a couple of roads.

Hon NORM KELLY: I ask on notice whether the \$2m funding to be provided through the RFA is part of what has already been proposed or is additional?

The CHAIRMAN: That is a question on notice.

Hon NORM KELLY: One of the major initiatives for 1999-2000 is to facilitate the sale of Westrail's freight business. Will Westrail receive a credit for diesel excise as proposed by the Federal Government?

Hon M.J. CRIDDLE: That is not part of the estimates, but if the member talks to me afterwards I will give him the figure.

Hon NORM KELLY: I know that it is action subsequent to the budget papers, but I understand it would impact on the budget and I would be happy to receive that now.

Hon M.J. CRIDDLE: It is not part of the consolidated fund. These issues have yet to go through Parliament, and the member is asking a question that is based on something that is not yet officially sanctioned by the Federal Parliament.

Hon NORM KELLY: I am asking you to provide more detail of what is already in the budget papers. However, I will rephrase the question: How much does Westrail pay in diesel excise for its rail operations?

The CHAIRMAN: That question is on notice.

Hon M.J. CRIDDLE: I cannot take it on notice as it is not part of the estimates; that is the problem. However, you are the Chairman.

Hon TOM STEPHENS: On page 1457 the capital works program makes various references to passenger rail. How many passenger rail car sets have been purchased since March 1993 for the urban passenger network? What has been the total cost of those purchases? In view of the massive overcrowding in peak hour services is there any plan or allocation of funds to purchase more passenger rail car sets in the capital works budget before us? If yes, have these been ordered, and what is the timetable for delivery; and, if not, why not?

Hon M.J. CRIDDLE: Once again this relates to Westrail, which is not part of the budget papers.

Hon TOM STEPHENS: I refer the minister to page 1457 of the *Budget Statements* and the various references to the capital works program of the Department of Transport.

Hon M.J. CRIDDLE: It is a Westrail capital works program.

Hon TOM STEPHENS: In which case it becomes an issue. The various references to the urban train services in the capital works program refer to user-oriented services and train services. It seems odd that we have references to the capital works program if we cannot, at the very least, have that question on notice. I am asking, in reference to the capital works program, for some advice on the number of passenger rail car sets that have been purchased since March 1993 for the urban passenger network, the total cost of those purchases, the details of any plans or allocation for funds to purchase more passenger rail car sets, whether they have been ordered and the timetable for delivery and, if not, why not. If the minister is reluctant to answer in the absence of notice I would be happy to put the question on notice.

The CHAIRMAN: The member's questions clearly relate to page 1457.

[12.10 pm]

Hon M.J. CRIDDLE: It is not part of this funding arrangement. Is the Leader of the Opposition talking about the *Prospector* or Westrail rail cars?

Hon TOM STEPHENS: No, metropolitan transport.

Hon M.J. CRIDDLE: That is generally funded through Westrail. That pays for delivery of passenger services. It is a different budget.

The CHAIRMAN: We understand that. On page 1457 of the *Budget Statements* under the capital works program there is a reference to the metropolitan rail network.

Hon TOM STEPHENS: And page 1456 refers to "Fastrak Westrail" under the metropolitan transport allocation.

Hon M.J. CRIDDLE: That is to fund the fares and that type of thing.

The CHAIRMAN: That is a community service obligation.

Hon M.J. CRIDDLE: Yes.

The CHAIRMAN: The Leader of the Opposition is asking a question relating to the capital works program outlined on page 1457. I indicate to the minister that some of these programs will also crop up elsewhere in the budget papers.

Hon M.J. CRIDDLE: Where?

The CHAIRMAN: The minister has indicated that there is also a reference to this in the Westrail division.

Hon M.J. CRIDDLE: Westrail is not part of this consolidated fund.

Hon TOM STEPHENS: Is there by any chance, minister, in any of your hats -

Hon M.J. CRIDDLE: I will answer the question if the Leader of the Opposition asks it in the Parliament.

The CHAIRMAN: That question will be taken on notice. It is up to the minister as to how he will respond to it.

Hon M.J. CRIDDLE: I do not know where you found reference to it.

Hon TOM STEPHENS: Pages 1456 and 1457 of the *Budget Statements*.

Hon M.J. CRIDDLE: Where?

The CHAIRMAN: We will not waste time on it. The question is taken on notice. I apologise to Hon Mark Nevill for calling someone before him.

Hon MARK NEVILL: I note that the budget allocation for Stateships has fluctuated substantially over the past three years. Can the minister provide an update on whether those contracts have been renewed, whether the service has changed in any substantial way, and how long the contracts are expected to run?

Hon M.J. CRIDDLE: The appropriation fund for superannuation in 1999-2000 is \$2.125m.

Hon MARK NEVILL: I am actually looking at page 1456, which relates to the Western Australian Coastal Shipping Commission.

Hon M.J. CRIDDLE: Yes, that is the same one. Superannuation is \$2.125m, the debt servicing is \$4.204m and then \$66 000, which gives a total of \$6.395m. A two-year-plus-one contract has just been let to a contractor.

Hon MARK NEVILL: Are there any substantial changes in that contract or to the servicing delivered?

Hon M.J. CRIDDLE: No substantial change. I was talking to the contractor the other day and it seems to be moving along nicely.

Hon M.D. NIXON: On page 1439 of the *Budget Statements* under "Major Initiatives for 1999-2000" the first dot point reads -

Conduct road safety forums and develop action plans for the Pilbara, Mid-West Gascoyne and Wheatbelt regions;

These are obviously areas which are generally long roads rather than suburban roads. Can someone flesh out in broad terms what action plans may be considered for these areas?

Hon M.J. CRIDDLE: Rural and remote Western Australia is over-represented in the road toll and that is one of the serious things that worries me a great deal. We certainly need to take that into consideration, particularly with young males between ages 17 and 25 years, who are a real problem. We have implemented substantial initiatives through the Road Safety Council of Western Australia in addition to our ongoing education campaigns. We are considering conducting forums and regional workshops as we want people to be well and truly aware of the difficulties out there on the roads. Hon Murray Nixon would be aware of the belt-up program over the past few weeks, which received the best airplay in the country that one would ever want during the country football championships. There are other initiatives to keep people well and truly aware that they need to keep down their alcohol consumption, reduce their car speed and be aware of fatigue, particularly in the country where it is a major problem.

Hon TOM STEPHENS: In the press release ancillary to the *Budget Statements* issued on budget day by the Premier there was reference to Main Roads funding of \$58.5m being allocated for the extension of Tonkin Highway. I am looking for the reference in this budget to that allocation. Where in the budget figures does the amount appear that would substantiate the press release issued by the Premier on budget day; or is there in fact no money allocated in these budget papers for that project in the year 1999-2000 and the extension will not commence for another five years?



Hon M.J. CRIDDLE: I have just clearly enunciated to Hon Norm Kelly the program that has been implemented for Tonkin Highway. I made it plain that the funding will commence in the out years and be completed by 2007.

Hon TOM STEPHENS: When is the first year in which there will be funds for that project?

Hon M.J. CRIDDLE: I do not know whether the Leader of the Opposition was in the Chamber at the time; however, I spent a considerable time explaining the process through which we are going.

The CHAIRMAN: Could the minister explain briefly again, please?

Hon M.J. CRIDDLE: There are environmental and land purchase requirements. We hope that BSD Consultants Pty Ltd will be able to complete a report for us by the end of July or August. When we receive that, as I said, we must go through an environmental process, and we are carrying over \$4.6m from last year's budget to this year in order to carry out the requirement for the purchase of land, and that money will be spent in the most efficient manner. Corfield Street is a problem and the Albany Highway crossing will require substantial planning. To nominate the actual year for the commencement date would be difficult.

Hon E.R.J. DERMER: My question relates to the Curtin Avenue-Port Beach Road proposal. I was not able to find any reference to it in the *Budget Statements*. Can the minister confirm that there is no reference in the *Budget Statements* or any allocation for the Curtin Avenue-Port Beach Road proposal?

Hon M.J. CRIDDLE: My understanding is that it is unfunded at this stage.

Hon E.R.J. DERMER: Will the minister confirm that this proposal is not part of Main Roads' 10-year plan?

Hon M.J. CRIDDLE: I have just answered that question.

Hon E.R.J. DERMER: No, the minister has explained that there is nothing in this year's *Budget Statements* specifying funding for the project. My question is: Will the minister confirm that the proposal is not part of Main Roads' 10-year plan?

Hon M.J. CRIDDLE: A 10-year plan is in fact the program and it is not funded.

Hon E.R.J. DERMER: Will the minister confirm that Main Roads has submitted a report to the transport committee of the Western Australian Planning Commission as part of the metropolitan region scheme amendment process to rezone the railway reserve to road reserve, which is necessary for the Curtin Avenue-Port Beach Road proposal to proceed?

[12.20 pm]

Hon M.J. CRIDDLE: I understand that is true.

Hon E.R.J. DERMER: If the Curtin Avenue-Port Beach proposal is not part of the 10-year plan, why the urgency to make the submission to the MRS and, thus, precede the MRS amendment?

Hon M.J. CRIDDLE: It is making provision for the future. It is a planning exercise.

Hon E.R.J. DERMER: How far into the future does the minister envisage?

Hon M.J. CRIDDLE: I am not in the game of making estimates of when that event will occur.

Hon E.R.J. DERMER: Not even a rough estimate?

Hon M.J. CRIDDLE: No.

Hon E.R.J. DERMER: Have funds been allocated in the budget to upgrade the road linking Servetus Street and West Coast Highway?

Hon M.J. CRIDDLE: The work on Servetus Street is now being completed. I will have to take that question on notice. I understand there is no funding, but I am not sure.

Hon E.R.J. DERMER: Is the Curtin Avenue-Port Beach proposal part of a greater western suburbs and West Coast Highway program to link Stirling and Rockingham?

Hon M.J. CRIDDLE: I understand there are reservations for it. However, there is no intention to move in that direction at the present time.

Hon E.R.J. DERMER: So there is no intention to entail Curtin Avenue and Port Beach as part of that link between Stirling and Rockingham?

Hon M.J. CRIDDLE: I have answered that.

Hon E.R.J. DERMER: I am concerned about the words "at the present time".

Hon M.J. CRIDDLE: I am the minister only for this term of government. What will happen during the next term of government, I cannot say.

Hon TOM STEPHENS: We will fix it.

Hon M.J. CRIDDLE: I have made the position clear many times.

Hon E.R.J. DERMER: I hope I understand correctly. The minister is saying that the department has no plans now and there will be none between now and the next election.

Hon M.J. CRIDDLE: That is correct.

Hon KEN TRAVERS: I refer to page 874 and the Mitchell Freeway extension - Ocean Reef Road to Hodges Drive construct and seal project - at an estimated cost of \$22.342m, with expenditure to date of \$11m and estimated expenditure for this year of a further \$10m. I would like a breakdown of how those figures were determined and why the contract figure is \$12m.

Hon M.J. CRIDDLE: That is a very detailed question. I will have to take it on notice. Federal funding is included.

Hon KEN TRAVERS: It is all federal funding.

Hon M.J. CRIDDLE: I will take the question on notice.

Hon KEN TRAVERS: When the money was provided by the Federal Government for the extension of Mitchell Freeway to the north, were there any directions about how any surplus might be spent? Is it possible for the Government to use it on other projects? Is the minister prepared to consider the construction of the Eddystone Avenue bridge as a part of this project using the surplus federal government funding?

Hon M.J. CRIDDLE: Any change in expenditure of federal funding would have to be approved by the Federal Government. I have made the position clear about the Eddystone Avenue bridge: There must be sufficient numbers in the area before we go ahead with that development.

Hon KEN TRAVERS: When can we expect a firm figure of what the surplus will be? We have been given \$25m by the Federal Government for the northern extension of the freeway. Based on the budget figures, there will be a surplus of at least \$3m, and I expect the figure to be significantly higher. What is the estimated surplus?

Hon M.J. CRIDDLE: That question is on notice.

Hon RAY HALLIGAN: I refer to page 1446 and the infrastructure development and management. The total cost of outputs probably includes an addition and a reduction to arrive at the net \$56.6m. Will the minister confirm that the interest saving is about \$10m? How has that been achieved? Apparently it relates to increased expenditure on the Perth access projects as well as a reduction in the interest payments.

Hon M.J. CRIDDLE: We have taken the \$8.3m from the Main Roads Perth access projects into our budget. The better management of interest payments is \$2.5m due to the refinancing of the Transport Department's debt.

Hon TOM STEPHENS: I want to ensure that the minister has not inadvertently misled the committee in an earlier answer about the costs associated with the advertisement lodged on 30 June. Will the minister reconsider the previous answer and indicate to the committee whether the \$6 100 to which he referred was the full cost of the advertisement - that is, the full cost for the preparation, the design, the layout and the placement of that advertisement with the newspaper this week - or whether there were any additional costs.

Hon M.J. CRIDDLE: I will take that question on notice and clear it up.

The CHAIRMAN: I understood the minister to say that the \$6 100 was the cost of the advertisement and other costs.

Hon M.J. CRIDDLE: I will clear that up. I am prepared to provide all the details.

Hon TOM STEPHENS: I refer to the Department of Transport's role in providing transport advice for the coordination of the various arms of public transport in the metropolitan area. Does it collect information about peak-hour traffic loads on suburban rail lines? If it does, will the minister make that information available to the committee? I am specifically interested in whether the overload on suburban rail lines at peak times is such that his department recommended the acquisition of additional railcars for the urban passenger network. If that has been recommended, when was the recommendation made and was it acted upon in the acquisition program?

[12.30 pm]

Hon M.J. CRIDDLE: It is true that at the peak all cars are used. Westrail is responsible for the delivery of that service. It would be responsible for recommendations on whether there is a requirement for more cars, and no doubt it would make that recommendation. The role of Transperth is to fund the services. My understanding is that Westrail is the body which will point out the requirement for more.

Hon TOM STEPHENS: My final question is on a related transport topic. Has the minister found within his budget this financial year the \$200 000 for the restoration of the Carnarvon jetty, which was committed by the minister's predecessor and promised to the local community? I have previously referred the matter of that \$200 000 commitment to the minister in the House.

Hon M.J. CRIDDLE: The budget does not indicate that amount of \$200 000. As I said the other day, I will find out what the situation is with regard to that promise. I think \$188 000 was part of the budget last year.

Hon TOM STEPHENS: There was a commitment to another \$200 000 in this current financial year.

Hon M.J. CRIDDLE: I am yet to find out the arrangement for that \$200 000 commitment.

The CHAIRMAN: As the committee started late, I intend to proceed for another couple of minutes. I know other members have questions to raise, which I ask them to hand to the research officer, Michael Smyth, in a legible form.

Hon E.R.J. DERMER: I seek confirmation of the estimate by Main Roads Western Australia that the traffic - it covers both general traffic and a corresponding number of trucks - on the Cottesloe North to Fremantle corridor will increase by 50 per cent over the next three years.

Hon M.J. CRIDDLE: We are happy to supply details. I cannot remember that off the top of my head.

The CHAIRMAN: We will take that question on notice.

Hon E.R.J. DERMER: What is the current volume of traffic each day through that corridor? I realise that question may also have to be placed on notice.

The CHAIRMAN: That question is taken on notice.

Hon E.R.J. DERMER: What proportion of that traffic is made up of heavy vehicles, and how is the estimated high increase in the heavy traffic, to which I referred earlier, through that corridor over the next 25 years substantiated? Once again, those questions may have to be taken on notice.

Hon M.J. CRIDDLE: They are very detailed questions.

The CHAIRMAN: I am sure the minister does not have that information at his fingertips!

Hon M.J. CRIDDLE: Absolutely. I will go back to the Westrail questions that were put on notice and which are not covered in this budget. Is the committee expecting answers for those?

The CHAIRMAN: Those questions will be provided to the minister. In considering those questions which have been put on notice, I refer the minister to a letter sent by this committee to the chief executive officer of each organisation, the third sentence of which states -

The Legislative Council has authorised the Committee -

That is, the estimates committee -

- to consider and report on the estimates of expenditure laid before it each year. It examines both capital and recurrent estimates and releases a report on the hearings before the end of June each year. The Committee also considers and reports on any matter relating to the financial administration of the State. As you will note, the Committee's role is potentially very wide. Government Agencies and Departments also have an important role and duty in assisting the Parliament to perform this task on behalf the people of Western Australia. The Committee values that assistance. For your information, a copy of the Committee's Terms of Reference are enclosed.

If the minister does not have that letter at hand, we will provide him with a copy. I ask the minister to consider that, before he deals with those questions that have been put on notice. I thank the minister and the staff who have assisted him today.

*Sitting suspended from 12.35 to 2.00 pm*

### **Division 7: Office of the Auditor General, \$6 939 000 -**

[Hon Mark Nevill, Chairman.]

[Mr D. Pearson, Auditor General.]

[Mr P. Jost, Director of Audit.]

[Dr P. Wilkins, Director, Policy.]

The CHAIRMAN: Welcome to this afternoon's hearing of the Standing Committee on Estimates and Financial Operations. Have each of you completed the witness statement, signed it and understood its contents?

Mr PEARSON: We have.

The CHAIRMAN: The first question relates to section 58C of the Financial Administration and Audit Act. Increasingly there is a reluctance by the Executive to table or provide documents to Parliament on the basis that they are commercial-in-confidence. Section 58C of the Financial Administration and Audit Act appears to place a requirement on the minister not to enter into any agreement or contract that would unreasonably fetter the right of Parliament to gain access to this information. What has been your experience with this issue and do you have any views on the function of that section of the Act?

Mr PEARSON: On the matter of commercial-in-confidence more generally, I have a clear view that it should be very much a reserve or an extraordinarily used provision, with the proviso that once a contract has been entered into that should pertain. In the process of entering into the contract - for example, the tendering process - confidentiality is justified. However, when the evaluation is finished and the contract is entered into, it is very difficult to justify. In my experience I have rarely seen a commercially confidential clause be justified. In that sense, I have reservations about them. In the course of my audit work, it has not been a major problem. In a couple of cases it has emerged as a likely problem, but, fortunately, that has been before a contract has been signed. When we raised the issue and had it explored, the situation was resolved, and I have been more than happy with the provisions that have been put into the contract. More generally, major agencies and the State

Supply Commission and the Department of Contract and Management Services are using a clause that has been cleared with my office which makes it clear that provisions of the contract do not override the FAAA. That protects my position as Auditor General to have full and free access to all relevant information. In practice that is working. On a broader area - it is preliminary at this stage, and I am not sure how close Dr Wilkins is to it - we have commenced a review of the issue of commercial confidentiality within the office, but it is an early preliminary study stage. I am awaiting the outcome of my office's research in that area.

Dr WILKINS: I can only add that a team is looking at a range of contracts and is looking through the content of those contracts. However, as the Auditor General has said, it is too early to say what will be the findings of that review.

The CHAIRMAN: I can understand the situation in which three contractors bid for one contract. If in the case of the proposed new prison, for example, you had a preferred contractor, and there was no other bidder in the field, is there a strong argument for the putting together of that contract not being transparent? It is not as though it would jeopardise someone else's bid. In that case, is there any good reason for that to be kept commercial-in-confidence?

[2.10 pm]

Mr PEARSON: I would not like to comment on that case because I have not seen it so I am not close to it. In principle, even though other people are not involved in developing the contract, it is still in the negotiation stage. No doubt parts of the negotiations are sensitive. It would not be helpful to have them in the public domain until they are finalised. When the contract is settled it will be preferable to have it on the record. It might delay holding people accountable for that which they agreed to, but the concept of accountability is the assigning of a responsibility within parameters, the discharging of that responsibility, and accountability for the way it was handled. That is why it should become public when it is signed. However, in some circumstances it might be appropriate to make the detail of those negotiations public.

The CHAIRMAN: I neglected to give you an opportunity to make general comments before I asked that question; would you like to do that now?

Mr PEARSON: I welcome the opportunity to make brief remarks. I welcome this invitation to brief the committee. It is valuable from my office's perspective. I hope we can contribute to the committee's deliberations. However, today primarily my office can respond to questions that have arisen from the examination of the *Budget Statements* and add an accountability dimension to them.

Two-thirds of the Auditor General's Office works on the routine annual financial statement audit and performance indicator audit. We call it the attest audit, which is Mr Jost's primary area of responsibility. The public sector is made up of approximately 320 agencies, most of which are audited subject to the Financial Administration and Audit Act. A small number of entities are audited subject to Corporations Law, cemeteries legislation, etc.

In the main, the Financial Administration and Audit Act agencies are required to prepare and have audited financial statements and performance indicators each year. From my perspective, that audit portfolio breaks into about 45 departments plus the five parliamentary departments, which takes it to about 50 departments. There are about 120 statutory authorities and 60 hospitals and health services in the current year and three government trading enterprises, Western Power, AlintaGas and the Water Corporation. Basically that part of the work is broken into departments, statutory authorities, hospitals and health centres and trading entities.

The other third of my officers' resources go into what we call a performance examination program, which is a selective review of agencies and/or programs or subprograms within agencies whereby we examine the delivery of the program and function from an efficiency and effectiveness perspective. Arising from that we produce about six substantive performance examination reports a year. Another 15 to 20 lesser reports are included that arise in the course of departmental audits.

The performance review side cannot be comprehensive because we have limited resources and the public sector is wide and diverse. We try to spread our coverage across portfolios and try to seek out new and emerging programs early in the piece so that if improvements can be made we try to make recommendations early. We try to examine large and ongoing programs from a maintenance point of view, including accountability issues such as credit cards, travel and compliance issues. Then there is a general state-of-the-State review covering areas such as the public bank account. In overview, I am trying to give some insight into the nature of the work of the office to provide a context against which members might like to ask questions.

Hon KEN TRAVERS: I want briefly to discuss one of the reports contained in your 1997-98 report, for which I commend you, and that is the private care for public patients at the Joondalup Health Campus. Firstly, I want to know whether you are doing any sort of ongoing monitoring of that contract to ensure that some of the recommendations you made are implemented.

Mr PEARSON: In principle, in my role as the external auditor of government, I do not see it as appropriate to do ongoing monitoring of our findings or the management of a contract. A point that I probably should have mentioned in my introductory comments is that with performance examinations and substantive audit findings, we do the work, do the report and make the recommendations. Approximately two years later we revisit the area to see what has happened as a consequence of those recommendations, and we report the findings of that review to Parliament. Again, I try to take the fine line there that, as external auditor, I have no executive authority; the only power an auditor has is to review and report. I take the view that, in a sense, we call it as we see it, as we did with that report to which the member referred. At about the two-year mark - it varies, depending on the job and our resources, obviously - we will review the situation in terms of the recommendations and give one more report to Parliament on what has happened. That report on that project will be due in the next 12 months or so.

Hon KEN TRAVERS: One of my great concerns is that in March we saw hospital bed numbers reduced. To a degree I think your earlier report alluded to some of the accountability problems, for want of a better term, for the Government in ensuring that the contractor provides the services. When questions have been asked of the minister, it seems that the department reverts to pointing out that it is now up to Health Care of Australia to manage the contract and the department does not have any obligation, in a sense, to ensure that Health Care is properly managing its budget so that it is providing health care for 12 months of the year. I also noticed that in your report you mentioned that if the Government wanted extra services out of contractors, it would be at risk of paying higher than the market value or whatever for those services because of the way the contract was monitored. Do you have any comments about those issues?

Mr PEARSON: We said in that report that by entering into a contract, the variations, by definition, must be negotiated with that sole provider. That has pros and cons. Having a provider to negotiate with is a plus, but a negative is that the provider knows that one's hands are somewhat tied in terms of alternatives. Therefore, it gives the provider a bit of room to move or not to move in cooperation. Similarly, with the management of the contract - again, it is not for an auditor to comment on which method of service delivery is chosen - we tried to make the point very forcefully in that report that at the end of the day it still comes back to the fact that it is a public sector funded provision of a service to the community and, whether it is provided directly or via a contractor, at the end of the day the public sector agency is responsible for delivery of that service and is accountable, through the minister, to the Parliament for that delivery.

Hon KEN TRAVERS: I do not want to put words in your mouth; however, from what you said, you would see some concerns in the development we have seen this year, which at the time of the report was not in existence, of effectively the Health Department almost, for want of a better term, trying to wash its hands of the matter so that once it has handed the money over it is up to Health Care of Australia to then manage its own budget when there are clearly problems with that.

Mr PEARSON: The area to which you are alluding is part of the broader contract management phase, and it comes down to the contract and service specification. It is an active management process to exact what has been specified. I know from experience that if it is not adequately specified, action must be taken to enhance that situation. Dr Wilkins was involved in that examination. He may have additional comments to offer.

[2.20 pm]

Dr WILKINS: The contract is complex and contains many different conditions that affect the relationships between the State and the private provider. Obviously at this stage, as the Auditor General indicated, we have not looked at how those provisions have been applied and used by the Health Department. Clearly the issues raised by the media are an example of the sort of tensions that can occur. The issues raised in the report about managing the contract to the best effect bear directly on that.

Hon KEN TRAVERS: What you predicted in the report seems to be pretty much occurring. A major concern of the Parliament is ensuring, as you say, that the funding we provide for the provision of public services is being adequately managed to our satisfaction.

The CHAIRMAN: We have had in officials from the Anti-Corruption Commission during these hearings. Its line item budget falls under the Ministry of the Premier and Cabinet. There is a requirement on the ACC to prepare an annual report under the Financial Administration and Audit Act. Do you believe that agencies like that should be directly accountable to Parliament rather than via a department?

Mr PEARSON: I would have to rely on formal advice of the legal position. A report to Parliament would go to the matter of detail. I am just reflecting. We did the annual financial statement and performance indicator audit. It had satisfactory results. I cannot recall whether I have seen an actual annual report as per a normal department, but I issue the opinion. I am not aware of a provision that the normal requirement applies; that is, within 21 days of the issue of my opinion, a report is tabled.

Mr JOST: The Ministry of the Premier and Cabinet provides the accounting for the ACC. It prepares the financial statements that we audit. The Auditor General then issues the opinion. The responsibility still remains with the accountable officer, who is the head of the ACC.

Mr PEARSON: In principle, if the committee was interested in talking to the ACC, the accountable authority in this case -

The CHAIRMAN: We called its officials in; they did not object but the minister thought -

Mr PEARSON: As I qualified at the start, I would have to leave that to the parliamentary process.

Hon NORM KELLY: With regard to resources and workload, on page 123 the figures appear to show a reduction in the cost of outputs in various sectors. How is the workload of the office going? My understanding is that there is probably a slight increase in the workload, although I notice it is consistent with the FTEs for the year. More specifically, on page 122, under the external influences to which you refer, is the proposed introduction of the goods and services tax raising a number of issues? What sort of workload will that place on the office?

Mr PEARSON: The appropriation summary shows a slight reduction of approximately \$300 000 from 1997-98 to 1998-99 because in 1997-98 we carried forward money for the capital purchase of telephone equipment and there was a rental adjustment. In 1997-98 that figure was artificially high.

Hon NORM KELLY: Is it under recurrent funding?

Mr PEARSON: Yes, it is part of the budgeting, and the cash flow interface causes that. The workload is constant and

steady. There is more there than we have the resources to do but that will always be the position. I welcome the opportunity of committees like this to get some feedback. Within those realms, I hope that we are addressing the high priority issues and there are not major and significant issues that we are not addressing and are not aware of. Things are tight but it is manageable. That is probably the tension that one needs to maintain.

The introduction of the goods and services tax is a major initiative that we will face. It has a range of aspects. I will ask Mr Jost to give the detail on it. At this stage it is a matter of providing for it and gearing up for it and making sure that as contracts are written, the prospect of the tax is adequately considered and provided for. In one sense one might see the operation more strategically in ensuring that accounting systems are able to provide for and accommodate it.

Mr JOST: Whether the GST gets through or not, the Federal Government is talking about a lead time of 12 months before it applies but some industries will be hit almost immediately on 1 July. For instance, insurance premiums have a component that goes over 1 July 2000. If people renew in July, there is already a component in there. There could be issues that require legislative amendment to enable the earlier collection of fees.

The bulk of the state government agencies traditionally have not had to worry about sales tax. They will now have to learn about it and set up systems. Whether the systems can be easily modified will require a fair amount of strategic management to ensure that it is done properly. As I have said, a lot of education will be needed. There can be impacts on the budget. The budgetary process will need to add the cost of the GST. More importantly, it has an impact on cash flow. In essence, the GST will be paid and collected back. There will be issues of whether the State submits a single return or whether the state authorities submit their own return and collect the money. If they are late in getting a return back, they will be late in getting the money back. Significant impacts on cash flow in government agencies are anticipated. Other impacts will be with intra-government dealings. If a department is dealing with a statutory authority, will it be a general government to government or government to another taxpayer transaction? A significant number of issues will be involved. If the policy is implemented, it will cost money if we do not get it right.

Hon NORM KELLY: Is it too early to indicate how much of the office's resources will be allocated to the matter? It will need a high priority. Given the office's budget, other programs may drop off the list.

Mr PEARSON: My staff will not like this answer: At this stage, I envisage its being part of the variables we must manage in doing audits. For instance, much effort has been directed in the last couple of years to reviewing how agencies are managing the year 2000 issue. In a sense, this will be the last cycle of that activity. The GST will be another issue to consider. It will be a substitution issue. I place it in the continuum of introducing accrual accounting over the past five years. In that case, we received marginal adjustments in resource allocation to get over the hump, but it was largely picked up through priority management in the office.

Hon NORM KELLY: So your staff can start taking holidays in about 2001 then!

Mr PEARSON: It has been an incentive with me for some time to manage leave so we do not stretch resources. A contingency element could be a tightness on people's ability to take leave at a point.

[2.30 pm]

The CHAIRMAN: You mentioned in your general comments that one-third of the effort of the office is spent on performance programs, and that six agencies a year are covered. It would take you 60 years to get through the government departments at that rate. Is enough funding directed at this very important area?

Mr PEARSON: That is a difficult question to answer. We could apply more resources to this area but I am reasonably satisfied, from my review of the program and the feedback I generally receive, that we have enough resources to make a difference by reviewing a sufficient number of issues and highlighting matters to be pursued. On the other hand as an auditor, even where I say on the attest side that we issue an opinion on every agency every year, an audit opinion is very much an assurance, it is not a guarantee. It is an assurance of the truth and fairness of the reports prepared by the agencies rather than an absolute guarantee that they are true and correct. Applying that philosophy on the performance side, I feel that with those six or so substantive reports each year, we are able to traverse a range of things. To reflect on the last cycle, we covered a fundamental issue of accountability in respect of corporate governance in statutory bodies in our review of the role of governing boards. That was an in-principle corporate governance issue.

More broadly, we reviewed the use by agencies of surveys of customer satisfaction to assess their effectiveness in the eyes of the people they are serving as an adjunct to their performance indicators. We then made a number of more specific examinations related to particular agencies and programs. An example in that category was our review of the support for the homeless youth program. I am a bit hazy about the values at the moment but tens of millions of dollars were involved in the program with something like 80 areas of intervention delivering it. The fundamental finding of the report was a need for greater improvement in coordination of the provision of those services. A common claim in the public sector is that it has inadequate resources to provide a service. Our examination showed that there were enough resources in this program but the connection was not being made to deliver them to the right people at the right time. I use that as an illustration of our looking at a particular program. In that context, I am reasonably satisfied that we are applying adequate resources for a reasonable coverage. We could always apply more, and some people would like to see more, but it comes down to an issue of what is reasonable in all the circumstances.

The CHAIRMAN: Do you conduct what are commonly described as value for money audits?

Mr PEARSON: This category of review travels under the names of efficiency and effectiveness reviews, performance examinations or value for money audits.

The CHAIRMAN: I notice the Victorian Auditor General recently brought down an interesting report entitled "Victoria's Prison System: Community protection and prisoner welfare". Obviously Victoria has a different system to Western Australia in that it has a high percentage of private prisons, with issues arising from that. However, one area of great interest to this Parliament is that we have a range of alternative sanctions available under the sentencing legislation. However, they are not used to the extent that they probably should be, which possibly reflects the community, judiciary and magistracy's views about the effectiveness of those programs. I suggest that evaluating those alternative programs and the programs within the prison system could be very valuable for the funds that the Government has to spend. I suppose you read other Auditors General reports.

Mr PEARSON: Yes, that is certainly one thing we do in our offices in terms of consultation. I am happy to take your comments on board for consideration.

The CHAIRMAN: It is hot off the Internet so I do not expect you have read it yet.

Mr PEARSON: I do not recall seeing that and we have a good system of distributing them between our offices. Justice is an area into which we have had a look over the past few years. In 1996, we looked at the management of the Magistrate's Courts and in 1997, we looked at bail and prisoners in remand. It is an area that we cover. On the other hand, we must be aware of the limitations, in that I cannot impinge on the judiciary and the exercise of judicial function. I also cannot question government policy. However, in that context, I take your suggestions on board and I will include them in our considerations.

The CHAIRMAN: Are you able to give the committee any idea of the sorts of audits that you are undertaking in that area this year or do you prefer to wait until you release the report?

Mr PEARSON: With the qualification that an audit is not complete until it is finished, and while at this time I think a report will emanate, the FAAA requirement is for me to report matters of significance. It may eventuate that what I think now is a matter of significance may be explained away and not be significant. However, I am happy to give a broad overview of the sorts of areas that we are currently looking into.

In the "almost ready" category are examinations on lease versus purchase options of office and other light equipment. Clearly there has been an escalation in the amount of leasing. We are examining its effects. Basically, there are two key tests; firstly, that a competitive price was obtained for the equipment and, secondly, that a competitive price was obtained for the lease option, if that was adopted. Included in that is a conscious decision on whether it was more economical to lease or to buy. That is at an advanced stage and I expect to be reporting before Parliament rises at the end of June or early July.

Hospital performance indicators is another area at which we are looking. You might recall that we did a general report on performance indicators across the public sector in about 1994. In 1996, we looked specifically at the health sector. To its credit, it has done much work in that area and is advancing. We are currently reviewing that work and anticipate that we will make a report on how that has progressed.

We are looking at the current arrangements for the funding of not-for-profit organisations and the basis of making payments and grants to them. We are looking into a couple of areas of fisheries management. We looked at a couple of fisheries and reported on those in a report late last year, and now we are having a broader look at the fisheries management issue. Another area that is at a reasonably advanced stage is the review of the provision of surgical services in mainly metropolitan non-teaching hospitals; looking at how they operate and the implications of whether the services are provided by sessional doctors or salaried doctors. They are in the performance examination area.

The other areas that we are considering relate to compliance and control issues. We are conducting reviews of how agencies discharge their annual reporting obligations, the management of consultants, as a more general issue across the public sector, and the management of intellectual property. That is an insight of what we are likely to report on.

[2.40 pm]

Hon E.R.J. DERMER: What hospitals will be included in your review of surgical procedures in non-teaching hospitals?

Mr PEARSON: I do not have that offhand, and it might be inappropriate at this stage. Essentially, we have canvassed the non-metropolitan hospitals such as Rockingham, as well as hospitals such as Osborne Park. I do not think there would be a problem, but I would prefer to check with the team in terms of sensitivities.

The CHAIRMAN: I hope the Auditor General does not forget Woodside Hospital, which is the maternity wing of Fremantle Hospital, which seems to get forgotten.

Hon KEN TRAVERS: My question relates to annual reports as well as the presentation of the budget. There appears to be an increase in the number of consultants used instead of permanent public servants. Certainly from a parliamentarian's viewpoint, I find it difficult that many of those contracts are not being included under salaries and allowances but are included under services and contracts. It makes it difficult to maintain a count of the number of bodies in a particular agency. Even the FTE figure does not necessarily give one a result. Has the Auditor General found that with his auditing? The classification is inconsistent. Some agencies include it as salary and allowances and others as services and contracts.

Mr PEARSON: From my external audit role, my primary motive is outcomes; the inputs to achieve that outcome are secondary. It is absolute accountability rather than components of how it was discharged. Classification rules are promulgated by Treasury. To the extent possible for an external audit, we run tests to establish whether they are being reliably applied. For instance, there is a distinction between consultants and contractors. If we consider them as people whom we buy in and generalise the term, it depends whether it is a contract of service or for service. If an agency gets in

a contract clerk to work for it, under the guidelines that is charged as salaries. However, if an agency buys in somebody to provide a service, and they send in some staff to do that service, it may be properly classified as a servicing contract. That adds to the difficulty in matching. There are a couple of views on it. From an accountability point of view, the number of FTEs is a secondary consideration, whereas some people like to know how many staff are employed. However, from an accountability and management point of view that is a secondary consideration; the primary consideration is what was the cost, what did you get for it and was that what you planned to get?

Hon KEN TRAVERS: That is the difficulty I see as it operates at the moment. An agency could have a massive blowout in its costs to provide services but its salaries and allowances do not change, and one thinks it has not had a massive increase, but the cost of providing that service could have increased significantly.

Mr PEARSON: I know the accountants were successful in achieving the introduction of accrual accounting and there have been promises all along. We made good progress in the past three to five years. My prognosis is that in another three to five years we will have far better costing so that we will be able to say more reliably where the costs have blown out or where a program is costing more or less than it used to, because we will have a better information base on which to compare alternatives and costs. The current difficulty is that we are comparing full costs with cash costs and we have had different classification systems over time. However, I see the rigour of accrual accounting as an investment and a way of getting the benefits at the earliest possible time.

Hon KEN TRAVERS: The second area I raise again on monitoring what is occurring in agencies relates to their spending on advertising and public relations. Agencies are required under the Electoral Act to provide a statement in their annual reports on those costs. A number of agencies have not been doing that and I hope they will do so in the next round of annual reports. However, it strikes me that a fair amount of that advertising could only be described as "for political purposes" and not "for information purposes". Do you have a role in monitoring the legitimacy of that advertising in any way? On many occasions the advertising does not seem to be budgeted but, rather, is a response to an issue and money is quickly spent. Whom do you see having a role in making the final decision as to whether it is appropriate for an agency to be spending that money?

Mr PEARSON: In strict and absolute terms it is the accountable officer or authority - the chief executive officer or the board - that is responsible and accountable. As far as Parliament is concerned they are the people to whom the questions should be addressed. It is something I have regard to from an audit perspective because as part of our audit mandate we are required to look at the regularity of payments, to ensure that they are appropriately approved and legally compliant. There are guidelines on what is political and what is program; however, that is often a grey area.

I must confess that section 175ZE of the Electoral Act is one section that a large number of agencies did not pick up on when it came into play, my own included. In the first year, in compliance with that section, we should have included a statement in our report, but through lack of knowledge we did not. Now that we are aware of it, we have included it in our report and it is now included on the checklist for our auditors when conducting their audit program. Then I get into the grey area. Clearly, if the advertisement is expressly party political I expect my auditors, in scrutinising expenditure, to know that it is an exception. If it appeared outright political and I was notified, I would review it and reach a conclusion. However, I am sure you would agree that short of having a political party's name attached to the advertisement, it is a matter of judgment and not the auditor's role to question policy or legitimate executive decisions. It therefore comes back to the system holding the individual or body accountable.

Hon KEN TRAVERS: I understand the difficulties in that grey area. It just struck me that recently some of the advertising has become far more blatant. I do not want to get into specifics; however, there was a recent media campaign which would be very difficult to argue was an information campaign. There were many pictures, very few words and it really did not say anything about the issue. It was more about trying to capture images, and that was about the politics of the situation not about information.

The CHAIRMAN: Order! The view one takes depends on whether one is in government or opposition.

Hon KEN TRAVERS: I guess I am saying that the greyness is becoming a lot darker!

The CHAIRMAN: We should get back to black and white instead of grey areas. Have you ever audited the Parliament?

[2.50 pm]

Mr PEARSON: We do the annual financial statements and performance indicators for the five parliamentary departments every year. As an adjunct, under the performance review and accountability dimensions, we have looked at travel allowances, credit card payments and so on.

The CHAIRMAN: Parliament has undergone dramatic reorganisations in recent times. Perhaps that is one area you could consider investigating.

Mr PEARSON: We are planning for the annual audit cycle. We are required to do final audits for the five departments up to the date they ceased operating, and new audits for the three departments that replaced them.

The CHAIRMAN: More members might turn up if you do that.

Mr PEARSON: Auditors have a bad enough name.

The CHAIRMAN: Substantial changes have been made. It would be interesting to compare the old with the new.



Hon KIM CHANCE: Has your office conducted an audit of investment incentives programs conducted by the Department of Commerce and Trade?

Mr PEARSON: Not specifically that I can recall. We did an audit of assistance to the industry more generally in 1993 or 1994. That is the last one I recall. We would have done a follow-up a couple of years after that.

Hon KIM CHANCE: It is almost time to start again.

Mr PEARSON: It is another one to add to my consideration list.

Hon KIM CHANCE: An audit of the assistance given to the Narrikup abattoir under that program is warranted.

I was looking for a line item that might have allowed me to raise an issue, but I have not been able to find it. I understand the office is currently conducting a broader audit of Fisheries WA as a follow-up to a previous report.

Mr PEARSON: That is correct.

Hon KIM CHANCE: I could not find a reference to either in the budget.

Mr PEARSON: We do not normally list the audits we are undertaking. We have 320 and a fluid list at any time of 15 to 20 examinations on entities such as Fisheries WA. That is at an advanced stage. I hope I will be able to table a report in August or September. We have a team working on a couple of audits at once.

Hon KIM CHANCE: It is no small task.

Mr PEARSON: It is a resources issue. I have not had a briefing on it for a couple of months. I think the next briefing will be on the draft report. We are in the closure stage.

Hon M.D. NIXON: Page 126 refers to the estimated cost of a major audit for 1998-99 as \$82 760. I am pleased to see that that has decreased a little. The estimated cost of a smaller audit is \$9 585, and that is predicted to decrease next year. The annual statement indicates that in 1997-98, the office's auditor charged \$11 000 and in 1996-97, \$12 000. Would you consider an audit of your office a major or a minor audit?

[2.50 pm]

Mr PEARSON: I would relate it as a low-risk audit! I have another qualification: My office would be in the small audit category. Arithmetically my office is an average size government department. The 45 departments range from the Health Department and the Education Department, which have many thousands of employees, to very small offices with very few staff. In the public sector management division statistics, 100 staff comes out at about the middle of the range. My office would be in the small audit category. We split those up to stratify it. If we gave an absolute average, it would be pretty meaningless. There would be a reasonable range around that average. Sometimes a minor issue in a small agency can consume hours and, in hindsight, we wish we had not done that work, but if it is not done, we could be negligent because there is a chance the issue might not have panned out satisfactorily. By the nature of auditing, we will go up a few blind alleys. I appreciate the comment by the member about the slight decrease in the averages. There is not a lot of variation. The number of audits can affect the averages. The parliamentary departments have gone from five to three, which means that for 1999-2000 we will do a total of seven audits; five audits and the two final audits. When this happens across the public sector -

Mr JOST: The Fire and Emergency Services Department has final audits and the Fire Brigades Board and the Bush Fires Board are part of that department. We will do a 30 June audit on the new Fire and Emergency Service organisation.

The CHAIRMAN: I return to the first question I asked about section 58C of the Financial Administration and Audit Act. Are the commercial-in-confidence provisions on the checklist of items to be audited?

Mr PEARSON: They are not specifically on the annual or test audit cycle. When we do that, we are verifying the financial statements, the performance indicators and the internal controls applied within the agency over those records. With performance examinations, where we look at contracts, yes, we specifically look at the clauses of contracts and those sorts of things; however, we do not look at only those sorts of provisions.

Hon MARK NEVILL: To what degree is the office fettered in its ability to undertake audits of government departments and agencies?

Mr PEARSON: I do not consider my office to be fettered. The only limitation is the quantum of resources available to me. As I have signalled, I could always use more. In a reasonable sense, we are treated fairly. Commercial confidentiality has never been more than a threshold issue: One of my staff might ask for something and a member of staff in an agency might say that we cannot have it because it is commercial in confidence. It then becomes a matter of a short explanation that we are the auditors and that there is provision that entitles us to full access. What we require is then provided.

Hon KIM CHANCE: All of my next questions relate to the major achievements on page 125. There is a reference to the Financial Administration and Audit Act in the first dot point. It is my conventional wisdom - I do not know whether it is right - that the function of the Auditor General covers the whole scope of the Financial Administration and Audit Act and its application to agencies. Is that correct?

Mr PEARSON: I see the Financial Administration and Audit Act as having two components: A financial administration component that Treasury and the Treasurer administer and apply; and a component that establishes my office and defines my function.

[3.00 pm]

Hon KIM CHANCE: I refer to section 58C which deals with commercial confidentiality. Is it a function of the Auditor General's Office when you are looking into matters that might be relevant to your inquiry, to try to ensure that the provisions of section 58C are complied with in respect of contracts not binding the Government to confidentiality?

Mr PEARSON: I would split a hair there. If I were doing an auditor's examination and that provision existed, and it precluded me accessing documents, I would have a problem and I would report that. It has not occurred to date. I made reference to a confidentiality provision when reporting on the review of motor vehicle fleet financing. There was a confidentiality provision which did not restrict my access, but it did impact on the way I reported my findings. I might normally have indicated the contract's provisions. It was a narrative or contextual thing, and it certainly did not affect my audit and did not overly affect my reporting. However, it was a consideration in my reporting.

Hon KIM CHANCE: I asked the question in the context of whether your office is responsible in any sense for policing compliance with section 58C.

Mr PEARSON: No. I would argue that as the external auditor I am not a policeman. I am a reviewer and a reporter. I know that the function of reviewing and reporting can act as a deterrent and a form of policeman, but the primary responsibility for enforcement of section 58C rests with the Treasurer, as the minister responsible for administering the Financial Administration and Audit Act. That is the strict legal interpretation.

The CHAIRMAN: It is often said that the auditor is the watchdog and not the bloodhound. You have indicated that audits are involved in satisfying to a reasonable degree that the balance sheets and profit and loss statements are not materially misstated. Who in your opinion is the bloodhound? It is certainly not the Australian Securities and Investments Commission.

Mr PEARSON: It is a difficult question. I see the accountability at three levels. At the primary level it is the accountable officer or accountable authority, and that is explicit in the FAAA. That would be the CEO. Beyond that, it is the minister administering the legislation, and beyond that it is probably the Parliament and its committees. The audit role indicates matters of significance that should be brought to notice so that those in a position of and with executive authority or power are able to address that issue.

Hon E.R.J. DERMER: Once you have reported after your review, who is responsible for taking action on the matters contained in your report? Will it vary from one agency to another and from one circumstance to another?

Mr PEARSON: Yes, it will. In practice my report must stand on its merit as a tabled paper in the Parliament.

Hon E.R.J. DERMER: Not of least importance, it comes to the Parliament which then has the capacity to draw the attention of a minister to his responsibilities in relation to any particular agency.

Mr PEARSON: Yes, that is correct.

Hon M.D. NIXON: I refer to page 60 of the 1997-98 annual report. Under the heading "Supplementary Information" reference is made to \$4 000 - losses of public moneys and public or other property through theft or default. Underneath that is another entry of \$4 000. Is that the same \$4 000?

Mr PEARSON: Yes, it is.

Hon M.D. NIXON: What is it for?

Mr PEARSON: My recollection is that it was for camera equipment which was stolen from an office. In the first place, it is the statement that a loss has occurred and, in the second place, that loss has been written off. Because it was within my delegation, I have written it off.

The CHAIRMAN: What is your involvement in the estimates documents in reconciling the figures in the current budget papers, as against what is stated in the annual report and in the past estimates?

Mr PEARSON: To the extent that that is a note to the financial statements, my audit provides a reconciliation. Certainly there is a reconciliation for departments; for instance, pages 48 and 49 of my office's annual report provides an example of the note included in departmental financial statements that compares consolidated fund appropriations and revenue estimates with actual expenditure. That is audited as part of the audit of financial statements of all agencies.

The CHAIRMAN: Would there be some usefulness in reconciling last year's estimates and the figures in the annual report and collating that information somewhere if there is a major discrepancy, or has that already been done?

Mr PEARSON: As I understand the question, I think that is already being done. As the cycle goes, if we start with the appropriation documents, consolidated fund estimates are picked up in a statement which is attached in the notes to the financial statements of agencies. Then there is a comparable column of actual expenditure against those estimates and an explanation of the significant variations. That accountability is being discharged in the agencies. For the 1999-2000 budget statements, when you get the 1999-2000 annual reports from the agencies, a summary of estimates, actuals and an explanation of major variations which have been subject to audit are included in the notes to the financial statements.

The CHAIRMAN: We can find it individually, but it would be useful to have them in one document, particularly where there are large variances.

Mr PEARSON: Yes.

Hon KIM CHANCE: Does your office have an officer on secondment with Agriculture Western Australia dealing with its Smart Stream recovery process?

Mr PEARSON: We could have. We have an active secondment process to provide broader experience to our staff.

Hon KIM CHANCE: Possibly a transferred officer?

Mr PEARSON: It could well be. One person we can think of went there on secondment and he was then transferred to stay with the department.

Hon KIM CHANCE: To sort out that Smart Stream process.

Mr PEARSON: That is his part of that exercise. Apart from myself, everyone else employed in my office is a public servant; they are career public servants. Although my primary recruitment is at the graduate level from university, I recruit laterally from other agencies, and my people apply for and get jobs in other agencies.

Hon KIM CHANCE: That is an excellent idea.

[3.10 pm]

The CHAIRMAN: How many of your staff do you lose from the Public Service to private industry? How many people on average each year go back into the Public Service?

Mr PEARCE: That is difficult to answer. Broadly, my staff turnover is 15 to 20 per cent a year. In some respects it is a bit high, but that is the nature of an audit office. We recruit bright young graduates into a pyramid structure. If they do not progress upwards, they go out. I believe an audit office has a community service obligation to provide accountability expertise to the public sector as a whole. Leakage of staff to the private sector varies with the private sector economy. Three or four years ago I was losing more staff than I would like to lose to mining companies.

Hon MARK NEVILL: They will all be coming back shortly!

Mr PEARCE: One came back last year. My recollection is that of a 15 per cent average turnover, a third go to the private sector. At present that tends to be to smaller private accounting firms. The big five accounting firms like my information technology specialists and the smaller firms like our people for their audit expertise. My younger people are interested in getting tax experience. As far as I am aware in recent times they have come back on contract for only a term.

The CHAIRMAN: Are you still running the program whereby you placed people in private audit firms as you were doing a number of years ago?

Mr PEARSON: No. That was probably seven or eight years ago.

The CHAIRMAN: What is the reason for that?

Mr PEARCE: That program had probably served its purpose. It exposed our office to different methodology. I do not think the gain is worth the investment. About five years ago we bought methodology from Arthur Andersen and put one of our people into that firm for, I think, 12 months to see how the methodology operated on the ground. He returned and provided reinforcement training to our staff. In a nutshell, we bought the package; that firm trained us on how to use it; and when it finished our chap came back and reinforced the training with his ongoing interpretation and practical experience.

The CHAIRMAN: Do you audit the quality of consultants' work? I imagine it varies from useless to excellent?

Mr PEARCE: We are presently reviewing the use of consultants, more to test the market for selecting consultants and in the management of them. The quality of their work is a subjective issue. However, I do not think we get into too big an argument. We were considering more whether the brief was acquitted on time and on budget and whether it sat on the fence in the light of the fact that a fair amount of money was spent. Our use of the equivalent of consultants is audit contractors. About a third of the financial statement audits are contracted to 19 private sector firms to assist us, which gives us a resource levelling. We routinely review all that work because it is part of our quality assurance to be certain that the work coming through is to our standard.

Hon KIM CHANCE: I refer to accountability in the public sector at page 125. I understand that is one of the issues for which you have particular responsibility. In an earlier hearing this week it was revealed that when contractors provide some services on behalf of agencies, the contractor does not always feel constrained by the requirements by which the agency itself is bound, either under the Financial Administration and Audit Act, or perhaps even the Public Sector Management Act, and maybe others. Apart from the obvious issue that is raised here, which I do not want to go into, I am concerned that if this is common it could provide a means, for want of a better word, for some of the more entrepreneurial agencies, which we will not name, to circumvent their procedural requirements. Are you aware of this as a factor from the various audits of agencies that you have done or, alternatively, do you think that it is a present or potential problem that needs to be watched?

Mr PEARSON: It is certainly a potential problem that needs to be watched. However, I would approach it from the point of view of the basic theory that one can delegate responsibility for a job but one cannot delegate accountability for it. Therefore, if one appoints a contractor to do a job and that contractor cuts corners, and it is the delivery of a public sector program, I think that agency would be held to account.

Hon KIM CHANCE: Does it remain accountable, though, for the processes which are used by the contractor, because that is where the issue arose?

Mr PEARSON: It is a difficult question. However, it comes down to the specification of the contract. We raised those sorts of issues in the report about the Joondalup Health Campus, which has already been mentioned. As to the contract, the specification, at a minimum, would require legal means to be used, and I think there is an overlay that if it is in the delivery of a public sector program, the public sector probity dimensions should be acknowledged and addressed.

Hon KIM CHANCE: And probity goes to process.

Mr PEARSON: Yes.

Hon KIM CHANCE: Therefore, we are concerned not only about the outcomes, which might be entirely beneficial, but also the question of how one gets to that point.

Mr PEARSON: Yes.

Hon KIM CHANCE: That is comforting.

Mr PEARSON: I think any accountability official will approach it from that point of view. Going to the commonwealth jurisdiction, successive Ombudsmen have been quite vocal about their not having access to out-source contracts. However, from my observation, that has not stopped the Ombudsmen being very active with the agency which made the contract.

Hon KIM CHANCE: The Standing Committee on Public Administration may be reporting on that aspect shortly as a result of what we found during our investigations in the United Kingdom. However, I cannot tell you that exactly because I have not yet seen the final report.

Mr PEARSON: I look forward to reading that report because it is an important issue.

Hon KIM CHANCE: Our subcommittee is working very hard on that matter. However, none of the members of the Public Administration Committee who are here are members of the subcommittee, so I cannot tell you.

The CHAIRMAN: I refer to the report of consultants engaged by government for the six months ended 30 June 1998. When one looks through that report, one sees there are many consultancies to the major accounting and audit firms around town. To what extent are these firms cutting into your work? Do you look at some of those larger contracts that perhaps the Office of the Auditor General could do, or is there no capacity for the Government to ask you to do that?

[3.20 pm]

Mr PEARSON: It is more the latter, that there is no capacity or I do not think it would be appropriate for the Government to ask me to do that work. It is an area in which I have some disagreements with my colleagues in the private sector. It is a bone of contention with firms that contract to my office that a condition I impose is that while they are doing audit work for me they are not to do any other work for that agency, because I am of the firm view that one cannot serve two masters. That view is reinforced in the public sector because it is not a commercial marketplace. There are many times when the only way one can establish independence is by appearance. My colleagues in the Australasian Council of Auditors General are currently making representations to the professional accounting bodies because they are revisiting the codes of professional conduct. People who started off as accountants and auditors have found that their businesses have grown and they now describe themselves as advisers more generally. My colleagues and I see it as very dangerous for people to do audit work, and advise and assist in the implementation of the accounting and information technology systems that they will audit. It is one of those areas where I would prefer to see a separation.

Hon KIM CHANCE: In the process of outsourcing, in its broadest possible sense, and contracting out, I believe one of the issues which caused difficulty in Britain - I hope it is something that we will be reporting on - was that in the early stages of the process there was a deficiency in the specificity in the performance outcomes on the contract. They were simply too loose and the contractor, if he or she were so minded, would go to the bottom end of the proposed scale. Although that was not intended in the construction of the original contract, that construction left huge holes which allowed people to do that. Is trying to ensure that the contracts that are designed to be specific are in fact specific a matter for your office?

Mr PEARSON: Obviously, we cannot review every contract but to the extent we review individual contracts, there are elements of it. We raised it in the report on the Joondalup Health Campus. It was a question of how people would assess performance and negotiate traditional services, which is very much in that area. The facts of life are that on mechanical tasks it is generally pretty easy to specify and be precise. On the difficult and complex tasks it gets very difficult. One almost has to enter into a partnership and ongoing relationship. Certainly my concern is that different incentive systems are operating between a conscientious public servant, who might be managing a contract on one side, and an ambitious private sector person, who might be managing a contract on the other side and who might be on an incentive-based pay related to profits or volume. Those key areas must be critically addressed. My reading of the experience in the United Kingdom is that a lot of lessons have been learnt, to put it gently.

Hon KIM CHANCE: I am not allowed to talk about them but I believe that is so.

Mr PEARSON: That is the challenge we face. That is not to say that contracting out is not a legitimate way to go.

The CHAIRMAN: It is one of those things of which we need to be aware when we enter into these arrangements.

Mr PEARSON: Yes. If I may offer a general observation, I am heartened by the progress in the Department of Contract and Management Services that I have observed in a couple of areas, where early in a contracting phase it lost its expertise to the firm that had the contract. It took more than a year to regenerate it. It is a comfort and not an audited assurance, but

from the dealings I have had with it in the past six to 12 months, it has rebuilt that expertise and is building on it. Pressures will be there continually because different incentives are working for different levels of remuneration.

The CHAIRMAN: I mentioned earlier the consultant's report. You said that these accounting firms have now broadened their range of expertise and become advisory firms. On the list I have, quite a number of legal firms are purportedly providing legal advice to government but really a lot of them now see themselves as advisers. Whereas you have access to the audit accounting reports, you do not have access to these legal and often advisory reports because they are covered by legal professional privilege. Is that a problem for you?

Mr PEARSON: I disagree with your interpretation that I do not have access to the legal ones. In practice, we apply that FAAA provision that I and my staff have full and free access at all reasonable times.

The CHAIRMAN: You do not countenance any claims of legal professional privilege?

Mr PEARSON: I have not encountered any.

The CHAIRMAN: You would feel quite relaxed about looking at documents from legal firms?

Mr PEARSON: Yes, and again, as an auditor I buy in or use expertise as required. Clearly we exercise judgment, and just because it was a sworn valuation, we would not rush out and get the Valuer General to look at it, but if we had a concern about a private valuation, if we thought it was not straightforward or we felt uncomfortable about it, traditionally we would ask the Valuer General to give a second opinion. Similarly with legal firms, and with engineering briefs and advice, as part of our general audit we would take an administrative look at it, and if it were regular and consistent, we might accept it at face value, but if it were an important issue and we believed we needed to be absolutely sure about it, or if it did not ring true or consistent to us, we would go to an appropriate body to get informed advice.

The CHAIRMAN: That is good to hear, because I am sure a lot of that material goes beyond legal opinions that they are providing.

*Committee adjourned at 3.27 pm*

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