

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 27 JULY 2009**

SESSION THREE

Members

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

Hearing commenced at 1.00 pm

PEYTON, MR BRENDAN

**Acting Executive Director, Governance and Legislation, Department of Local Government,
sworn and examined:**

GRIFFITHS, MR ELLIS

**Acting Executive Director, Office of Multicultural Interests, Department of Local
Government,
sworn and examined:**

MATHEWS, MS JENNIFER

**Director General, Department of Local Government,
sworn and examined:**

NAGY, MR LES

**Manager Financial Services, Department of Local Government,
sworn and examined:**

BERRY, DR CHRIS

**Manager, Structural Reform, Department of Local Government,
sworn and examined:**

FOWLER, MR TIM

**Acting Executive director, Strategic Policy and Local Government Reform, Department of
Local Government,
sworn and examined:**

The CHAIR: On behalf of the committee, I welcome you to today's hearing. Before we begin, I am required to ask you to take either the oath or affirmation.

[Witnesses took the oath or affirmation.]

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

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, could you please quote the full title of any document that you may refer to during the course of this hearing and also please be aware of the microphones and try to speak directly into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any media and public in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise that premature publication or disclosure of the uncorrected transcript may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Members, could you please refer to the budget volumes, page numbers, items et cetera in preface to your questions. Hon Ljiljanna Ravlich has a question.

Hon LJILJANNA RAVLICH: Thank you, Madam Chair. I refer to page 833, “Details of Controlled Grants and Subsidies”, royalties for regions, and specifically the country local government fund. My first question is: how many applications for funding were received under this program in 2008-09?

[1.10 pm]

Ms Mathews: The country local government fund is a grants fund, so that under the country local government fund allocations are paid directly to local governments. It is not a contestable fund, so local governments are not required to apply for it as such; payments are made in accordance with a particular formula and allocations are made directly to local governments.

Hon LJILJANNA RAVLICH: How many applications were received?

Ms Mathews: In that context, all local governments in country Western Australia, that is 110 local governments —

Hon LJILJANNA RAVLICH: Yes, but did some put in—sorry, Ms Mathews.

The CHAIR: Can you just let the witness finish and then come in? Sorry; I need to follow the line of this.

Ms Mathews: Under the requirements of the country local government fund, the relevant or eligible local governments, that is 110, within regional Western Australia are required to submit an acceptance form before receiving an allocation under the fund. I can say that as of this point, all 110 local governments submitted their acceptance forms as part of the fund. Following the acceptance of those forms, the department is then able to look at what has been submitted as part of that acceptance form, and then decide whether to approve that. Basically, it looks at what has been outlined by the relevant local government as part of that acceptance. What is required there is for them to indicate what they propose to spend that funding on in the first year, which of course is 2008-09. Having received acceptance forms from those local governments, we can then proceed to ensure that they do meet the criteria, which essentially is tied, in particular, to infrastructure and assets.

Hon LJILJANNA RAVLICH: Let me put it another way: how many projects did those 110 local government authorities actually present for funding?

Ms Mathews: A full list of approved projects, as I understand, was tabled in Parliament as part of estimates; I think it was one of the questions directed towards Minister Castrilli. We do have a list of approved projects. For the actual number, I would have to go through and actually count them because some of the local governments put in more than one project—they put in two or three—so we would have to actually go through and count the exact number of projects.

Hon LJILJANNA RAVLICH: Let me ask you another way: was every single project of each of those 110 local government authorities funded? You have said to me that the minister tabled in the Parliament all of those approved; I am asking if there were some local government projects that local government authorities wanted to undertake that were not approved?

Ms Mathews: I would have to check exactly who, but in a small number of cases we had to discuss and clarify the requirements for the fund. The fund is tied to infrastructure and it is tied to particular classes of infrastructure as set out in the local government accounting manual. There were a small number of local governments that put in acceptance forms that fell outside those particular requirements. For example, they might have put in an acceptance form for operational expenditure or plant and equipment, or, as in one case, they might have put in an application that applied to a different local government, not itself. There are quite clear parameters for what the fund is to be

used for, and some of them fell outside that, so we went back to them and said, “Here is the fund; here are the guidelines; you need to re-look at that.”

Hon LJILJANNA RAVLICH: I have seen that list, and, from memory, there were statues and there was a cow parade somewhere. Can you tell me —

Ms Mathews: There was a?

Hon LJILJANNA RAVLICH: A cow parade.

Ms Mathews: I do not recollect a cow parade being put forward as one of the proposed projects. If I perhaps can refer to the relevant —

Hon KEN TRAVERS: Have you got the list?

Ms Mathews: Yes, I do have it.

Hon LJILJANNA RAVLICH: Yes, that would be helpful. Maybe you could just table that at the end.

Ms Mathews: All right then, because I have only got the one copy.

The CHAIR: The only other thing we could do is photocopy it.

Hon LJILJANNA RAVLICH: No, that is okay. We can ask some questions and then come back to it. We will get it photocopied.

Ms Mathews: There are multiple projects under each local government.

The CHAIR: Sure. Thanks very much.

Hon LJILJANNA RAVLICH: How does the agency choose which projects to fund? Does it have a steering committee set up?

Ms Mathews: Basically we ask the local government to come to us with its proposed projects, bearing in mind that the purpose of the local government fund is to encourage decision making at the local level. It is very much up to the local government, in consultation with its community, to come up with its proposed projects, which we then consider in the context of that eligibility and criteria. We do not purport to dictate down what projects they might choose from their community; it is a fund around local decision making and local government.

Hon LJILJANNA RAVLICH: I have had a look at the conditions and the obligations on the website, and they are quite clear. The guidelines state —

Recipients will need to demonstrate the previous funds received from CLGF have been fully allocated before subsequent allocation payments will be made.

How does the agency verify this, apart from relying on trust?

Ms Mathews: As part of the fund, after the acceptance forms have been put in and are approved, we ask those local governments to provide an interim report of how they are going with their funding, and then we ask them to do a full acquittal—that is for the 2008-09 payment. That acquittal is required in November this year, and it is only once they have acquitted and reported against their payment that they would be then eligible to receive their payment for the following year. Basically the governance around it is around reporting, in addition to, I guess, the regular reporting that we would require from a local government as part of its compliance obligations under the act. That includes, obviously, its budget, plus its annual audited financial report and its annual report. In addition to those regular reporting compliance requirements, we are saying to each local government that they need to acquit that funding.

Hon LJILJANNA RAVLICH: It also states on the website —

Funding payments in future years may not be made until the required paperwork has been satisfactorily received by the Department. Should recipients not adhere to these conditions

they may be excluded from future distributions of the Fund and their notional entitlement may be distributed to other recipients.

Does this mean that funding payments were made to some local government authorities prior to the required paperwork having been satisfactorily received by the agency?

Ms Mathews: Our expectation is that they are required to submit their acquittal reports by November. We anticipate that they will do that at this point. We would certainly be waiting for them to submit those and acquit that year's allocation before giving them the following year's allocation. When November comes, we will certainly be looking at what they have submitted.

Hon LJILJANNA RAVLICH: But in terms of 2008-09, were payments made to any local government authority prior to the required paperwork having been satisfactorily received by the department?

[1.20 pm]

Dr Berry: That would not be the case, on the basis that once the acceptance forms are received by the department they are checked to ensure that they comply with the guidelines for the expenditure.

The department does not make the payments, but the council is advised of it being acceptable, and then invoices the Office of Shared Services. The payments are made through the Office of Shared Services. In the very first instance, no council would have received any moneys without satisfying the department that its proposed application for funds was in accordance with the guidelines.

Hon LJILJANNA RAVLICH: Can you then explain why the conditions and obligations include a paragraph stating that funding payments in future years may not be made until the required paperwork has been satisfactorily received by the department? On what basis would you put that into the conditions and obligations if in fact there is no problem in this area?

Dr Berry: It is not a problem with the first payment, because they need to lodge the acceptance forms to get the ball rolling, so to speak. That statement is there as a reminder of the need for councils to continually provide the interim reports and the final audited reports for each year of the payments, which is supposed to be four years. It is a reminder that councils need to properly acquit those funds, and they need to be aware that they may miss out on future funding if they have a poor track record. At this stage, it is relatively early days, and I cannot say that there are any problems, but we will be monitoring that.

Hon LJILJANNA RAVLICH: So, for 2008-09, all the payments have been acquitted?

Dr Berry: Not as yet, because they have until November to lodge final reports. They are due now to have an interim report, and we have that from all councils bar about 11. Ninety-nine councils have submitted interim reports and we are following up those other ones. They certainly will not be receiving the next tranche of payments until those reporting requirements are met.

Hon LJILJANNA RAVLICH: But they have their first tranche of payments. When were they made?

Dr Berry: That was done progressively in May, as councils lodged invoices with the OSS. It started in May, broadly, given the Parliament's authorisation of the fund in mid April.

Hon LJILJANNA RAVLICH: The guidelines state that recipients need to be aware that the department will undertake sample audits to assess the application of funds against the broad limits of the fund. How many sample audits has the department undertaken to date?

Dr Berry: As I indicated, it is quite early days for councils spending the money, but we have indicated that we intend to do some spot audits. There is an auditing requirement on their acquittal anyway, but the department wanted to be satisfied that the projects that they were spending the money on truly reflected the criteria, and that is what we intend to look at in the sample.

Hon KEN TRAVERS: Following on from that, when you say the grants must be acquitted, does that mean that the money must have been spent by November?

Ms Mathews: That is certainly the desired outcome. They should have spent the money by November and fully acquitted it. That is what we asked for. If you look at the final acquittal report, it has sections indicating how much they have, and then it asks them to acquit that amount and indicate what projects they have spent the money on. They can supply photographic evidence of that. The intention is that they have spent that money by then.

Hon KEN TRAVERS: When were they notified that the grants were successful?

Ms Mathews: It was done on an ongoing basis following the receipt of their acceptance forms, which came in at different times. As their acceptance forms came in and approval was given to a particular project, they were advised of it. That would have happened over a period, and I guess payments started to go out after we received the actual funding, which was in May as a result of the Treasurer's advance going through. We actually had the money then to start paying.

Hon KEN TRAVERS: What was the time frame for you giving the tick to say, "Yes, that grant meets the requirements of the fund"?

Dr Berry: I do not recall a specific time frame that we worked to, but it was a relatively rapid turnaround by our office. The time frame was pretty tight for councils spending this money. The money came through relatively late in the financial year, so we certainly did not sit on the applications.

Hon KEN TRAVERS: That is not what I am asking. I want to know when you actually gave the tick to say that the councils could go ahead with it. To be honest, I do not see how you can expect anyone to have some of the construction projects in here done in the time frame you are talking about—to have them all fully spent and acquitted by November. Some of the things you have got on this list involve buildings. What happens if they have not got those buildings done in time?

Ms Mathews: In some cases, for example, for major projects, we are conscious of that. A number of them are in fact quite small projects, but for some of the larger ones we would expect them to milestone those, as you do with larger projects. If it is a more significant construction project that might require more than 12 months, we would be expecting them to milestone that, which is what we normally do with such a project. You do it in phases, and the money needs to be paid in phases. That is what we would be looking for—for them to acquit by November what they have spent to date on that project.

Hon KEN TRAVERS: That is a different answer from the one you gave me earlier, which was that you expected the money to be spent by November. That is why I was asking you that question. It did not strike me that it was possible to have some of these projects fully completed by November. That is why I asked whether they had to have spent the money by November or just acquitted the money by November, which is slightly different. Can you give us a better explanation of how that will proceed, and which projects will happen over what time frames? Will they be able to get the next round of grants if they are meeting their milestones, as opposed to having spent all the money previously?

Ms Mathews: On the advice that we have received from local governments, we anticipate that most of these projects will actually be completed. They are infrastructure projects, but they are not on a large scale. Where there are larger ones, we would expect them to have spent the relevant money and acquitted it as a milestone payment. It might be to pay the bricklayers to come and lay the bricks. Normally, projects are done in phases; part of sensible project management is to have phases in a project. We would be expecting them to manage their larger projects in a sensible, strategic way and acquit it.

Hon KEN TRAVERS: So to access the next round of funds, they just need to be on track with their project, not having completed it.

Hon PHILIP GARDINER: That is a really relevant point, because builders are rare in a lot of those country areas. In places such as Bruce Rock and east and north east of there, it is difficult. The honourable member is absolutely right. If it is the case that, with commonwealth stimulus for infrastructure spending, there is a shortage of building resources, can you extend and modify the progress points that shires were meant to get to, so that you do not cut them off? Can you take into account the dynamics of the economic situation that we are going through?

Ms Mathews: It is possible to do that to an extent, but we would not keep on paying out money if they have not acquitted or accounted for what they already have.

Hon PHILIP GARDINER: Fair enough—at least you can see that the expenditure is for real, and that they are trying. I understand that.

[1.30 pm]

Hon LJILJANNA RAVLICH: All of these local government authorities have had one grant given to them thus far. Is that right?

Ms Mathews: One year's allocation.

Hon KEN TRAVERS: Now that you have got the grants, are you able to tell us whether or not you have made any assessment of what impact this will have on the grants that will be provided to local government through other state and commonwealth grants programs? It was always one of the concerns that if it was spent on the wrong areas, it might lead to a reduction in the grants under the grants process. Have you made an assessment of what impact these grants will have now that you have got specific projects?

Ms Mathews: Are we talking here about FAGs, financial assistance grants, or we talking about the economic stimulus package?

Hon KEN TRAVERS: Any state or commonwealth funding that is applied to local government, and whether this will have any impact.

Ms Mathews: Our anticipation is that it would not have an impact on the financial assistance grants, because they are calculated in accordance with a methodology, which is consistent with uses that would be complementary to any financial assistance grant, which is of course the regular recurrent commonwealth grants money, which we pay through the Grants Commission. In terms of the other commonwealth funding that is available under that commonwealth regional and local government infrastructure program, we would see this as being very complementary. Certainly, we have no evidence to suggest that one would exclude the other. If you look at the commonwealth criteria around the payments that are being made, a chunk of the funding is paid directly to local governments, just on the basis of their population, for example, and it is given to develop and build community infrastructure. Other parts of the commonwealth funding are contestable, and local governments then need to actually apply for that. What we are encouraging is that local governments do that strategically and leverage off other funding to in fact get a share of that commonwealth money, because we are competing with other states in respect of that second tranche of commonwealth funding.

Hon KEN TRAVERS: When you came before one of the subcommittees of this committee you did say that it was important that local governments make sure that they apply for the right sort of infrastructure or it could have an impact on their commonwealth grants. Now that you have seen what they have applied for, are you confident that there will be no impact on those grants?

Dr Berry: The member is right, in the sense of the advice that was provided earlier in the year. The matter was considered by the Local Government Grants Commission, I understand, and the advice back from them is that it is expected to have a nominal impact. The reason for that is twofold. If you look at the list of the projects you have got, the only ones that were maybe going to cause an impact were where councils were spending the money on road-asset preservation, like resealing a street. The construction of roads and all the other infrastructure projects here would not have had an

implication for those grants, only where it is asset preservation-type expenditure, such as resealing. You will find a few in there but there are not a great deal; in fact, the expenditure on roads is only about 10 per cent or something of the overall expenditure of this program. It would have nominal impact because of the way the Grants Commission brings in those numbers to their transport assessment. The parallel there, I think, is perhaps the commonwealth Roads to Recovery money that councils receive. I think 63 per cent of that councils spend on road preservation. The commission brings into that money at an average of 63 per cent. Whether a council spends zero per cent or 100 per cent, it does not matter; 63 per cent is the average across local government. Under the principles of effort neutral, that is how they treat it. The same would be the case with these moneys, but these moneys spent on road preservation, which, as I say, will only be a handful of per cent, would be averaged across all local governments. We are talking probably at the end of the day of only a few million dollars, or less than \$10 million or something. It would have a nominal impact, which would barely noticeable.

Hon KEN TRAVERS: Are you saying it would have a nominal impact on the total grants to the state?

Dr Berry: If I may jump in, the financial assistance grants that the state receives through the commonwealth process are independent of what the state provides to local government, so the state could double what it provides or cut out what it provides to local government tomorrow. It would not change what the commonwealth provides. I guess it is the nature of this funding. It is additional infrastructure for local government.

Hon KEN TRAVERS: For somewhere like the Shire of Gingin, where they have got \$556 000 almost for the resealing of the Cowalia Road from Gingin Brook Road to Wanerie, how can you say that then will not have an impact on the grants that the Shire of Gingin may get through that commonwealth process?

Dr Berry: Because the grants moneys that local governments receive will be aggregated up. They do not look on an individual council basis. I guess there is a bit of a history there from the Grants Commission's point of view in terms of concerns in earlier days that for things like the regional road groups, councils would get additional money for a project for the regional road groups but lose it through the Grants Commission. To avoid that sort of feedback there was some agreement in approach that it would be averaged out across the sector. I guess that is my best way of explaining it, but ultimately they are questions for the Grants Commission to explain the technicalities.

Hon KEN TRAVERS: It is for them to explain the technicalities of any grants that they then reduce as a result of this, but it is for you to explain to us whether or not this will have any impact on individual councils, because there is no benefit for a council if we give them money with one and then they loose through the other. I think we all acknowledge that. It seems to be almost like a dark art from a Harry Potter movie at the moment from the way it is explained to me. I am trying to understand it a bit better. I thought that for individual councils like the Shire of Gingin what other sources of funds they receive will have an impact on their total grants. The long-held example is the north west or Pilbara councils. If money is spent by mining companies on projects in those towns, that is taken into account for those individual councils. From the way you are describing it to me now, you are saying it is all aggregated up on a statewide basis and so it will not have an impact on individual councils.

Ms Mathews: That is certainly our understanding. That is the advice that we have received from the Grants Commission. We have obviously been consulting with the Grants Commission on the funding and received that advice. They are the experts in this field. We have consulted with them, and we have been advised that there will not be an impact. I guess that is the advice we have to operate on. We are satisfied with the advice that they have given us.

Hon KEN TRAVERS: On that basis, why could the state government not put far more money into fixing some of the infrastructure backlog in the north west? In the past the argument has always

been that the more you put in the more you loose through the grants process. You are saying that is not the case.

Ms Mathews: That is the advice that we have received in consultation.

The CHAIR: It is venturing into policy.

Hon KEN TRAVERS: It is not actually entering into policy; it is actually asking about how it operates. I am asking about the operational side and trying to understand the operational side.

Ms Mathews: Certainly, we are operating and administering this fund on the basis of that advice that we have received from the Grants Commission, and their advice is that the impact of spending on this would be negligible. We have acted on that advice and said, "Fine. This is the way we will roll it out."

Hon LJILJANNA RAVLICH: Can I just go back to asking what was the required paperwork that each of the local government authorities had to give to the department in order to receive their first payment?

Ms Mathews: Just to confirm, to receive the first payment they had to submit a form that we call an acceptance form, which detailed the project that they were going to spend the money on, and also agree to accept the terms and conditions of the country local government fund, so it was basically a form indicating how they were going to spend the money.

[1.40 pm]

Hon LJILJANNA RAVLICH: It was broadbrush statement of what the project was about and it did not require any detailed costings?

Dr Berry: If I can contribute. The form was on the department's web site, but it was relatively broadbrush in the sense that we asked the councils to describe the project, give a brief description and the total amount of infrastructure funds that they would be applying for from this fund. As we indicated before, perhaps, the priorities of how the money was to be spent was left up to the council; it was not so much an application by which they had to justify a whole project to us and for us to assess it. It did not quite work like that. They just told us how much they would use on that project.

Hon LJILJANNA RAVLICH: I just want to quickly go to the formula because I know my friend Hon Ken Travers wants to pursue this line of questioning. I want to open up this area of the formula used by the department for the allocation of the fund. I want to ask: was the formula developed by staff in the Department of Local Government or was it developed somewhere else?

Ms Mathews: The formula was developed by staff in the Department of Local Government and Regional Development and was in consultation with relevant ministers. The Department of Local Government and Regional Development, as it existed prior to the machinery of government changes, was responsible for developing the formula and providing advice on an appropriate formula, but very much as part of its regional development function as opposed to its local government function. I think this was a question raised earlier around the delineation of the roles, as with other royalties for regions programs, the high level policy, I guess, discussion with Minister Grylls, and the Department of Local Government, as we now are, administers the funds.

Hon LJILJANNA RAVLICH: I am interested to know how the floor of \$400 000 was arrived at, and was this part of the original parameter for the fund and, if not, when was it added and by whom?

Ms Mathews: Can I suggest that is a question best handled by the Department of Regional Development. We are here representing the Department of Local Government, and I think that is probably —

Hon LJILJANNA RAVLICH: Sorry to interrupt, and with all due respects, can I suggest that your minister put out a press release that stated that he, in consultation with yourself, together with the

Minister for Regional Development, did assist in the development of this. I am just wondering why this cannot be answered in view of that.

Ms Mathews: My understanding is that there is, nonetheless, a delineation of function in relation to the Country Local Government Fund, and our understanding is that it is Minister Grylls who was responsible for the formula aspect of it.

Hon LJILJANNA RAVLICH: You are saying that it was Mr Grylls, and I want to put this on record in *Hansard*. How was the cap of \$900 000 arrived at and was this part of the original parameters for the fund and, if not, when was it added to and by whom? I suppose you are going to tell me the same thing! Fair enough.

Hon KEN TRAVERS: Can I just ask a question? You are talking about ministerial responsibility, but the member's question was about the development of the formula and whether or not it was done by the department. You said it was done by the department, but it was providing advice to the ministers; is that correct?

Ms Mathews: It was done by the department in consultation with ministers. The advice around the development of the formula was through the Department of Local Government and Regional Development.

Hon KEN TRAVERS: I understand that. The officers who were involved in that process are they now located in the Department of Local Government or in the Department of Regional Development?

Ms Mathews: I think they are actually largely in Regional Development

The CHAIR: What I might suggest, rather than put you in a situation in which you have to guess, perhaps you might take it on notice and that way you can be sure that you are accurate with it.

Ms Mathews: I would prefer to take it on notice—that would be good—to the minister.

Hon KEN TRAVERS: The point I am making is that I do not want to get an answer that says it is the Department of Regional Development and Lands and then to be told to go on notice to the Department of Regional Development, and then we go to the Department of Regional Development and Lands, which says, “We do not know because the CEO at the time, who was involved in it, is now the director general of the Department of Local Government.

The CHAIR: Let us take that on notice with that clarification.

Ms Mathews: Thank you.

[*Supplementary Information No C1.*]

Hon KEN TRAVERS: If the knowledge is with officers in the Department of Local Government then their knowledge of the development of that formula should be provided by your agency. That is my view, because that is where the people are who have that knowledge.

The CHAIR: Members, further questions?

Hon PHILIP GARDINER: On page 828 of the *Budget Statements* under “Outcomes, Services and Key Performance Information” a table lists goals and services and refers to “Monitoring of Local Governments”. It is excellent that there is delegation down to local governments, in my view, but there needs to be much more than simply monitoring of local governments. The issue really is education about governance because that is a key issue for anyone who is managing money. Often local governments have been under-educated about governance—not just local governments, even Parliaments—about conflicts of interest especially, which is one of the key issues of governance. I wonder what you are doing in this crucial element of ensuring the success of this delegation of authority to local shires. How much money are you allocating to governance education in this current budget year?

Ms Mathews: Perhaps I can lead in by saying that, obviously, the Department of Local Government has a critical oversight role in relation to local government. That can best be described as a monitoring role in terms of, particularly, the compliance of local government with the various requirements of the Local Government Act and regulations. There is quite a strong proactive monitoring role in that respect. That is covered by the particular service that the member referred to in service 3. Very much the focus of that particular area is around monitoring compliance and also investigating complaints. That is balanced by the other key role of the department, which is capacity building, support and advice. That really is all about building good governance in the sector. We have a range of programs and initiatives in that area that are designed to build good governance across the sector. We have a range of specific programs that I can refer to, including, for example, a CEO support program that actually supports CEOs across a range of areas and helps to educate and train them in areas, including governance, strategic and long-term planning, the legislation framework, risk management and resource management. That is the CEO support program that we run. We also support mayors and presidents workshops; again, they are dedicated to training and building capacity of newly elected mayors in that area of governance in their roles and responsibilities as well.

I should say that coming out of the reform agenda there is, in addition to the structural reform agenda, a lot of work is going on outside that to complement that, including sitting on the steering committee as a working group on education, training and capacity building, which is all about building and supporting professional development and capacity within the local government sector. That is still in its working stage, but there will be a number of initiatives. They are looking at a whole lot of initiatives to build this to go forward.

That is still a work in progress, but coming out of that, too, I think there will be a range of good initiatives.

[1.50 pm]

Hon PHILIP GARDINER: Fair enough. I hear that. But bearing in mind that these are all regional councils, they are all voluntary, they are all trying to make a living, just about, back to the money question, how much are you allocating, for example, for taking those kinds of educative courses or educative tutorials out to the councils? My understanding is that most people cannot give up their time to come to Perth or travel too far. Are you trying to attempt to take it out to them as well?

Mr Fowler: Part of what you are talking about, I guess, refers to the reform agenda as well. We are looking at new ways and means of organising to provide training out to councillors and staff. There is a special working group servicing the steering committee looking at the whole issue of training opportunities and building the capacity of elected members to handle their roles. So there are new initiatives coming out of that work. We in the department provide assistance, where we will send out a team to a particular local government if the councillors have said that they would like some assistance in understanding the financial interest declaration provisions of the act or other governance duties of that sort. We will send out a team and provide in-house training for those local governments. In many cases they also use WALGA. WALGA has a series of seminars and training programs as well, and councillors can apply and use the WALGA service. We work in association with WALGA to make sure that we are not unnecessarily covering the same ground, getting better efficiencies, I guess, for what we are doing and making sure there are good alignments in servicing the sector, and ensuring there are opportunities for people who ask for help, that we can be responsive to do that.

Hon PHILIP GARDINER: In the end, in terms of the outcome, being the outcome of good governance and no glitches, who is accountable, you or WALGA?

Ms Mathews: I guess, as the—it is an interesting question. We work quite closely and in partnership with WALGA. At the end of the day, we are the state government agency responsible for administering the Local Government Act and regulations, so we are responsible for the

legislative framework around local government, and under the act, local governments are required to provide good governance for their communities. I guess that sort of general competence that is enshrined in the act then is balanced by the relevant accountability and compliance requirements that we monitor. That is where the monitoring role is. So you have general competence under the act balanced by accountability, and that is the whole ideology and philosophy underpinning the current act. I guess ultimately the state is —

Hon PHILIP GARDINER: It is you guys.

Ms Mathews: That is just a key focus going forward, in fact.

Hon PHILIP GARDINER: That is the most important part of this whole reform program.

Ms Mathews: It is. If you look at service 2 around support and development, and service 3 around monitoring, it is hard to break down—in a sense, the thrust of our work is about building good governance, and we are working on a range of new initiatives to support that into the future and to enhance that, and to really build and strengthen that culture of strong performance and good governance out there in the sector.

Hon LJILJANNA RAVLICH: I just want to turn to the issue of local government reform. The first question I would ask is: did all 139 local governments meet the requirements of stage 1 by the deadline of 30 April 2009; and, if not, which local governments did not meet that deadline? That is this deadline: time frame for reform submissions to the minister. There were six requirements that had to be met by the deadline of 30 April. I wonder whether you could provide me—if you have not got it here, I am happy to take this on notice, because it does require perhaps some analysis. Which local governments did not meet that deadline? Do you know offhand how many did not meet that deadline?

The CHAIR: I am sorry, member. What document is that attached to?

Hon LJILJANNA RAVLICH: This is —

Ms Mathews: The guidelines, I think.

Hon LJILJANNA RAVLICH: It is the local government reform steering committee structural reform guidelines, February 2009.

Ms Mathews: I think part of that I probably will need to take on notice, but I guess we can say that the key component—it was part of phase 1, which we are in now, in terms of leading up to the reform submissions that are due at the end of August. The key requirement was for local governments to submit a checklist. That was the key. I would have to take on notice the exact number.

Hon LJILJANNA RAVLICH: They had to also—sorry, in all due respect—determine suitable partners for amalgamation. That is pretty critical to the reform agenda, so it was not just a case completing a checklist. But that was one of the six components; I grant you that. Because I do not expect that you will have this information with you, I might just put on the record what I want the answers to, and that is: how many of the 139 governments have completed each of the following stages—stage 2, stage 3 and stage 4? Can I just make the point that at stage 3, which was due for completion in June 2009, the project team was supposed to develop the reform submission to include the preferred amalgamation structure or other types of boundary adjustments, the number of elected members and/or regional groupings, and provide a transition time line. So that is pretty well advanced in terms of, I guess, the planning for amalgamation. Then by July 2009, which is stage 4, we would also want to know how many of them have not completed stage 4. There was a requirement for the project team to finalise the reform submissions and each council pass a resolution to proceed based on the findings of the submissions, and to agree to identify a date the amalgamation is to take effect; and each council is to agree to a date at which elected member numbers will be reduced. That is really critical. All this should have happened by July, which has

been and gone. So we would want the information on how many councils did not comply with stage 1, stage 2, stage 3 and stage 4 by the completion date; and, based on the information from stages 1 to 4, how many local governments have indicated that they are considering amalgamation; and (e) if all the prospective amalgamations referred to in (d) were to proceed, what would be the total number of local governments in WA. We will put that to you —

The CHAIR: I think that might be on notice, though.

Hon LJILJANNA RAVLICH: Yes. I do not expect you to do that. The point is that there were very clearly defined time lines. We have gone from forced amalgamation to really the SSS model in some ways, to a more conciliatory approach to this. These parameters have been set, and what we want to know is that the reforms are occurring and that the councils are doing the right thing.

[*Supplementary Information No C2.*]

The CHAIR: Further questions?

Hon PHILIP GARDINER: Yes.

Hon LIZ BEHJAT: I have questions on multiculturalism, so maybe we will move to that afterwards, will we?

The CHAIR: Yes. Let us just continue this for a second. I have some also.

Hon PHILIP GARDINER: I go back to that table on page 828, under “Outcomes, Services and Key Performance Information”, and which refers to “Government Goal”. This question is really highly relevant to the issue of how big you want to have local shires. Under the government goal, the gross omission from that goal is a term that I call social infrastructure. Social infrastructure is something that councils historically have not given much attention to, because the emphasis from government has always avoided it for some reason or other. In the desired outcomes, you have an increased capacity of communities to develop social wellbeing. But the investment in social infrastructure—I am part of one of these country communities—tangible and intangible, is a huge gap that causes difficulties in communities of a very significant kind.

It is largely to do with Indigenous components as well. But the question is: why is it not in there; or is that a policy matter?

[2.00 pm]

The CHAIR: I would venture that it is heading towards policy.

Hon KEN TRAVERS: I think they can answer it.

The CHAIR: I am just giving some guidance, but perhaps they would like to comment.

Hon PHILIP GARDINER: Is this in relation to the budget papers anyway?

Ms Mathews: Is it the government goal the member is referring to?

Hon PHILIP GARDINER: Yes, it is.

Ms Mathews: The government goal, as I understand, was set by, I am assuming, Treasury in consultation with the Premier. We were given a set of government goals to relate our agency services and outcomes to. So we had no involvement at all in developing that particular government goal given to us to then try to relate our services to. They were developed, I am assuming, by the Department of the Premier and Cabinet in consultation with Premier and Cabinet and Treasury

The CHAIR: It goes to a policy decision, I think.

Ms Mathews: Yes.

Hon KEN TRAVERS: I think the issue is that the goal is there and established. The question is: how is the department implementing the policies achieving this goal?

The CHAIR: That is a different question.

Hon PHILIP GARDINER: It is a different question, but in the desired outcomes social wellbeing is mentioned as part of the goal. That is when you could ask: what is being done to enhance the social wellbeing and is there any emphasis on that amongst the financials in the budget papers? My observation is that there is a huge gap in the way that we are dealing with our communities out there.

Ms Mathews: Perhaps I can make a suggestion. These are very much set by other agencies.

Hon PHILIP GARDINER: Yes, fair enough, by others.

Ms Mathews: And we work with what we have got.

Hon PHILIP GARDINER: Okay.

Ms Mathews: In some respects, too, those government goals and those desired outcomes probably were more reflective of the Department of Local Government and Regional Development. Now that we have moved into a new machinery of government, we might be looking at other government goals.

Hon PHILIP GARDINER: I can understand that.

Ms Mathews: Having said that, on the issue of social infrastructure and wellbeing, I guess we see our role in administering the local government fund. That is all about getting some funding out to local governments to develop a sort of social community infrastructure that builds communities and potentially enhances the wellbeing at that community level. If you are looking at the sorts of projects that are being developed, that was in a sense the gap—you know, they were building power lines and major sorts of development—but what was lacking was that community. I think I am straying probably more into policy because that was really more of a policy decision.

The CHAIR: Yes, sure.

Ms Mathews: Mr Fowler might like to make a comment.

Mr Fowler: Just to add to that, part of what we are on about here is building stronger units of local government to respond to the very point that you have made, and also infrastructure and issues of that sort, for all the types of services that local governments would be expected to provide for their communities. A lot of our work is to build the capacity of local governments to better deliver that to communities in WA, and part of that leads to the reform agenda to create stronger units of sustainable local government so that they then have the capacity to, I guess, deliver those sorts of expectations from the communities and so that they can respond better to federal and state grant programs, initiatives and things of that sort and build their capacity to do that.

Hon PHILIP GARDINER: I know this is policy almost, but in respect of what you say, Tim, I am afraid size almost acts inversely to the government's social infrastructure. By "social infrastructure" I mean it is the social fabric which leads to crime; but that is for another occasion.

Just coming back then to page 833 on the country local government fund and the criteria, it is more about funding physical assets, on this round anyway as I understand it. The issue is on title. I know there have been some issues concerning title because you can only put the physical infrastructure on title which is shire or local government title, and there are a number of small communities in the regional areas where that title is a community title rather than a clear title. I know that there have been concerns and I know that things were meant to have been done. Is it clear now on the title issue to allow small communities—for example Piawaning and Gillingarra, names you may be familiar with—to be able on the next round to build their infrastructure on land which does not have a clear title?

Ms Mathews: To date certainly the guidelines have been around local government-owned infrastructure.

Hon PHILIP GARDINER: Yes.

Ms Mathews: We have had some feedback along the lines that you have suggested in terms of being able to extend that to community-owned infrastructure. All I can say there is it is under consideration with due regard to the potential accountability issues it might raise. So we are looking at it, but we are mindful of and consulting with Treasury and other agencies about the implications of that.

Hon LJILJANNA RAVLICH: How could the money have been acquitted to those shires for those projects—because you have previously said that all the money has been given across—when in fact there are a number that cannot proceed with the projects on account of the fact that they do not have legal right in their own right to the title?

Ms Mathews: Yes, and that is why certainly at the moment the fund is tied to infrastructure and assets owned by the local government and the funding is paid to the local governments who control the asset. So the suggestion is one that has issues potentially, so it is just under consideration at this point.

Hon LJILJANNA RAVLICH: Can I just say that this fund then will not apply or at this point in time does not apply to those very small communities where this question of title has a question mark hanging over it?

Ms Mathews: At this stage, yes, the fund is only applied to develop infrastructure and assets that are owned by the local government.

Hon LJILJANNA RAVLICH: I guess the question then is: how many of these projects fall into the category where they are not owned by local government?

Ms Mathews: All of the projects that have been approved—that was one of the criteria—need to be owned or controlled or administered by local government.

Hon PHILIP GARDINER: That is correct.

Ms Mathews: They fall within the local government business.

Hon LJILJANNA RAVLICH: That then raises the question about the earlier question, which was: what was the total number of applications made? Clearly there were some that were made that could not proceed because of this title issue and they could not get any funding?

Ms Mathews: Acceptance forms were submitted by the local governments themselves, so it was not a contestable round. Basically the procedure was that local governments put in their acceptance forms for their local government projects. Since then there have been a couple of NGO-type bodies that have said, “Can we spend it on this?” But that at this stage is outside the parameters of what we are looking at here.

The CHAIR: Before we proceed, if members do have other questions on multicultural interests or citizenship, please feel free to throw them in. We have gone a bit over an hour so far, so we might throw it out to other areas as well.

Hon KEN TRAVERS: I just want to follow-on from that. What you are saying is that every one of these projects is on local government controlled land.

Ms Mathews: All of these projects relate to either local government-owned infrastructure or projects that fall within the local government projects. They are not administered by another body or NGO.

Hon KEN TRAVERS: But are they on land owned by the local government or reserved within local government; or can they be on land owned or controlled by a body other than the local government?

Ms Mathews: They are on local government land or reserves.

Mr Fowler: On land under the care, control and management of local government.

Hon KEN TRAVERS: Yes, thank you. I just want to go back to page 828 and the three per cent efficiency dividend. Are you able to provide us with any more detailed explanation for each of those items, as to what exactly they involved? Were you expecting to make savings? First, I would like to know what the savings are in each of those programs; what you have actually cut to achieve those savings and what the savings are within the general operational savings. What exactly is involved there?

[2.10 pm]

Ms Mathews: We might take that on notice if that is okay.

The CHAIR: Yes.

[*Supplementary Information No C3.*]

Hon KEN TRAVERS: I refer to page 830, service 1, "Implementation of Government Policy". Can you explain why the average cost per piece of written advice requiring the minister's attention has increased so dramatically?

Ms Mathews: That simply relates to the number. It is a numerical issue. It relates to the number of pieces of advice that we were asked to provide. There was apparently a smaller amount of ministerial correspondence.

Mr Nagy: Previously we were supplying the information to two ministers. As a result of the division, the number of ministerials is expected to drop as we are now dealing with only one minister. So the quantity has actually dropped, which means it is a numeric calculation.

Hon KEN TRAVERS: That would not explain why the average cost has gone up to \$2 230 for this financial year. The new department came into operation on 1 July. I am trying to work out why the budget for 2008-09 was \$890 but the estimated actual for 2008-09 was \$2 172. You would have had two ministers during that time, would you not?

Mr Nagy: In relation to 2008-09, these figures were back cast to reflect what would happen as at 2008-09 if we had only the one minister. That was based on the estimated out turn. So we initially had the budget in 2008-09, which was the \$890, and then the 2008-09 estimated actual as a result of the break-up of the agency, and these figures were back cast to reflect what would have happened in 2008-09. Hence there was the one minister that we would have had in 2008-09.

Hon KEN TRAVERS: In the allocation of funding within the Department of Regional Development and Lands, where does that come from? Where is that recorded in the budget for 2008-09?

Mr Nagy: That would have been back cast into regional development and lands as well.

Hon KEN TRAVERS: I will let members ask some other questions, and I will check the rest of the budget and come back to you.

Hon LIZ BEHJAT: Just to change things completely, I refer to page 831, service 4, "Promotion and Support of Multiculturalism in Western Australia". There is not very much information there. There is a line item for total cost of service. Can you break that down a bit more for me into what are overhead costs and what are operational costs?

Ms Mathews: There is an overhead component built into that as a result of OMI coming into the Department of Local Government. What we have been required to do as part of the budget process is allocate the cost of corporate and executive services across the four service areas. So that figure does include an overhead cost. The actual operational cost for 2009-10 is around \$2.96 million, and for overheads it is around \$1.7 million. That is simply a budgetary allocation that we were required to do. We did that consistent with a WA Treasury formula for allocating all our corporate services and executive services across those four service areas, bearing in mind that those corporate services also now service an extra 30 people for the Heritage Council. The Heritage Council service is not

actually reflected in this budget—it has a separate budget allocation—but the Department of Local Government does provide executive and corporate support to an additional 30 FTEs.

Hon LIZ BEHJAT: Are the 33 FTEs here all from OMI?

Ms Mathews: They are all OMI. It is what has been attributed to and allocated to OMI, but it includes eight FTEs, which is just a budgetary allocation of executive and corporate services for the agency. All I am saying—just to put it in context—is that it looks as though there is a large corporate services element, but the corporate services area within the Department of Local Government, which is spread across these four service areas, also services the Heritage Council and also will provide corporate services to the regional development part of the Department of Regional Development and Lands. So we have X number of corporate services, and we have to spread them across these four service areas for budget purposes.

Hon LIZ BEHJAT: So where on page 833 can I find the delivery of programs from OMI? Is that found under “Details of Controlled Grants and Subsidies” in the line item “Other”? Is that where I would find that?

Ms Mathews: That is correct in terms of the grants.

Hon LIZ BEHJAT: How much of that “Other” is for multiculturalism, or is it all of that?

Ms Mathews: It is all of that. The line item “Financial Support to Local Governments” is all the grants that are provided to local government by the Department of Local Government. The “Other” includes all the grants that are administered by OMI. It is just the way it appears in the budget papers.

Hon LIZ BEHJAT: Why have it on that line? It is almost as though it is buried there and the department is not that interested in the money it is spending on multiculturalism! That is not true, is it?

The CHAIR: While we are on multiculturalism, I want to ask a question too. I refer to page 828, and the fourth item under “Service Summary”, “Promotion and Support of Multiculturalism in Western Australia”. The budget summary for multiculturalism shows an increase of 25 per cent between 2008-09 and 2009-10. Can you explain that increase?

Ms Mathews: To refer back to the earlier comment that I made, the increase is simply an increased allocation for the corporate services and executive support across those four service areas for these budget papers. That is all it is. We have taken OMI from the Department of Communities. The same number of FTEs have come across to the Department of Local Government. It is just the way we have allocated the corporate services expenditure.

The CHAIR: I refer to page 829, and “Significant Issues Impacting the Agency”. The second dot point refers to the barriers to equity experienced by culturally and linguistically diverse communities. What are the most significant barriers experienced by those communities?

Mr Griffiths: There is a raft of them. Language is an obvious one. Another is underemployment because of lack of skills recognition and qualifications for a position. It may just be the settling in, depending on the nature of the experience. With the humanitarian entrants, there will be a range of complex issues surrounding their experience prior to coming to our country. They are probably the main ones.

The CHAIR: In terms of the strategies that the office uses to overcome those barriers, is there anything specific?

[2.20 pm]

Mr Griffiths: We have been engaged in a number of quite specific reviews and inquiries—investigations, if you like—with partner agencies. There are a number of specific reports on our website. One went up this week called—I nearly always get this wrong—“Not drowning, waving”.

It is an analysis of the experience of young migrants and it is themed into a number of issues that they are confronted with. We have consulted a range of government agencies about the responses to those, and that informs both policy consideration and service delivery changes. There are a number of other reports. We will have to take another one to cabinet very shortly. We are also a program partner with a number of key central agencies in the State of Equality program, which was actually driven from the Equal Opportunity Commission because of the links that have been made to the bare legislative base. Recently, for example, in June, we were able to present a community forum on some changes that various departments have made as a result of their investigations into service delivery through the State of Equality policy framework. There are a range of things that we are engaged in, usually with or through other partners.

The CHAIR: So the office's role is really to make recommendations to other departments as to what actions they can take to address the disadvantage, rather than doing it directly?

Mr Griffiths: Generally, we cannot really investigate someone else's responsibility and just land something on them; we have to negotiate, talk things through, explore, develop and cajole, obviously. For example, our minister quite regularly writes to other ministers seeking information or clarification about things: "Why is this the case?" From there, depending on the answer, we might engage in a dialogue or we might try to set up some sort of formal mechanism—a working party or something—to actually explore the issue and develop recommendations, together with those agencies. We do not have any legislative mandate to do anything, so "how to make friends and influence people" is the motto.

Hon KEN TRAVERS: With the move of the office to the Department of Local Government, did you pick up the citizenship functions? The title is still there in the name of the organisation; it is still part of the Department of the Premier and Cabinet. Where is it now located within government?

Mr Griffiths: There was no change. The Office of Citizenship was actually abolished on 31 December 2006, and its functions were distributed between three different organisations—the Office of Multicultural Interests, the Department of the Premier and Cabinet, and the Constitutional Centre, which also happens to be part of that department, so the functions and resources were dispersed in December 2006.

Hon KEN TRAVERS: So for something like the Anzac Day tours for students, who has responsibility for those?

Mr Griffiths: Someone in the Department of the Premier and Cabinet, I believe.

Hon KEN TRAVERS: So it is still in the Department of the Premier and Cabinet.

Mr Griffiths: I remember seeing the press report about that happening; it is certainly nothing to do with us.

Hon KEN TRAVERS: That is fine. I believe the minister issued an instruction to the office to work closely with Western Australia Police to protect foreign students from racial vilification. I am wondering what financial implications that has for the office, what work you have done as a result of that instruction, and what you expect to be the outcomes of the work you are doing.

Mr Griffiths: There cannot be any direct financial implications for the office because we essentially do not have resources. We have participated with the Department of the Premier and Cabinet and the police in a national weekly telephone hook-up, which has been sponsored by the Department of the Prime Minister and Cabinet. That has been happening for several weeks. As a result of some of those discussions and advice from the police, the issue is very different in Western Australia in terms of the number of incidents and the assessment of the bases of those incidents. We took the step of convening what we called a round table meeting that involved relevant government agencies; central and providers such as all the education services providers, including universities and TAFE; the private providers; representatives of two consulates, India and China; representatives of four or five ethnic organisations; and representatives of student organisations.

Basically this was to put everything on the table and to have a discussion about it to see where we might go and whether there was a need for a standing round table for information exchange and to develop some initiatives.

The information that came out that day was somewhat confused by the fact that two days before that, COAG had actually initiated a new process, so the round table decided to wait at least a month until we got advice from the Department of the Premier and Cabinet as to what kind of structures would be set up to support the COAG process. At the moment, we have had the meeting and it was very, very positively received. It was very useful in terms of information exchange and everyone had an opportunity to speak, but we are in a wait-and-see mode pending clarification of the COAG structure. One issue is that there is a massive degree of under-reporting in these areas because people are afraid to jeopardise their visa status if they go to authorities, police or whatever. I have no doubt that there is some truth in that, but still, generally, it has not been a major issue in Western Australia.

Hon KEN TRAVERS: That leads to my next question. Is anyone collecting data on these incidents, and what sort of data is being collected in relation to racial vilification?

Mr Griffiths: The police are obviously collecting data. The providers are also collecting data and the Ethnic Communities Council of Western Australia has now established a specific website to try to encourage people to report to it on the basis that it might have some control over the identity and issues, rather than it being more open if it went directly to authorities such as the police. That is very young; it has only been up for about two weeks, and I have not yet seen a report as to how many people have taken advantage of that.

Hon KEN TRAVERS: The office itself is not involved in any of that data collection, or are you working with those agencies on that?

Mr Griffiths: We are part of the general mix; the police give us information, the providers give us information and we are generally part of the mix.

Hon LJILJANNA RAVLICH: I want to quickly go back to the country local government fund. I am very keen to know what accountability mechanisms have been put in place for the allocation of these grants. What accountability conditions has the department put in place to ensure that the money will not be misappropriated?

Ms Mathews: I will refer back to some of the earlier responses in relation to the accountability in governance requirements that have been put in place. They are set out reasonably clearly in the guidelines that appear on the website in terms of the documentation that we require in addition to the ongoing compliance requirements under the act for each local government to provide us with budgets and audited annual financial reports. The final acquittal report that we require to be given to us in November needs to be certified by an auditor, so that is a certified financial acquittal. They are also required to include in their annual reports to their communities how they have spent the money. I guess that is an ultimate accountability in terms of them being elected. That is an ultimate accountability, but certainly in terms of the requirements we put around it, those are essentially those. We do that in consultation with the Department of Regional Development and Lands. It is possible, going forward, that that may be tweaked and finetuned in consultation with the Department of Regional Development and Lands.

[2.30 pm]

Hon LJILJANNA RAVLICH: What steps has the department taken to adequately assess grant recipients' ability to meet the funding conditions?

Apart from self-regulation, what does the department do to ensure that the councils have the ability to do that?

Ms Mathews: I guess in addition to that documentation that is required, perhaps the question goes to that, and links into, the department's general monitoring role of local governments in terms of their compliance with financial reporting aspects of the legislation, but also the department has an ongoing and proactive monitoring role in relation to the financial health of each local government. For example, the department carries out and completes financial health checks of each local government which includes a number of quite specific financial ratios with debt ratio, asset ratio and those sorts of things. So it is quite specific. We have a financial health report on each local government and we also —

Hon LJILJANNA RAVLICH: Can we get a copy of those reports?

Ms Mathews: May I take that one on notice?

[*Supplementary Information No C4.*]

Hon LJILJANNA RAVLICH: Would there be any reason why they should not be made public?

Ms Mathews: I would not have thought so. Can we just take that on notice, if that is okay?

The CHAIR: Sure.

Hon LJILJANNA RAVLICH: My experience, as you know, as a former minister is that sometimes it is not as good as it appears in terms of the financial position of local governments.

Ms Mathews: I might add to that —

The CHAIR: As a word of warning.

Ms Mathews: If I could add to that, too, one of the issues that we are looking at coming out of the reform agenda is to really enhance the financial management and asset management capability of local governments right through WA. On the one hand we have a structural reform agenda. Accompanying that and complementing that is a whole agenda around building capacity—improving performance particularly in areas like strategic and corporate planning. What we are hoping to achieve out of it is for each local government to have a strategic plan and framework and, sitting under that, comprehensive financial planning. A critical part of that of course is asset management. That certainly is potentially a key outcome from the reform that is being dealt with and discussed as part of one of the working groups on strategic planning. It also links into the commonwealth agenda which is also looking at building capacity for local government in this area right across the country. We are looking at leveraging some commonwealth funding again to feed into the sector to support this area. It is important right across the country and across the state.

Hon KEN TRAVERS: I want to follow on from those points. One of the things I hear constantly from local governments in regional Western Australia is their concern about some of their fellow local governments not having the capacity. One of the concerns that has been expressed to me about some of these local government grants is that there is the capacity for them to make some local governments less sustainable because they do not have the capacity to manage the assets that are created out of those grants. Is there any work being done in that area in terms of monitoring the grant applications to make sure that they are not actually adding to the unsustainability for some local governments? That is not me saying it; I am picking that up, and I am sure if I am picking it up, you are picking it up from other regional local governments about the impacts across their regions.

Ms Mathews: I guess I refer again to the accountability and governance requirements that we have put around the actual grants. As we get those reports as part of that monitoring role, we are checking their progress and their reporting on particular grants. But linked to that, too, and out of the country local government fund, there is some money that has been set aside for building capacity in the area of asset management quite specifically to ensure that it is sustainable going forward. I guess the other approach in terms of sustainability is the idea of getting some money out to regional groups so that there are decisions made on a strategic regional basis around funding

infrastructure. There are various components that are really about trying to build and ensure that sustainability.

Hon LJILJANNA RAVLICH: Will the Local Government Act of 1995 be amended to require local governments to prepare and publish a strategic plan for a minimum of five years; and to create asset management plans; linked to that, strategic plans; and will that act be changed so as to require local governments to prepare and publish a strategic plan, their financial plans and their asset management plans?

Ms Mathews: As I mentioned earlier, this is important work that is ongoing and forms part of the reform agenda. Those are the issues that are being considered right at the moment by a dedicated working group on strategic and corporate planning. That is under discussion. There is a process whereby they will be required to finalise some reports that they are doing on this issue and provide those reports to the steering committee and then up to the minister. All those issues are certainly being considered in terms of what is going to create a strong and sustainable sector going forward.

Hon LJILJANNA RAVLICH: But not yet agreed to.

Ms Mathews: It is in progress.

Hon KEN TRAVERS: What is the time line for completing that?

Ms Mathews: The working groups are doing their work at the moment. That is still being finalised with the minister in terms of those time lines and that reporting. But it is all part of the reform agenda moving through this year.

Hon KEN TRAVERS: There is \$100 million worth of grants that has already been allocated. There is near enough to another \$100 million to be allocated this financial year. Will that sort of work be completed before that next round of grants is allocated, or is it likely to still be ongoing when that next round of grants is allocated?

Mr Fowler: If, in due course, after receiving the report from the steering committee the government responds to some of those proposals, without looking at new mechanisms, local governments will be required to comply in relation to strategic planning and long-term financial planning and asset management planning. That will be worked through. That is good work that we are looking to assist local governments adopt before it might become legislatively required. We are working with them in a capacity-building environment to assist them in having those tools and taking them on board. For us it is a priority to assist them to have those types of mechanisms within organisations. We will be doing that. The two things will be running concurrently.

Hon LJILJANNA RAVLICH: Is the work of the steering committee actually running behind schedule because stage 4 states that the project team finalises reforms submission and circulates to affected local governments. That implies to me that this, as an idea to go forward, should have been done and dusted by now and gone out to local governments for their view or consideration.

Ms Mathews: As far as we are concerned the steering committee is very much on track with its work. The key time line for the steering committee going forward is the requirement for local governments to submit their reform proposal by the end of August. That is the critical deadline in terms of the work that local governments are doing.

Hon KEN TRAVERS: And if they do not?

Ms Mathews: It is probably a question better directed elsewhere.

Hon KEN TRAVERS: You do not have any instructions at the moment as to what will happen if they are not? No formal instructions have been issued about what will happen? That is still a decision for the minister to make in due course, is it?

Ms Mathews: The process and the point at the moment is that we are expecting local governments to submit their reform proposals by 31 August. We have been out there in the community doing

workshops and liaising very closely with relevant local governments. Our anticipation, from a departmental perspective, is that they will submit their reform proposals by that time.

Hon LJILJANNA RAVLICH: It seems to me that we are talking about separate things. We have a reform proposal, and that is fine, but really what I was asking is: the steering group is actually putting together this concept of making local governments more accountable by ensuring that they produce financial plans, strategic and asset management plans, badging all that up, if you like, as a concept in getting it out to local governments so that they can actually have some view on this. I would say to you that that work should have been done by July, according to your own department's time line, yet you are saying that is not really important because the important thing really is what comes back from the local governments on 31 August 2009. I would say to you that the work of this particular committee in terms of meeting the time frames is also important because it is a very integral part of the local government reform, should in fact they come off.

[2.40 pm]

It seems to me that the agency is a bit hands-off because you are not even prepared to look at what might potentially happen should 40 or 50 per cent of local governments say, "We're really not interested in reform; we don't want to amalgamate with anyone; we're quite happy with what we do; leave us alone." There is no concept of the fall-back position for the department and the government in respect of this matter, should that arise. That is the sense I get. I have to say that I do not find that particularly comforting.

Hon KEN TRAVERS: Is the Shire of Peppermint Grove required to provide an amalgamation plan by the end of August, or is it exempt?

Ms Mathews: No; each local government is required to submit a reform proposal that addresses a number of elements—amalgamations, elected member representation and regional groupings.

Hon KEN TRAVERS: They are still required to submit one. The Premier's announcement that it is exempt does not carry any weight at this stage.

Ms Mathews: Each local government is required to submit a reform proposal.

Hon KEN TRAVERS: Good to hear.

The CHAIR: I am interested in the regional groupings and how they work. Is that also something that is part of the reform process or are regional groupings already in place?

Ms Mathews: Yes, regional groupings are part of the reform process. They are also part of the country local government funds. That is where you find a link between the two. On the one hand, there are the country local government funds. In years two, three and four, up to 50 per cent of the funding will start being directed to regional groupings of local governments. We are requiring each local government to nominate its preferred regional grouping by September this year, and they are starting to do that. Those regional groupings are a mixture of, I guess, formal regional local governments constituted under the Local Government Act, which are subject to the same regulatory requirements as an individual local government. We call it formal regional local government. There are about 12 of those in the state. Many of them deal with issues such as waste management. Some are more broad, such as the Eastern Metropolitan Regional Council, for example, which deals with a range of different issues. It depends. Their functions vary according to their establishment agreement and their membership. That is permitted under the act. Then there is a number of what we call voluntary regional councils, which are a grouping. They might have an MOU but are not formally constituted under the act. They are more of a voluntary arrangement. They are the VROCs. As far as the country local government fund is concerned, payments will start to be made to regional groupings whether they are formal or VROCs. If they are formally constituted regional local governments, the funding will be paid to that entity because it is in fact a legal entity. If local governments nominate to be part of a VROC and make a decision together about how they want to spend their infrastructure, and it is in local governments A and B, we would pay the funding to that

particular local government entity. We cannot pay to a VROC because it is not an entity. That is basically the state of play at the moment. Quite a large number of local governments are already in VROCs.

Hon LIZ BEHJAT: In what, sorry?

Ms Mathews: Voluntary regional councils. We call them VROCs. There are ROCs and VROCs.

Hon PHILIP GARDINER: I will go off that or I will get stropo about some of it, but not about the collaboration; I think that is terrific.

I refer to the multiculturalism issue under “Outcomes and Key Effectiveness Indicators” on page 829. The second item from the bottom is the extent to which the principles of multiculturalism are accepted and practised in Western Australia. It runs at about 65 per cent. What number would you like that to be?

Mr Griffiths: One hundred per cent.

Hon PHILIP GARDINER: What are the plans and strategies and is anything allocated in this budget to try to erode that gap?

Mr Griffiths: I think it relates to the earlier question about what sort of barriers are confronting people. It is a very broad question. Because of the role we play, we take an interest in the whole of government. If you think about the range of services that people can encounter, from the police to health to whatever, we are still relatively satisfied that at least a majority of people believe that they receive a reasonable service that is undergirded by the principles and values of a multicultural society. It also reminds us that it is not always easy for people who come to our country to settle and access services and that there is more work to be done.

Hon PHILIP GARDINER: You referred earlier to, I think, Hon Ken Travers in dealing with things at the tertiary level I thought, rather than going far below the tertiary level, which is where we have seen difficulties in Victoria. I would have thought that well into the primary school level is where the real opportunity is to have a life change. It has a much longer-term horizon of course, and that is always the risk. But I think we have to take a long-term horizon. If schools, police and yourselves are working together and going to different classrooms and so on, you must have considered those plans in the past. Does that not work? I cannot see where the allocation might be in this budget for it.

Mr Griffiths: My mantra is: “Let’s get everyone else spending their money on our clients.” As I said, we are not a service delivery agency per se. We are a policy advisory agency. We try to influence other people’s agendas. With education, for example, next month we will complete a pilot in 11 different schools across the state in conjunction with the Department of Education and Training that has used an instrument that we have developed to check whether the school is racist in any way. We are expecting a consultant’s evaluation of that trial by September and, depending on the outcomes of that report on that trial, we will engage in further discussions with the Department of Education and Training on how it might extend the use of that instrument to help schools to address these issues and, obviously, to begin to think what they can do about it. There are so many schools—we have 22 people—if we started a direct community education program, we would cover what?

Hon PHILIP GARDINER: Fair enough, and you are going to leave this to the Department of Education and Training, police and others?

Mr Griffiths: In relation to education we have to try to influence the curriculum. Again, coincidentally in August we will be publishing, at least in an e-sense, a new teacher’s resource kit that brings together, if you like, all the major documents that impact on our country internationally, nationally and in the state in terms of the sorts of issues we are dealing with to determine what kind of community we want to create here. We go right back to some of the UN charters. We are

bringing all the source documents together in a ready-to-use pack that can be applied in a number of curricula subject areas. We have had teachers notes for various levels of schooling prepared, so that they are ready and teacher friendly to use. In document X, for example, there are already guidelines on how to use this and what context this age group would be different from that age group and that sort of age group. Again, we are trying to influence the major curricula, if you like.

[2.50 pm]

Hon PHILIP GARDINER: Thank you for that. That is of interest. I would urge you to consider the police as being an ally in this too, especially in country regional areas.

Mr Griffiths: We work with the police on all sorts of things.

Hon PHILIP GARDINER: Just in terms of the budget, I may be wrong on this but from what you have said, the allocations that you are making between different expenditure lines, it is hard to see the foundation of it. I am wondering whether you can sharpen the budget targets. I know you have joint costs. If I am the typist and you are both using me, how do you work out how much I owe each area? Maybe I would need to do an assessment and give 70 per cent to one area and 30 per cent to the other. I think that would help me understand a little better how you are directing the expenses to the strategy.

Hon LIZ BEHJAT: I will just follow on from the two points that Hon Philip Gardiner raised. I refer to the pilot program that you spoke about. Do you have a list of the 11 schools that you piloted that program in?

Mr Griffiths: No, I do not. We could take that on notice.

[*Supplementary Information No C5.*]

Hon LIZ BEHJAT: I refer back to the outcomes and key effectiveness indicators on page 829. The extent to which the principles of multiculturalism are accepted and practised in Western Australia is shown as 65 per cent. How do you measure that?

Mr Griffiths: By an independent survey. An independent organisation has been contracted to conduct telephone surveys, which means all the Auditor General's requirements about errors.

Hon KEN TRAVERS: Was the next line—the extent to which policies and practices of public sector agencies reflect the principles of multiculturalism—done the same way?

Mr Griffiths: Yes, but that is for people in the public sector.

Hon KEN TRAVERS: Do you break that up by individual agencies?

Mr Griffiths: I do not think so. Sometimes specific comments are made. Somebody might provide an answer and then relate a particular incident. It is not all respondents.

Hon KEN TRAVERS: Who do you interview? Do you interview individual officers of the public service to see whether they are being adversely affected?

Mr Griffiths: Yes, and whether they are aware of various documents and how the department goes about implementing various policies, whether they get access to training of any kind that is relevant to helping them perform their duties as a public officer, and people who may have a language difficulty. It is about the application.

Hon KEN TRAVERS: Are you able to tell me how the department of local government rates in that? Is it achieving 100 per cent?

Mr Griffiths: Brilliant.

Hon KEN TRAVERS: It is a serious question. In terms of individual agencies, can you —

Mr Griffiths: No, we would not be able to give you that breakdown.

Hon KEN TRAVERS: How do we get reform if we do not know which agencies are underperforming? I am assuming that as the agency that has multicultural interests in it, if there was a ranking, you would be at the top of the table and therefore you need to identify which agencies are at the bottom of the table and try to bring them up.

Mr Griffiths: The depth of the survey does not allow us to go that far. It would take a lot more resources to do that. We will do that and are doing that through the substantive quality policy framework. Each department of state is required to review all its current policies, practices and services and all future policies, practices and services from a substantive policy framework perspective. That requires quite in-depth forensic work about all the things that they do, how they provide information, training et cetera. They are doing it systematically. Health is doing it right across the board. Other agencies are taking advantage of the five-year timeframe for the accreditation. They are doing it division by division. Again, it is quite intensive, the kind of resources required to do that forensic work. I will give you an example. Agriculture was quite severely confronted with the whole idea that if you have a whole lot of non-English literate people working in horticulture and various other industries and they cannot understand the hazard signage on chemicals and the like, that is a severe risk. It is that sort of thing. It is that forensic work right down to the level of what is going on through that program.

Hon KEN TRAVERS: Have they now started to address that?

Mr Griffiths: I believe so.

The CHAIR: I refer to paragraph 4 under the services and key efficiency indicators on page 831. The Office of Multicultural Interests has been part of the department since March 2009. What, if any, issues have come up with regards to integration of those two?

Mr Griffiths: We are a division of the department. In that sense, we still maintain some of our previous shape, focus and the like. In the context of our new strategic plan, we have had specific discussions with the other sections of the department with a view to identifying some synergies. We are beginning to identify those. We can also provide advice in certain instances. One of the conversations we have had recently is how do we promote more engagement for CALD people in local government elections, both in terms of voting and the standing candidates et cetera. Some work is already being done on that—anything that involves better information to people in our sector or engaging them in a different way fully in Australian society and other sorts of things. There will be a number of other instances.

The CHAIR: Would there be areas where it is synergistic? Would there be areas where it is not?

Mr Griffiths: Yes, in the compliance side and various other things. I do not know that we would have a great deal to do with that. There are quite well established patterns of settlement in terms of migration. I have not done a study but I would have thought that the Italian community's penetration into local government is a very, very strong indicator of the length of time that they have been settled but also their commitment to our community and the contributions they have made. Maybe sometime we can do a bit of a survey. There are very strong examples of migrants contributing strongly in the community and there is no difference in local government.

The CHAIR: I refer to the integrated service centre in Koondoola and Parkwood. Could you provide details as to the funding for those facilities?

Mr Griffiths: It is not part of the budget but we can provide that information.

The CHAIR: Would you prefer to take it on notice?

Mr Griffiths: No, it is just that it was not funded through the budget progress, the same as it was not the year before either. Government has made a decision, which will need to come into the Treasurer's Advance Authorisation Bill, to provide a sum of \$600 000 per year for two years to continue the two projects. Also, requirements to test how we might better engage the other

participating departments rather than just relying on special funding coming through the Office of Multicultural Interests.

[3.00 pm]

The CHAIR: Is that funding secure until 2011?

Mr Griffiths: Until June 2011.

Hon KEN TRAVERS: Sorry, did you say that it was funded under the Treasurer's Advance Authorisation Bill?

Mr Griffiths: It is not part of the appropriations because it was not in this budget; it was a subsequent decision. It will have to be separately funded.

Hon KEN TRAVERS: For this year, it will come out of the Treasurer's advance and next year it should be included in the budget?

Mr Griffiths: Yes.

Hon KEN TRAVERS: What is the total amount?

Mr Griffiths: It is \$1.2 million over two years.

Ms Mathews: It is \$600 000 for each.

Mr Griffiths: Per annum.

Hon KEN TRAVERS: This keeps tallying up—the unfunded component of the budget.

Hon LJILJANNA RAVLICH: Has the department done any assessment on the impact of the increase of the landfill levy on local governments?

Ms Mathews: We are aware of the issue, but have not done specific research on the matter.

Hon LJILJANNA RAVLICH: Why? Was there no complaint from local governments with respect to this matter to the department?

Ms Mathews: That was in fact a decision made by a different portfolio—the Department of Environment and Conservation.

Hon KEN TRAVERS: When there is an investigation into either a local government or an individual councillor of the local government, does that come under service area 3—monitoring of local governments—or is it funded from somewhere else?

Ms Mathews: That is correct; it comes under service 3, which is monitoring of local governments. That basically has two components: it is monitoring the statutory compliance of local governments in terms of the act, but it also includes the work that we do in investigating complaints from local government.

Hon KEN TRAVERS: How many FTEs are allocated to the investigation function?

Mr Peyton: It is split over three areas. There is a total of 18 FTEs, and that is split between statutory support, which does all the approvals; investigations, I think there are five or six there; and the remainder are in the monitoring area.

Hon KEN TRAVERS: Do you do most of the investigations yourself or do you contract some of them out?

Ms Mathews: We do most of the investigations. There are occasions, of course, if there is an issue around an allegation that raises the issue of misconduct, we would refer that to the CCC. There is that other agency in terms of that particular requirement, but in terms of local government investigations, it is done by the department.

Hon KEN TRAVERS: Is it all done in-house?

Mr Peyton: Yes.

Hon KEN TRAVERS: What if it goes to the relationship to the disclosure of items on either a councillor's annual returns or election funding? Who does those?

Mr Peyton: It depends. There is a provision under the act that means we cannot investigate election offences if it is being conducted by the Electoral Commissioner. Technically, our powers of investigation are limited and they are not to be used in part 4 of the act, which is electoral offences, if the Electoral Commissioner is running them. We do not do those; however, if a CEO does them, we will take on the investigation.

Hon KEN TRAVERS: Who does them if it is done by the Electoral Commission?

Mr Peyton: The Electoral Commissioner.

Hon KEN TRAVERS: Who does it report to? Does it report to you, or does it do it itself?

Mr Peyton: No, we have no jurisdiction. Once it gets referred to the Electoral Commissioner, that is where our jurisdiction stops. We would refer it and it becomes a decision there as to what it does with it; whether they investigate it or not is not —

Hon KEN TRAVERS: What happens when someone fails to declare something that could potentially be a matter that they failed to declare something on their annual return but also they failed to declare it as part of their election disclosure returns?

Mr Peyton: It is a complex area. In most cases we pick up things on their annual returns. In some cases, they are primary returns. If they miss out during the electoral period, there is still a requirement that they would have to enter some of the gifts and donation on their primary return or annual return. There is a grey area there. I would have to give advice on notice on how it all works. It is complex. There is the period of when they are supposed to declare the gift, or the promise of a gift, and the certain time scales that means that if it does not fall within the time scale within the election period, it falls into their responsibility to declare it on the annual return.

Hon KEN TRAVERS: This is what I am getting very confused about.

Mr Peyton: It is confusing. Maybe I should take it on notice.

The CHAIR: That would be a good idea.

Hon KEN TRAVERS: If you can give us some stats on how many allegations you have had and which have been referred and which actually fall under both yours and the WAC's auspices. I would imagine that quite a lot of the allegations of electoral funding impropriety—failing to properly disclose election funds and their source—would also be a matter that deals with annual returns and primary returns. They would have to be, surely, because if you have received a gift, even if it is an electoral gift, it needs to be reported on the annual return or primary return.

Mr Peyton: Yes.

Hon KEN TRAVERS: Wherever there has been allegations of that, if you could give us an indication of which agencies investigated them. So you never contracted out any of your investigative work at all?

Mr Peyton: Not in the last four to five years.

The CHAIR: Sorry, Ken, I need to make a note for Hansard that that is C6 in terms of answers to those questions.

[Supplementary Information No C6.]

Hon KEN TRAVERS: My final question is: with the media, marketing, advertising and consultants savings on page 827, have they been back cast as a result of the split of the agency between local government and regional development?

Mr Nagy: As a result of the split between the agencies, the regional development and lands have actually taken their share of the overall media savings that we originally had allocated to the old Department of Local Government and Regional Development.

Hon KEN TRAVERS: If that is the case—I am happy for you to take this on notice—can you provide me what was an actual figure in the 2007-08 financial year; what is your estimated actual for 2008-09; and what is your projection for 2009-10 for expenditure in each one of those areas? If you could indicate to us what that actually involves? I would love to get a definition, for each of those areas, of how you have defined them. Obviously everyone might have a different view about how you would define “media, marketing, advertising and consultants”. Are there any contract works that you have contracted out to individuals that is not covered under consultants, in terms of the definition? Can you give us an indication of that across the whole agency?

[Supplementary Information No C7.]

The CHAIR: Members, I think we might call a halt. Thank you very much, ladies and gentlemen, for your attendance this afternoon.

Hearing concluded at 3.07 pm