



PUBLIC ACCOUNTS COMMITTEE

ANNUAL REPORT 2003-2004

Report No. 9

2004

In the Thirty-Sixth Parliament

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Public Accounts Committee

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ANNUAL REPORT 2003-2004

Report No. 9

Presented by:
Mr J.B. D'Orazio, MLA
Laid on the Table of the Legislative Assembly
on 11 November 2004

COMMITTEE MEMBERS

Chairman	Mr J.B. D'Orazio, MLA Member for Ballajura
Deputy Chairman	Mr M.G. House, MLA Member for Stirling
Members	Mr J.L. Bradshaw, MLA Member for Murray-Wellington
	Mr A.J. Dean, MLA Member for Bunbury
	Ms J.A. Radisich, MLA Member for Swan Hills

COMMITTEE STAFF

Principal Research Officer	Ms Andrea McCallum, BA, B Juris, LL B, LL M
Research Officer	Mr Simon Kennedy, BA (Hons)

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COMMITTEE'S FUNCTIONS AND POWERS

The Public Accounts Committee inquires into and reports to the Legislative Assembly on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys, including moneys allocated under the annual Appropriation bills and Loan Fund.

The Committee may:

- 1 Examine the financial affairs and accounts of government agencies of the State which includes any statutory board, commission, authority, committee, or trust established or appointed pursuant to any rule, regulation, by-law, order, order in Council, proclamation, ministerial direction or any other like means.
- 2 Inquire into and report to the Assembly on any question which -
 - (a) it deems necessary to investigate;
 - (b) is referred to it by resolution of the Assembly;
 - (c) is referred to it by a Minister; or
 - (d) is referred to it by the Auditor General.
- 3 Consider any papers on public expenditure presented to the Assembly and such of the expenditure as it sees fit to examine.
- 4 Consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.

CHAIRMAN'S FOREWORD

This report is a brief summary of the activities of the Public Accounts Committee from 1 July 2003 to 30 June 2004.

It was another busy year for the Committee. We tabled three reports in the Legislative Assembly during the reporting period, and are currently working on another three large inquiries.

We have also been working to enhance public sector accountability by requiring all government agencies subject to a Performance Examination by the Office of the Auditor General to report to the Committee as to whether the Auditor's recommendations have been implemented by the agency. If the Committee is not satisfied with the agency's response, it may convene a public hearing and raise specific issues with the agency's senior officers. The Committee may also suggest that the Auditor General conduct a follow-up examination of the agency.

On behalf of the Committee, I would like to express my gratitude to the Committee's staff: Ms Andrea McCallum, Principal Research Officer, and Mr Simon Kennedy, Research Officer.

I would also like to thank my fellow Committee members for their hard work throughout the year: Hon. Monty House MLA, Mr John Bradshaw MLA, Mr Tony Dean MLA and Ms Jaye Radisich MLA. It has been a real pleasure to work with each of the Committee members. I appreciate their continued support towards me as the Committee's Chairman.

MR J.B. D'ORAZIO, MLA
CHAIRMAN

CHAPTER 1 COMMITTEE ACTIVITIES

1.1 Introduction

In summary, during the reporting period the Committee:

- Tabled three reports in the Legislative Assembly;
- Commenced two new inquiries;
- Convened 26 deliberative meetings;
- Held 37 hearings with 108 witnesses;
- Held public hearings in regional areas, including Albany, Karratha, Marble Bar and Broome;
- Undertook investigative travel to Melbourne, Sydney and Brisbane;
- Hosted the New South Wales Public Accounts Committee; and
- Hosted a Department of Treasury and Finance information session on the 2004-2005 State Budget Papers for all Members of Parliament.

Table 1.1

Summary of Committee activities from 1 July 2003 to 30 June 2004

Description	Total
Deliberative meetings	26
Hearings	37
Witnesses appearing	108
Reports Tabled	3

1.2 Hearings

Pursuant to Standing Order 264, the Committee has the power to send for persons, papers and records. During the reporting period, the Committee held 37 hearings and took evidence from 108 witnesses.

Table 1.2**Public Hearings of the Committee from 1 July 2003 to 30 June 2004**

Date	Name	Position	Organisation
10.03.04	Dr Paul McLeod	Dean, Business School	University of Western Australia
10.03.04	Mr Frank Marra	General Manager, Finance and Business Strategy	LandCorp
10.03.04	Mr John Clifton	Business Manager, Business Strategy	LandCorp
10.03.04	Mr Bruce Low	Business Manager, Operations	LandCorp
10.03.04	Mr Raymond Stokes	Acting Executive Director, Statutory Planning	Department for Planning and Infrastructure
22.03.04	Mr Peter Drage	Deputy President	Shire of Cranbrook
22.03.03	Mr Nick Burges	Shire President	Shire of Cranbrook
22.03.03	Mr Graham Stanley	Chief Executive Officer	Shire of Cranbrook
22.03.03	Mr Robert Stewart	Chief Executive Officer	Shire of Plantagenet
22.03.03	Mr Darren Long	Chief Executive Officer	Shire of Jerramungup
22.03.03	Ms Glenyse Garnett	Shire President	Shire of Jerramungup
22.03.03	Mr Peter Duncan	Manager, Planning and Development	Shire of Denmark
22.03.03	Mr Kevin Forbes	Shire President	Shire of Plantagenet
22.03.03	Mr Pascoe Durtanovich	Chief Executive Officer	Shire of Denmark
22.03.03	Mr Kim Barrow	Shire President	Shire of Denmark

22.03.03	Mr Robert Fenn	Executive Director, Development Services	City of Albany
22.03.03	Mr Graeme Robertson	Managing Director	RC Developments
22.03.03	Mr David Lantzke	General Manager	Ardross Group of Companies
22.03.03	Mr Maynard Rye	Deputy Chief Executive Officer	Great Southern Development Commission
31.03.03	Mr Terry Merefield	Quantity Surveyor	Merefield Wilde and Woollard Pty Ltd
31.03.03	Mr Ron Dullard	Director	Catholic Education Office of WA
31.03.03	Mr Geoff Hendriks	Coordinator, Planning and Development	Catholic Education Office of WA
31.03.03	Mr Richard Bloor	Principal Consultant, Asset Planning	Department of Education and Training
31.03.03	Mr Brian Handcock	Property Portfolio Manager, Asset Planning	Department of Education and Training
31.03.03	Mr John Moore	Planning Analyst, Asset Planning	Department of Education and Training
31.03.03	Mr John Nicholas	Manager, Asset Planning	Department of Education and Training
31.03.03	Mr Chris Lewis	General Manager	Australand Holdings Ltd
31.03.03	Mr Justin Crooks	Project Manager	Australand Holdings Ltd
05.04.04	Mr Russel Perry	General Manager	LWP Property Group Ltd
05.04.04	Mr Danny Murphy	Managing Director	LWP Property Group Ltd
05.04.04	Dr Jim Gill	Chief Executive Officer	Water Corporation
05.04.04	Mr Garry Meinck	General Manager	Water Corporation

05.04.04	Mr Peter Verschuer	Program Manager, Land Development Policy	Water Corporation
05.04.04	Mr Roger Bulstrode	Manager, Land Development	Water Corporation
05.04.04	Mr Stuart Jardine	Chief Executive Officer	City of Gosnells
05.04.04	Mr Alexander Frewing	Executive Manager	City of Swan
05.04.04	Mr Eric Lumsden	Chief Executive Officer	City of Swan
05.04.04	Ms Allison Hailes	Executive Manager	Western Australian Local Government Association
05.04.04	Mr Giuseppe Ripepi	Policy Officer, Support	Western Australian Local Government Association
05.04.04	Mr Clive Robartson	President	Western Australian Local Government Association
05.04.04	Mr Wayne Gersbach	Executive Director, Planning and Environment	Housing Industry Association
05.04.04	Ms Sheryl Chaffer	Acting Director, Planning and Environment	Housing Industry Association
05.04.04	Mr Geoffrey Cooper	Senior Policy Adviser	Property Council of Australia
05.04.04	Mr Dean Mudford	Manager, Apartments WA	Stockland
05.04.04	Mr Evan Campbell	Development Director	Mirvac Fini
07.04.04	Mr Greg Joyce	Director General	Department of Housing and Works
07.04.04	Mr Richard Elliot	Manager, Land Planning	Department of Housing and Works
07.04.04	Ms Clare Muhleisen	Research Analyst	Department of Housing and Works

07.04.04	Mr Glenn Finlay	Director, Landstart	Department of Housing and Works
07.04.04	Mr Mark Hedges	Executive Director, Place Creation	East Perth Redevelopment Authority
07.04.04	Mr Anthony Morgan	Chief Executive Officer	East Perth Redevelopment Authority
07.04.04	Mr Geoff Oddy	Chief Executive Officer	Aqwest
05.05.04	Mr Gary Norwell	Executive Director, Technology and Environment	Main Roads WA
05.05.04	Mr Lindsay Broadhurst	Route Development Manager	Main Roads WA
05.05.04	Mr Laurie Piggott	Manager, Planning and Property	Public Transport Authority
05.05.04	Mr Ken Bowron	General Manager, Networks	Western Power
05.05.04	Mr Peter Mattner	Manager, Pricing and Regulation	Western Power
05.05.04	Mr Robert Rogerson	Distribution Asset Integration Manager	Western Power
12.05.04	Mr Michael Badman	Director	Consolidated Constructions Pty Ltd
	Mr Alfred Bell	Director	Consolidated Constructions Pty Ltd
	Mr Raymond Potter	Director	Consolidated Constructions Pty Ltd
	Mr Steven Yovich	Director	Consolidated Constructions Pty Ltd
	Mr Vincent Yovich	Director	Consolidated Constructions Pty Ltd
24.05.04	Mr Phillip Turner	Acting Chief Executive Officer	State Supply Commission
	Mr William Hargrave	Acting Director Strategic Policy and Advice	State Supply Commission

	Mr Graham McEachran	Management Consultant	GCM Management Consulting
	Mr Menno Henneveld	Commissioner of Main Roads	Main Roads Western Australia
	Mr Bob Hunt	Manager Contract Performance	Main Roads Western Australia
	Mr Glynn Logue	Chartered Professional Engineer	Main Roads Western Australia
	Mr Michael Wallwork	Executive Director Construction and Maintenance Services	Main Roads Western Australia
	Mr William Bruce	Executive Director Technical Services	City of Armadale
	Mr Ray Haeren	Director Planning and Sustainability	City of Gosnells
24.05.04	Mr Reece Waldock	Acting Chief Executive Officer	Public Transport Authority
	Mr John Leaf	Director Finance and Contracts	Public Transport Authority
	Mr Lindsay Berry	Cartage Contractor	LN & CA Berry
	Mr Noel Ducas	Director	North Coast Holdings
	Mr Rodney Evans	General Manager	RNR Contracting Pty Ltd
	Mr Lyndon White	Technical Manager	RNR Contracting Pty Ltd
	Mr Peter Griffiths		Marble Bar Travellers Stop
	Mr Donald Harrington		Marble Bar Travellers Stop
	Mrs Fiona Paech	Sub-contractor	NW & FS Paech
	Mr Wayne Paech	Sub-contractor	NW & FS Paech

	Mr Donald Waugh	Company Director	Concrete Logistics
	Mr Peter Cox	Director	Concrete Logistics
25.06.04	Mr Mark Blayney	Director	Carr Civil Contracting Pty Ltd
	Ms Jenny Stewart	Sub-contractor	KG and JL Stewart
26.05.04	Mrs Julie Arrowsmith	Director	Arrowsmith Transport
	Mr Gerald Dick	Company Director	Marble Bar Caravan Park
	Ms Ingrid Dick	Company Director	Marble Bar Caravan Park
	Mr Ronald Gilmour	Manager	Sandra Hunt Agencies
	Ms Helen Mitchell	Mining Registrar	Department of Industry and Resources
	Mr Alfred Potter	Electrical Contractor	Marble Bar Electrical Service
	Mr Arthur Phillips	Manager Contracts	Main Roads WA
	Mr Mark Salt	Project / Contract Manager	Main Roads WA
	Mr Kevin Stubbs	Director	KG Stubbs Earthmoving and Mining Contractors Pty Ltd
	Mrs Natasha Stubbs	Manager	KG Stubbs Earthmoving and Mining Contractors Pty Ltd
	Mr David Taylor	Drilling / Blasting Contractor	DJ & CM Taylor
27.05.04	Mr Tom Vinnicombe	Shire President	Shire of Broome

27.05.04	Mrs Veronica Wevers	Deputy Shire President	Shire of Broome
27.05.04	Mr Ian Bodill	Chief Executive Officer	Shire of Broome
27.05.04	Mr Allan Ralph	Manager, Engineering Services	Shire of Broome
27.05.04	Ms Elsia Archer	President	Shire of Derby-West Kimberley
27.05.04	Mr Jonathan Throssell	Chief Executive Officer	Shire of Derby-West Kimberley
02.06.04	Mr Nick Persichitti	Accountant	PPB Accountants
	Mr Simon Barnes	[former] Civil Engineer	Consolidated Constructions Pty Ltd
	Mr Robert Lyons	[former] Senior Civil Engineer	Consolidated Constructions Pty Ltd
	Mr Gary Anderson	Liquidator	Gary Anderson Chartered Accountant

1.3 Briefings

In addition to obtaining formal evidence at hearings, the Committee held a number of briefings to gather information in relation to current inquiries and other general matters. Briefings held in Melbourne, Sydney and Brisbane in February 2002 in relation to the *Inquiry into Developer Contributions for Costs Associated with Land Development* are listed at Section 1.4 below.

The Committee staff also had many informal briefings throughout the reporting period, including regular monthly meetings between the Principal Research Officer and senior officers from the Office of the Auditor General.

1.4 Investigative Travel

(a) *Inquiry into Developer Contributions for Costs Associated with Land Development*

All Committee members and one staff member travelled to Melbourne, Sydney and Brisbane from 1-6 February 2004 to hold meetings in relation to the *Inquiry into Developer Contributions for Costs Associated with Land Development*. The Committee met with a number of individuals from government agencies, local authorities, development companies, universities, town planners and peak industry bodies. In all, the Committee held 15 meetings with 31 individuals.

Table 1.3

Briefings held in Melbourne, Sydney and Brisbane in February 2004 in relation to the *Inquiry into Developer Contributions for Costs Associated with Land Development*

Date	Name	Position	Organisation
02.02.04	Mr Kerry Barwise	Director	The Allen Consulting Group
	Mr Stewart Plain	Senior Manager	The Allen Consulting Group
	Mr Ian Reynolds	General Manager	Blacktown City Council
	Mr Ron Moore	Director Finance	Blacktown City Council
	Ms Donna Savage	Development Manager Urban Development	Landcom
03.02.04	Mr Evan Jones	Director of Sydney Strategy	Department of Infrastructure, Planning and Natural Resources (DIPNR)
	Ms Susan Sky	Senior Policy Officer	Department of Infrastructure, Planning and Natural Resources (DIPNR)
	Mr Jeremy Morris	Urban Economist	Department of Infrastructure, Planning and Natural Resources (DIPNR)

Date	Name	Position	Organisation
	Mr Colin Reid	Director Water and Transport	Independent Pricing and Regulatory Tribunal of New South Wales (IPART)
	Mr Connor Read	Analyst	Independent Pricing and Regulatory Tribunal of New South Wales (IPART)
	Mr Wayne Gersbach	Executive Director Planning and Environment	Housing Industry Association Ltd
04.02.04	Mr Marc Spiller	Director	SGS Pty Ltd
	Mr Alex Hrelja	Associate Director	SGS Pty Ltd
	Mr Chris Turner	Manager - Policy and Projects Unit	Department of Sustainability and Environment
	Mr Jim Papadimitriou	Senior Policy Officer - Policy and Projects Unit	Department of Sustainability and Environment
	Mr Andrew Natoli	Policy Officer - Policy and Projects Unit	Department of Sustainability and Environment
	Ms Helen Gibson	Chief Panel Member	Department of Infrastructure
	Mr Ivars Satins	Manager Land Development & Information	Department of Sustainability and Environment
05.02.04	Dr John Marsden	Director	Marsden Jacob Associates
	Dr Jeff Washusen	Principal Consultant	Marsden Jacob Associates
	Mr Brian Haratsis	Managing Director	Macroplan
	Mr Richard Walker	Director, Economic Analysis	Macroplan

Date	Name	Position	Organisation
	Mr Con Tsotsoros	Director, Land Use Planning	Macroplan
	Mr Somma Sourivong	Planning Consultant	Macroplan
	Mr Claude Piccinin	Deputy Executive Director	Water Services Association of Australia
06.02.04	Dr Ted Campbell	Director General	Department of Local Government and Planning
	Mr Graeme Ballard	Manger Legislation and Policy Development Division	Department of Local Government and Planning
	Mr Craig McAlpin	Senior Project Team Leader	Department of Local Government and Planning
	Mr Tom Orr	Senior Project Team Leader	Department of Local Government and Planning
	Mr Graham Wolfe	Executive Director - Queensland	Housing Industry Association Ltd
	Mr Rick Wiley	Assistant Director - Planning and Environment	Housing Industry Association Ltd

The Committee also held a public hearing in Albany on 22 March 2004 to coincide with the first regional sitting of the Legislative Assembly. Evidence was taken from 14 witnesses representing five rural shires in the South West and Great Southern region of the State, local land developers, and the Great Southern Development Commission.

At the request of the WA Local Government Association Kimberley Country Zone, the Committee comprising three members also travelled to Broome for one day on 27 May 2004 whilst in Karratha for another inquiry. A public hearing was held at the Shire of Broome offices with six witnesses from the Shire of Broome and the Shire of Derby-West Kimberley.

(b) Inquiry into Contracts Entered into Between Consolidated Constructions and Main Roads WA and the Public Transport Authority

The Committee comprising three members travelled to Karratha and Marble Bar from 25-26 May 2004 to hold a series of public hearings with witnesses who reside and conduct businesses in that region, including a number of sub-contractors whose evidence was required for the Inquiry. Over the two days, evidence was taken from 13 witnesses, as set out in Table 1.2.

1.5 Reports Tabled

As stated in the introduction, the Committee tabled three reports in the Legislative Assembly throughout the reporting period:

- *Annual Report 2002-2003*, tabled on 14 August 2003.
- *Inquiry into Hospital Trust Accounts*, tabled on 4 December 2003; and
- *Inquiry into the Port Coogee Development*, tabled on 4 December 2003.

1.6 Work in Progress

(a) Inquiry into Contracts Entered into Between Consolidated Constructions Pty Ltd and Main Roads WA and the Public Transport Authority

Due to Consolidated Constructions Pty Ltd being placed into administration, the Committee resolved on 31 March 2004 to inquire into the contracts Consolidated Constructions entered into with Main Roads WA and the Public Transport Authority to complete the seal of the Marble Bar Road and works on the rail track and stations at Armadale and Gosnells.

The following Terms of Reference were adopted:

1. Whether established tender practices were adopted by Main Roads WA and the Public Transport Authority;
2. How similar tender processes can be improved;

3. Whether the outcome may have been different if improved tender processes had been in place; and
4. Any other related matter that the Committee resolves to consider.

The Committee is to table its report in the Legislative Assembly by 14 September 2004.

(b) Inquiry into Developer Contributions for Costs Associated with Land Development

On 15 October 2003, the Public Accounts Committee resolved to examine and report on developer contributions for infrastructure costs associated with land development, with the following Terms of Reference:

1. To inquire into the current formulae applied to developer contributions, State and local government taxes, levies and other contributions to infrastructure and service costs to both public and private sectors for new frontal (green field) development;
2. It is generally accepted that as densities increase, the average infrastructure costs per dwelling decrease. In terms of new frontal development, at what density is the greatest financial efficiency in infrastructure costs obtained, while recognising that most frontal development will be at a relatively low density;
3. What factors relating to new frontal developments contribute to disproportionately high increases in infrastructure, and may otherwise be avoided;
4. To inquire into the current formulae applied to developer contributions, State and local government levies and any other contributions to infrastructure costs for in-fill development;
5. To compare relative contributions in Western Australia to those in other jurisdictions in Australia;
6. To provide a comparative analysis between Terms of Reference 1 and 4 and to formulate recommendations to address inequities and strengthen efficiency in relation to private and public infrastructure contributions; and
7. To determine any patterns emerging where densities for in-fill development can be calculated having regard to capacities of existing infrastructure and in the effort to maximise cost efficiencies in infrastructure and service providers.

The Committee expects to table its report in the Legislative Assembly by the end of September 2004.

**(c) Review of the Role of the Public Accounts Committee:
Ensuring Public Sector Accountability in the 21st Century**

On 16 October 2002 the Committee resolved to review its role in light of significant changes in the public sector and parliamentary processes since the Committee was established in 1971. The Terms of Reference for the Inquiry are:

1. The scope of the powers, functions and role of the Public Accounts Committee;
2. The source of powers of the Public Accounts Committee; and
3. The appointment and composition of the Public Accounts Committee.

The Inquiry has not yet been finalised due to the Committee's workload with its other inquiries.

(d) Implementation of Auditor General's Recommendations

On 15 May 2003, the Committee tabled report No. 5, *The 2001-2002 Annual Report of the Office of the Auditor General: A Performance Review*. The Committee recommended in the report that all government agencies the subject of a Performance Examination by the Office of the Auditor General be required to report to the Public Accounts Committee within 12 months of the Auditor General's report stating whether the Auditor General's recommendations have been implemented.

The Committee subsequently wrote to all Government Ministers and Directors General advising them of the requirement to report to the Committee, and received favourable responses. The Committee's new initiative was also welcomed by the Auditor General as a means of ensuring that agencies actually implement his recommendations by being accountable to the Parliament through the Public Accounts Committee.

CHAPTER 2 FINANCIAL STATEMENT

The Committee's expenditure for the reporting period was as follows:

Table 2.1

Committee's expenditure from 1 July 2003 to 30 June 2004

Expenditure Item	Total cost
Advertising	\$7,900
Witness Expenses	\$300
Travel	\$43,500
Protocol	\$1,400
Printing	\$1,000
Miscellaneous	\$300
TOTAL	\$54,400

Notes:

1. Figures rounded off to nearest \$100.00;
2. Salaries of Committee staff not included; and
3. Costs of shared administrative expenses, including building lease costs not included.