

**JOINT STANDING COMMITTEE ON
DELEGATED LEGISLATION**

HOSPITAL PARKING FEES

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH,
MONDAY, 26 MARCH 2012**

Members

**Mr Joe Francis (Chairman)
Hon Sally Talbot (Deputy Chairman)
Ms Janine Freeman
Mr Paul Miles
Mr Andrew Waddell
Hon Alyssa Hayden
Hon Jim Chown
Hon Helen Bullock**

Hearing commenced at 10.08 am

RUSSELL-WEISZ, DR DAVID

Chief Executive, North Metropolitan Area Health Service, sworn and examined:

SALVAGE, MR WAYNE

Acting Executive Director, Resource Strategy, Department of Health, sworn and examined:

BANCE, MR RUSSELL

Director, Metropolitan Access and Parking, sworn and examined:

MULLIGAN, MR DAVID

Executive Director, Clinical Planning and Redevelopment, sworn and examined:

The CHAIRMAN: On behalf of the committee I would like to welcome you to the meeting. Before we begin, I must ask you each to take either an oath or an affirmation.

[Witnesses took the oath.]

The CHAIRMAN: Each of you have signed a document entitled “Information for Witnesses”. Have you read and understood that document?

The Witnesses: Yes.

The CHAIRMAN: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones and try to talk into them, ensure that you do not cover them with pieces of papers or make noises near them. Please try to speak in turn. 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 public and media 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 you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that material published or disclosed is not subject to parliamentary privilege.

Would anyone like to make an opening statement to the committee?

Dr Russell-Weisz: Mr Chair, if you would like, I will make an opening statement on behalf of the people who are here, just to put it in context. If you do not want that, we are happy to go straight to any of your questions.

The CHAIRMAN: I am happy for you to do that, if you are comfortable. Obviously we are a little confused by the maths in front of us on this issue of hospital parking. Thank you for your time; it is an issue that we are all pretty confused about. If you want to go first, we will take it from there.

Dr Russell-Weisz: Mr Chair, just to put this in context: whilst I am the chief executive of the North Metropolitan Area Health Service, I am appearing on behalf of the Department of Health. In my portfolio, I oversee the parking strategy for the whole of Health. That is why I am here, even though I normally work in north metro area health service.

It was apparent three to four years ago that we had an issue, particularly across our five major hospital sites in the centre of town—that is, Royal Perth, Fremantle, Sir Charles Gairdner, King Edward, PMH and Osborne Park—in relation to having enough car parking for visitors, staff and patients. There were occasions we had staff who could not get enough car parking. We also had patients who could not get enough car parking. You have a document, which I think you have had in front of you for some time, which is the metropolitan “Access and Parking Strategy” that was put in place two to three years ago. This was a strategy that was signed off both by the Minister for Planning and the Minister for Health. It also linked in with the major redevelopment that was occurring right across the metropolitan sites. I know we will probably focus a little bit on the QEII medical centre today. To put it in context, what we also did through the access and parking department is prioritise car parking for staff. For many years we had infrastructure that was not adequate for staff, visitors and patients. We put together a priority list for staff. The staff who needed car parking the most got it. Over the last two to three years there has been an investment in relation to providing car parking across the sites in the metropolitan area. I am concentrating on those five major sites. That has formed the basis of some of the documents that you have got in front of you today. We have obviously provided significant car parking now at the QEII medical centre site. I am sure some of the questions will relate to that.

In summary, there was a strategy put forward but it was very much with a focus to provide adequate car parking for staff, patients and visitors at all those sites. I think that is all I would like to say at this time.

The CHAIRMAN: No problem; thank you. The majority of our questions will be around this particular document.

Ms J.M. FREEMAN: I am interested in two things you have said, one was the purpose in providing car parking. Our question that needs to be answered relates to cost recovery, because that is the only way you can do that, and that it is not in any way subsidising any other programs. That is the first one. That was just a yes?

Dr Russell-Weisz: That is a definite yes. Many of the sites we are not fully cost recovering what we are putting in place.

Ms J.M. FREEMAN: My other question was: you said “across tertiary hospitals”. Osborne Park Hospital is not a tertiary hospital, is it?

Dr Russell-Weisz: It is not, but it is a metropolitan hospital. We split the hospitals into group A, group B and group C hospitals across the whole metropolitan area. Group A are four of the tertiaries and group B is King Edward and Osborne Park Hospitals. They did not have quite the issues that the other sites had but they needed investment and a change in the car parking prioritisation that had not occurred to date.

Ms J.M. FREEMAN: And Group C?

Dr Russell-Weisz: Group C are hospitals like Rockingham, Swan, Armadale and Kaleeya. Any others?

Mr Bance: Bentley.

Ms J.M. FREEMAN: All of group C will not have any other parking —

Mr Bance: We are not charging for parking at those locations.

Ms J.M. FREEMAN: At group C?

Mr Bance: Yes, that is correct.

Mr A.J. WADDELL: To start with, I refer to QEII attachment A. The focus of this committee is not at all on your overall strategy. We have no oversight over that. Our only interest, as Ms Freeman indicated, is that you are within the cost-recovery model. Our questions will be drilling

in on that very point. We have come to an understanding of the revenue side here where you have summed it up generally across staff, short and long term, across the year and come to that \$3.3 million figure. It is probably on the expense side of things that the majority of our questions relate. Before I get to that: there does not appear to be any provision for fines; revenue that comes in for fines or anything like that.

Mr Bance: The reason we left out fines was because in the previous submission to this group we were told to leave out the infringement officers. That portion of it was to be left out of this process, and therefore we needed to source funding for the infringement officers. That is where that funding goes—towards the payment of the infringement system.

The CHAIRMAN: Two questions from that: you appeared before this committee in a previous life?

Mr Bance: No. In correspondence that we have given to this committee.

The CHAIRMAN: Can I take it you are saying that an officer who writes an infringement ticket is not part of the security contingent?

Mr Bance: Not part of the security system, no. They are a separate entity. In order to control the parking at the locations, one of the major problems we had was our staff parking in “visitors” where the parking is free. Obviously we needed to move them out to make the parking available. We utilised parking officers to literally direct traffic on site away from those locations. They also issued infringement tickets during their time, but it is only a percentage of their job that they do that. We were asked to remove that percentage from these calculations; therefore I left out the infringement income.

Mr A.J. WADDELL: How much was the infringement income?

Mr Bance: The infringement income is quite negligible. I cannot give you the figure right now. I can tell you that the majority of the infringements are appealed. The majority are negated—we do not follow up—due to the fact that the majority of people who come to the hospital are there for medical reasons. If they park illegally it is usually because they have made a mistake at the time or they are panicked about getting to the appointment.

[11.19 am]

The CHAIRMAN: How much is an infringement, generally?

Mr Bance: \$40.

Mr P.T. MILES: Can I just ask a question? I have gone through this briefly. Do you have a distinction between what your capital cost is and what an annual cost is?

Mr Salvage: I will perhaps try to respond to that one. I think this is quite a conservative costing model in the sense that the cost of the original acquisition of the capital facility is not reflected in the profile we are presenting here, so when we are looking at things like capital, we are looking at maintenance, we are looking at a little bit of depreciation, but it does not factor in the original cost of providing the facility. That will change, going forward, under the metropolitan access parking strategy. As you have probably seen along Winthrop Avenue, there is a new car park being built and the fee settings going forward will need to take account of the capital acquisition of that facility by the state.

Mr P.T. MILES: Why I ask that is because under attachment A, you have in there under “other costs”, clearing of remnant bushland—\$959 000. Surely that would be a capital cost to the project, where you would amortise that over maybe five or 10 years. Why would you pay that off in one year?

Mr Salvage: That relates to the fact that there is, for the provision of additional car parking on the site during the construction phase of the major projects that are happening at the QEII medical centre at the moment.

Mr P.T. MILES: So it is only in place for 12 months?

Dr Russell-Weisz: It is going to be in place for somewhere between 18 months and two years, and the proportion of that work to be used for the construction of Ronald McDonald house when the new children's hospital comes on board.

Ms J.M. FREEMAN: So that is not a cost of parking, that is a cost of your building the new building, because you had to get additional parking in an area because you are taking up other parking for your building. That is not a cost of providing parking, that is a cost of having to provide that particular area because you are doing a major building on that site.

Dr Russell-Weisz: There is no doubt that there is a huge amount of redevelopment on the site, not just the new children's hospital, which has just commenced. Also, what we are aiming to do is provide much better car parking through the building of a multi-deck car park; stage one will be complete in October this year, and then there will be a stage two and a stage three. But we have had to juggle the site to actually provide enough car parking for staff and visitors, not just due to the redevelopment, but due to us providing better access for staff and for patients. What you do not see here, just to add to what my colleague has said, we are providing car parking for QEII staff and visitors off site at Graylands and at Shenton Park. We have not included those costs here, and we are obviously providing free shuttle buses into the sites, but those costs are not included.

Mr P.T. MILES: Can I just go back to the costing of \$959 000? You made a statement that you did not think it was necessarily a capital cost because it was only for an 18 month or two-year period to be used as a car park, then it is going to be turned into the site where the Ronald McDonald house is going to be used.

Dr Russell-Weisz: Partial —

Mr P.T. MILES: So part of that cost is then being carried over to the Ronald McDonald build costs?

Dr Russell-Weisz: No, because Ronald McDonald is a private organisation; it is actually building on site itself. When we actually can release those bays, the majority of those bays will remain on the QEII site, so the two-thirds behind it are not going to disappear. We have from the Western Australian Planning Commission a —

Mr P.T. MILES: So it is a capital cost?

Dr Russell-Weisz: Yes. It will form part of the 5 100 bay cap that the WA Planning Commission has given us on the site; at least two thirds of those bays will remain.

Mr A.J. WADDELL: But it is a capital cost. You cannot expend a capital cost in one year because presumably next year you will be back saying "We need a CPI increase on these fees," and then getting a CPI increase on a capital cost which will already have been realised in this year.

Dr Russell-Weisz: Yes, although next year the first stage of the multi-deck car park will be being constructed and there will be a cost associated with providing those bays.

Mr A.J. WADDELL: Well, will people next year be expected to pay for the entire building of the multi-storey car park?

Dr Russell-Weisz: No, not next year.

Mr Salvage: Not in a single year.

Mr A.J. WADDELL: Well, that is what I do not understand. Why is there a different treatment for this particular capital cost to the capital cost that you are anticipating next year?

Mr Salvage: Well, it is a cost to the state that the state has had to incur this year in order to provide that temporary facility in the context of the redevelopment of the Sir Charles Gairdner Hospital.

Mr A.J. WADDELL: And the multi-storey car park will be a cost that the state bears next year. It does not matter; the fact is that it is still a capital cost and an ongoing fee is an ongoing fee. If you recover it this year and you recover it next year, you are over-recovering.

Mr Salvage: I think when we move into next year, by the time we get to next year, stage one of the multi-storey car park will have been acquired and the fees that we will be looking to set next year will be related to the financing of the new car park on the site. Our understanding is that this exercise is about looking at costs to provide a car parking facility in the period where the particular fee that is being set applies versus the revenue that will be generated during that period.

Hon JIM CHOWN: Just to clarify that point in relation to the multi-storey car park, when it is under construction, could you, for the sake of the committee, tell us who is actually carrying the capital cost of that construction? Is it going to be recovered somewhat from the cost of parking or not?

Mr Salvage: It is via a public-private partnership arrangement between the state and Capella Parking, so the capital cost is being met by the private sector under that agreement, but with an expectation that that cost will be recovered over the life of the operation of that facility through the charging of people for parking on site.

The CHAIRMAN: How long is that PPP contract going to be?

Dr Russell-Weisz: Twenty-seven years.

The CHAIRMAN: Can I just go back to the methodology used to calculate these figures? I am not an accountant, but when I look at—I am referring to attachment A, QEII, annualised running costs per bay—repairs, say, for resurfacing and, I guess, painting the white stripey lines, parts for boom gates et cetera: exactly \$200 and no cents. Operating costs for staff: exactly \$300 and no cents. Security, 24/7: exactly \$100 and no cents. I just find it amazing that these amounts, that should be known for you to calculate the end cost seem to be these exact figures. For someone who is not an accountant, it looks like you know how much money—you have to forgive me for thinking this—you want to raise, and then you have broken it down and said, “Well, I’m going to take \$200 here and \$100 from this particular source”. Two hundred dollars a year for maintenance of a piece of tarmac? That is a lot of money.

Mr Bance: I can explain to a certain extent. MAPD took over the car parking in January of 2010. We did not physically start getting any revenue until July of 2010, because that is when we started to push people off site, so we had that period of lead-in. We have only had 12 months of looking at the parking revenue, and this that has been given to you is a budget, predicted of what we anticipate we would spend over the next 12 months.

The CHAIRMAN: So these are guesstimates?

Mr Bance: It is a budget. We give you a budget because it is predicted in the future, but it is based on historical evidence.

Mr A.J. WADDELL: What is the \$300 for staff management, call centre, traffic control, revenue, admin? How many FTE are involved in that?

Mr Bance: There is a total of 29 FTE across all the sites.

The CHAIRMAN: Across metropolitan Perth?

Mr Bance: Yes. Well, 29 for MAPD; I cannot talk for QEII, because we do not run the QEII site.

Mr P.T. MILES: Can I just ask: MAPD—what does that stand for?

Mr Bance: Metropolitan Access and Parking Department.

Mr A.J. WADDELL: They all have various different things, for instance Osborne Park has \$250 for staff management; Royal Perth Hospital appears to have nothing—\$300, sorry. Princess Margaret Hospital for Children has \$200. King Edward Memorial Hospital has \$300. There is \$300 at Freo. So there are different amounts of each one. You do not have any historical data for any of these, and those 29 FTEs are across the whole lot?

Mr Bance: We do have historical data. The 29 FTE go across all those locations, with the exception of QEII. A trust employs their own parking department on site.

The CHAIRMAN: For those 29 staff, can you just give me a broad job description and rough salaries? I do not want names or anything.

[10.30 am]

Mr Bance: I could actually physically give you the breakdown.

The CHAIRMAN: Would you mind? Could you provide that as supplementary information?

Mr Bance: Yes.

Mr A.J. WADDELL: How many bays in total across all of the hospitals are there?

Mr Bance: I could not do that off the top of my head, and the reason I cannot do that is purely because it is payable bays that we have listed on the documentation that we have given to you, and at all of the locations a large number of our bays are free with the exception of QEII. And the reason for that is we, as MAPD, do not charge Q-plate vehicles and we do not charge contractors, because effectively what happens is that a contractor just puts the cost of the parking back on their bill and we, as in health, would end up paying it anyway. We do not charge Q-plate vehicles because they are our own cars. At certain locations we have up to 400 bays separated from the main count that are utilised by those vehicles. So the breakdown now consists of payable bays; that is, the ones utilised by staff.

Mr A.J. WADDELL: How many payable bays are there?

Mr Bance: I would have to go through and add again —

Dr Russell-Weisz: We have a list of the different sites.

Mr A.J. WADDELL: So you are not charging to your own vehicles but you are taking the full cost recovery up to the remainder of the users of the car parks.

Mr Bance: But only for the bays occupied by those staff.

Mr A.J. WADDELL: But in effect that means that the staff who are paying for their bays and the visitors are subsidising, because they are meeting the full cost of running the service.

Mr Bance: No.

The CHAIRMAN: They separate those bays out.

Mr A.J. WADDELL: You are separating the cost of those bays, are you?

Mr Bance: Yes, we are, because if you look —

Mr A.J. WADDELL: So the 29 staff do not do anything for those other parks.

Mr Bance: They do, but we do not cost all of their salary to those bays. Effectively what is here is an annualised cost per bay. What we have given you is figures that give you the bays that are physically paying for those costs, and then the recovery comes back out of that portion.

Mr A.J. WADDELL: You have given us \$300 for QEII. You have given us two hundred and —

Ms J.M. FREEMAN: QEII is not included in this.

Mr A.J. WADDELL: All right. You have given us just a ballpark of \$250 for Osborne Park and so forth, and you tell me that is an annualised cost, even an annualised cost that is being met by the 29 FTE, but we are not recovering all of the salaries of the 29 FTEs; is that correct?

Mr Bance: That is correct.

Mr A.J. WADDELL: So it is a portion of the 29; you do not know what portion?

Mr Bance: I could not apportion it now but I could give —

The CHAIRMAN: Could you work it out and, if you do not mind, provide that as supplementary information too, thank you.

Mr Bance: Yes.

Ms J.M. FREEMAN: Can I just ask, with the exception of QEII, how many people are employed on the QEII site to do parking?

Mr Mulligan: We can certainly find that out from the trust.

Ms J.M. FREEMAN: So the trust employs them but you do not know how many are employed to do the staff; that is, the parking?

Mr Mulligan: No. At this point in time the numbers are incredibly high because of all the changes in the parking, so there would be a difference between what the substantive base level of employment would be from the trust to support parking and what is currently in place now.

Ms J.M. FREEMAN: And you can give me both those figures?

Mr Mulligan: Absolutely, yes.

Mr A.J. WADDELL: The PAYG cost breakdown, I notice there is an item in there called “Web Site Production and Management”. Explain to me why a car park needs a website?

Mr Bance: Basically the process that is used at the QEII site currently, because that is where it is installed, the website is for the staff to be able to visit so that they can place money on their card. So they have two choices: they either pay at a kiosk, which is available in the hospital, by putting their card up against it and paying like you do for a TravelSmart card, or they go onto the website and can pay by BPay.

Mr A.J. WADDELL: Okay. You have got the same cost in there for the majority of the hospitals. Is it not the same website?

Mr Bance: We cannot utilise QEII’s because that is a translocation, and at the other locations we have not as yet invested in that PAYG system at the other hospitals.

Mr A.J. WADDELL: Yes, but there is one schedule for Royal Perth, there is one schedule for Freo, there is one schedule for Osborne Park.

Mr Bance: Yes.

Mr A.J. WADDELL: Why do you need three?

Mr Bance: Effectively, the information that is coming in would have to travel across the health information network; and HIN will not allow us to push and pull information across websites, so we need them to be located on-site.

Mr A.J. WADDELL: Yes, but you do not need to redevelop it. It is the same website. It is just a piece of software that is running on a computer somewhere. Why is it being costed three times?

Mr Bance: Effectively it is a budget breakdown that I have based on my estimation of what we will need at that point in time. That is not complete; it may be at that time the cost would be less.

Dr Russell-Weisz: If I could just add in from the QEII perspective, the website was the first up and running and actually we did develop that to actually make it easier for staff to be able to pay their

parking and not pay at kiosks, you know, with staff potentially wandering around at night. We have obviously a great preponderance of night staff, and we did actually encounter some initial problems with the website. So, we are very, very conscious of going to different hospitals which have different management structures as well.

Mr A.J. WADDELL: So the software has already been developed and it is in place at QEII.

Dr Russell-Weisz: At QEII.

Mr Bance: At QEII.

Mr A.J. WADDELL: So presumably you would be using that as the basis for the other hospitals.

Mr Bance: I cannot utilise what the trust has developed; that is a trust cost and it would not be open to us —

Mr A.J. WADDELL: So, are you seriously telling me that we, as a state government, built something, own the intellectual property and then locked that away so that we cannot use it ourselves?

Mr Mulligan: No, this is not our licence and our website.

Mr Bance: It is not our website.

Mr Mulligan: It is an external parking provider website.

Mr Bance: It is owned by the trust.

Mr A.J. WADDELL: Who is the trust?

Mr Bance: The trust operates the parking at the QEII site.

Dr Russell-Weisz: The trust oversees the site, the QEII trust.

Mr A.J. WADDELL: Who owns the trust?

Dr Russell-Weisz: Well, the state owns the trust.

Mr A.J. WADDELL: Again, are we seriously spending the money once and then locking it away and then spending it again? I mean, why cannot we transfer that IP to the other hospitals?

Dr Russell-Weisz: Certainly we would transfer what we can, but with other hospitals there are obviously differing arrangements for staff; say, at Royal Perth and what parking we have there for them. At Osborne Park it is very different and at the other sites. We would certainly try to make it easy for staff—there is no doubt—to have the same website across the sites.

Mr Mulligan: Perhaps some of the confusion here is that this is not a website that Health has developed themselves. This belongs to Monitor (WA), which is the car parking, pay-as-you-go technology provider. So, it is a link that WA Health has to an external car parking technology company's website that then is linked.

Mr A.J. WADDELL: So you are paying, is it, a licence?

Mr Mulligan: That is the way I would represent it on this sheet.

Mr A.J. WADDELL: Is this an annualised licensing fee?

Mr Mulligan: I am unsure about the annualised cost associated with the \$64 000.

Mr A.J. WADDELL: You list it as an annual cost.

Mr Mulligan: Yes.

Mr A.J. WADDELL: So presumably you are paying \$64 000 per car park as licensing.

Mr Mulligan: I do not know that this is as such an annual cost as opposed to the one-off development of the PAYG system as it comes —

Mr P.T. MILES: A capital cost?

Mr Mulligan: Sorry?

Mr P.T. MILES: A capital cost?

Mr Mulligan: Yes, initial set-up costs.

The CHAIRMAN: Can I just go back one step then to a pretty easy question? In my experience of a hospital recently, I was at Fremantle and I put money in the meter and got the ticket. At Armadale, I had to take someone there a couple of weeks ago and it was free. But how does this work? This is for staff who park their car and buy online a weekly ticket, a monthly ticket or whatever?

Mr Bance: No. Literally, what they do is the card works exactly the same as a TravelSmart card. You load it up with a set amount. When you swipe it —

The CHAIRMAN: Swipe it into the boom gate?

Mr Bance: When you swipe in at the site and then when you swipe out it bills you for your access to that location.

The CHAIRMAN: So, you are topping up this card.

Mr Bance: Yes, that is correct. The intention of the PAYG is to get to the point of only billing staff once in a 24-hour period across any of the locations. So if a consultant goes to Royal Perth and swipes in and then later on that day goes to QEII and swipes in, he is still only billed once.

The CHAIRMAN: If I am there for an hour or if I am there for six hours, is the fee the same?

Mr Bance: For the staff it is, yes.

Mr A.J. WADDELL: If we could then go to the other costs, I notice that item “7.” there is “C Block Grass”. Will that be an ongoing cost? Will we be spending \$110,000 on grass every year?

Mr Mulligan: Potentially that is not very well represented in the grass section.

The CHAIRMAN: We are going to start a lawnmowing business!

Mr Mulligan: It is a temporary car park that has been created adjacent to C block to take some of the pressure off the loss of bays from some of the constructions sites. No, that is a one-off cost for the creation of that car park.

Ms J.M. FREEMAN: A capital cost?

Mr A.J. WADDELL: Another capital cost.

Mr Bance: In the five hospitals involved in the data —

Mr Mulligan: I am sorry, I should probably say “capital” probably not, because we are never actually going to create the asset as a result of it.

Mr A.J. WADDELL: It is a one-off expense.

Mr Mulligan: It is a one-off expense, yes. And probably the best way of looking at a whole lot of those other costs is that we are never going to consider capitalising any of the W and new block temporary parking; it is a whole lot of road base on the ground that basically gets us over the real critical period now before the multidexing action.

Mr A.J. WADDELL: Why do you need to spend \$110 000 on grass if it is just for a year?

Mr Mulligan: A lot of the cost is associated with drainage. It is not grass. It is an accumulation of costs that we have spent on that area. It was basically almost like a courtyard on the side of a building, which was then cleared. It was created as a grass car park in the first instance, which had significant drainage and work concerns, which was then created with some hard earth surfaces such as road base to continue it.

Mr P.T. MILES: Can I ask, through the chair, whether you can actually provide that as supplementary? That is because the way it is worded here, “C block grass”, is very misleading. I think it would be better if there was actually more detail on what the \$110 000 was spent on.

Dr Russell-Weisz: Yes.

Mr P.T. MILES: Can I also ask, further to that then, on all of your maintenance and cost averages per bay, whether it be QEII, Osborne Park or whatever, you suggest that resurfacing, painting parts, boom gates et cetera all go into that; yet under your “other costs” for Osborne Park and Royal Perth you are charging for boom gates and wiring, \$85 000 for one and \$83 000 for Osborne Park. I am assuming that those boom gates and wiring at the other hospitals, Princess Margaret was \$18 000, King Edward was \$20 000 —

Dr Russell-Weisz: That is for the PAYG system.

The CHAIRMAN: For staff, is it?

Dr Russell-Weisz: Yes.

Mr P.T. MILES: So that is just the capital cost for setting up a one-off new boom-gate system?

Mr Bance: Me personally, I am getting a little bit confused over the use of the term “capital cost”. MAPD has been set up to be a not-for-profit organisation for all intents and purposes, and what we capitalise in the year we can spend and what we get in revenue we spend. And if we do not get it in, we cannot spend it. In the first year that we set up, we took a loss that was not carried on into the following year. We spent almost \$85 000 on signage at Osborne Park but we only recouped in that year \$16 000 in terms of return for parking. So the way we operate, MAPD, and the way Health operates from my perspective is a little bit different. I have to spend the money in the year that we earn it. I cannot accrue money and then capitalise it over five years because I do not have a bucket out of which to capitalise that money.

Mr P.T. MILES: That is where your problem is.

Mr Bance: That is where my problem is.

Mr P.T. MILES: That is what we are looking at, because it is our duty to make sure departments are not a taxing agent and they are using it as a fee for a service.

Mr Bance: Yes, I understand.

Mr P.T. MILES: If you are using that boom gate this year and next year and for subsequent years, you have really got to capitalise it over the three years; you cannot ask somebody to pay the fee upfront, otherwise what you are saying is, “Next year we’re going to reduce the parking amount down because the boom gate is paid for. And that is where we are here; that is our duty here.

Mr Bance: I understand the function of the committee; I fully understand the function of the committee. From my perspective, it is all about fee for service, and I understand the process fully. For me it is just difficult to —

Dr Russell-Weisz: Yes, I think to add to that, if you look at one example we have at the moment, we have to provide some repairs, say for example to Fremantle Hospital, and those repairs to the car parking area at Fremantle Hospital, which is directly in providing that service for staff and to visitors—we do not distinguish. We cannot do that, or Russell cannot do that, from that perspective unless he has funds to actually provide that direct service. And I am just thinking of one example where we are sitting on work that needs to be done at the moment.

Mr Bance: The work at Fremantle Hospital is \$1 million. The building that the multi-storey car park is sitting in has got concrete cancer. That is the estimate of the repair, but I cannot get that money through the current system.

Mr A.J. WADDELL: With all due respect, this may be a problem —

Mr Bance: I understand.

[10.45 am]

Mr A.J. WADDELL: You do not go to the public and hit them up with fees to fix the problem; you go to your minister and point out the problem and get the capital money. I mean, that is the point. Legislatively, this is not a taxing act. You do not exist; you do not have the authority to tax people. If you are trying to expend capital in one year, you are effectively taxing people. That is illegal. That is the point we are trying to make.

I refer you to “Costing and Pricing: Government Services”. Is this something that is used to determine your pricing structures? It is the Department of Treasury and Finance document. It has clear guidelines on capital, how to expense capital-related costs. Is that adhered to?

Mr Salvage: I work in the finance area of the Department of Health, so when we set our fees we certainly have regard to that documentation. For example, for patient fees going through hospitals, we would have regard to the need to make sure the cost of the fee is justified by reference to the cost of delivering the service.

Ms J.M. FREEMAN: For the record, it says here under the heading “Capital-Related Costs” —

There are two aspects relating to the use of government-owned assets in the delivery of a service that must be considered in any analysis of full cost:

- the determination of an appropriate depreciation charge for non-current physical assets; and
- recognition that the funds invested in the assets have alternative uses and therefore some allowance should be made for a rate of return on those assets (otherwise known as the opportunity cost of capital).

Would you use that in terms of how you are structuring the fees?

Mr Salvage: As an approach to setting fees across the Department of Health, that is correct.

Ms J.M. FREEMAN: As an approach to setting fees in terms of the parking fees, is that the approach?

Dr Russell-Weisz: The actual parking fees for staff that were set by the strategy were set at a time when the WA Planning Commission and the Department of Health looked at those fees and made a determination about an incremental increase in those fees over time and I would have assumed would have had regard for that. But that was a decision between the WAPC and the Department of Planning and the Department of Health.

Mr A.J. WADDELL: I refer to attachment B “All Other Sites”; I am looking at the Royal Perth Wellington Street page here. I note that under “Other Costs” there is an item “Wilson - Management Fees” of \$562 000. Presumably there is an element of outsourcing Wilsons parking there. The operating costs for the “Staff (Management, Call Centre, Traffic control, Revenue ...)” is again listed at \$300. I would have assumed that if you have outsourced the operation of the car park to Wilsons you would not be meeting the same staff costs that you are everywhere else.

Mr Bance: This goes back to the priority levels, the P1s, P2s and P3s in the application process that Wilson is not involved in. The same situation will occur at QEII when Cappella runs their car park. We take on the process of filtering out which staff are allowed to park and which staff are not. That is the function we take on. Physically having a body sitting at the car park is what Wilson does.

Ms J.M. FREEMAN: You have here “Management, Call Centre, Traffic control”. You are saying that the traffic control is allocating the different parking capacity. What about revenue collection? Is not Wilson doing the revenue collection?

Mr Bance: Wilson collects the revenue from the visitors. We still collect the revenue from the staff because the staff pay for their parking pre-tax through HCN, through deduction from their salary.

Mr A.J. WADDELL: You have 1 567 bays at Royal Perth, \$300 per bay; that is \$470 000 to determine whether you are a P1, P2 or P3. Does that seem high?

Mr Bance: I would have to give you the breakdown.

Mr A.J. WADDELL: If you could please.

The city of Perth levy I notice is \$1.3 million. I do not know whether you sought any legal advice on whether you can expense this as an actual cost. I know it is a government charge that has been levied. I will not go into that, but have you sought any advice as to whether you can offset that against the fee?

Dr Russell-Weisz: From my recollection, we did at the time and it affects only Royal Perth and PMH; it does not affect any other car parks.

Mr Bance: It is a physical cost for each bay.

Mr A.J. WADDELL: Can we get a copy of that advice?

Dr Russell-Weisz: We certainly sought advice. I will check whether we have any actual formal advice.

Mr A.J. WADDELL: Thank you.

The CHAIRMAN: Thank you very much for your time. I will ask you to provide that supplementary information and remind you again about commenting from an uncorrected transcript.

I have one more question. If the committee were to recommend allowance and if the Legislative Council were to disallow this, what impact would that have on your operations; would it be pretty drastic?

Mr Bance: It would bring most of our facilities to a full grinding halt. Some of the procedures we need to put in place such as the PAYG would not proceed.

Dr Russell-Weisz: We spent a bit of time on QEII. Do you want to make a comment?

Mr Salvage: Only that people will see the physical evidence of the new car parking facility going up along Winthrop. There is a need for us to structure fee increases going forward that reflect the arrangement that is being negotiated between the state and Capella in relation to the car parking fees that will be charged in that facility. It does not directly affect this round of parking increases, but I think if the QEII medical centre parking fee increase were disallowed on this occasion, having regard to the fact that that new facility will be coming on stream in October 2012, the next round of increases we would be seeking through the delegated site bylaws for the QEII trust would be quite significantly —

Ms J.M. FREEMAN: If these were allowed, would the next stage of increases be substantial in any event to pay for —

What do you foresee in terms of the next round of fee increases to be able to fund the car park? Have you got that there?

Mr Bance: That is the fees set out by the strategy.

Dr Russell-Weisz: It is in the strategy in relation to staff. The strategy obviously links in staff fees.

Ms J.M. FREEMAN: Is that publicly available?

Dr Russell-Weisz: Yes; I think we have provided it.

Ms J.M. FREEMAN: No.

Mr Bance: It is on our web site.

Ms J.M. FREEMAN: To peruse that would be good. Can you give that to us?

Dr Russell-Weisz: Yes, I can happily send that round.

Ms J.M. FREEMAN: There is a whole document.

Dr Russell-Weisz: There is a whole document, so I can provide that as supplementary.

On the staff fees, they were—again, this was a negotiation between the Department of Health and the WA Planning Commission—to go to a fee by July 2014 for the group A and group B car parks and not go any further after that stage for staff. Obviously, in relation to visitors that is different and as Wayne says, it would provide us with some problems if we have a car park that is there ostensibly to do two things: provide better access for staff and better access for patients and visitors at QEII, which will be a substantial site and, with the new children’s hospital, it would cause us significant problems in relation to that car park and, ultimately, for car parking for staff and patients.

Ms J.M. FREEMAN: On the group C, which are the ones that are not getting funded, you have made that agreement with DPC only for staff, or is that for staff and visitors who will not be charged in the future?

Mr Bance: We are not charging for visitors at Osborne Park.

Dr Russell-Weisz: Group C.

Mr Bance: I understand; I am just explaining. We are still not charging visitors at Osborne Park. The only reason we are charging staff is because we need to control the staff parking in the visitors’ car park. That is why we took it on. At those other locations, at this stage there is no need to proceed with that because parking is under control. If at a later stage the staff started parking in “visitors” we would have to look at those locations as well.

Ms J.M. FREEMAN: Sorry, I should have asked this before, but attachment C PAYG—pay as you go—breakdown for tower installation.

Mr Bance: Basically, the PAYG system we are looking at works like an E tag, so as you drive under the tower it tags you in. Some of the locations are not suitable to have boom gates put on because the car parking was put in when it was free, so it is all over the site. The easiest way to do it is to put towers on the main entry points to the location.

The CHAIRMAN: Can we have that supplementary information to be provided no later than Friday 20 April. Is that fair enough?

Dr Russell-Weisz: Yes. Thank you very much gentleman.

Hearing closed at 10.54 am
