

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

Division 16: Primary Industries and Regional Development — Services 1 to 5, Regional Development, \$369 791 000 —

Ms L.L. Baker, Chair.

Mr M. McGowan, Premier representing the Minister for Regional Development.

Mr R. Addis, Director General.

Mr N. Grazia, Acting Deputy Director General, Industry and Economic Development.

Mr J.K. Ruprecht, Acting Executive Director, Business Development.

Mr B. Sabien, Acting Executive Director, Investment Management.

Mrs R. Ball, Acting Chief Executive Officer, South West Development Commission.

Ms M. Barnes, Manager, Partnership Management and Project Monitoring.

Mr P. Gregson, Manager, Royalties for Regions Financial Management.

Ms M. Taylor, Chief Finance Officer.

Ms M. Murphy, Acting Managing Director, Business Performance.

Mr C. Thurley, Principal Policy Advisor.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The Premier may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the Premier to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the Premier's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if the Premier asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

We can start questioning with the Leader of the National Party.

Ms M.J. DAVIES: I refer to the second dot point on page 189 of budget paper No 2, public sector reform initiatives and the organisational structure of the Department of Primary Industries and Regional Development. I am wondering whether either an organisational chart or an outline of the organisational structure of the department can be provided from a regional development perspective.

Mr M. McGOWAN: I am really sorry, I could not hear what the member said.

The CHAIR: Can you repeat that please, member?

Ms M.J. DAVIES: I refer to the second dot point on page 189 of volume 1, public sector reform initiatives, the whole-of-government changes and the fully integrated organisational structure for the agencies. Can we have an organisational chart for the department provided by way of supplementary or can the Premier explain the changes? A lot of acting roles were just described.

Mr M. McGOWAN: The member referred to page 189 and "the fully-integrated organisational structure to drive cultural change and deliver cost savings and services in the most effective way". As we know, the organisation is larger and has more functions, I suppose you could say, than the former arrangement because the portfolio contains Agriculture and Food and Regional Development and Fisheries, which, I think, fit together fairly well. From memory, this reflects the arrangements that are in place in other states. It means that it is a bigger, more integrated agency. In terms of what has occurred inside the agency, in February 2018, the Public Sector Commission approved the structure, in particular for the senior executive service positions. We achieved the 20 per cent reduction in SES, which was the government's target to save, from memory, \$26 million per annum across the public sector. The remaining part of the design process is due to be completed in October 2018, which is the exact

structure of the lower levels for the long term. Perhaps we can continue with other questions. I am happy to release here today whatever is publicly available on the structure of the organisation, obviously bearing in mind that some positions and where people will sit at the lower level have not been resolved. I will ask Mr Addis to comment on that.

Mr R. Addis: Thanks, Premier. We have completed the senior executive service structure, which is tiers 1 to 4. That was completed before Christmas and we have since been recruiting and locking in those key roles for the new department. In January–February, we commenced the detail of design for the remainder of the department, which is the bulk of the workforce, and we are making good progress with that. We expect the design to be completed by June and to transition to the new structure by September or October. We can provide the senior leadership structure, which defines the overall architecture of the organisation now, but we cannot provide a full all-chart because that detail design work from tier 5 down has not yet been completed. I think it is on the website, but we would be happy to provide it as supplementary.

Mr M. McGOWAN: I am happy to provide that by way of supplementary information.

Ms M.J. DAVIES: Can I just clarify what they are providing?

Mr M. McGOWAN: We are providing by way of supplementary information the structure that has already been decided inside the organisation. We cannot provide what is not decided and not resolved. I am happy to provide that by way of supplementary information the structure that is decided within the organisation in tiers 1 to 4.

[*Supplementary Information No A4.*]

Dr D.J. HONEY: I refer to the reduction in funding for community resource centres from \$13 million per annum to \$8 million per annum on the third line in table 1 on page 175 of budget paper 3. Has any analysis been done on the impact of those cuts on local communities?

Mr M. McGOWAN: Just for clarification, Madam Chair, do we deal with budget paper 3 at the same time; is that correct?

The CHAIR: Yes. It is part of the division, Premier, so we can just free-range.

[10.10 am]

Mr M. McGOWAN: Sorry; can the member for Cottesloe repeat the question now that I am aware of where we are?

Dr D.J. HONEY: Has there been any analysis of the impact of those cuts on local communities?

Mr M. McGOWAN: I have answered this question largely in Parliament and I will answer it again for the member in a plainer sense. The funding for the CRC program will increase to \$8 million per annum from 1 July 2019. The CRC program funding from 2009–10 to 2015 increased from \$5.9 million to \$13 million, or by more than 100 per cent over the course of five years. We are taking it back to a more realistic trajectory than it would have been had a normalised trajectory of funding been in place for the CRCs. According to the advice I have, the average funding for each CRC grew from \$20 000 a year to around \$100 000 over that period. Obviously, it is difficult to sustain that in the environment that the state currently faces. We have engaged in a consultation process with the CRCs about how the money that has been allocated in the budget will be allocated to them. The Minister for Regional Development has written to all CRCs outlining our proposed funding model, under which 76 CRCs will be offered \$70 000 per annum, which is significantly more than they were allocated eight years ago, and 27 CRCs will be offered \$50 000. As I have said before, there are 104 CRCs. I will let the director general explain the model on which we are currently consulting.

Mr R. Addis: Niegel Grazia is best placed to answer.

Mr N. Grazia: The review is underway and the model that the Premier has described has been communicated to the CRCs for comment and feedback. That is the stage of the process that we are in. The funding split is determined by the proximity of CRCs to larger communities such that they potentially have a wider opportunity to supplement their programs with external sources of income. Around 3 000 CRCs are located within a community of size, from memory. We are also looking at CRCs that might be located within 35 kilometres from such a community. We are looking at those parameters at the moment and engaging with the CRCs for feedback.

Mr M. McGOWAN: The proposal, essentially, is that the vast majority of CRCs will get \$70 000 per annum, and a smaller number—a quarter—will get \$50 000 per annum. It is decided largely upon location, so the more isolated the CRC, the more likely it is to get the higher grant, and the more the CRC is located in a big community in which other services might be available, the more likely it is to get the smaller grant. If CRCs are in close proximity to one another, it is more likely they will get the smaller grant. We think we have done our best to make it as fair as

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

possible, but it is out for consultation and we will see what the CRCs come back with in the process. Members of Parliament, the minister and the like are having conversations with the CRCs about it.

Dr D.J. HONEY: Do we think this will have any effect on the provision of Centrelink and of state government programs through the CRCs?

Mr M. McGOWAN: I would like to see the CRCs look outside the state and to local government and the commonwealth government to see what grants programs might be out there and whether there are private sector organisations, non-government organisations and other areas from which they can secure funding so that they do not have complete reliance upon the state. If local governments or the commonwealth want to assist CRCs in their communities—they might have certain functions they want delivered by the CRCs—that would be a good outcome and it would mean the burden is shared more fairly across all levels of government providing these services. Different CRCs in different towns do all sorts of different things. I do not want to go into specific examples, but some of those services might be better offered by the training sector, an NGO or the commonwealth government; it depends on the individual circumstances of the town. I know that regional people are very self-reliant and they do not necessarily want to always rely upon the state. Therefore, we are happy to work with CRCs to secure support for them, but if we can find other ways I would have thought most people would say that is a good outcome.

Ms M.J. DAVIES: In addition to consultation with the CRCs, which I understand is being done by correspondence, have any other meetings been held by the department or the minister, and where have these been? I am happy to take that as supplementary information.

Mr M. McGOWAN: I will ask the director general to comment in a moment, but knowing the Minister for Regional Development as I do, I expect she has had a lot of conversations and a lot of meetings, because, as we know, she is an indefatigable and very proactive person. Some members have also had conversations with CRCs in their regions to talk about options and the like. The feedback has been relatively positive. There is an understanding of the state's financial position, and if we can find other sources of support, that will be a good outcome for everyone. I will let the director general comment on any other consultation processes that might have gone on.

Mr R. Addis: There has been a range of meetings with the minister and also with departmental staff. In particular, there was a meeting with eight small CRCs in Gnowangerup. I understand there has also been a meeting with CRCs in the Murray–Wellington area. Mr Grazia might have some further context.

Mr N. Grazia: We have also had representation from the Shire of Narembeen. We are engaging with a group at the moment that is looking to work with government on understanding solutions. I will also be meeting with a number of CRCs as part of the process of finalising the agency's report.

[10.20 am]

Ms M.J. DAVIES: In addition to the Premier, I understand that the Shire of Narembeen has been coordinating some of those community resource centres, but is the department seeking, through the consultation process, formal engagement rather than waiting for the shires or the community to come to the department? Has there been a request to local governments or any of the other stakeholders as part of the consultation process?

Mr M. McGOWAN: It has been known for a period—probably since the last budget—that the budget was contracting. I think the Minister for Regional Development has written to all the CRCs seeking their advice on the model that the minister is proposing. To me, that seems like fairly expansive consultation. She is also, as we just heard, out there talking to people and the like—meeting with people about it. It seems like expansive consultation to me. I know that some people will not want any change and I know some people will just say, “Keep spending the money”, and, therefore, we will not keep those people happy. On the other hand, we are trying to get the best model we can in which no CRC closes and we look for additional sources of funding that might be available to assist them. I think the department is working on that. I will hand over to Mr Addis to add something to that.

Mr R. Addis: Until now, the department has engaged Linkwest, which is essentially a non-government organisation, to provide a form of overarching network governance and support. The minister has met a couple of times with Linkwest in the course of shaping the thinking about how we might implement these budget changes. The minister and the department have both taken the view that we need to get a much broader engagement than just through Linkwest. We are looking for CRCs and groups of CRCs that want to engage constructively in how we make the most of what is undoubtedly a difficult budget circumstance overall. We continue to engage with all parties who want to talk on those terms to try to find the best way of getting the balance out of this.

Mr I.C. BLAYNEY: I refer to the fourth item under “Explanation of Significant Movements”, “Regional Social Amenity Development”, on page 195 of volume 1 of budget paper No 2.

Mr M. McGOWAN: Is this at the bottom of the page?

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Mr I.C. BLAYNEY: Yes. Given the social amenity provided by royalties for regions, can the Premier outline what services were funded out of the consolidated account in the last budget but are funded this year out of royalties for regions? What is the value of these services this year?

Mr M. McGOWAN: I am looking at page 195—correct?

Mr I.C. BLAYNEY: Yes.

Mr M. McGOWAN: I am looking at “Regional Social Amenity Development”—correct?

Mr I.C. BLAYNEY: Yes.

Mr M. McGOWAN: That is about funding recreational fishing, education, health and connectivity et cetera—correct?

The CHAIR: Can we ask the member for Geraldton —

Mr M. McGOWAN: I am not really sure how that question relates to the part of the division that the member is referring to.

The CHAIR: I understand. Can you clarify that, member?

Mr I.C. BLAYNEY: When we talk about regional social amenity, we are not talking about just the things mentioned in that table. From its inception, the broad purpose of royalties for regions was not just in these small, specific areas. We are aware that large amounts of royalties for regions money is now funding normal government expenditure. We are wondering whether we could have a total figure.

Mr M. McGOWAN: The answer is yes. At page 170 of budget paper No 3 the member will find page after page of initiatives across regional Western Australia that are funded by royalties for regions. I am up to about 10 pages now. The information is all there. As we indicated prior to the election, and as we have indicated since, we are keeping the program. It is the law of the state and we are funding important priorities across Western Australia. If the member wants an additional list on top of that, I am not sure how I could give him anything more than what is on pages 170 to 179, which is 10 pages of royalties for regions—funded projects, programs, initiatives and capital works. It is all there.

The CHAIR: Member for Geraldton, the Premier is referring to budget paper No 3.

Mr I.C. BLAYNEY: I am aware of that table.

Is the government tracking the amount of royalties for regions money that, in effect, is not funding new things in the regions; it is now being substituted? For example, a large figure is there for education. At the inception of royalties for regions, regular education expenditure was not really seen as what royalties for regions was for. I am wondering whether the government is keeping a total of the amount of substitution that is taking place of royalties for regions money for what was previously considered to be normal government expenditure?

Mr M. McGOWAN: Back in maybe 2010, I visited City Beach Residential College in the city, which is where regional students come to stay, and I think might attend Perth Mod. I think a \$6 million upgrade of that educational facility was funded out of royalties for regions.

Mr D.T. REDMAN: No.

Mr M. McGOWAN: Yes, I think that is right. We will test my memory versus the member's. I was not a minister at that time but I have a strong memory of it.

An upgrade to City Beach Residential College was funded from royalties for regions. It was a city building and that was in Education. The member for Geraldton said that we are funding education by substituting things—whatever he said then. I heard the opposition leader say during debate the other day that the Liberal Party substituted a spend in royalties for regions for other programs. I think back to that and I do not really understand the point the member is making. The former government funded City Beach Residential College out of royalties for regions, which was a building in the heart of the western suburbs of Perth, which historically had always been funded from the consolidated account. There it is—that is what happened under the former government. What are we doing? We are funding all sorts of school improvements and the like across the regions out of this program. The former government did exactly the same thing.

Mr I.C. BLAYNEY: The Premier sort of asked me a question. I was wondering about the quantity of it. I could point to a couple of cases in my electorate in which the same thing happened. I refer to the bridge across the Greenough River, which had \$10 million from royalties for regions, and the new buildings at John Willcock

College as part of the transition of year 7s into high school. They were both funded from royalties for regions. One could argue both. It was more the quantity of it that we were wondering about.

Mr M. McGOWAN: That is difficult to define. I pointed out during debate the other day that in the late 2000s, when I was a minister, I visited the new Fitzroy Crossing Hospital that had been built out of the consolidated account. I also went to the new Geraldton Hospital that had been built out of the consolidated account. I went to the new Port Hedland hospital that had been built out of the consolidated account. I went to Denmark to visit its lovely hospital built on the riverbank. I recall that Denmark hospital was a very controversial issue. That new hospital was funded out of the consolidated account. Just the other day when I was in Karratha, I walked past the new Karratha hospital. That was funded from royalties for regions. Again, I think the member for Geraldton is making a political point. I could point out all sorts of examples to the member of port and hospital facilities that were funded from the consolidated account under the last Labor government and funded out of royalties for regions under the last Liberal–National government. We can go round and round on this argument if the member wants. I can find as many examples of this sort of thing under the last Liberal–National government as the member could potentially find in these budget figures under this government. I am happy to go through it at length, and I will find lots of examples for him.

[10.30 am]

Mr D.T. REDMAN: I refer the Premier to page 196 of budget paper No 2. Item 5 at the top of the page is headed “Corporate and Business Development Services Provided by the Department to Support RDCs”. One of the projects that I assume the South West Development Commission is involved with is the Busselton–Margaret River regional airport. Can the Premier outline the exact role the commission is playing in the Busselton–Margaret River regional airport upgrades and the nature of the advice from the commission to the minister on, firstly, supporting the project for the terminal upgrade, and, secondly, establishing an airline as part of that project?

Mr M. McGOWAN: I can give a broad outline and I might then hand over to Mr Addis to provide some more specific remarks. As the member for Warren–Blackwood would remember, the funding allocation for the airport was around \$70 million. As I understand it, \$55 million of that is currently committed in contracts. There is \$15 million or \$16 million that is not committed in a contract and is being held. From memory, that is for a significant terminal improvement, new terminal or something of that nature to replace the existing terminal. The reason that is being held is that we want to secure an airline before we spend that additional money, so that we get some outcome from what is a huge state-government spend. I understand that the Department of Transport has been working with the airlines to try to get one to commit to a Busselton service, particularly from the eastern states, because that was always the plan. We are trying to secure that prior to committing the spend, rather than committing the spend and having another \$15 million spent on a terminal that might not be used. To me, that sounds reasonable. I will hand over to Mr Addis to comment on that.

Mr D.T. REDMAN: Premier, what about the nature of the role of the South West Development Commission?

Mr R. Addis: Thanks, Premier. I think Mr Grazia is handling that matter and we obviously have the CEO of the commission here as well. I will hand over to Niegel.

Mr N. Grazia: I think the Premier has made the key point about the contract for the terminal being effectively put on hold while the City of Busselton finalises conversations with potential air service providers. The contract that is in place for the construction of the terminal remains on foot and can be activated with a successful outcome from the city’s negotiations. I do not know whether the CEO wants to add further comment from the South West Development Commission.

Mrs R. Ball: Thank you, Niegel; I am happy to comment. The member for Warren–Blackwood raised three specific questions. The first concerned the role of the commission with regard to the project delivery. We have a project officer on the chair of the project control group, which was set up to monitor the efficacy and progress of the financial assistance agreement with other government partners—the Department of Transport, Department of Finance and Tourism Western Australia. That is really an oversight role as part of our usual processes in managing financial assistance agreements. In regard to the question on airline attraction, we are working with Tourism WA, which has the lead role in working with the City of Busselton through a consultancy with three consulting Pty Ltd to advise on how best to strategically and tactically attract an airline, understanding that the tourism portfolio has greatest experience in airline attraction matters. On a more advisory level back to the minister, our chair, Nick Belyea, who is very experienced in regional airport development, is the point of liaison with airlines to encourage their expedient progress of taking forward negotiations to secure an interstate service.

Mr D.T. REDMAN: Through the Premier, the CEO of the commission mentioned an oversight role of the commission with the financial assistance agreement. Does that include assessment of whether the City of Busselton

is meeting milestones, and does the financial assistance agreement include close to \$10 million currently withheld by the Department of Transport? Is that part of that financial assistance agreement?

Mr M. McGOWAN: I will hand to Mr Addis, who might comment.

Mr R. Addis: I will go straight to Mr Grazia and the CEO.

Mr D.T. REDMAN: I think Mr Grazia is pointing to the CEO.

Mrs R. Ball: The oversight role is as the chair of the project control group, amongst the other agencies, to hear back from the City of Busselton, which is the owner of the financial assistance agreement, and to report back on its progress against milestones. It is a reporting mechanism. The project control group has the right to question if there is not efficient progress against those milestones. That is the mechanism. Could the member for Warren–Blackwood repeat the second part of the question?

Mr D.T. REDMAN: Were the Department of Transport resources included in the financial assistance agreement, and has the City of Busselton not met any milestones?

Mr M. McGOWAN: Wait a minute.

Mr D.T. REDMAN: The CEO was simply clarifying the questions, Premier.

Mr M. McGOWAN: Yes, but the member for Warren–Blackwood knows the way that it works.

The CHAIR: It has to go through the Premier, member, I am sorry.

Mr M. McGOWAN: Can the member for Warren–Blackwood repeat the question, sorry?

Mr D.T. REDMAN: The CEO talked about an oversight role with the financial assistance agreement between the proponent—the City of Busselton—the Department of Regional Development and presumably the Department of Transport. Moneys have been withheld by the Department of Transport for the terminal. I am interested, firstly, in whether there are any milestones that the City of Busselton has not met. Secondly, are the resources in the Department of Transport part of the financial assistance agreement?

Mr M. McGOWAN: I will leave the question regarding the Department of Transport to the Department of Transport's estimates.

Mr D.T. REDMAN: Premier, this is a project that has oversight by the Minister for Regional Development.

Mr M. McGOWAN: I cannot answer questions on the Department of Transport.

Mr D.T. REDMAN: This project has oversight by the Minister for Regional Development.

Mr M. McGOWAN: The member for Warren–Blackwood can say it as much as he likes, but I am not answering a question on the Department of Transport; it is outside the standing orders. In terms of the other part of the member's question on milestones being met by the City of Busselton, I will seek advice.

Mr N. Grazia: In regard to specific provisions with the FAA, it may be better to take that on notice. What I can say is that all the actions taken to date have been in full consultation with the city. The city understands the position of the state and is working cooperatively in partnership in relation to the delivery of the project. I believe that the financial assistance agreement relates specifically to the royalties for regions component of the funding. The reason I am hesitating a little in answering the question is the \$10 million component—I think it is the regional airports development scheme, or RADS, component. Right now, I am not absolutely clear on the governance arrangements around that element as it relates to the transport portfolio.

Mr D.T. REDMAN: Is RADS royalties for regions?

Mr M. McGOWAN: No. There is \$44.5 million from the royalties for regions program and \$10 million from the regional airports development scheme, which is under the Department of Transport. My very strong advice to Mayor Henley and the council down there is to work with the government on this. We want to secure an airline before we invest another \$10 million or \$15 million. We have to get an airline; I would have thought everyone would agree with that. There will be a huge spend by the state there on the basis that there is an airline. We want an airline to commit. That is the process that is currently being gone through, rather than building a facility that sits there without an airline. To me, that sounds like commonsense.

Mr D.T. REDMAN: Can the Premier confirm that there are still resources available in the initial allocations under the financial assistance agreement to support the attraction of an airline and the attraction of services to that airport?

Mr M. McGOWAN: I will hand over to Mrs Rebecca Ball to answer that question.

[10.40 am]

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Tuesday, 22 May 2018]

p10b-35a

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Mrs R. Ball: There is a budget within the wider budget that has been contributed to by the City of Busselton for the airline attraction, and we understand some budget has also been earmarked from the Tourism portfolio for once an airline has been secured, but it would be up to Tourism to respond directly on that matter.

Mr D.T. REDMAN: From the answer to a question on notice that I got a little while ago, \$2.5 million is left in a Western Australian Treasury Corporation account as part of the allocation to the project from royalties for regions. Can the Premier provide the purpose of that resource that is left in the Treasury Corp account?

Mr M. McGOWAN: I do not know the answer to that question.

Mr D.T. REDMAN: That is why I am asking for it by way of further information.

Mr M. McGOWAN: Is that under the Regional Development portfolio?

Mr D.T. REDMAN: Yes, it is.

Mr M. McGOWAN: Okay, I will ask Mr Addis to comment.

Mr R. Addis: We would be happy to take that on notice.

Mr M. McGOWAN: I will provide that by way of supplementary information, but the member will need to tell us what it is.

Mr D.T. REDMAN: Just to clarify, under the financial assistance agreement, royalties for regions is allocated to the project. Because the proponent is a local government, that has gone into a Treasury Corporation account. Moneys are left in that Treasury Corporation account. I am asking the Premier to provide by way of further information what that resource is allocated for.

Mr M. McGOWAN: It needs to be specific. I do not know what account, what page or what we are dealing with.

Mr D.T. REDMAN: That is why I am asking the question. I thought it was pretty specific.

Mr M. McGOWAN: The member said that he had a question on notice. Does he have that question on notice? Can he read out the number?

Mr D.T. REDMAN: I do not think that is relevant. I am just saying that I have accessed information that tells me that there are residual funds in a TC account that were allocated to the project but have not been acquitted through royalties for regions. I think it is about \$2.5 million. I am asking what is the purpose of that residual resource.

Mr M. McGOWAN: Before I ask Mr Addis to comment, I will just say that sometimes there is money left because a construction contract came in under what was expected or something of that nature. I suspect the City of Busselton has been giving the member advice in relation to these things. However, I will seek some comment from the director general on this.

The CHAIR: Is it a supplementary?

Mr M. McGOWAN: I want to define it before I do because, as you know, Chair, if it is too broad we cannot answer it.

The CHAIR: Okay, so let us define it more.

Mr R. Addis: All moneys advanced to the city under the FAA are to discharge the project and meet the milestones and deliver it. To the extent that there are any remaining funds in the Treasury Corporation account, which is held jointly between essentially the city and the state, we will need to clarify the amount and what is the remaining purpose that needs to be fulfilled. Essentially that is covered in broad terms in the Premier's previous answer about where the project is up to. We would need to give more detailed consideration to the detail of what is left to be done with that money.

Mr M. McGOWAN: It is very confusing because —

Mr D.T. REDMAN: Would you like me to explain it again, Premier?

Mr M. McGOWAN: Maybe we can get some advice back before the end of estimates today and I can give the member the answer, because I do not know whether I can define it sufficiently for the purposes of supplementary information if I do not know the question to which he is referring.

Mr D.T. REDMAN: I thought by way of further information would be a perfectly logical way of getting it.

Mr M. McGOWAN: For supplementary purposes, I am happy to provide information on what funds remain in the WATC account for that project, why and for what purpose.

The CHAIR: Do you need to name the project?

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

Mr M. McGOWAN: It is the Margaret River airport.

[*Supplementary Information No A5.*]

Ms M.J. DAVIES: I refer to page 189 of budget paper No 2 and the second and third dot points under “Significant Issues Impacting the Agency” in relation to the adoption of a new organisational structure for the department and a review of the department’s operations and strategic direction. Is work being done as part of this review to decentralise staff from the department’s office in Perth out to regional offices?

Mr M. McGOWAN: I will ask Mr Addis to comment.

Mr R. Addis: As part of the organisational redesign, we are first and foremost establishing what we need in the new department to deliver on our priorities. Through the various changes over the past 12 months we have kept a fairly balanced split between the regional and non-regional workforce. I think it was about 39 per cent at the start of the financial year and it remains pretty much that now. We are looking at options to strengthen our regional footprint. We think that is an important part of the way we can deliver value, but we are not at the point of making significant changes in that regard—they will be incremental as part of implementing the new structure.

Ms M.J. DAVIES: Can the Premier confirm whether there has been any specific discussion around moving staff to Northam as part of that process?

Mr M. McGOWAN: There are probably always discussions about moving staff to places, but I am happy to let Mr Addis answer whether there has been any serious consideration or decision-making in regard to that.

Mr R. Addis: Members may be aware that recently the Minister for Regional Development opened the upgraded facilities at the Northam grains research facility, which is an outstanding new facility in that space. The minister made some comments about the importance of ensuring that that is well utilised. I think there are about 60 staff there now. Her comments were along the lines that over time we will have more staff in Northam. I have since clarified that with the minister, and our intention is that we will have more staff specialised in nature to take advantage of that new facility, but it will be in the range of 10 to 15 staff, because that will go pretty close to maxing out that facility’s capacity.

Mr M. McGOWAN: That is for grains research.

Mr R. Addis: It does service other purposes, but that is the primary purpose.

Mr M. McGOWAN: It is departmental staff for that, so that is 15 new staff going to Northam.

Mr R. Addis: It is very clear that that will be over time and as priorities, I suppose, dictate. We do not have clear plans to send new staff out there right at the minute. We have plenty to do to get through our redesign, but, over time, as priorities dictate, we intend to make sure that we fully utilise that space.

Mr D.T. PUNCH: I refer to page 167 of budget paper No 3 and the government’s investment in regional roads. Can the Premier outline the major projects to be delivered and the benefits to key regional centres such as Bunbury?

[10.50 am]

Mr M. McGOWAN: Bunbury? It is a very important city! I like Bunbury; it is a terrific place. As the member can see, more than \$2 billion is to be spent on regional roads between 2018–19 and 2021–22. That includes \$347 million for bypasses, road widening and the like on Great Northern Highway from Muchea to Wubin, stage 2. I do not think that has really received the attention it deserves. Broome–Cape Leveque Road will receive an additional \$65.7 million. We are heavily focused on ensuring that Aboriginal people have an opportunity to work on that project, which I think might extend over a few years, and obviously wet seasons and the like will interrupt construction of that road. Other projects are Great Northern Highway, Wyndham Spur and Maggie’s Jump Up, \$56 million, so no doubt Wyndham will be happy with that; the Marble Bar Road–Coongan Gorge realignment, \$54 million; and Karratha–Tom Price Road, \$50 million for another 50 kilometres of that road. We are very keen to work with the mining companies to get a contribution to expand that beyond just that 50-kilometre stage.

We will fund an upgrade to South Coast Highway between Albany and Jerramungup. I drove on that road when in opposition and, consequently, we made a commitment to upgrade it. That is an important addition to the great southern. I had a conversation with senior federal figures about Bunbury Outer Ring Road, which has been allocated \$18.8 million by the state and \$76 million by the commonwealth. We have our 20 per cent contribution in there. That is nearly \$100 million for that road and, as the forward estimates roll out, there will be further contributions to that. That project will happen.

From the road trauma trust account, there is \$70 million to improvements for high-risk regional roads. As we know, too many people die in road crashes in the wheatbelt. I find it extraordinary how often it happens and it gets a couple of paragraphs on page 10 of the paper—“Two people killed in rollover” or “Person hits tree” or something

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

of that nature. That is happening particularly in the wheatbelt, the midwest and those areas. Obviously, this program is important. There is \$20 million of upgrades to Indian Ocean Drive, which is another road on which people have been dying too often. That is important. There is funding for a range of other improvements on Great Eastern Highway, which were identified as necessary in the wheatbelt safety review. We have funded upgrades to Toodyay Road and advanced warning signs on intersections on rural roads. As members know, when we cancelled the Roe 8 project, we allocated money from that project towards regional roads. When we reallocated the funding for that 13 kilometres of road in the city, which would have cost nearly \$2 billion, to 18 other projects, from memory, three regional projects were funded, so the regions benefitted from that decision. That was an important part of that change made by the state. We are putting more effort into regional roads than ever before and our expectation is that this will assist in saving lives of regional people. I thank the member for the question.

Mr D.T. PUNCH: That is a great outcome.

Dr D.J. HONEY: The Premier may be able to enlighten me. On page 177 of volume 3, the budget refers to “AgLime Routes”. It appears as though that program has been defunded or completed somehow. I understand that over 30 intersections need upgrading for the larger trucks. I wonder whether that program is being picked up somewhere else or whether we are seeing a cessation of that program of work.

Mr M. McGOWAN: The member is correct that there is \$10 million in the program. I have heard about the ag lime routes. I think they assist during harvest.

Dr D.J. HONEY: This is ag lime for modifying soil pH.

Mr M. McGOWAN: Yes. It is for shifting lime from the coast to counteract soil acidification. Obviously, those roads are used heavily by trucks and, therefore, an upgrade program for those roads is in place. The program has \$10 million in the forward estimates in this year’s budget. Obviously, as time goes by, we will consider whether we can put additional support into that program. The member is correct that there is no money. I will let the director general comment on this matter.

Mr R. Addis: Niegel may expand, but the Department of Transport is leading a review of ag freight transport that covers this matter, to set an agenda for beyond this budget time.

Dr D.J. HONEY: As a way of explanation, the real concern is, as I think the Premier has outlined, whether funding for that program is likely to continue, because it involves very heavy road use and thought needs to be given to forward funding this program of work.

Mr M. McGOWAN: It is certainly something I would like to do. A review is underway on how we might fund it and what we might do, or alternative routes. The Department of Transport is the lead agency on that. Transport is leading that ongoing review so the member might want to ask the Department of Transport about that matter. Obviously, it is a great program and I would like to continue it. It is a matter of how much we can do.

Mr D.T. REDMAN: Is it around harvest or another time of the year?

Mr M. McGOWAN: I might have that slightly wrong. I might have that mixed up. Maybe the member for Warren–Blackwood can enlighten me on that one. I know it is a very good project.

Mr I.C. BLAYNEY: They cart quite a lot of it at harvest because they cart grain into the city and backload lime.

Mr M. McGOWAN: There we are; I was right! I knew it was something to do with harvest.

Mr I.C. BLAYNEY: I refer to page 194 of volume 1 of budget paper No 2. I refer specifically to the line item for full-time equivalent positions under “Regional Industry and Community Development Investment Facilitation”. There is a reduction in full-time equivalent positions by 28. I have four questions. What specific services will be impacted as a result of this reduction? How many of the FTE positions were lost as a result of machinery-of-government changes? How many of the FTEs, if any, will be reduced as a result of volunteer separations? What are the 28 FTE positions that will be lost in the 2018–19 budget?

Mr M. McGOWAN: While my advisers look for something, I will comment and it might give the member some instruction. If we go back to 2016–17, which was the last budget of the former government, we see that there were 216 actual staff and in 2018–19 there are 207, so there is a reduction of nine in this area. Perhaps there was an increase in staff for a specific project. I will try to get advice while I am talking. Perhaps in the meantime something of that nature caused the number to increase or people moved around and into and out of that area. We expect 2 200 people to take up the voluntary targeted separation scheme program by 30 June this year. We expect to reach 3 000 sometime after that. Every agency has had to play its part. There could be something in what the member has had to say, but it is voluntary and it is targeted. The agency will let someone go only if it thinks it can afford to let that person go from whatever position they were in.

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

I refer to machinery-of-government changes. Having primary industries, agriculture and regional development all working cohesively is sensible. It means that across agriculture and regional development people are working far more collaboratively and maybe that has reduced demand for people in that area. Since 2016–17 to now, the number of FTEs has reduced by nine, so I am not sure whether any services would have been impacted. I will ask the director general to comment.

Mr R. Addis: Staff numbers go up and down from year to year. This is the first year that we have had a genuinely integrated budget and these are new key service areas; the member is probably aware of that. Overall, we have a clear idea of where the changes are. In total, there is a change in the estimated actuals from this year to next of 102. In large part, that total is explained by the voluntary targeted separation scheme changes that have happened in the past six months and the small reduction in the senior executive service headcount. The distribution between each of the seven services is probably a little more detailed. We would need to do some work if the member requires that information.

[11.00 am]

Mr M. McGOWAN: Can you explain why it climbed between 2016–17 and 2017–18?

Mr R. Addis: I cannot explain that off the top of my head, no.

The CHAIR: Member, are you satisfied with the answer? Have you got what you need?

Mr I.C. BLAYNEY: No. I suspect that the actual positions lost will come as supplementary information; is that right?

Mr M. McGOWAN: I am happy to provide that. We will get some additional advice from Mr Grazia.

Mr N. Grazia: To give additional context, obviously when three agencies are brought together, a lot goes on to form a streamlined organisation. A lot of work was done in the lead-up to and following the Langouant review to align a lot of our business processes with the budget process and streamline our reporting arrangements with other agencies. That led to efficiencies in the investment management area in relation to investment facilitation. Real efficiencies are being achieved as we move forward. On top of that, the voluntary severance scheme came through at the same time. Quite a lot is going on and there are a lot of moving parts. The director general referenced earlier that we are clear about the tier 1 to 4 organisational design structure. I think we will continue to see the numbers jump around a little as we finalise the organisational design from tier 5 and below.

Mr M. McGOWAN: So will it continue to be fluid?

Mr N. Grazia: Yes.

Mr M. McGOWAN: Does that answer the member's question? Obviously, after the coming together of all agencies people might not be working in the silos they once did and there might be opportunities for them to do more than one role; therefore, as was the aim, generating savings. Part of the aim was to make government stronger, more rational, and also generate savings because obviously we needed to. We could not go on as we had been. As far as I can tell, there will be a reduction of nine full-time equivalents over 2016–17 to 2018–19. Mr Addis has a comment.

Mr R. Addis: One of the queries that came up in that conversation was why it jumped in the current year or last year. A key reason for that was that an about 22 or 23 full-time equivalent project came onto the books of the Regional Services Reform Unit. In the machinery-of-government changes, those FTEs shifted from our department to the Department of Communities. That would be the most substantial explanation for that temporary jump and decline.

Mr M. McGOWAN: So a unit moved from one department into the Department of Regional Development, and then out again?

Mr R. Addis: That is right. In the machinery-of-government works a number of those sorts of projects transferred from an old department pre-MOG to different departments post-MOG, such as Water for Food coming from Water to the Department of Primary Industries and Regional Development.

Mr I.C. BLAYNEY: Is it possible to provide some detail about those changes?

Mr M. McGOWAN: I am happy provide supplementary information on why from 2017–17 to 2018–19 the number went from 216 to 207. I think we have answered why they jumped up between 2016–17 and 2017–18, and I will provide supplementary information on why they went down by nine in that particular division over that period of time, if you like.

[*Supplementary Information No A6.*]

Mr M. McGOWAN: That will be supplementary information on why the staff number on page 194—“Regional Industry and Community Development Investment Facilitation”—changed from 216 to 207.

Mr D.T. REDMAN: I refer to the royalties for regions program referred to on page 169 of budget paper No 2. The Premier said a number of projects listed on the ensuing pages are going through an annual expenditure off the existing budget. A number of projects that sit under Western Australian Treasury Corporation accounts are not listed—for example, Busselton–Margaret River Regional Airport. Those accounts accrue interest. Can the Premier please outline government policy on the allocation of the interest earned in WATC accounts; and, by way of further information, provide the nature of all those WATC accounts and what the government has done with the interest earned on those accounts?

Mr M. McGOWAN: I will answer broadly, and then I might get to specifics. I will ask Mr Addis to comment.

Mr D.T. REDMAN: That might be a good idea.

Mr M. McGOWAN: Yes.

Mr R. Addis: In prior years there have been instances when RforR funds have been deployed to WATC accounts at the start of a project, rather than being paid to proponent entities as they meet milestones. Under the new government we are not using that mechanism as a preference. We are paying proponents as milestones are achieved, so we are not tending to accumulate WATC accounts —

Mr D.T. REDMAN: Can you speak up, please?

Mr R. Addis: Yes. We are not utilising WATC accounts to deploy funds in advance of need, as was done in the past. The minister and department have been working with proponents on how best to manage the residual balances. I understand that interest is accumulated on those accounts for the benefit of the project, and will be treated as any surplus is at the end of the projects once the delivery is complete.

Mr M. McGOWAN: I will comment further on that. Sometimes when interest accumulates, it is used to fund other projects or demands. A few examples include Broome port dredging, Collie Motorplex, national resource management, the Miriuwung–Gajerrong Corporation and the regional investment initiatives. If interest accrues, it can be used for other projects. Around 25 per cent of the savings were not used for those purposes, but to assist with budget repair.

Mr D.T. REDMAN: Can the Premier confirm that the decision to either leave the interest earned with the project or take that interest and use it on other government priority projects has been applied in a consistent way, or is each done on its merits and/or government decision?

Mr M. McGOWAN: It is obviously at the state’s discretion, but I just read out to the member a range of things funded via it. They are, again, Broome port dredging, Collie Motorplex, national resource management programs—natural resource management programs—the Miriuwung–Gajerrong Corporation —

Mr D.T. REDMAN: I did not think the national resource management program was under a Treasury Corporation account.

Mr M. McGOWAN: The national resource management is an ongoing —

Mr R. Addis: Natural.

Mr M. McGOWAN: No, but the national resource management —

Mr D.T. REDMAN: Is it under a Treasury Corp account, Premier?

Mr M. McGOWAN: Sorry; let me go back. Natural resource management program, Miriuwung–Gajerrong —

Mr D.T. REDMAN: Natural resource management program? I am surprised that is a Treasury Corporation account. That is not what I am talking about.

Mr M. McGOWAN: No. I am saying the savings have been allocated to projects such as those.

Mr D.T. REDMAN: To confirm what the Premier is saying, the government has taken interest —

Mr M. McGOWAN: If I can finish. The Miriuwung–Gajerrong and the regional investment initiatives—they are all regional.

Mr D.T. REDMAN: I take it therefore that the interest earned that sits within those Treasury Corporation accounts that have an allocated project has been taken back by government for other priorities, not utilised for that particular project?

Mr M. McGOWAN: It all depends on the budget of the project. Let us imagine interest is earned on a sum of money and the project the money is allocated for is less than the amount with interest. Obviously, it will be used

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

for other purposes, won't it? All the purposes are in the regions and I have just outlined a bunch of them. Any redirection goes via the minister and the Expenditure Review Committee.

[11.10 am]

Mr D.T. REDMAN: Can the Premier provide me, by way of further information, those Treasury Corporation accounts that are currently in play and tell me what is happening to the interest earned on those projects? Is it retained by the proponent or is it being redirected to other projects by government?

Mr M. McGOWAN: I just answered that question.

Mr D.T. REDMAN: No, the Premier has not, because there are a range of WA Treasury Corporation accounts that have projects that earn interest.

Mr M. McGOWAN: Yes, and as I said to the member, the general policy is that we fund the project. If the project comes under—in the current construction environment, some come under—and if savings are generated, obviously, we do not just throw away the money; we redirect it to some other priority.

Mr D.T. REDMAN: Some projects have had money taken back by the minister, which means that they have come under the scope of the project where the interest earned is significant to them achieving the outcome of the project.

The CHAIR: Is it a question, please, and through the Chair?

Mr M. McGOWAN: I am interested in which projects the member is referring to. Is he referring to the airport in Busselton?

Mr D.T. REDMAN: That is one project. The Busselton foreshore and the town centre upgrades for Manjimup are two examples.

Mr M. McGOWAN: The town centre upgrades in Manjimup, from memory, were \$30 million. I cannot tell the member what the Busselton foreshore cost was. I think we examined before in detail the Busselton airport. Obviously, if we can come up with great projects and do it more affordably, that is good budgeting. The member for Warren–Blackwood and I have a different view. I think that if we can save money and do a great project and maybe not spend as much in our current environment, that is what we should do.

Mr D.T. REDMAN: I am asking whether the Premier would provide me with a list of royalties for regions funds held in WATC accounts and the decision about what is happening to the interest earned on those accounts.

Mr M. McGOWAN: I will get Mr Addis to comment.

Mr R. Addis: We have previously established a number of WATC accounts for a range of specific projects. They have both surplus project funds and accumulated interest. Both are treated the same when they are found to be no longer required or by agreement between the minister and the proponents. They are spent either in accordance with the project scope to deliver it or, by agreement, on varied or redirected purposes within the project and proponent or, by agreement, they are returned and used for other purposes. I think the strict answer is that they are treated on a case-by-case basis, depending on the circumstance of the proponent, the project and the minister's agreement.

Mr D.T. REDMAN: And/or the minister's view.

Ms M.J. DAVIES: I refer to the table titled "Royalties for Regions Expenditure", and the line item "Administered Items" on page 179 of budget paper No 3. Can the Premier confirm that that is the unallocated money left in the royalties for regions fund across the forward estimates?

Mr M. McGOWAN: Is the member referring to "Administered Items" under "Administration and Administered Items" where it has \$6.9 million, \$28.8 million, \$37 million, \$94 million and \$74 million, totalling \$235 million?

Ms M.J. DAVIES: Yes.

Mr M. McGOWAN: I might get Mr Addis to comment on the question.

Ms M.J. DAVIES: It is just the administered items. It has footnote (c) next to "Administered Items". It starts with \$6.9 million across the forward estimates.

Mr M. McGOWAN: I think the member is asking whether it is money remaining in the royalties for regions that is not allocated.

Ms M.J. DAVIES: Unallocated funding across royalties for regions, yes.

Mr R. Addis: Projects using RforR funding are submitted as part of the RforR budget in two ways, firstly, by being put to the Expenditure Review Committee and/or cabinet in a way that elicits the final approval for the project to be implemented or, secondly, through the administered items line in the budget, which is, essentially,

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

for projects that are expected to occur but the detailed work and final decision-making by the minister, the Treasurer or the ERC and cabinet have not yet been completed. They are therefore required to go back to that final decision-making process before they can become an authorised project. Consistent with practice over a number of years, a number of expected projects are in there. They require detailed work to get to that decision-making point, so, at the time of the budget, they are not considered to be appropriate to list line by line in the budget.

Mr M. McGOWAN: They are not worked up. There are a range of projects that are obviously under consideration. As the member can see, most of the royalties for regions budget over the forward estimates is allocated. But a bunch of projects are not worked up, so money is set aside over time to fund them. I think that is standard. I think it is what always happens.

Ms M.J. DAVIES: Along the note (c) line, it states that it is mainly for election commitments. Is there a list of unfunded election commitments that could be provided that have been worked up as part of that project?

Mr M. McGOWAN: I do not think it is standard practice to release projects we are currently working on. Obviously, some projects might get through.

Ms M.J. DAVIES: If they are election commitments, they would be public.

Mr M. McGOWAN: The member can look at our election commitments; they are many and varied.

Ms M.J. DAVIES: We would like to know which ones are intended for royalties for regions.

Mr M. McGOWAN: We released a comprehensive policy before the election, and they are out there for people to look at. Obviously, over time we will work up projects and fund them as the forward estimates roll out. Bear in mind, next year will be another year of the forward estimates, so administered items will always be there. If we do not have administered items, essentially, the whole budget is allocated and we do not have any flexibility whatsoever.

Mr D.T. REDMAN: I refer to page 179 of the *Economic and Fiscal Outlook*. At the bottom of the table it refers to “Underspend Provision”. In previous budgets, underspend provisions have been made to ensure that the commitment of \$1 billion to the people of regional Western Australia was made. I note that in the 2018–19 budget, this budget, \$119.1 million is provided from the underspend provision, but nothing in the forward estimates. Can I take it that the government is not expecting an underspend in the forward estimates? If it is, how much will it be and what is current policy for underspend provisions in the royalties for regions budget?

Mr M. McGOWAN: I think there have been underspends in royalties for regions historically. Certainly over the last eight or nine years there were significant underspends each and every year. That would be correct—the member for Warren–Blackwood was the minister for a while. The underspend provision allows a percentage increase in the total budget in recognition that individual programs will not fully spend their allocations each year. I think that is the answer to the question. Obviously, in the current construction environment, projects sometimes come in under budget. Secondly, sometimes trying to get a project happening might take longer than we might think, hence there is an underspend. I will give one example—the Carnarvon college, which the member for North West Central keeps going on about. He keeps claiming some rip-off of \$12 million. Essentially, the project came in \$12 million under budget, so we were able to build the school \$12 million under budget in the current construction environment. He seems to think that is bad. I think that is good. It means that we have built a school and the taxpayers will get a benefit out of it and we can use that saving for other capital works. We would use it, if it was for capital works, in regional Western Australia. There is a good opportunity.

Mr D.T. REDMAN: On a number of occasions, the Premier has made the commitment that government has \$4 billion of royalties for regions in the forward estimates. Part of the reason for having underspend provisions there was to meet the target of the commitment that he has made on a number of occasions. I note that he does not have underspend provisions in the forward estimates; does that mean he is expecting an underspend and wants to make that saving across the broader budget rather than meet his commitment?

[11.20 am]

Mr M. McGOWAN: I will let Mr Addis comment on that question.

Mr R. Addis: Historically, the royalties for regions program has not been fully allocated. We have been approaching full allocation over the last three years. By the start of this government, the project was, for all intents and purposes, fully allocated. That has meant that proponents know that they have a project that needs to be delivered on time, on budget and in accordance with what is scheduled. The prevalence of underspent projects has been declining over time. We have been spending a greater proportion of the overall program, and that has become more so as the program has become full. In previous years, an underspend provision was provided in the out years budget in the order of, from memory, about 12.5 per cent. That was essentially fine in a program that was not fully

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

allocated, but in a fully allocated program it has had the effect of starting to build up an unprogrammed balloon within the overall program. Therefore, in this and the last budget we have taken the more prudent measure of providing for an underspend at the beginning of the overall program that will carry through. In the \$4.051 million program over the four years, there is a total underspend provision of \$119 million. We think that will be adequate to manage the underspends that will occur given the current state of the program. It will show in next year's budget in the first year if we continue with that same approach. We think that is an appropriate and prudent way to manage what is now a full and increasingly mature program.

Mr D.T. REDMAN: Significant substitutions are in the budget from the Water Corporation regional subsidy, which is over \$300 million if we include the numbers in the out years; the TAFE subsidy; the patient assisted travel scheme; and now the orange bus subsidy. Is it fair to say that the inclusion of very regular, very known items such as these is soaking up better than half of the royalties for regions budget and that is one of the reasons that there is no need to have an underspend provision?

Mr M. McGOWAN: No. I think the underspend was properly explained by the director general—that is, in each and every year, we cannot get all the money out the door—but the underspend is apparently getting smaller than it was. That is why the underspend is there, and, as the program matures, obviously the government gets better at administering it, running contracts and the like. Obviously, a range of spends are inside the program—as I said before, 10 pages of them. It is a very significant spend. I suspect that we are funding a whole range of things in the member for Warren–Blackwood's electorate. I may even ask for a list. I was in the member's electorate the other day and saw the new ring-road surrounding the town of Margaret River.

Mr D.T. REDMAN: The one the minister tried to stop.

Mr M. McGOWAN: The member can say that, but I can see it being built. I will read out some projects to the member. The budget includes \$1 million to complete works at Rapids Landing Primary School; \$1.5 million for an early learning centre at Glen Huon Primary School; and \$30 million to redevelop Margaret River Senior High School —

Mr D.T. REDMAN: Point of order, Madam Chair.

The CHAIR: Member for Warren–Blackwood.

Mr D.T. REDMAN: The Premier is not answering this question. He is referring to royalties for regions spends in my electorate and others as distinct from the question I asked.

Mr M. McGOWAN: The member for Warren–Blackwood can call for points of order, but normally estimates is for three hours and fairly free-flowing and people are allowed to say things. I think I have had one government question so far. I think I have been fairly generous. However, I want to set it up for the member because I do not think that he fully appreciates it. The budget includes money for the Margaret River Perimeter Road; \$19 million for the southern forests irrigation scheme; \$1.3 million for the Manjimup Premium Food Centre; \$20.4 million for the Margaret River wastewater treatment plant upgrade, and \$8 million towards replacing volunteer fire stations, including in Margaret River. It is all pretty good stuff. In total, it is \$60 million or so.

Mr I.C. BLAYNEY: I refer to page 201 of budget paper No 2 and the line item “Regional Telecommunications Project”. Is it the state's intention not to continue to fund the regional telecommunications project at all going forward?

Mr M. McGOWAN: The regional telecommunications project has \$21.2 million in this year's budget. The RTP is a significant investment in regional telecommunications to maximise the safety, social and economic benefits for the public from appropriate mobile telecommunications services in the regions of Western Australia. The project will improve telecommunication coverage in Western Australia through the establishment of mobile telephone towers within small communities and at strategic locations across regional WA. The commonwealth allocated \$100 million for the Mobile Black Spot Program. Leveraged investment from the regional telecommunications project will see the delivery of 130 new towers in WA on top of the 23 dedicated sites being funded by the RTP alone. The total royalties for regions funding is \$105 million. I understand the project was for a defined period and that the funding will expire. There has already been spending of \$105 million from the state and \$100 million from the commonwealth, so it is a \$205 million program.

Mr I.C. BLAYNEY: Regional people will say that there are still plenty of mobile phone black spots and areas of poor service. If the federal government were to bring in a new program, would the government consider matching it so that we get our fair share of those new towers?

Mr M. McGOWAN: We would consider it, but it would be a matter of freeing up the money to be able to do it against competing priorities. As I said, \$205 million has been spent, including \$100 million or so from the state.

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Personally, I am pleased that we spent \$105 million on the program, but, broadly speaking, I think that telecommunications is a federal responsibility. It strikes me as somewhat unusual that the state has to put money into telecommunications when it is a commonwealth responsibility. It is a bit like the state putting money into defence, foreign affairs or something of that nature. It is generally a commonwealth responsibility. I would urge the commonwealth to pick up its responsibility to a greater degree and not lean on the states to fund something that is its responsibility.

Mrs L.M. O'MALLEY: I refer to page 189 of budget paper No 2 and the line item "Regional Economic Development Grants". Can the Premier please outline what the regional economic development grants are for and how funding can be applied for?

Mr M. McGOWAN: The government has committed \$22.5 million towards the regional economic development grants program, which will be delivered across the state's nine regional areas. This investment recognises that driving economic growth and jobs in WA requires a broad array of projects, from multimillion-dollar strategic infrastructure to small community-led initiatives. This program will support projects that make a real contribution to local communities, with a focus on creating jobs and shaping the economic future of regional towns. Each regional development commission will oversee and recommend funding for projects with over \$550 000 per year allocated to each region. Grant applications will be assessed on a competitive basis, with the first round envisaged to be open from the middle of 2018. We expect to receive applications for a wide range of community-led projects. This will boost investment in locally delivered projects that contribute to population and economic-growth initiatives that will, most importantly, be delivered by and for the community. When I was Minister for Peel and South West back in the 2000s, I found that an equivalent program was very well appreciated by individual regions. We often found that individual projects were very worthwhile, and sometimes—this is a truism I have found throughout my political career—we get more outcomes from a small amount of money than we do from a large amount of money. If it is appropriately worked up and regionally driven with the appropriate due diligence around it, we can get a far greater impact than we do for some of the enormous spends that sometimes occur without as much thought around them. I was very impressed by this program back when I was the minister, and I am pleased that we are able to recreate it with each region getting its fair share.

[11.30 am]

Dr D.J. HONEY: Premier, I refer to the Earbus program under "Health Services" on page 171 of budget paper No 3, and, to save drawing it out, I refer also to the renal dialysis program; the remote Indigenous health clinics; Fitzroy kids health; the ear, eye and oral health program; the rehabilitation program; and the palliative care program on page 172. I know the Premier is very aware of severe health issues, particularly in the more remote Indigenous communities. It seems that all those programs will be defunded after 2019–20. Is there a program to replace them or is the government considering some other program? I would have thought that continuing funding for those is quite important.

Mr M. McGOWAN: I will comment before I ask Mr Addis to say something. As I recall, the Earbus program and the renal dialysis program are very much focused on Aboriginal people in Indigenous communities, particularly in the northern parts of the state and the goldfields. As I recall, the Earbus program was defunded some years ago with there being some funding issues surrounding it, at least. There has been some effort to provide additional renal dialysis services, particularly in the Kimberley, and this is no doubt part of that. Clearly, there has been an effort here but, as to the future, we can always examine them in future years. It appears that these two programs are funded for at least two years, but I will ask Mr Addis to comment to provide the specifics.

Mr R. Addis: Thanks, Premier and thanks, member, for the question. Obviously as the program matures, we work constantly with line agencies, in this case the Department of Health and the WA Country Health Service, to, I suppose, match up what RforR funds in terms of priorities and what they fund as part of ongoing programs, which are constantly evolving. As these sorts of initiatives drop off the RforR program, we work with them to work out other high-value initiatives and how they are best accommodated beyond the drop-off point. Nigel, did you want to make a comment?

Mr N. Grazia: Just to reinforce the point that we need to be cautious about reading that a drop-off in the RforR fund means that a program may not be continuing. It has a relationship, of course, with the Department of Health budget and its approaches to the Expenditure Review Committee independently of RforR. That would be a follow-up question for that portfolio.

Dr D.J. HONEY: For Health?

Mr N. Grazia: Yes.

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Dr D.J. HONEY: That was really where I was trying to get to. I appreciate the Premier's answer in terms of specific one-off initiatives but a number of these, including the Regional Men's Health Initiative, would appear to be important ongoing programs. I will get my colleague to ask a follow-up question in the health division, because if it is not being picked up specifically in the health budget, that would be a significant concern for a lot of people.

Mr D.T. PUNCH: I refer to the sixth dot point on page 190 of volume 2, detailing that —

The Department will work towards maximising local content by ensuring local businesses in regions are informed, connected and supported.

I have seen some fantastic work by the South West Development Commission in briefing local industry in my electorate about the value of government contracts and the work that might flow. I ask the Premier to detail how the department will continue to provide that fantastic work into the future.

Mr D.T. REDMAN: It has improved a lot in the last couple of years.

Mr D.T. PUNCH: It certainly has; there is more of a focus on local content with no South Australian contracts going out.

Mr M. McGOWAN: I thank the member for Bunbury for the question. I am sure he appreciates sitting on that side of the house rather than this side of the house on this day.

Mr D.T. PUNCH: I certainly do!

Mr M. McGOWAN: On any other day he would probably appreciate sitting on this side of the house rather than that side of the house.

The member will be aware that we announced the Western Australian Jobs Bill. I can talk about that if the member would like, but we have also ensured that local content advisers are appointed across each of the development commissions. Those local content advisers will very much focus on ensuring that local businesses get fairer opportunities for local contracts. We cannot always guarantee a local contractor win. Obviously, value for money is one consideration, but it is not the only consideration. We will ensure as much as we possibly can that we provide that support to local businesses via the local content advisers network through the development commissions. I think the development commissions' websites will have significant information for local businesses that are bidding for projects. There is a whole range of new projects across regional Western Australia, particularly in construction. I outlined before to the house a range of road projects but there is school investment in Albany and Busselton and for a range of improvements to school bushfire protection. There is a range of programs in education and construction at Carnarvon Community College, Margaret River Senior High School, John Willcock College and Collie Senior High School. I think there is also a major project at Broome Senior High School. In terms of other capital works, there is really quite a lot. Local content advisers will be working with local businesses to ensure maximum local content. Member for Bunbury, I might ask your successor, Rebecca Ball, from the South West Development Commission to make some comments.

Mrs R. Ball: Thank you, and thank you, member for Bunbury, for the question. We have been very pleased to work with the department on the development and roll-out of the local content program. Through the department, we have just appointed a senior person to work with local content managers in the corresponding commission areas in the Peel and the great southern. The team works across the three regions to ensure that there is information sharing and the promotion of opportunities. We are also coordinating our timing of promotion of opportunities to ensure suppliers can access them. We have held five different project opportunity public awareness sessions on local content for suppliers, including sessions for the Margaret River perimeter road and the Dolphin Discovery Centre in Bunbury, and we have one tomorrow for the proposed Albemarle lithium processing plant, which has been a sell-out with more than 180 people registering. We might have to hold a second one. That is now being taken up with great interest. We will work very closely with colleagues across all tiers of government in partnership with our colleagues in Regional Development Australia as well as across state government with Department of Jobs, Tourism, Science and Innovation and LandCorp.

Mr D.T. PUNCH: There is great local feedback on those projects.

Mr M. McGOWAN: Albemarle is very important. It does not involve state funding but it is at Kemerton and we are working very hard to get the environmental approvals in place. Obviously we do not control commonwealth environmental approvals, but we are hopeful to have that resolved by June. I met with Albemarle's chief executive officer when I was in Washington for the event with the Prime Minister and all the Premiers. They are very keen to get the project up but it requires approvals outside our control. The Minister for Environment has been working very hard with the commonwealth government, and I urge the commonwealth government to treat it with some urgency. It is important for the south west, it is important for jobs and it is important to make sure that we grasp

the opportunity of lithium. We are doing all we can to get the project to fruition and I am pleased to hear the South West Development Commission is doing its bit as well.

[11.40 am]

Mr D.T. REDMAN: I refer the Premier to “Royalties for Regions Regional Reform Fund” at the bottom of page 229 of the *Economic and Fiscal Outlook*. It highlights that the funds are going towards three projects: the Kimberley schools project, the north west Aboriginal housing initiative and improvements to essential municipal services in remote Aboriginal communities. Reference is made to the decision in the 2015–16 budget to fund that up to \$150 million. Can the Premier confirm that it is the government’s intention to retain this fund and make it up to \$150 million as decided upon in the 2015–16 budget?

Mr M. McGOWAN: The special purpose account was approved as part of the 2015–16 budget to receive \$150 million transferred from the royalties for regions fund. The account will fund strategic reform initiatives in regional Western Australia designed to support government objectives over time; it will focus on regional Aboriginal reform initiatives. In 2016–17, \$100 million was allocated to the fund, and in addition, the Expenditure Review Committee approved the deferral of \$50 million budgeted to be received in 2017–18. The amount now being received in 2019–20 is \$16 million, with a remaining \$34 million being deferred until further expenditure is approved and the funds acquired. Obviously, we need to work out what we want to spend the money on, which I think is the issue, so in 2018–19, \$54 million was budgeted to be spent on the Kimberley schools project, essential and municipal services improvement, and the north west Aboriginal housing initiative.

Mr D.T. REDMAN: Can the Premier confirm the intention to put up to \$150 million in the fund, as was decided in the 2015–16 budget?

Mr M. McGOWAN: I will ask Mr Grazia to comment.

Mr N. Grazia: Without wanting to commit the ERC, the point has been made that time is required to make sure that the money is appropriately spent and prioritised around the right initiatives and has the effect of cash-flowing forward the spending beyond the forward estimates. That is why the member is seeing those numbers.

Mr D.T. REDMAN: Is the intention of the government to have a total fund contributing to that account of \$150 million?

Mr M. McGOWAN: I think the answer is this: we need to know what we want to spend it on before such time as we put additional money in.

Mr D.T. REDMAN: There are three items listed.

Mr M. McGOWAN: And they are being funded—the Kimberley schools project, the essential municipal services and the north west Aboriginal housing initiative. As the member knows, a lot of money has been spent in this field without necessarily great outcomes being achieved. We have to make sure that we have the right projects that achieve good outcomes; that is what the issue is. We also face a looming crisis, because the commonwealth is withdrawing \$100 million a year in funding for maintenance and construction. Obviously, this is an area we will look at. We are determined to put much pressure on the commonwealth to continue its commitment to Aboriginal housing in remote communities as it has done for the Northern Territory, but not for WA and Queensland. Therein is a significant issue. I do not want to automatically pick up the slack that the commonwealth has let go, because it is a serious issue for Western Australia that the commonwealth just lets go of things and the state then has to pick them up.

Mr D.T. REDMAN: On the same point, I draw the Premier’s attention to the page 179 of the *Economic and Fiscal Outlook*.

Mr M. McGOWAN: Is it the same subject matter?

Mr D.T. REDMAN: It is the same topic. At the bottom of the table it outlines the regional reform special purpose fund and \$16 million going into it in 2019–20. Footnote (d) states —

Total Royalties for Regions contributions are forecast to be \$150 million.

The budget papers are referring to a contribution of \$150 million. There is no provision made for it in the forward estimates. I assume it is in either the out years or the government intends to get rid of that account.

Mr M. McGOWAN: I can assure the member that the government is committed to supporting Aboriginal people and ensuring that we support people in remote communities more than ever before. The member will note, I think it was last year, that we had to pick up the support for electricity, water and power in remote communities that otherwise the commonwealth had funded. It just vacated the field. Unless we picked it up, power, water and other services would disappear in remote communities. It was a pretty rotten act on the part of the commonwealth to do

that to the state and obviously it is trying the same trick when it comes to maintenance and provision of new housing. In funding for individual projects, or for the other amount of money, I will ask Mr Addis to comment on that.

Mr R. Addis: The question involves the three funded projects out of that fund. They remain committed and funded as per the royalties for regions program budget. Of the existing government commitment to contribute in total \$150 million to the special purpose account, this budget provides, I think, that \$116 million in total will be contributed by the end of this budget's out years, leaving a balance of \$34 million. My view would be that that is a matter for the ERC to consider at future budgets.

Mr M. McGOWAN: It is requiring the ERC to work out what to spend that \$34 million on.

Mr R. Addis: I would add though that it is clear from the budget papers that that remains in the longer-term forecast.

Mr D.T. REDMAN: I take it that the Premier is confirming that these budget papers reflect a contribution of only \$116 million towards that fund, and there is no provision as yet identified in the budget papers for it to be up to \$150 million?

Mr M. McGOWAN: The budget papers reflect a commitment to the fund of \$116 million. Obviously, we need to work out what other things we need to fund, whether it is \$34 million or more in the future. There are two parts to this. We will undertake a lot of spend in remote Aboriginal communities because that is the nature of things. There will be a lot of spend in communities.

Mr D.T. REDMAN: But clearly not the same spend as the previous government.

Mr M. McGOWAN: I do not want to give the commonwealth any further excuse to pull out of what it is doing. We do not have a closure plan. The member might recall the former Premier had a —

Mr D.T. REDMAN: Come on, Premier. Be fair on that one.

Mr M. McGOWAN: I recall what he said in here.

Mr D.T. REDMAN: What, a closure plan? Did the Premier read the plan?

Mr M. McGOWAN: The member might recall the sort of language he used, which I thought was very inflammatory. The member might recall he went out the front of Parliament House and asked remote Aboriginal people to walk a day in his shoes and see how hard it was for him.

Mr D.T. REDMAN: Has the Premier read the comments by his own Minister for Housing?

Mr M. McGOWAN: The member might remember that particular commentary.

The CHAIR: Members, thank you.

Mr D.T. REDMAN: The Premier's own Minister for Housing has talked about closing communities.

Mr M. McGOWAN: I think you must have all winced when you heard those sorts of comments from him.

Our commitment to remote Aboriginal communities remains strong. The ERC will make decisions about how we will roll out the remainder of that funding, but we will not just throw money away on whims, because, as the member knows, a lot of money has been spent on this area with not necessarily many outcomes. We have to make sure that we get the right outcomes as time goes on and spend the money correctly.

The CHAIR: We will have a five-minute comfort break.

Meeting suspended from 11.49 to 11.58 am

The CHAIR: I give the call to the member for Cottesloe.

Dr D.J. HONEY: I refer to table 1 on page 177 of budget paper No 3. About one-third of the way down the page there is reference to funding for "South West Emergency Rescue Helicopter Service". The funding for that ceases in 2019–20. I wondered whether that program was being defunded or is it simply a placeholder, if you like, and that service will continue; or will it be provided in another way?

Mr M. McGOWAN: As we know, it is a very important service. The member for Bunbury and I announced its continuation because its funding was actually ceasing as of 30 June this year. We announced the continuation of funding for that at the Bunbury regional cabinet, which was earlier this year.

Mr D.T. PUNCH: It was last year.

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Mr M. McGOWAN: It was last year. We announced its continuation. There was a campaign around it and all the rest of it. Obviously, we were always going to continue it, but we are now ensuring its continuation. Its funding is from the road trauma trust account because, obviously, its primary function is dealing with road trauma.

Ms M.J. DAVIES: I want to go back to the line item “Administered Items” on page 179 of budget paper No 3. Can the Premier clarify his earlier comments that he would not be providing the election commitments that are as yet unfunded. During the last estimates hearings we were provided with a list of election commitments under administered items, and also a list of projects captured under the administered items with a notional allocation for ongoing funding over the forward estimates; so it is something the government has provided us with previously. I am wondering whether we could potentially have an updated list.

Mr M. McGOWAN: If the member has the list from last time, I am sure it is there for her to analyse against this year’s budget. Our election commitments are our election commitments. They are out there—the member can go and research them. They were the actions of the opposition. They are there for the member to look at. If she has a list from last time, I am sure it is there for her to use.

Ms M.J. DAVIES: I am not quite sure I follow, Premier, “the actions of the opposition”. I am saying that the government provided during the last budget estimates a list of projects captured under the administered items as election commitments, with a total allocation, so we had a dollar figure attached to it, and we also had a list of projects captured under administered items with a notional allocation for ongoing funding with a dollar figure attached to it. I am asking the Premier to clarify why that could not be provided to us as part of this budget.

Mr M. McGOWAN: I do not think it is necessarily good practice to provide a dollar figure to something that has not had its true cost worked out. Obviously, when election commitments are made, costings are put next to them. The best an opposition can do is put a global figure or a costing next to it. In effect, it is an estimation of an opposition. At this point in time the government is going through the process of working out what the exact costs of its election commitments are. As we do that process properly, we will then integrate them into the budget. The Langouant report essentially recommended that that is the process that should occur for these sorts of things. That is the process we are going through. I am not aware of what list the member got last year. My advice is that she did not get it via supplementary information, so I do not know what list she has.

[12 noon]

Ms M.J. DAVIES: I can provide it to the Premier.

Mr M. McGOWAN: That would be terrific.

Ms M.J. DAVIES: I can hand it across the chamber. It is a response to a question to the Minister for Regional Development in last year’s estimates. The Premier’s government provided us with that answer. All we are asking is for the same information to be provided as part of this budget.

Mr M. McGOWAN: Obviously, that was the Minister for Regional Development in whatever process the upper house has. Let us imagine that I gave the member a big list of projects with dollar amounts listed alongside. Once we went through the process of costing those projects and tendering for them and the costs came out above or below, the member would say that the costings had blown out. In a year or two hence she would compare them with the list I gave her now and would say that they had gone up by \$X million, so there had been huge blowouts. I would rather do the work properly and work out the costs properly before we put them in the budget and give the member a list of the projects.

Ms A. SANDERSON: I refer to the reference to the new industries fund on page 189 of budget paper No 2. Can the Premier give the chamber an update on the regional component of the new industries fund?

Mr M. McGOWAN: The regional new industries fund is dedicated within the broader new industries fund and is designed to build regional competitiveness by growing entrepreneurial innovation and commercialisation capacities. The idea is to support and accelerate some of those exciting, perhaps technologically based industries and opportunities in regional Western Australia to allow our regional communities to diversify their economies. A whole range of them are out there, as we know. I have been to start-ups in both the city and the regions. There are all sorts of people with innovative, exciting ideas in a plethora of areas. The fund comprises two allocations—a regional stream and a state network stream. The regional stream allocates up to \$300 000 to each of the nine regions for region-specific projects. Every region gets a share. A minimum of \$1.4 million will be allocated to the state network stream to increase connectivity and build capacity across regions to state and international markets. To access the fund, each region will establish an inclusive regional innovation partnership coordinated by the regional development commission. The partnership will comprise business, academia and government and will develop a short, innovative road map to highlight regional focus areas, to develop and align projects and to

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

coordinate efforts both regionally and across the state. I have been to a couple of these acceleration centres. The one most talked about is the one in Geraldton.

Mr I.C. BLAYNEY: Pollinators.

Mr M. McGOWAN: Pollinators! I was going to say “Beehive”. It is an interesting place. It is like walking into something that one would imagine in the heart of Melbourne.

Dr D.J. HONEY: They are all hipsters in Geraldton.

Mr M. McGOWAN: Geraldton is that sort of place. It is a relatively small amount of money, but the idea is that we try to grow those businesses and give them opportunities so that regional communities can diversify their economies and are not so reliant on what they have always done, whether it is agriculture, mining or tourism. Therefore, it is an innovative and exciting thing and it will hopefully generate good outcomes for regional communities. Ordinarily, these new industries funds are very focused on the inner city or hipster areas of a major city. We wanted to make sure that we provided at least a third of the funds specifically to the regions to allow them to diversify as well. I think there might be something similar in Bunbury, which I have had some experience with. Those organisations will be able to access these opportunities and hopefully grow new industries as part of that.

Ms A. SANDERSON: Is the department able to outline what work is being done with industry and the sector to enlighten them about the fund?

Mr M. McGOWAN: I might get the director general to comment on that.

Mr N. Grazia: We do not have specifics at the moment because the fund has only just been rolled out. We are seeking input from the likes of Pollinators and other innovators on what their proposals might be. I do not know whether there is a different position within the south west, but at the moment this is an initiative that is led in the first part by the Department of Jobs, Tourism, Science and Innovation. We are managing the regional component.

Mr I.C. BLAYNEY: I refer to the line item on regional infrastructure projects down towards the bottom of page 201 of budget paper No 2. Can the Premier please provide a breakdown of the infrastructure project funding that this money is intended for?

Mr M. McGOWAN: Good question. Regional infrastructure projects have \$1.95 million allocated to them in this year’s budget. The projects are primarily made up of stage 3 of Living Lakes, with \$1.4 million allocated, and the Margaret River hub of entertainment, arts and regional tourism project, with \$0.6 million. They are the two projects that I am aware of. Once again, we are spending more money in the member for Warren–Blackwood’s electorate; it is another project for the people of the south west who I missed in my earlier commentary. I am unaware of what Living Lakes is. I might ask for some advice on that.

[12.10 pm]

Mr R. Addis: As a long-term project this is the completion of that. It relates to a series of what used to be freshwater lakes in the great southern primarily, so this is seeing those out. Stage 2 is some engineering and design work and concept planning for Lake Ewlyamartup, Lake Yealering and Lake Towerrinning.

Mr I.C. BLAYNEY: There are some funds into the out years in 2019–20 and 2020–21. Does the Premier have any idea where that is intended to go?

Mr M. McGOWAN: It is \$5 million in 2019–20 and \$5 million 2020–21. In terms of projects that it is allocated to, I am sure we will make decisions in the future as to what those projects might be. Living Lakes and the Margaret River hub of entertainment, arts and regional tourism project is an eclectic mix. I do not get why those two are part of it and not any others, but those two are probably in the electorates of the member for Warren–Blackwood and the member for Central Wheatbelt. I am pleased to see that they have important things in their electorates. I do not think we have allocated anything at this time.

Mr I.C. BLAYNEY: I could suggest a boat ramp at Drummond Cove, but it is a bit too far north!

Mr M. McGOWAN: In Geraldton? Why does the member not drop me a letter as to his suggestions.

Mrs L.M. O’MALLEY: I refer to page 165 of budget paper No 3 in relation to the government’s investment in our children’s education. Will the Premier outline the major regional projects included in the budget to benefit our kids in the regions?

Mr M. McGOWAN: There are a number of them in education, and it is not just capital works. As I indicated before, there is North Albany Senior High School and Albany Secondary Education Support Centre, in particular, for students with disabilities. Cape Naturaliste College has an allocation of nearly \$30 million and Carnarvon Community College over \$25 million. I note the member for North West Central is very angry about

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Tuesday, 22 May 2018]

p10b-35a

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch;
Chair; Mrs Lisa O'Malley

that \$25 million spend in his electorate. An amount of \$4.9 million is allocated for the remediation and replacement of plaster glass ceilings in regional schools and the installation of ember screens over air conditioners. Margaret River Senior High School is allocated \$23 million, another project in the member for Warren–Blackwood’s electorate. An amount of \$8.2 million is allocated to John Willcock Community College, a project in the member for Geraldton’s electorate. Collie Senior High School is allocated \$6.4 million for improvements and \$17.7 million is allocated for the Kimberley schools project to improve education outcomes through targeting teaching, early years learning, attendance, engagement and connecting communities, schools and other learning environments. An amount of \$13.3 million is allocated for Aboriginal and Islander education officers, honouring an election commitment. They will be largely in regional Western Australia. There is an allocation of \$6.3 million for Clontarf colleges in Carnarvon, Mandurah, Derby, Fitzroy Crossing, Karratha, Katanning and Northam, and \$3.6 million for the Pilbara partnership for student success, by addressing attendance, engagement and education outcomes for most at-risk students. An amount of \$31 million has been allocated to put education assistants back in the classroom in regional Western Australia; \$7.7 million for improving teacher quality and providing additional level 3 teachers with time to support their peers; and \$3.2 million for mental health support and additional staff time for level 3 teachers to oversee the delivery of mental health and resiliency programs in schools in regional Western Australia.

Dr D.J. HONEY: I refer the Premier to table 5 on page 143 of budget paper No 3. I am intrigued why the Forest Products Commission is setting aside money for land purchases for softwood plantation. I thought that was something that would be taken up by the private sector and not the government.

Mr M. McGOWAN: I realise this is the first estimates committee for the member for Cottesloe, but I think he might have gone beyond the parameters of what is permitted. That is not inside the Regional Development portfolio as far as I am aware. When he has been here for 21 years, he will learn what is going on.

Mr D.T. PUNCH: I refer to the Aboriginal ranger program on page 178 of budget paper No 3, which indicates \$16 million across the forward estimates. This seems an outstanding program to involve Aboriginal people in land-based employment programs. I would be grateful for some information about the detail of that program.

Mr M. McGOWAN: The ranger program was an election commitment; we scoped it and we are implementing it. It is a commitment to Indigenous rangers across regional Western Australia. It was one of those projects that some environmental groups and Aboriginal groups came forward with prior to the 2017 election, and we endorsed it. It is \$20 million over the five years 2017–18 to 2021–22 to establish the program. The program will focus on jobs for rangers looking after state parks, Indigenous protected areas and other Indigenous tenures. They can work on biodiversity, monitoring, research, rehabilitation, fire management and the construction of camp grounds and recreational facilities. As anyone who visits a national park knows, they will always find the rangers to be very helpful and informative. They often help when one is in trouble or has a problem. I have found some of the national park rangers to be some of the finest public servants I have met. They are committed and decent men and women. The Aboriginal ranger program expands a range of other programs. In the Kimberley and Pilbara some programs are funded from other sources; some might even be commonwealth-funded or the consequence of native title settlements. This program is state funded and is designed to roll out a number of opportunities. I am just trying to remember how many job opportunities are in this. We do not have that detail here, but it is quite a lot. We can generate a lot of rangers out of this amount of money. Obviously it is a recurrent, so it is one of those programs that we need to continue to fund on an ongoing basis. Connection to country and people having pride in the area in which their families have lived for thousands of years is a very important factor in people having ongoing employment and worthwhile activities in their lives.

This program is important at a range of levels. There is a push by some environmental groups to expand some of the national parks in that area so that we have more opportunities for rangers and the like, and the government will examine that.

[12.20 pm]

Ms M.J. DAVIES: I refer to “Regional School Bus Services” in the table titled “Royalties for Regions Expenditure” on page 174 of budget paper No 3. I want to clarify whether that refers to running the orange school buses; is that correct?

Mr M. McGOWAN: Yes, that is referring to the orange school buses.

Ms M.J. DAVIES: It has \$79.9 million in 2020–21.

Mr M. McGOWAN: An amount of \$79.9 million has been allocated for 2021–22.

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Ms M.J. DAVIES: That is right. Can the Premier explain to me whether the funding is for upgrades? The previous government made sure that there were seatbelts on all those school buses and air conditioning where appropriate. Is this funding for the operation of those school bus services straight out of the Department of Transport's budget and into the Department of Regional Development?

Mr M. McGOWAN: This is part of the subsidy to ensure the continued operation of the school buses. I think that the total cost of service is \$129 million, and \$79.9 million has been allocated in that year to assist in providing the subsidy.

Ms M.J. DAVIES: Has the department done work to bring the remainder of that subsidy over the forward estimates in future and thereby bring the whole operational subsidy into the budget?

Mr M. McGOWAN: We would have to answer that question in next year's budget once the Expenditure Review Committee has considered the matter. I do not think that I can answer questions beyond the forward estimates. The cost of this program increases each year. It is an important program to ensure that regional students have good access to school. We want to make sure that this important program continues and that is why we are ensuring its longevity.

Ms M.J. DAVIES: Did the department do any other work to identify other regional subsidies that might be brought into the royalties for regions budget—for instance, the regional town bus services or any of the other Transwa subsidies—since the department has worked on them?

Mr M. McGOWAN: Not as far as I am aware. Obviously, this is a very large spend. Essentially, the cost of the service in any given year is \$129 million. It is a very large spend and the royalties for regions program will meet \$79.9 million of that. I want to ensure its longevity. Obviously, there is pressure on the budget and ensuring the longevity of that program is important.

Mr D.T. REDMAN: The Premier wants to ensure the longevity of the orange school bus service.

Mr M. McGOWAN: I want to ensure that it continues in the future.

Mr D.T. REDMAN: Strewth.

Mr M. McGOWAN: Under the previous government, various programs finished, such as the South West Emergency Helicopter Service. We found ways to continue to fund that. We want to continue the regional school bus service.

Ms M.J. DAVIES: The inference, therefore, is that if royalties for regions did not pick this up, this government would not be funding the orange school buses.

Mr M. McGOWAN: We cannot ensure that we will be in office forever, so we want to guarantee it against future governments that might not want to support it.

Mr D.T. REDMAN: So shifting the funds from the consolidated funds to royalties for regions is ensuring its continuation —

The CHAIR: Member for Warren–Blackwood, you will get your chance to ask a question. Leader of the National Party, any further questions?

Ms M.J. DAVIES: No.

The CHAIR: Thank you. Member for Warren–Blackwood, it is your turn.

Mr D.T. REDMAN: I refer the Premier to the “Royalties for Regions Expenditure” table on page 179 of the *Economic and Fiscal Outlook*. The top initiative is “Natural Resource Management Program”, and \$6.2 million has been allocated in each year over the forward estimates. By definition, I assume that that is all the regional NRM groups. I note that on page 188 of volume 1 of budget paper No 2, the table under “Spending Changes” refers to “Natural Resource Management—Metropolitan”. I note that the metropolitan natural resource management program has \$1.55 million of new money a year in the forward estimates. Can the Premier give me the reason that the regional NRM groups—my understanding is that there are six of them—will get only \$6.2 million, yet the metropolitan NRM group on its own will get \$1.5 million?

Mr M. McGOWAN: What page is that? Did the member say page 188?

Mr D.T. REDMAN: Page 188, right at the bottom under “Spending Changes”, it refers to “Election Commitments: Natural Resource Management—Metropolitan”. I recognise that that is not a part of this division, but my point is in reference to the regional component funded from royalties for regions.

Mr M. McGOWAN: I am trying to understand the member's point. What is the point?

Mr D.T. REDMAN: It is great to see on page 179 of volume 3 that the government is funding the regional natural resource management program into the out years with \$6.2 million a year. My understanding is that there are six regional NRM groups, which means that we are looking at about a million dollars, assuming it is allocated equally, for each regional NRM group, yet the same budget papers fund the metropolitan natural resource management group to the tune of over \$1.5 million. These are all part of the natural resource management network. There are seven groups.

Mr M. McGOWAN: I will make a couple of points. The historic split of natural resource management funding is 80:20 with 80 per cent in the regions and 20 per cent in the city. The budget reflects what has occurred before. Obviously, it is a very important program and I was very keen to ensure that it continued. We have ensured that both city and regional natural resource management groups continue. That is in accordance with, I think, the election commitment that we made. We obviously do not want to use royalties for regions money in the city. We cannot and would not fund the city group from royalties for regions.

Mr D.T. REDMAN: Can the Premier confirm to me the lead agency for the allocation of those resources? Did the lead agency make a submission to the Department of Regional Development for those funds?

Mr M. McGOWAN: It was an election commitment, as I understand it. I will not answer the question about who made what submissions internally in government. It was an election commitment and Mr Addis will advise the lead agency.

Mr R. Addis: The Department of Primary Industries is the lead agency for the overall administration of natural resource management in this state and that whole fund, including both the regional and metro components. It will be open for all groups to apply and not only the existing NRM groups. I think that will be in process in due course.

Mr D.T. REDMAN: Do any of the natural resource management funds allocated there go towards central administration of what used to be the NRM office?

Mr M. McGOWAN: Which aspect? Does the member mean the RforR money or the consolidated account money?

Mr D.T. REDMAN: I mean the two pools of money. I recognise that the CA money is not in the brief of this division, as the Premier highlighted before to the member for Cottesloe. Therefore, my question relates to the RforR money that is in the brief for this division.

Mr M. McGOWAN: I will explain what I am aware of. As the member knows, natural resource management funding goes to regional volunteer-based not-for-profit groups across Western Australia—planting programs, soil recreation, erosion programs and the like. They are terrific and I have a lot of time for them. The state has allocated \$6.2 million for regional programs and \$1.55 million for metropolitan projects, and that reflects the historic split. Future grants will be called community stewardship grants. Large grants will be for between \$25 000 and \$450 000, or higher value, and involve multi-year, multi-activity, more strategic and complex projects. Small grants will be for lesser value, shorter and simpler projects. As I understand it, the administration costs are kept to 10 per cent of the amounts, which reflects the historic arrangement.

Obviously there is some administration because we have to be accountable for the money we spend and so forth. There has to be some administration.

[12.30 pm]

Mr D.T. REDMAN: Is that 10 per cent going to the Department of Regional Development staff in Perth, or is it going to 10 per cent of the project component? Is that what Mr Ruprecht is referring to?

Mr J.K. Ruprecht: That cost goes to the administration of the grants program, so the staff who were in Agriculture and Food are now part of the Department of Primary Industries and Regional Development. There of course are administration costs involved with each project, and each project needs to incur those costs.

Mr M. McGOWAN: I will clarify. Have those arrangements been in place in relation to this over time?

Mr J.K. Ruprecht: That arrangement has been in place for a number of years now, and certainly over the last three to four years.

Mr D.T. REDMAN: Can the Premier confirm that no projects in the royalties for regions program other than that one are funding central office staff, and the administrative costs in an RforR program for what used to be the Department of Regional Development?

Mr M. McGOWAN: You said you did not want to include the department itself, but essentially you or Brendon Grylls were minister when the entire department on William Street was funded from RforR; correct?

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Mr D.T. REDMAN: For clarification, page 179 has a line item for administration. Presumably that is funding from the royalties for regions program for what used to be the Department of Regional Development central office, which is now a subcomponent of the bigger agency. Mr Ruprecht has just mentioned that a 10 per cent component of the natural resource management program is supporting funding in central office, albeit what used to be the NRM office. Can the Premier confirm that no other RforR-funded programs have a component that funds central office staff?

Mr M. McGOWAN: Just so we get it straight, I think Mr Ruprecht was saying that over the last three or four years a component of that program has been used to fund administration. That was the case when you were minister, and it is under the current minister. Whether that was in central office or an office in a regional community I am unaware, but I will get him to clarify that point and then I will answer the other part of the member's question.

Mr J.K. Ruprecht: Yes, those offices are based primarily in South Perth and provide that administrative support to the program, and have done over the number of years that that has been funded.

Mr M. McGOWAN: So that is the first component. Mr Addis wants to add something.

Mr R. Addis: A range of other RforR-funded projects involve Department of Primary Industries and Regional Development operational staff in their delivery, as they have since RforR commenced. I do not think there is any particular change in that pattern in this budget.

Dr D.J. HONEY: I refer to the regional small water projects in table 1 on page 179 of budget paper No 3 that include water opportunities in regional economic development, the regional estuaries initiative, regional water availability, planning and investigations, and also Watering Western Australia. It appears that those programs will be defunded. Are they complete projects in themselves, or will another program start up to deal with important water projects in the regions?

Mr M. McGOWAN: I do not know the answer to that. I will ask Mr Addis to comment.

Mr R. Addis: By and large they are previous time-limited projects that are coming to an end. Questions about continuing work in those or related areas would best be referred to the Minister for Water.

Mr M. McGOWAN: The member identified that there is a range of programs. Sometimes programs have a defined period that expires, and the work needed finishes. Whether we come up with new projects is a matter for the next budget.

Mrs L.M. O'MALLEY: I refer to the second line item on page 171 of budget paper No 3, "Myalup Primary Industry Reserve". Can the Premier tell us what the money was used for and what it will do for agriculture and job creation in the south west?

Mr M. McGOWAN: It is otherwise known as Myalup transforming agriculture. I have been talking about Myalup a lot lately. Stage 1 will release 500 hectares for irrigated agriculture, with the potential for a further 1 500 hectares in later stages. The full development of the project of 2 000 hectares could achieve a gross value of agriculture production over a 21-year lease period of \$1 billion and create 450 jobs. It involves 2 000 hectares of land near Myalup being converted from plantation timber production to higher value irrigated agricultural production. New timber plantations will be established east of Collie. Unallocated groundwater of approximately 5.3 gigalitres has been temporarily reserved to support the project, and additional water supply from managed aquifer recharge and from the Myalup-Wellington project is being explored. Funding of \$5 million has been allocated in 2017-18 to commence relocation of the timber plantations to the Collie River catchment, including \$4.52 million for land purchase costs for the Forest Products Commission. The release of 500 hectares under stage 1 has the potential to grow produce with a market value of \$280 million over a 21-year agricultural lease period and generate 114 jobs. That is a very interesting project. An initial application has been made to the commonwealth regional growth fund of \$10 million to support implementation. I note that the Myalup-Wellington project was announced by the commonwealth the other day.

Ms M.J. DAVIES: I refer to the line "Laverton Community Hub" on page 176 of budget paper No 3. Can the Premier confirm that \$4 million was returned by the project proponents, and clarify whether that changed the scope of the project?

Mr M. McGOWAN: As part of the 2017-18 state budget review the total funding allocation for the project was reduced to \$4 million, and it is proposed that the savings be repurposed towards Laverton Hospital. Obviously we cannot afford everything, and our priority in that community is Laverton Hospital. I would like to do that, and in my view the community hub is of lesser priority than the hospital. But we have not fully funded the hospital; we are looking at how we might do that in future years. Obviously we are looking to allocate that \$4 million towards that project.

Ms M.J. DAVIES: To clarify, Premier, the project has been reduced by \$4 million on the premise that Laverton Hospital will be funded, and comments were certainly made to the community—either informally or

formally—that the chances of them having their funding for the hospital reinstated would be enhanced if they handed back \$4 million from the Laverton Community Hub, but Laverton Hospital has not been funded in the forward estimates anyway, has it?

Mr M. McGOWAN: I understand that the \$4 million will go toward that project, but we have not fully funded the project, as I said before. It is one of the things that the Ministers for Regional Development and Health are working on, but, no, it is not fully funded in this budget.

People want to think about whether spending \$8 million on a community hub as opposed to a hospital is a high priority. We are obviously keen to do the Laverton Hospital at some time. If we can make these sorts of savings, it is easier for us to achieve that outcome. We obviously do not have enormous amounts of money to throw around. As I indicated before, from memory, \$30 million was spent on the Manjimup centre revitalisation.

[12.40 pm]

Mr D.T. REDMAN: It was \$20 million.

Mr M. McGOWAN: Was it \$20 million? I thought it was \$30 million. The Manjimup hospital was, I think, \$35 million. We have funded or are funding a range of projects, but we cannot do everything. I personally—I have not spoken to the Laverton community about it—would have thought the Laverton Hospital would be a higher priority than the Laverton community hub.

Ms M.J. DAVIES: Has that \$4 million that has been handed back been quarantined for the Laverton Hospital going forward?

Mr M. McGOWAN: Yes.

Ms M.J. DAVIES: Is that in the administered items?

Mr M. McGOWAN: It is in the regional investment initiative. I think the hospital itself will cost in the vicinity of \$20 million, so we need to find more money in future years, but as I said, we cannot do everything.

Ms M.J. DAVIES: Was the handing back of the \$4 million by agreement or was that a demand from the department? Is there a formal agreement between the community and the department?

Mr M. McGOWAN: I understand the Minister for Regional Development met with the community, the council and the like and that was the agreed position.

Mr D.T. PUNCH: Premier, I refer to table 1 “Investing in Jobs” on page 170 of budget paper No 3, specifically “Halifax Business Park”, which is about halfway down. There is an allocation of \$3 million. This is a very important project for my electorate and for growing jobs. Can the Premier advise the status of the project, please?

Mr M. McGOWAN: I will ask Mr Addis to comment.

Mr R. Addis: I will ask the chief executive officer to comment.

Mrs R. Ball: Thank you, member for Bunbury. That project is in its early stages. The Halifax improvement group held its first meeting in February this year, with the next meeting planned for later this month to work through priorities on how to put together a forward plan to make the most of that election commitment. The South West Development Commission is managing those funds with our colleagues in the department and working alongside other agencies. It is at a very early stage but it is underway.

Mr M. McGOWAN: I can expand on that. The money will be provided for road, water and security improvements and the investigation of deep sewerage options, and a review of the firefighting requirements for the Halifax business park. No doubt it is great news for Bunbury. It is another achievement by the member for Bunbury.

Mr I.C. BLAYNEY: I refer to the “Rail Future Fund” about halfway down page 178 of budget paper No 3. The fund totals \$31.4 million across 2019–20 and 2020–21. I am curious to know where it is going.

Mr M. McGOWAN: I will get a briefing note on it, but I will talk about it in general terms. Prior to the state election, we made an announcement of improvements to the *Australind* service in particular. A range of communities along the line, from memory, will get upgraded stations and an upgraded train service. I do not know whether the member has seen the *Australind* lately or travelled on it.

Mr D.T. PUNCH: It is classic.

Mr M. McGOWAN: It is classic; it is a trip down yesteryear. It certainly takes you back in time. I am not sure whether Michael Portillo would find that service up to his standards, but it is not as good as we would like it to be. The program will extend to the purchase of a new *Australind* railcar and upgrade to the Yarloop, Cookernup and North Dandalup train stations on the Bunbury rail line. The station upgrades include construction of high-level

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

platforms and improved disability access. One of the things we were examining—I am not sure whether it is possible—was the potential move of the station back into the City of Bunbury. That might be very, very difficult, but it is one of the things we are examining as part of this project. It is a significant spend on transport in the regions but, as we know, it is a rapidly growing area. Giving people options for public transport in regional Western Australia is very important. That is what this is about. As I said, once it is done, I will invite Michael Portillo back. He can read a guidebook and travel down there in his mustard-coloured coat!

Mr I.C. BLAYNEY: I have caught the service, and it is one of the most enjoyable train journeys I have been on. It is two and a half hours and the countryside is beautiful.

Mr D.T. PUNCH: Great destination at the end too!

Mr I.C. BLAYNEY: Perth, yes!

Mr D.T. REDMAN: I refer to page 171 in the *Economic and Fiscal Outlook* and the line item “Southern Forest Irrigation Scheme”. I note that the government, pleasingly, has allocated \$19 million to support that initiative. Given the federal government has not been forthcoming in providing its share of that fund, can I seek an undertaking from the Premier, or through the director general, that the government intends to keep that there, because I am assuming future federal water resources will be available to supplement a fantastic job-creating project, if I can use the Premier’s words.

Mr M. McGOWAN: I will advise what we know at this point and I might get the director general to comment at the end of that. It is disappointing, but as far as I am aware, we have not yet secured commonwealth funding. The state and the grower cooperative are committed to this project and remain optimistic of a positive decision in the future. Prior to the commonwealth’s recent funding commitment of \$140 million towards the Myalup–Wellington project, the state has received none of the national water infrastructure development capital fund. GST considerations aside, this latest commitment is around 32 per cent of the fund, which addresses any previous perceptions of bias to the eastern states. There we are, that is some good news, but Mr Addis might want to expand.

Mr R. Addis: That covers it well. We understand further commonwealth rounds are likely to be available and we are keen to continue to take this project into those opportunities and make sure we give it the best chance of coming to fruition.

Mr D.T. REDMAN: Can the Premier confirm the proactive actions that the department and/or minister is undertaking with the federal government to secure those resources?

Mr R. Addis: At an agency level, we are in constant contact with the federal department that oversees this scheme. Mr Ruprecht is right in the middle of that. The Minister for Regional Development; Agriculture and Food continues to liaise with her ministerial colleagues at that level to make sure we get good results out of the commonwealth programs. I think the announcement last month was a good sign of that.

Mr D.T. REDMAN: Some \$19 million is there which, presumably, given we have not been successful in this round, will go further in the forward estimates given that, through previous questions today, the forward estimates are somewhat full. Will there be scope in the budget to cater for this project in the forward estimates given many of the substitutions will come on in the out years?

Mr M. McGOWAN: I do not accept some of the premise of the member’s question. I will get Mr Addis to comment on the money, going forward, and what efforts we are going through with the commonwealth in relation to this.

Mr R. Addis: Clearly, there is money on the table on the state side, and that is reflected in the budget at the moment. At some point, the state would need to reassess whether it is a realistic option to achieve the leverage funding from the commonwealth that we seek, but for the time being that is exactly what we intend to do.

Whether we can continue to defer it and how we can accommodate it within the cash flows of the overall program is a question we need to answer at each budget review.

[12.50 pm]

Mr M. McGOWAN: We never know, but the commonwealth might say we have done Myalup and Wellington and that is enough. That might be its attitude. Would that be a fair statement?

Mr R. Addis: It might be. Commonwealth governments change their tune from time to time. At this stage we are reasonably encouraged and we continue to push hard.

Dr D.J. HONEY: I refer to page 171 of budget paper No 3. Under “Investing in Jobs” are “Water For Food—Part II” and “Water For Food West Kimberley”. Those programs will cease in 2019–20. Similar to some previous

questions, will those programs be completing? I would have thought there would be an ongoing requirement for those projects.

Mr M. McGOWAN: I might invite Mr Addis to comment on the status of those projects.

Mr R. Addis: They have been ongoing, time-limited projects with fairly defined deliverables, and they have achieved very well and are coming to a conclusion. The money in the budget reflects the completion of those projects. However, it is an important part of the department's ongoing work to continue to better understand our water resources and make sure that they can be appropriately unlocked, for agricultural development in particular. Some of the work that has been done through these projects puts us in a very good position in that regard.

Dr D.J. HONEY: Have specific programs been identified or is the government in a phase of trying to identify future projects?

Mr R. Addis: We are in the process, particularly through bringing together the new department, of pulling together the resources. In the first instance, we transferred to the new department a team and some resources that had primary carriage of those Water for Food projects through the former Department of Water and now the Department of Water and Environmental Regulation. That is now part of our department, and it relates closely to parts of the former Department of Regional Development and Department of Agriculture and Food, so we have a good consolidated capability in that space. Through our restructure work, we are making sure that is brought together and is in good shape to continue to take advantage of that prior work.

Ms M.J. DAVIES: I refer to page 176 of budget paper No 3 and the line item "Regional Aged Accommodation Program". I can see that \$20.9 million is allocated. I would like confirmation that that is a cut to the 2017–18 allocation of \$22.7 million and an explanation of why there has been a reduction given that this is a significant issue facing the regions.

Mr M. McGOWAN: The 2017–18 budget had a \$22.7 million allocation for the regional aged accommodation program. An independent interagency government panel will shortly present to the Minister for Regional Development recommendations for funding under the program. We have obviously kept money in the program. I will make two comments on that. To me, provision of aged-care accommodation is a bit like telecommunications in that it is largely a commonwealth responsibility. I have a view that the commonwealth should put money into that. Aged care has always been a commonwealth responsibility. Once again, it is trying to put obligations onto the state as it withdraws its efforts. WA has a lower percentage of doctors compared with the eastern states. We therefore have more patients hitting our emergency departments, particularly in regional Western Australia, which puts more obligation onto the state government. I have written to the federal government about this issue because I think that under-provision is a big issue. It is compounded by the additional under-provision in Western Australia for aged care, which makes the cost to the state even higher. I do not think these things are taken into account in our GST distribution, so we suffer at three levels. Having said that, we will continue to provide money for this program. One of the projects that has been funded is Waroona Housing Options Village, with a \$1.845 million allocation. I understand that a significant amount of money has been allocated for Carnarvon under a separate program. Other programs provide funding for regional aged care. I reiterate that we are still putting effort in, but in my view the commonwealth government should support us in this sort of matter.

Ms M.J. DAVIES: Are the projects that will be funded projects that had previous allocations under the Liberal–National government and have been re-scoped?

Mr M. McGOWAN: The advice I have is that an independent interagency government panel will shortly present to the Minister for Regional Development recommendations for funding under the program. One project that has been funded is Waroona Housing Options Village. In addition to this project are other line items. We have funded an aged care centre in Collie and a significant one in Carnarvon. But it annoys me that the commonwealth is not doing its share of these things. I think that backfilling, which is what the commonwealth does, is bad policy. We have to do it sometimes, as we had to on the remote services, but it is bad policy because it encourages and emboldens the federal government to pull more effort out of Western Australia and put the obligation onto the state, which is not a good thing.

Ms M.J. DAVIES: I understand that the Premier believes that this is a commonwealth funding responsibility. However, did the projects that will be funded by this \$20.9 million have funding allocated to them under the previous government's initiative? Were they already scoped and did they have to be re-scoped? Are they projects that have had funding taken off them and have been resubmitted into a smaller pot of money?

Mr M. McGOWAN: They are eligible to apply and be considered as part of this process, but I will repeat that it is \$22.7 million. On top of that are other line items.

Ms M.J. DAVIES: It is \$20.9 million.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Tuesday, 22 May 2018]

p10b-35a

Ms Mia Davies; Mr Mark McGowan; Dr D.J. Honey; Mr Ian Blayney; Mr Terry Redman; Mr Donald Punch; Chair; Mrs Lisa O'Malley

Mr M. McGOWAN: The advice I have is that it is \$22.7 million if the Waroona one is included. It has already been funded under this process by \$1.845 million so the remaining amount is \$20.9 million. As I said, other line items include aged care, such as Carnarvon, which is another good thing we are doing in Carnarvon.

Mrs L.M. O'MALLEY: I refer to page 172 of budget paper No 3 and the line item “Methamphetamine Action Plan”. Can the Premier tell us what the government is doing to combat methamphetamine addiction in the regions?

Mr M. McGOWAN: We are doing a lot. From memory, we are funding an important program in Bunbury, the Ice Breakers program in Albany, and a methamphetamine drug rehabilitation centre in the south west somewhere in the vicinity of Bunbury. Regional Western Australia has a significant meth problem, with all the evidence pointing to the problem being larger than in the metropolitan area, which some people might find surprising. It is a significant problem in regional communities. We are supporting all sorts of things, including a rehabilitation centre in the south west. From memory, we are supporting a methamphetamine-focused centre in Kalgoorlie–Boulder, which has 10 beds, in addition to one in the vicinity of Bunbury. A lot of people from regional WA who have methamphetamine problems will end up in prison in Perth. We have two methamphetamine drug rehabilitation prisons that we will roll out for men and women, which will benefit regional people.

The appropriation was recommended.

Meeting suspended from 1.00 to 2.00 pm