

Mr Nathan Morton; Ms Rita Saffioti; Mr Bill Marmion; Mr Bill Johnston; Mr Chris Hatton; Mr Chris Tallentire;  
Mr Ian Blayney; Mr Tony Krsticevic

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**Division 46: Finance (Except Service 5: Public Utilities Office), \$589 309 000 —**

Mr N.W. Morton, Chairman.

Mr W.R. Marmion, Minister for Finance.

Ms A. Nolan, Director General.

Mr W.R. Sullivan, Deputy Director General, Building Management and Works.

Mrs S. Black, Acting Executive Director.

Mr L. Carren, Chief Financial Officer and Chief Procurement Officer.

Mr A.J. Dolling, Director, Economic Reform.

Ms N. Suchenia, Acting Commissioner of State Revenue.

Mr G. MacLean, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIRMAN:** 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 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. It will greatly assist Hansard if members can give these details in preface to their question.

The minister 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 minister 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 minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 19 June 2015. I caution members that if the minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

**The CHAIRMAN:** The member for West Swan.

**Ms R. SAFFIOTI:** I refer to State Fleet referred to on page 521 of the *Budget Statements*.

**Mr W.R. MARMION:** Which line is it on?

**Ms R. SAFFIOTI:** It is on page 521, service 2 "Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts". How many vehicles are in State Fleet and can I have a breakdown of State Fleet by passenger vehicles, commercial vehicles and any other vehicles?

**Mr W.R. MARMION:** We have that information.

**Ms A. Nolan:** We have some of that information.

**Mr W.R. MARMION:** We can give the first part of the information but might have to provide the rest as supplementary.

**Ms A. Nolan:** As at May 2015, there were 10 707 vehicles in the fleet. Unfortunately I cannot give the member the breakdown by type but I can give it as supplementary information.

[*Supplementary Information No A84.*]

**Mr W.R. MARMION:** It is a breakdown of the different types of vehicles in the standard fleet—commercial and passenger. Is that by tare weight? What would the member like?

**Ms R. SAFFIOTI:** I would like commercial, passenger and not elsewhere classified—basically, "others".

**Mr W.R. MARMION:** Three classifications.

**Ms R. SAFFIOTI:** I refer to the announcement that State Fleet will be sold and will be then leased back through an arrangement. Given this is not the first time this has happened or has been attempted, what process will the government undertake to achieve the sell and leaseback?

**Mr W.R. MARMION:** The Economic and Expenditure Reform Committee has taken a position on the management of State Fleet, including setting debt target levels. Over the past 12 months, the debt level has come

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down. That is one thing we have been doing. We are looking at the possibility of selling State Fleet. That is about as far as it goes. That process will involve the Treasurer with advice provided by the Department of Finance. Perhaps my director general can elaborate a little more for the member's convenience.

**Ms A. Nolan:** The Department of Finance, through State Fleet, currently owns and finances the passenger and light vehicle commercial fleet itself and leases them on to agencies. The fleet itself is managed through leasing agencies that interact with the agencies themselves. It is a combination of a centralised and a decentralised approach. The Asset Sales Taskforce will run the business case and look in further detail at the vehicle fleet. At this stage, it is preliminary and no decision has been made regarding how that will occur.

**Ms R. SAFFIOTI:** It will be run through the task force. Will the Department of Finance have a representative on that task force?

**Ms A. Nolan:** I fully anticipate doing so given our detailed and intimate knowledge of the state vehicle fleet and the drivers of value in terms of sale of vehicles and the like.

**Ms R. SAFFIOTI:** I know State Fleet was transferred from the Minister for Finance's portfolio to the Treasurer for a period last year. Did that formally occur and has it formally been transferred back?

**Mr W.R. MARMION:** The director general can answer; it is pre my time.

**Ms R. SAFFIOTI:** It is one of the reasons the minister is there!

**Ms A. Nolan:** As indicated, late last year the responsibility for State Fleet was transferred to the Treasurer and, following the change in ministerial portfolio arrangements to the Minister for Finance, Hon Bill Marmion, State Fleet reverted to Minister Marmion.

**Ms R. SAFFIOTI:** What date was it formally transferred to the Treasurer?

**Ms A. Nolan:** We understand that the responsibility was transferred to the Treasurer on 14 November 2014.

**Ms R. SAFFIOTI:** How was that transfer enabled? Was there a letter from the minister to the Treasurer saying, "Here it is", or was it handled by the Department of the Premier and Cabinet or the Public Sector Commission or was it gazetted?

**Mr W.R. MARMION:** The director general will endeavour to answer; otherwise we may have to put it on notice or provide it as supplementary.

**Ms A. Nolan:** I understand there was a letter to the Treasurer from the Minister for Finance. No; I have not seen a copy of that letter. We were verbally advised.

**Mr W.J. JOHNSTON:** "We were verbally advised." Can the minister or the director general let us know who advised the agency of this decision and when was that verbal advice provided?

**Mr W.R. MARMION:** To put clarity around the question for my benefit, is the member seeking the date and what the vehicle was—by letter or whatever?

**Mr W.J. JOHNSTON:** Minister, my memory of the director general's answer is that she said, "We were advised verbally", so I am seeking to know who was on the other end of the phone or whatever and when was that conversation held?

[7.10 pm]

**Mr W.R. MARMION:** We will provide information in relation to who provided that verbal advice.

**Mr W.J. JOHNSTON:** And the date?

**Mr W.R. MARMION:** Do we have the date? It was 20 October 2014.

**The CHAIRMAN:** Are you prepared to provide that by way of supplementary information, minister; is that what you are saying?

**Mr W.R. MARMION:** We can provide the information as to who provided that information.

**The CHAIRMAN:** By way of supplementary information?

**Mr W.R. MARMION:** Yes.

[Supplementary Information No A85.]

**Mr W.J. JOHNSTON:** I refer to page 523 of budget paper No 2. Under "Completed Works" there is the line item "Accommodation Fit-out Projects — Cabinet Offices" and the total expenditure was \$23 392 000, including \$350 000 in the 2014-15 calendar year. I assume "Cabinet Offices" is a reference to the office at Hale House for

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 11 June 2015]

p488a-499a

Mr Nathan Morton; Ms Rita Saffioti; Mr Bill Marmion; Mr Bill Johnston; Mr Chris Hatton; Mr Chris Tallentire;  
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the Premier and the cabinet office. My first question is: is that figure of \$23 392 000 the total cost of all consultancies, the removal of the previous tenants, the previous tenants' relocation expenses and any benefits paid to them; and, if not, what was the total cost including those consultancies and other expenses?

**Mr W.R. MARMION:** For that level of detail—I know the cost of the project was \$23.4 million—and in terms of more clarity around that figure, I will refer to Bill Sullivan to provide some further information.

**Mr W.R. Sullivan:** My understanding is that the figures that the member quoted relate to the capital project itself. I cannot categorically advise the member at this point whether that is the total cost of those others, but it would certainly involve any consultancies engaged as part of the capital project.

**Mr W.J. JOHNSTON:** To clarify that answer, consultancies were obviously involved with the construction work and they are included in this figure, but there may have been other consultancies not included in this figure related to other matters not directly about the construction works, but about discussions with the previous tenants' relocation arrangements and those sorts of things.

**Mr W.R. MARMION:** Member, we cannot categorically say that. We are unaware of any others, so we cannot categorically confirm that. But our understanding is that the \$23.392 million was the total cost of the fit-out of the cabinet offices for the project.

**Mr W.J. JOHNSTON:** Is it possible to get the department to provide by supplementary information any expenses related to the removal of the previous tenant and any other consultancies not related to the construction works or any other expenses? The other tenant must have needed to go somewhere; the department probably found it accommodation somewhere else. Can we get a figure for those other amounts?

**Mr W.R. MARMION:** Let us put some clarity around it again. Let us say that the question is about whether there are ancillary costs of the existing tenant moving and whether they are included.

**Mr W.J. JOHNSTON:** Yes.

**Mr W.R. MARMION:** The clarity will be about whether there were other costs incurred in moving or accommodating an existing tenant, and if indeed they were incurred, they will be the costs that we will provide through supplementary information.

**Mr W.J. JOHNSTON:** Excellent.

**The CHAIRMAN:** Are you agreeing to provide that by way of supplementary information, minister?

**Mr W.R. MARMION:** Yes.

*[Supplementary Information No A86.]*

**Mr W.J. JOHNSTON:** As I understand, the way this works is that the Department of Finance is, effectively, the landlord for the office there. I am just wondering whether there is any —

**Mr W.R. MARMION:** Are we still on the —

**Mr W.J. JOHNSTON:** Yes; I have not moved off topic.

The agency is, effectively, the landlord. I am asking whether the minister is consulted about the use of the office, whether any restrictions on the use of the office are placed on the tenant by the landlord and whether the minister would have been consulted when the 500 Club held its fundraising cocktail function there last year. Was the department aware of that event before it took place; indeed, were any officials of the Department of Finance present at the cocktail function?

**Mr W.R. MARMION:** The role of the Department of Finance is as the landlord, but in terms of government buildings, we are principally responsible for any leases or maintenance that is required. But, indeed, the department running the lease basically runs its own office.

**Mr W.J. JOHNSTON:** So the minister lets the tenant decide whether to have these loud parties. Were there any officials of the Department of Finance at the cocktail function?

**Mr W.R. MARMION:** The member would probably have to ask them.

**Mr W.J. JOHNSTON:** I am asking the agency.

**Mr W.R. MARMION:** If someone is having a function anywhere in any department, they can invite whom they like and they are not going to tell the Department of Finance who is on the guest list just because it is the landlord.

**Mr C.D. HATTON:** I direct the minister to page 528 of the *Budget Statements*. Under “Net Appropriation Determination”, the line item “Procurement Services” has a figure of just over \$14.6 million for 2015-16. I note

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that the government has made a commitment to support Australian disability enterprises. How has the government's decision to support Australian disability enterprises operating in Western Australia improved employment opportunities for people with disability?

**Mr W.R. MARMION:** It is a good question. It is an important initiative by the government; in fact, Westcare Incorporated is in my electorate and I visited its office. It is encouraging when the government can assist some enterprises that go on the front foot and employ people with disabilities. This program gives support to those organisations and, I guess, favouritism in terms of them tendering on jobs. I can report that since October 2012, 27 agencies have been awarded 73 contracts to Australian disability enterprises worth a combined \$21.5 million. They range in size from a few thousand dollars to \$3.3 million. These contracts were for a variety of goods and service, including printing, furniture, warehousing, inventory management, metal fabrication, cleaning and grounds management. This initiative is something that I think would receive bipartisan support right across government. I think it is a very good initiative, and hopefully we can continue this into the future.

**Mr C.J. TALLENTIRE:** I refer to the line item “Master Planning Strategy — Government Office Accommodation” under “Works in Progress” on page 523 of the *Budget Statements*. How much has been saved over the works that have gone on there in the last financial year?

[7.20 pm]

**Mr W.R. MARMION:** Can the member give me a bit more clarity around what he means by how much was saved through the master planning strategy?

**Mr C.J. TALLENTIRE:** We are aware of a fair bit of expenditure and we are also aware of the minister's media release of 17 May 2010 in which he indicated that there was the potential to save around \$20 million to \$25 million a year by 2015 as a result of this program.

**Mr W.R. MARMION:** I will ask Mr Sullivan to provide some clarity around what we believe we may have saved.

**Mr W.R. Sullivan:** If I could just clarify, the figures shown here actually relate to the capital spend. The savings the government was talking about were generally for leasing costs, which are recurrent. What I can say is that we have been able to absorb part of the efficiency dividend that the government announced during the year in the capital funding and still be on track to deliver the program of works under this line item. The recurrent savings is a different matter. We would need to compare the recurrent savings relative to where those agencies were previously located. I can, however, point to the basis of those types of savings. We are achieving very good density outcomes as a result of the initiatives that sat behind the master planning matters, particularly around shifting office accommodation to 140 William Street. In addition, I can give the member an idea of the order of the magnitude of those savings. Another line item relates to the commerce project and gives us an idea of those sorts of savings. Associated with that was moving agencies around. There were in fact 18 moves of agencies underlying that, and we have avoided costs in the order of around \$40-odd million over 10 years. In the context of the better rearranging of fit-outs at 140 William Street, for example, we have achieved savings of around \$30-odd million over a 10-year period. These initiatives are delivering value for the community, largely as a result of better placement of agency staff and better fit-outs, leading to better density outcomes and an overall reduction in the government's leasing bill. That is a recurrent saving, as opposed to the capital line item.

**Mr C.J. TALLENTIRE:** I refer again to the media release the minister put out in 2010 in which he was very clear that he thought there would be a saving of \$20 to \$25 million a year by 2015, so presumably he had that costed and calculated back in 2010. I just want to check whether there is a list—I imagine it is something that the minister could provide as supplementary information—showing that these savings have been achieved.

**Mr W.R. MARMION:** Obviously that figure was worked out by the department back in 2010 and there would have been some science and calculations around it. As Mr Sullivan explained, we are very confident that we have achieved a lot of savings, but we do not have those figures here. I am not sure how quickly they could be compiled, because if they were not compiled as we went along, it might be quite a massive exercise to go through and compare before with after right now rather than waiting until the end of 2015.

**Mr C.J. TALLENTIRE:** I think a lot of work must have gone into this for the minister to have had that figure to hand back in 2010 to make this claim. Surely somebody is tracking that the target that was set in 2010 has been achieved. Otherwise, is it possible that in 2010 people were just pulling figures out of the air?

**Mr W.R. MARMION:** I understand it has been achieved and that, indeed, it has been tracked, so we can provide that figure. Can the member ask the question again so that I have it clear?

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**Mr C.J. TALLENTIRE:** Can we please have a list of the agency-by-agency savings that have been achieved through the planning and procurement of future state government office space as a result of this master planning approach?

**Mr W.R. MARMION:** My advice is that we can give the total within three days, but it would be a massive exercise to go through all the agencies and give the member a spreadsheet of all the agencies within three days; that would possibly be unachievable.

**Mr C.J. TALLENTIRE:** But the minister had this figure to hand in 2010 and it was a target, so surely the department was tracking to see how it was going with meeting its target?

**Mr W.R. MARMION:** Yes, but we might not be tracking it every day; we might be updating the spreadsheet. I do not have it in front of me, but maybe I will refer the question to Mr Sullivan and he can perhaps outline the process that the Department of Finance may or may not be going through and what it thinks it needs to do to track the performance of this particular key performance indicator.

**The CHAIRMAN:** Before we go too far, minister, have you agreed in principle to provide some supplementary information?

**Mr W.R. MARMION:** Not yet, because we are clarifying to what level of detail we can go.

**Mr W.R. Sullivan:** I was not with Building Management and Works when the 2010 number that the member is referring to was put out. However, I rather imagine it was done on the basis of an expectation regarding improved density outcomes probably multiplied across a figure for the average lease cost at that point in time. I believe it was a global target rather than specific and, as I have indicated, I believe that that number has been more than exceeded. In the context of the relocation of the Department of Commerce alone, there has been an identified avoided cost of \$44 million in lease costs over 10 years. Associated with that shift, as a result of further consolidation of agencies into Gordon Stephenson House, which is one of the master planning buildings that that line item refers to, there were savings of \$36 million over a 10-year period. The savings from that alone more than cover the \$22 million that I think the member mentioned.

**Mr W.R. MARMION:** To add to that, it is my understanding that to guarantee that that level would be achieved, cuts were made to budgets, so that was monitored. I am very happy to provide information to prove that that reduction has occurred, but not necessarily on every single agency and every dollar. I can give the member the actual global figure that proves that those savings have been achieved, and surely that is all he needs.

**Mr C.J. TALLENTIRE:** It just seems that if we do not have it agency by agency, we are not going to know whether it really has been achieved. The minister went on to say in 2010 that more than \$220 million a year was being spent on leasing and managing office accommodation for general government sector agencies. That suggests to me that there is a list of general government sector agencies and that that list would show what was being spent on leasing and managing office accommodation in 2010, and then we would be able to see what the amount is that is being spent now and check whether or not the minister's \$20 million to \$25 million saving has been achieved.

**The CHAIRMAN:** I think the minister has said that he is happy to provide a global figure on that. It is the minister's prerogative to decide what information he provides by way of supplementary information, member.

**Mr W.R. MARMION:** I am happy to provide a global figure and evidence around that global figure to give the member satisfaction that it has been achieved.

[*Supplementary Information No A87.*]

**Mr C.J. TALLENTIRE:** I am curious to know about the progress of moving agencies outside the CBD—for example, the idea of moving the Department of Housing to Fremantle. Has there been much progress there?

**Mr W.R. MARMION:** That is certainly on the cards; we are looking at that option. The government favours decentralisation, and Joondalup will probably be the first cab off the rank. We are well advanced in that process. The figures are looking more encouraging for Fremantle, so we are going through that process and I am reasonably confident that we might be able to get some decentralisation of some departments in Fremantle. Certainly, the Department of Housing is in the frame.

[7.30 pm]

**Mr C.J. TALLENTIRE:** Could I get the final cost for the upgrade of Dumas House, please? Two additional ministerial offices have been relocated to Dumas House and I am also keen to know the anticipated cost of work on the external parts of Dumas House as well.

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 11 June 2015]

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**Mr W.R. MARMION:** I might need some clarification around the scope of works because Dumas House has been refurbished for as long as I can remember—since the 1980s. Perhaps the member might clarify exactly what the project is and its scope and then we can see what costing was incurred.

**Mr C.J. TALLENTIRE:** The question has two elements: the refurbishment or the works on the fascia of the building—I understand that has been one major area—and the relocation of two ministerial offices to Dumas House. I imagine a fair cost is associated with those relocations and the installation of the suite of ministerial advisers and people.

**Mr W.R. MARMION:** Funds for the fascia work has been allocated in the budget, but work has not yet started. I think we have gone out for an expression of interest. There is a budget item allocated, but I cannot find it straightaway. We are doing an investigation to see what we need to do to fix it up. In terms of the ministerial offices, the member needs to tell me which ones he is after because we are always fitting out offices; we have been doing it for ages. Does the member mean the last two offices that have been done for ministers?

**Mr C.J. TALLENTIRE:** The two that have relocated to Dumas House.

**Mr W.R. MARMION:** About every single minister has been relocated to Dumas House.

**Mr C.J. TALLENTIRE:** I am not talking about a simple change of name on the door of a ministerial office, but when an office has been moved from a separate building to Dumas House.

**Mr W.R. MARMION:** The Minister for Corrective Services moved —

**Ms R. SAFFIOTI:** From Allendale Square.

**Mr W.R. MARMION:** Yes, from Allendale Square. Two moved from London House. Are those the two the member wants?

**Mr C.J. TALLENTIRE:** Are the Minister for Finance's offices still at London House?

**Mr W.R. MARMION:** Yes, they are; that is me.

**Mr C.J. TALLENTIRE:** Why are they still there and what is the rent?

**Mr W.R. MARMION:** Hang on, that is another question! We are still on the member's question asking me —

**The CHAIRMAN:** Hang on, members. The minister is saying that there was a question about the relocation of ministers to Dumas House and the costs associated.

**Mr W.R. MARMION:** Let us stay on the Dumas House question first.

**Mr W.J. JOHNSTON:** Then answer it.

**Mr W.R. MARMION:** I am just clarifying what the question is.

**Ms R. SAFFIOTI:** What are the costs?

**Mr W.R. MARMION:** I will ask Mr Sullivan if we have that cost available.

**Mr W.R. Sullivan:** No, and there is no reference to those shifts in the budget papers because they happened a while ago. I guess we can go through the historic data and pull out the answer for the member.

**Mr W.R. MARMION:** We can find out how much it cost for each of the last two offices to move from London House to Dumas House.

[*Supplementary Information No A88.*]

**Mr C.J. TALLENTIRE:** What rent does the Minister for Finance pay to stay at London House?

**Mr W.R. MARMION:** I do not know off the top of my head. We have a list of about 10 000 departments —

**Ms R. SAFFIOTI:** I know but the minister should normally have files of information to turn to.

**Mr W.R. MARMION:** I will see whether one of my advisers knows the actual rent. It is an existing lease that has been in operation for some time. I am advised that we do not have information on the 499 leases that we have for estimates in a folder or a suitcase, but we can provide the rental cost as supplementary information.

**The CHAIRMAN:** Does the minister agree to provide the lease arrangements for his ministerial office and the rate of rent?

**Mr W.R. MARMION:** I will provide the lease costs. Does the member want to know what the lease arrangements are as well?

**Mr C.J. TALLENTIRE:** Yes, to house the Minister for Finance's offices at London House.

**Mr W.R. MARMION:** We will provide the annual lease for the tenth floor of London House.

[*Supplementary Information No A89.*]

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**Mr C.J. TALLENTIRE:** I refer to the office accommodation for the Department of Parks and Wildlife and the much talked about move to Bunbury. Has the minister's agency been advised of this; and, if so, how many people is it anticipated will move to the Bunbury office?

**Mr W.R. MARMION:** It is early days yet. We have someone on the committee looking at that and it might be Mr Sullivan.

**Mr W.R. Sullivan:** My understanding of that project is that they are still exploring the site prior to working out the construction that will be needed there. We have not been involved to a great degree. We have been assisting largely through consultancies in terms of the work around the site inspection and exploration. Our asset planning group has also been involved in advising the Department of Parks and Wildlife around the project itself and the planning for the business case. At this point, we have not got involved in the actual accommodation.

**Mr W.R. MARMION:** The site is at a location that I know very well. It is very close to where I lived in Bunbury opposite the old Koombana golf course.

**Ms R. SAFFIOTI:** The minister has lived everywhere.

**Mr W.R. MARMION:** I certainly have. Some old luggers and boats are buried in the sand around there, so there is some site investigation where the building would be located. It is in a pretty good location in relation to the Dolphin Discovery Centre and some of the refurbishment of the waterfront around Bunbury in Koombana Bay. I am looking forward to that building going ahead.

**Mr W.J. JOHNSTON:** I draw the minister's attention to the policy statement of the Premier on 29 May 2012 —

**Mr W.R. MARMION:** Sorry, which page is that on?

**Mr W.J. JOHNSTON:** It is the exact page —

**The CHAIRMAN:** It is a further question referring to the accommodation question.

**Mr W.J. JOHNSTON:** Keep up, keep up! The Premier said on 29 May 2012 —

As an old-style cost accountant, Hon Max Evans used to say to me, relentlessly, that government should never rent. The government does not pay tax and so it should never rent. It should always own its buildings.

When did the government change its policy on this matter?

**Mr W.R. MARMION:** That was an opinion of the Minister for Finance back in —

**Mr W.J. JOHNSTON:** No, it is the Premier's statement.

**Mr W.R. MARMION:** I have not seen that statement. It is not in my —

**Mr W.J. JOHNSTON:** When did the policy change?

**Mr W.R. MARMION:** Can the member repeat what it says?

**Mr W.J. JOHNSTON:** Yes, I can —

The government does not pay tax and so it should never rent. It should always own its buildings.

That was on 29 May 2012.

**Mr W.R. MARMION:** It is not a policy; it was a comment to the media. I understand it is a position that the Premier prefers, probably a position that most people would prefer, but I guess there are times when it is more prudent to lease. Governments of all persuasions going back to the 1970s, including the member's side of politics, have leased.

**Mr I.C. BLAYNEY:** I refer to "Significant Issues Impacting the Agency" on page 518 and the subheading "Economic Reform". Can the minister please explain the government's commitment to and plans for red-tape reduction?

**Mr W.R. MARMION:** When we first came into government, the Red Tape Reduction Group was set up and chaired by the current Minister for Police. It achieved quite a good number of outcomes —

**Ms R. SAFFIOTI:** How many?

[7.40 pm]

**Mr W.R. MARMION:** I think it was more than 37–95 out of 107 achievements. We feel it needs to sharpen up a bit so we are introducing a plan by which each minister will provide me, as the Minister for Finance, with at least one example each year to reduce the red tape, and we will be driving further red tape reductions by ensuring

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that the minister and the directors general are still pushing for reform in that respect. I am confident that even though it is early days, we will be able to continue getting greater efficiencies in government and savings for the taxpayer and people working the system and seeking approvals. Outcomes from government will benefit.

**Mr I.C. BLAYNEY:** If we are after a reduction in red tape, I will mention to the minister one instance that he might know about. When my local council wants to paint a line on a road, it has to send a proposal to Main Roads in Perth to get it approved and then it goes back to the council and it is then allowed to do it. The process takes about six months and we are the only state in Australia that does this. I think that is a good place for the minister to start. Get rid of it.

**Mr W.R. MARMION:** One of the other aspects of the new red tape reduction strategy is our website. We encourage anyone, including a member of Parliament —

**Ms R. SAFFIOTI:** Is there an app?

**Mr W.R. MARMION:** I do not know whether there is an app, but it is certainly on the website. What the member for Geraldton has just mentioned is a very good example of what could be done. That will go straight onto our to-do list. Being an ex-Main Roads engineer, I am surprised that process exists. Certainly that would have to be done on main roads and significant secondary roads, but I was surprised that Main Roads' approval would need to be sought for local government roads. We will also look at that.

**Mr W.J. JOHNSTON:** Which recommendations of the Economic Regulation Authority in its report to the Treasurer on red tape will be adopted?

**Ms A. Nolan:** As the member is aware, the inquiry into microeconomic reform undertaken by the ERA made 46 recommendations covering a broad range of different microeconomic reform areas, including public infrastructure, the cost of complying with regulation, state taxes and barriers to competition. In particular, the ERA identified regulatory compliance cost as being a significant burden on the Western Australian economy and an impediment to growth. That is one of the reasons underpinning the reinvigorated regulatory reform program that the minister released in March this year. In fact, last year during Repeal Week a number of regulations were repealed to reduce red tape. The nature of the recommendations has been taken on board by the minister when considering our new policy push on regulation reform. A number of those recommendations will be taken into consideration and in fact will be progressed. Some other recommendations will not be strongly pursued further and have been ruled out, but in the main the overall thrust of the ERA report was very welcome in focusing people's efforts to reduce regulation and red tape, and it certainly has been taken up by the government.

**Ms R. SAFFIOTI:** I refer to the heading "Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts" on page 521 of the *Budget Statements*. Is the Department of Finance managing the contract for some school buildings, in particular the new public-private partnership arrangement being developed for the building and maintenance of eight new schools?

**Mr W.R. MARMION:** I understand that is being put in place by Treasury and handled by strategic projects, but maybe Mr Sullivan can clarify that and give a bit more information, if possible.

**Mr W.R. Sullivan:** My understanding is that we as a department are only peripherally involved in the PPP. We have been advising Treasury on strategic projects and asset sales regarding the sorts of requirements we have with costs and issues that need to be taken into account in designing the maintenance contract arrangements around the PPP. At this point we are not involved in their management because they are obviously being developed, but at some point we may become involved. Again, these are Department of Education facilities, so there may or may not be a role for the Department of Finance in managing the contract.

**Ms R. SAFFIOTI:** I refer to the Sunset transformation strategy on page 523, which is another contract being handled by the Department of Finance. Can I ask about all the financial details of the sale of the land to the Sultan of Johor? What were the sale proceeds and all the commissions to real estate agents and other agents, as well as any other commissions that might have been paid?

**Mr W.R. MARMION:** I will open the batting on this question, if I can find the right page. It is a property I know very well because it is in my electorate and I did a lot of work on it in the past for the Labor government!

**Ms R. SAFFIOTI:** The minister had a very different recommendation then, did he not?

**Mr W.R. MARMION:** It was the brief; I followed the brief very well.

**Ms R. SAFFIOTI:** It was going to make taxpayers a lot more money.

**The CHAIRMAN:** Let the minister finish.

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 11 June 2015]

p488a-499a

Mr Nathan Morton; Ms Rita Saffioti; Mr Bill Marmion; Mr Bill Johnston; Mr Chris Hatton; Mr Chris Tallentire;  
Mr Ian Blayney; Mr Tony Krsticevic

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**Mr W.R. MARMION:** The actual sale price was \$8.5 million. Settlement took place on 12 May and the net amount available was \$8.35 million following the commissions sent to agents.

**Ms R. SAFFIOTI:** Who was the real estate agent who concluded the sale and received the commission?

**Mr W.R. MARMION:** I was kept out of this, but I do know who it ended up being. However, I think it is probably best if I refer the answer to Mr Sullivan.

**Mr W.R. Sullivan:** I do not have the detail of the real estate agent at hand, but I can say that the agent was engaged on our behalf through LandCorp, and it went to market seeking expressions of interest to take on the job, so the agent was engaged through a full and open process.

**Ms R. SAFFIOTI:** Can we get those details of the name of the agent and the commission received by way of supplementary information?

**Mr W.R. MARMION:** I have been advised, but it is probably best if we put it officially. I have a pretty good idea who it was and what it was, but I am happy to provide the supplementary information. There were two agents involved. I think another agent got the purchaser and came to the agent we employed, and so there was a conjunction, I believe. We can provide the actual names of both real estate agents that I understand were involved, if indeed I am correct. I do not know whether we can give the break-up between the two, but we can certainly give the whole commission of the sale.

[*Supplementary Information No A90.*]

**Ms R. SAFFIOTI:** When the land was put on the market and I checked the real estate website—not that I could afford it; I was just checking how it was going!—I saw that there was a possibility that the land could be subdivided into two lots with approval from the council. Why did the government not make the decision to subdivide the land before it was put onto the market, given it is the government's land and it could have subdivided it and possibly maximised the price?

[7.50 pm]

**Mr W.R. MARMION:** It certainly was not a decision I was involved in. I understand it is zoned to 12.5. From memory, I am not sure of the size of the block, but I had two figures.

**Ms R. SAFFIOTI:** Was it 1 900?

**Mr W.R. MARMION:** It was about 1 900 and that can be split into two under the current R-codes. We have actually sold it on market under the current City of Nedlands planning rules, so the sultan will have to go through the City of Nedlands' planning approvals.

**Mr W.J. JOHNSTON:** So we would all be dead if there is no building!

**Mr W.R. MARMION:** There has been no special deal done for the sultan in this respect.

**Mr W.J. JOHNSTON:** Why was it discounted by \$2 million? In the Liberal Party's election campaign commitment, the Liberal Party said the block was worth over \$10 million.

**Mr W.R. MARMION:** If the member had been following the market like the member for West Swan has and looking at the Nedlands market, he would see that prices have gone down in the last few years. I think \$8.5 million was the top of the market valuation we got, but somewhere between \$7.5 million and \$8.5 million was the actual market valuation that we got by sworn valuers. It may have been closer to \$10 million a few years ago. The property prices in Nedlands, particularly at the high end, have not been that stable.

**Ms R. SAFFIOTI:** Are there any conditions for having to build within a certain timeframe or are there any other conditions on the sale of the land to the sultan?

**Mr W.R. MARMION:** My understanding is that there are no conditions; it has just been sold as is. If a person wants to develop it, there is a lovely old building on it at the moment, but if they want to knock it over and build something else, they would have to go through the normal planning proposal through the City of Nedlands. Mr Sullivan might like to add a bit further to that.

**Mr W.R. Sullivan:** Lot 302 was put on the market and any future development needs to be in accordance, as has been mentioned, with the City of Nedlands town planning scheme. There is also a heritage agreement, registered as a memorial on the certificate of title. Lot 302 is zoned residential 12.2 in the City of Nedlands town planning scheme. The heritage agreement itself that was part of the publicly released sale documentation includes design guidelines, describing specific requirements, in addition to the normal provisions of the City of Nedlands town

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planning scheme. That will ensure that the redevelopment of that lot does not compromise the heritage values of the Sunset Heritage Precinct—for example, certain height restrictions and the like.

**Ms R. SAFFIOTI:** I did some research on this issue, in particular on the Sunset Transformation Strategy group. I noticed some correspondence with the Premier's office about which real estate agents should or should not be approached to market that land. Is it normal that someone from the Premier's office is involved in helping select the real estate agent that is involved in marketing land?

**Mr W.R. MARMION:** I am unaware of any communication with me or my office on this issue.

**Ms R. SAFFIOTI:** Is it normal that the Premier's office staff would try to put forward a real estate agent?

**Mr W.R. MARMION:** I do not have an opinion on what is normal, but I am certainly unaware, from my personal view, of anyone contacting me or my office about any particular real estate agent.

**Ms R. SAFFIOTI:** Not the minister, but the Sunset Transformation Strategy group.

**Mr W.R. MARMION:** I have had no involvement with the Sunset Transformation Strategy group, personally.

**Ms R. SAFFIOTI:** Personally? You are the minister responsible.

**Mr W.R. MARMION:** That is right, and I am very careful as a minister to not get involved in contract processes that could be seen to favour or that could be a conflict of interest in me being involved in anyone tendering or getting a government contract. It is something I am very careful of.

**Mr W.J. JOHNSTON:** We have heard that the office of the Premier's staff were involved in contact, suggesting a particular agent for the panel to include in their process. I wonder whether anybody in the minister's office similarly suggested the name of any agent to the group.

**Mr W.R. MARMION:** All I can do is provide information that I know, and I do not know of any contact at all. Indeed, I am careful to stay well away from Sunset. Unfortunately, because of the fact that I was involved in doing a project for the previous Labor government, there is a perception in my electorate, believe it or not, that I am actually the developer of Sunset. That is wrong. Accordingly, since I became a member of Parliament in 2008, I personally have not been very involved in the Sunset process at all, and indeed I have been carefully avoiding being intimately involved in anything.

**Mr A. KRSTICEVIC:** I refer to the line item on page 523 "Software Development Revenue Collection Information System Replacement". Specifically relating to that particular system, could the minister provide an update of the work undertaken by the Department of Finance to integrate its systems and processes with Property Exchange Australia?

**Mr W.R. MARMION:** The Property Exchange Australia Ltd—PEXA—formed in 2010 to fulfil a Council of Australian Governments agenda item to deliver a national electronic conveyancing solution to the Australian property industry. The Office of State Revenue commenced work on the required system changes way back in August 2013. In May 2015, the Office of State Revenue, in conjunction with PEXA and Landgate, delivered system enhancements to introduce a transfer duty verification web service, a key component of the proposed solution. The web service verifies that the correct amount of transfer duty has been paid on an electronic transfer of land. The work was completed at a total cost of about \$1.45 million. The Commissioner of State Revenue signed an interim trading agreement with PEXA on 28 May this year. The agreement sets out the terms and conditions that support participation in the e-conveyancing system by the Office of State Revenue. PEXA intends to remove manual processes and paperwork associated with the exchange of property by allowing land registries, financial institutions and practitioners to transact online, resulting in reduced costs for practitioners. PEXA promotes that it will provide a more efficient settlement process by facilitating faster access to funds through its online financial settlement model by removing the need to use bank cheques during the settlement process. The introduction of PEXA is expected to deliver time and cost efficiencies to the conveyancing industry, which will in turn benefit taxpayers through reduced disbursements and increased efficiencies in the settlement process; for example, by removing the need to physically attend settlements. That is a really good program. In fact, the settlement agencies around Western Australia have been very pleased with the system. We have had quite a lot of positive feedback on the process. That is another area of streamlining the process within state government, and indeed, in the Department of Finance.

**Mr C.J. TALLENTIRE:** I refer to government procurement on page 518. I am keen to know on how many occasions the agency would have authorised another agency to avoid going out to competitive tender for a contract worth over \$1 million.

[8.00 pm]

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**Mr W.R. MARMION:** Chair, we have no idea. We will have to take that on notice. If I can just clarify, is the member talking about a contract within the Department of Finance on anything, or contracts in which the Department of Finance is involved with other departments? Is it just Department of Finance contracts, or any contract within the whole of government?

**Mr C.J. TALLENTIRE:** Any contract within the whole of government for which the contract is over \$1 million in value. My understanding is that agencies need to have authorisation from the Department of Finance if they forgo the normal competitive tender process. Given that should be quite an unusual circumstance, I think it is reasonable to ask for a list of cases in which that has been done where the contract is over \$1 million in value.

**Mr W.R. MARMION:** I think we can provide supplementary information on all contracts over \$1 million that did not go out to tender and the reason why.

**The CHAIRMAN:** Thank you, minister.

*[Supplementary Information No A91.]*

**Ms R. SAFFIOTI:** I refer to page 519. The fourth item in the table headed “Service Summary” states in part, “Leads the planning, delivery, management and maintenance of government buildings”. I refer to the document “Signage Guidelines Capital Works” for the Bigger Picture signs around the state. What was the involvement of the Department of Finance in establishing and implementing that signage guide?

**Mr W.R. MARMION:** The Bigger Picture signage used on government capital works projects is designed to provide the public with important details about works being undertaken in their community. Signage in one form or another has been used by successive state governments, with the first capital works signage guide developed by the then Labor government in 2007. The Bigger Picture signs are installed on capital works projects valued at more than \$500 000; where there is sufficient foot and/or vehicular traffic to justify the installation of signage; or where there is significant community interest or a high public profile is attached to the project. That is the framework around the justification. Recently signage has been erected on Dumas House to advise of the upcoming works to restore the facade of the heritage-listed building. The cost of that signage was \$1 890 for supply and install.

**Ms R. SAFFIOTI:** The minister said where the minimum value of the contract is \$500 000. Is that correct? Is the minister telling me these signs are installed only when the minimum value of the works is \$500 000, because I think that would be incorrect?

**Mr W.R. MARMION:** I am saying that is a guideline figure. The advice I have is that signs are installed on capital works projects where—these are the three points I made—there is sufficient foot and/or vehicular traffic to justify installing a sign; the project is valued at more than \$500 000; and/or the project is of significant community interest or profile to warrant it. So a sign could be installed—it is and/or—if the project is of significant community interest or profile to warrant it.

**Mr W.J. JOHNSTON:** Or if it is near a road.

**Mr W.R. MARMION:** Yes, but even if it is not a very big project, we might think it is significant. Those are the guidelines around it.

**Mr W.J. JOHNSTON:** The first line that the minister read out is if there is “significant foot and/or vehicular traffic”. That means that if the project is near a major road, no matter how small the project may be, the sign goes up.

**Mr W.R. MARMION:** These are guidelines. For practical purposes, we would not put up a sign for a project if we did not think it was worthwhile, even though there was a road next to the project. We do not put up a sign to say that we are putting up 40-kilometre an hour flashing lights—and that is on a road.

**Ms R. SAFFIOTI:** If Dixie is listening, she’s probably preparing that right now! What was the role of the Premier’s communications adviser or the Department of the Premier and Cabinet in the establishment of these guidelines?

**Mr W.R. MARMION:** I have no idea.

**Ms R. SAFFIOTI:** Which agency determined the colour, the style and the content of these guidelines?

**Mr W.R. MARMION:** I will ask Mr Sullivan, who may have some information on how this policy was developed.

**Mr W.R. Sullivan:** The member asked a question earlier regarding what is our role. Our role is to basically take the applications and apply the guidelines. It is probably important to understand the underlying philosophy behind the development of the guidelines. It used to be the case that signs for projects were put up, and all they

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really told people was that a project is happening, the name of it, and who the architect was et cetera. It contained building information. The change in philosophy is that the government is investing taxpayer money into capital works projects, and people in the community want information regarding what those projects are about. So there has been a change in philosophy away from what is effectively a building-related sign to one that is a form of communication to the community. The guidelines themselves were developed in conjunction with the Department of the Premier and Cabinet and ourselves, and ultimately we have been handed the role of ensuring enforcement and compliance with those signage guidelines to ensure that that messaging and communication is done in a clear and consistent way.

**Ms R. SAFFIOTI:** Is there a time limit? For example, once a project is finished, how long is that sign supposed to stay up for?

**Mr W.R. MARMION:** I am not sure of the answer to that, so I will defer to Mr Sullivan if he knows the answer.

**Mr W.R. Sullivan:** Unfortunately, I do not. I can clarify that. My understanding is that there is no clear guidance on that. Generally speaking, signage for a capital works project is removed within a reasonable time after completion of the project. I am not aware of any compliance or strict guidelines, but we can follow that up.

**Ms R. SAFFIOTI:** Could we get that as supplementary information?

**Mr W.R. MARMION:** Certainly we can see whether there is any clarification around the time line, presumably around when the project is completed and for how long a sign should remain in situ. Signage has been around for a long time for all government projects and in all types of governments. The most significant was when the commonwealth government brought in the bicentennial funding for roads. It might be of interest to members that the Queensland government under Minister Hinze complied with the requirement to put signs at the start and end of each of those roads, but they were put parallel to the road, and the federal minister at the time, who was a Labor minister, took umbrage at the fact that people could not see the signs because they were parallel to the road.

**Mr W.J. JOHNSTON:** That is not correct. It was a Liberal minister.

**Mr W.R. MARMION:** Was it?

**Mr W.J. JOHNSTON:** Yes.

**Ms R. SAFFIOTI:** With all due respect, minister, any unbiased view of this would see this as Liberal Party colours.

**The CHAIRMAN:** Member for West Swan, we are in the middle of a supplementary information.

**Mr W.J. JOHNSTON:** The minister is not answering the question. He is talking about Queensland.

**The CHAIRMAN:** I know, so I have decided that we really need to concentrate on applying a number here. Can the minister clarify what he will be providing?

**Mr W.R. MARMION:** We will supply information around the suggested time frame for when a sign should be removed.

*[Supplementary Information No A92.]*

**The CHAIRMAN:** I have a question from the member for Balcatta, so if he could make it quick, thank you, because the opposition members want to put the division.

**Mr C.D. HATTON:** They can put the division.

**The CHAIRMAN:** Thank you very much. I appreciate the member for Balcatta's cooperation.

**The appropriation was recommended.**

[8.10 pm]