



Parliamentary Debates

(HANSARD)

FORTIETH PARLIAMENT
FIRST SESSION
2018

LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE B

Thursday, 24 May 2018

Legislative Assembly

Thursday, 24 May 2018

ESTIMATES COMMITTEE B

The meeting commenced at 9.00 am.

Division 6: Western Australian Electoral Commission, \$7 815 000 —

Mr R.S. Love, Chair.

Mr W.J. Johnston, Minister for Electoral Affairs.

Mr D.A. Kerslake, Electoral Commissioner.

Mr P.J. Shimmings, Director, Business Services.

Mr D.H. Payne, Senior Manager, Election Events.

Mr L.P. Gargan, Manager, Legislation, Communications and Human Resources.

Mr N. Roberts, Chief of Staff, Minister for Electoral Affairs.

[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 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, 1 June 2018. I caution members that if a minister 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.

Before we get underway, I remind the advisers that the questions are directed to the minister; he will ask you if he wants you to participate, and I will then call you to give an answer. Member for Nedlands.

Mr W.R. MARMION: My question relates to page 84 of budget paper No 2. I note that there is a small increase in the budget estimate for 2018–19 for the total appropriations provided to deliver services. There is a second by-election coming up; can the minister advise what additional costs there are for the Electoral Commission as a result of both by-elections?

Mr W.J. JOHNSTON: Thank you. The final cost of the Cottesloe by-election is expected to be about \$220 000, and that includes a provision of \$32 000 for the reimbursement of political parties. The Darling Range by-election is expected to cost a little more than that because the electorate is more diverse. Those figures, of course, are not included in that budget estimate because the by-elections were not imminent at the time the budget estimates were prepared.

Mr W.R. MARMION: Will that mean it is likely that the budget estimate will go up because of the second by-election, which will be reported next year?

Mr W.J. JOHNSTON: The budget estimate will not go up because the budget estimate is set.

Mr W.R. MARMION: Well, the actual.

Mr W.J. JOHNSTON: Yes, I am happy for the commissioner to provide additional information on that question, if he would like.

Mr D.A. Kerslake: We would normally discuss that matter with Treasury and let it know in advance the likely costs, which at this stage we expect to be in the vicinity of \$250 000 to \$300 000 for the Darling Range by-election. We incur that expenditure out of our own allowance first and then seek reimbursement from Treasury at a later date.

Mr W.R. MARMION: For my own information, can the minister remind me what percentage of the vote is required to get reimbursed, and how much is reimbursed per vote in a state by-election?

Mr W.J. JOHNSTON: Certainly. I will let the commissioner answer that question in a moment, but I will just make the point that one of the good provisions in our funding laws is that the parties and candidates can be reimbursed only for expenses. I know that in other states and in the commonwealth they get paid regardless of how much is spent, so candidates and parties can actually make money out of an election. Our legislation specifically includes the provision that they can be reimbursed for only their actual receipted expenditure, and that is capped at the amount per vote et cetera. On that note, I will ask the commissioner to make further comment.

Mr D.A. Kerslake: They are required to receive four per cent of the first preference vote in order to qualify for funding. I do not have the exact amount at my fingertips; it goes to several decimal points. But if I can take that on notice, I will provide that, if that is all right with the minister.

Mr W.J. JOHNSTON: I do not know that we need to do it as supplementary information. I am happy just to let the member have the information. It is a formula; the original amount is in the act and it is indexed, I think, by the consumer price index. It is just a mathematical calculation. I am very happy to provide the information to the member, but I do not know that we need supplementary information on that, if that is all right.

Mr W.R. MARMION: That is fine. I did not know that, so I appreciate the minister explaining it to me. That is a good provision. There is a cap, so whatever the figure is, the calculation will provide the cap. Does the candidate have to provide receipts to show all expenses? I guess they would have to verify that it is a legitimate expense related to the campaign.

Mr W.J. JOHNSTON: Yes. Again, I will hand over to the commissioner, but I make the point that as a former state secretary of the Labor Party who had to provide this information, they do have to keep receipts and prove that they have made the payments. As to the procedure that is used to verify that, I will hand over to the commissioner.

Mr D.A. Kerslake: What the minister says is quite correct. It is a reimbursement scheme for the reimbursement of actual election expenditure, so we would firstly ask for the receipts to justify the expenditure, and then secondly satisfy ourselves that it was, if you like, bona fide election expenditure.

Mr W.R. MARMION: Has there ever been an instance in which someone has provided a receipt and the commission has determined that it was not bona fide?

Mr W.J. JOHNSTON: I will seek the commissioner's response.

Mr D.A. Kerslake: Yes, we have, but not ones in which, if I can put it this way, parties have been trying it on. There have been occasions on which items have been claimed as election expenditure and we have ruled that particular items were not election related. To give an example, if they are travelling in their car and they get a speeding fine while they are out campaigning, we would not regard that to be election expenditure; we would apply the same rule that is applied to public servants.

Mr P.A. KATSAMBANIS: I want to start off with page 84 of budget paper No 2. Under spending changes there is a line item "Revisions to Own Source Revenue Estimates". The amounts vary from year to year right throughout the forward estimates, but they vary from \$2 million to \$1.1 million, back to \$2 million, back to \$1.1 million, back to \$2 million. Through the minister, can we get an explanation as to what those revisions constitute and why there is such a pattern of variance between each year?

Mr W.J. JOHNSTON: Yes, I will seek an explanation from the commissioner.

Mr D.A. Kerslake: That relates to local government elections. If there is a local government election one year, it is covered in that year, and the next year there will not be a local government election; they happen every two years, so there is some adjustment accordingly.

[9.10 am]

Mr W.J. JOHNSTON: There are also other fee-for-service elections that the commissioner operates as well as that. Is that right?

Mr D.A. Kerslake: Yes, that is correct. We also have fee-for-service elections and they vary enormously. Any organisation can ask us to conduct their election. If they do, it is on a fee-for-service basis and that is very much a reactionary-type situation for us to be in.

Mr P.A. KATSAMBANIS: I understand the variation has to do with the fact that we have local government elections every two years, but why the revisions upwards? Are there more of these elections being conducted than were previously estimated or has the fee for service been increased for these functions? What is the reason for the revisions?

Mr D.A. Kerslake: The cost of elections go up in accordance with the consumer price index and we operate on a full cost-recovery basis, so that would account for some of that. In some circumstances, such as local government elections, there are increases in the size of the electoral roll and so on, and that impacts on the cost of elections.

Mr W.R. MARMION: My question is still on the total appropriations to deliver services. Has any research been done on undertaking electronic voting to cut costs? It is a big topic, but it is of great interest, because a lot of countries have electronic voting and there are grizzles from people who might be overseas who cannot vote. It is a wide topic and I would be interested in whether any research has been done.

Mr W.J. JOHNSTON: I will get the commissioner to make some comments, but the member should read last year's transcript of these hearings, because there was discussion about electronic voting. One of the things I pointed out is that there is an association of all the electoral commissioners in Australia and New Zealand who are doing a project on this topic, which I found very interesting. The commissioner will tell us the proper name of the organisation. I got a letter signed by all the commissioners telling us about what they are doing. I think there are some political discussions before we get to the technical issues about electronic elections. There are a lot of political questions. In 2002, I was very fortunate to be a guest of the United States' Department of State for the mid-term elections over there. If the member remembers, 2002 was the first election after the 2000 presidential election with the great controversy about hanging Chad and all those things, so the US was strongly moving down the pathway of digital and electronic voting, and there were a lot of problems identified in that. I think there is a long way to go before people can be confident that the integrity of the electoral system can be properly protected. The most important part of that, in my view, is the capacity to scrutinise the vote, because at the moment every person has a piece of paper, so they can look at the piece of paper. I am sure we have all argued whether someone has written a "2" or a "7", but at least there is a piece of paper. At the moment with electronic voting, what is the party scrutineering? I just make the point that from that experience of going to the US, there is not electronic voting, but electronic vote counting, in Cook County near Los Angeles, the area around the big city there, and there had not been a party scrutineer there since 1960-something. There is a real question about the integrity of the ballot. We are very lucky in Australia that we have such a high level of security for our ballot, despite an occasional problem. Generally speaking, I think everybody respects both the Western Australian Electoral Commission and the Australian Electoral Commission. One of the reasons that we have that respect is that we have those scrutineers in place and we are making sure that errors do not creep in. If, over time, there is a move to electronic voting, there will probably also be a move away from strict scrutineering, and that may lead not to bad practice, but to things going wrong. As I say, the 2000 US election showed what happens when there is not close scrutineering. With those opening remarks, I invite the commissioner to make some comments.

Mr D.A. Kerslake: The organisation that the minister referred to is the Electoral Council of Australia and New Zealand. It comprises the Australian Electoral Commissioner, all state and territory commissioners in Australia, and the New Zealand Chief Electoral Officer. The approach the council is taking with internet voting is that it is not advocating for or against internet voting. It is accepting the reality that different commissioners may be asked to implement internet voting and that if that happens, in order to maximise security systems, it is better that we work together to try to develop the best technology that we can, so that every member is prepared, if asked, to conduct internet voting.

I add additional points about the experience where it has occurred so far in New South Wales and in Western Australia. When it was first introduced in New South Wales, I think the New South Wales Electoral Commission had approximately six months of lead time and in our case we had seven months. That is a very difficult position to be put in. A lot of recommendations that our parliamentary committee made about internet voting we would have implemented had we had more time, and that would have included training scrutineers and so on in how to use the system, but in the time available to us that was just not possible.

Mr P.A. KATSAMBANIS: Has WAEC done any internal assessment of the entire process of using iVote at the last election; and, if so, is it publicly available?

Mr W.J. JOHNSTON: I think the member's committee made reference to a follow-up analysis of iVote. I think the commissioner will be very pleased to make some comments.

Mr D.A. Kerslake: Firstly, as the member knows, audit reports were conducted. The second factor, which is a complicating factor, is that the iVote system that we used at the last election was based on the New South Wales model and is no longer in use. The New South Wales Electoral Commission is developing a whole new system and, as I said, the Electoral Council of Australia and New Zealand is moving down the path of developing a national system. There are principles we are well aware of and there are things we would do differently the next time around, but that feedback is going into a new system rather than going over the old one, if I can put it that way. We are moving forward to a new system and will put all the feedback we have into the development of that new system.

Mr P.A. KATSAMBANIS: Can I continue on this theme? There is a national working party, and that is good, particularly given that we have both state and federal elections. At some point I imagine some resourcing will be required for that national working party that each of the states might have to contribute to. One of the big issues that came out of using iVote and the stuff that came out in the committee inquiry was around the proprietary nature of the source codes of this type of software and the difficulty in getting behind it, especially for parties and

scrutineers. Is there any discussion at the national level about ensuring that any new system is open-source software so that people have direct access to the source code and it is not locked up behind some proprietary veil?

Mr W.J. JOHNSTON: This is a very important part of all the questions around internet voting. I am not quite sure how many people voted through the iVote system at the state election and I am sure that the commissioner will let us know that. Again, in the literature on internet and electronic voting from around the world on the question of access to information through the source codes, it is discussed quite broadly, so it is a very important issue. It is one of the challenges for government dealing with the information technology space. The member's colleague is a former IT minister; I think he was a minister in the last government responsible for IT matters. One of the challenges is what level of integration the government wants, whether it wants to do everything bespoke or do things that are more open source and widely available. There certainly are a lot of challenges in that area and I look forward to the commissioner providing additional information about the working group that is being run.

[9.20 am]

Mr D.A. Kerslake: There are different views on whether this source should be made available and those differences probably spread across different electoral commissions. Personally, I am not in favour of making the source code openly available. What I am very much in favour of is making the source code available to well-qualified academics to enable them to vet the source code and look for any weaknesses and report that back to the commission rather than putting it out there open slather. I believe those offers have been made to some academics in the past and some academics passed up on that. In the national project, we would be looking at involving academics in the development of the project. I certainly support making the source code available to those academics on a confidential basis to report back to us.

Mr P.A. KATSAMBANIS: I have no problem with making it available to academics. I think their input would be valuable, particularly those who are IT experts. However, one of the biggest stakeholders in electoral systems, voting systems, are the political parties. Will they be engaged? If so, will they be engaged at a state-by-state level or through their national offices?

Mr W.J. JOHNSTON: I am happy for the commissioner to comment, but I will just say that this is a project not of the state government. This is one of those odd things in which the commissioners, who are all independent and who jealously and properly guard their independence, are working on a project in the capacity of that council, not in respect of the activities on behalf of the government of Western Australia. I would be interested to know what the commissioner says, but I want to make the point that it is not like the government of WA is sitting here trying to decide these issues. The commissioners, as independent officers, are going away and doing a piece of work that at some time governments here in Western Australia, nationally and in other states, will have to respond to. I do not want anything the commissioner says to be taken as saying that the government of Western Australia is either making a decision, made a decision or even started to contemplate the need to make a decision. I make that point straight up-front.

Mr D.A. Kerslake: It is a project that is very much in its infancy at this stage. The view I have put is that the more people we can engage in that process, the better. Public confidence is obviously very important. As I said earlier, my preference would be to engage them on a confidential basis rather than putting it out there to the whole world and then every hacker around the country will do their best to hack into the system. I am certainly in favour of engaging as many people as I can. I have put that view to the Electoral Council of Australia and New Zealand. It is a project very much in its infancy and working parties are working through those issues as we speak.

Mr W.J. JOHNSTON: The government of Western Australia would take the view that we would need to engage with political parties as being the key stakeholders. This is not the work of the government; it is the work of ECANZ. We are not asking political parties for input because it is not our work.

Mr W.R. MARMION: I do not have much expertise in this area. All I know is that other countries have it. In terms of selling it to the community, the system we have at the moment, which everyone knows, is that people are ticked off the register, they submit their vote and no-one knows how they voted because it is hidden. With a computer-generated program, the whole thing can be followed. Depending on how it is programmed and what the software is, it could be known who people voted for. Research could be done on individuals over time. Someone writing the software could access that. How do we stop that so information cannot be found out? How do we sell that? The other point is that someone has to be in charge of the IT hardware. Even as members of Parliament, someone in IT can go into our area and read our emails if they want to. Security around that is something that I am interested in. We are not the experts, but we need to make sure that we have the IT expertise to advise us on anything we do.

Mr W.J. JOHNSTON: The member raises very important issues. The Electoral Commissioner, a moment ago, said that he did not want to have everybody out there trying to hack into the system, but the reality is that we know that is going to happen almost instantaneously. We only have to look at what happened in the United States in the 2016 presidential election to see the desire of parties to influence democracies for ill. This is one of the real questions that would have to be looked at if we were to go further down the pathway of voting over the internet:

what are the opportunities for very sophisticated organisations? Perhaps the evidence in the US is that potentially nation states were seeking to participate in changing the result of the US presidential election. I do not know whether a general election here in Western Australia would attract the same level of interest as the selection of the President of the United States of America, but clearly once anything is connected to the internet, we have to automatically assume that there will be a malicious attack. Sadly, that is the experience we now all have. Even the laptops of members of Parliament have been subject to malicious intent. Phishing is also an issue—that is, foreign people trying to get bank account details. If we were to make a decision to move down this path, those are the issues we would want to have proper advice on. I am pleased to hear what the commissioner has to say about this important topic.

Mr D.A. Kerslake: Firstly, I acknowledge that with any internet voting system there are always risks. The approach that we have taken, as I said earlier, is that if we are asked to run those systems, we need to be prepared. If there is a public demand for those systems and Parliament in its wisdom decides to give in to that public demand, we need to be prepared. The other point that I would make is that the risks are obviously very much minimised depending on the number of people eligible to use the system. In our case, we had 2 288 people, if my memory serves me correctly, who used the system who were people with disability. That is a smaller target for a hacker than 1.6 million people in the entire state election.

Mr P.A. KATSAMBANIS: Page 84 of budget paper No 2 under “Significant Issues Impacting the Agency” refers to how the commission supports the Office of the Electoral Distribution Commissioners. The next review of the boundaries will be in 2018–19 and 2019–20, with a total cost of \$2.4 million. The funding will be spent on infrastructure to facilitate the public consultation process and the resulting review of electoral boundaries ahead of the next general election. Where is that \$2.4 million accounted for within the appropriations? Is it new money, is it separate money, or is it just an allocation from the Western Australian Electoral Commission of funds that have been appropriated for its disposal?

[9.30 am]

Mr W.J. JOHNSTON: If the member looks at the amount authorised by other statutes on page 84, he will see the line item “Electoral Act 1907”. As I understand, the \$800 000 and \$1.6 million adds up to \$2.4 million, so that is the allocation. It is not well understood—although I am sure the member understands this—that the redistribution is not done by the Electoral Commission; it is done by the electoral distribution commission, which is technically a separate legal entity. Of course, it needs to be serviced and it is serviced by the Electoral Commission’s staff, but technically the Electoral Distribution Commissioners are separate from the Electoral Commission.

Mr W.R. MARMION: I refer to the outcomes and key effectiveness indicators on page 85. It is a very interesting area to look at and I think these are really good indicators because they show the percentage of eligible Western Australians on the electoral roll and percentages of people who vote in state and local government elections. The estimated actual percentage of people voting in state general elections is 66.6 per cent. What does the minister or the Electoral Commission think is a reasonable voting outcome in a general election versus that in a by-election? Can the minister follow up that answer with the percentage rollout in the Cottesloe by-election?

Mr W.J. JOHNSTON: It is my view that everybody who is eligible should vote in a general election. It is striking to look at the figures provided in public reports of the percentage of electors who vote and, sadly, it is the Kimberley electorate that has the lowest participation rate. I have not looked at the figures for the 2017 election but I have done it previously. I think the member for Hillarys and I had a bit of a discussion last year about making sure that we look at the question of availability of voting and I have previously had this discussion with the commissioner. It is nothing new to him that I am fixed on trying to improve voting accessibility in remote locations. There are no National Party members here, save the Chair—I mean none of the committee members—and I am not trying to criticise the wheatbelt, but small communities there get a full day of voting although there are Indigenous communities of the same size that get only a mobile polling facility.

Mr P.A. KATSAMBANIS: And it is weather dependent.

Mr W.J. JOHNSTON: Indeed, it is weather dependent. I wonder whether we can improve access to voting opportunities for people in the Kimberley. I think that would be good. I also understand that city electorates have a higher percentage of voters in general than non-metropolitan electorates. I will ask the commissioner to make some remarks, but I am told that the 66.6 per cent for 2017–18 that the member referred to is the figure for the Cottesloe by-election. When I was general secretary of the Labor Party, there were two by-elections—one in Victoria Park and one in Peel. I think the turnout was about two-thirds in Vic Park because it was not controversial. When we had the Peel by-election, I concentrated on getting electors out. Members of the Labor Party doorknocked every house on the day to get people to vote because we were determined to increase the number. There is no question that by-elections have a lower participation rate than the general election. I will ask the commissioner to make some comments, if he would like to add to that.

Mr D.A. Kerslake: I will simply make the point that a range of variables can affect participation and that participation is generally lower for by-elections. Which parties happen to be contesting an election can also impact

in one sense on the level of informality of people who turn up to vote because if the party they want to vote for is not represented, they may vote informally. On the other hand, they may just not turn up. A range of variables affect by-elections. Clearly, they do not have the same impact in an elector's mind as a general election simply because the government is not up for grabs, if I could put it as crudely as that, in a by-election—or, not usually.

Mr W.J. JOHNSTON: To conclude my remarks, the other thing is that in a general election, there is all the advertising from the parties on TV. That volume of information means people are much more likely to be contacted in a general election so people are going to be much more aware of them, even if the advertising does not relate to their district. The total volume of information in advertising and media reporting of a general election will mean people are much more conscious of the need to vote than in a by-election.

Mr W.R. MARMION: It is interesting that the 66.6 per cent rate relates to the Cottesloe by-election. The figure seems to be reasonably high, but I would be happy to get a comment on how it fits with what would be expected for a by-election. Can the minister advise how many fines were issued for people who did not vote in the Cottesloe by-election? Does the minister have that figure to hand?

Mr W.J. JOHNSTON: I will ask the commissioner to make a comment.

Mr D.A. Kerslake: No, I cannot give the member a figure because that process is ongoing. People are still being contacted and are still coming in to give excuses. Other people may not have received correspondence to date and they may still come forward with an excuse. I will look at what figures we have available but I do not have them at my fingertips. I will add the caveat that the process is ongoing.

Mr W.R. MARMION: A large number of people still did not vote—one-third. Can the minister give me a rough idea, of that one-third, how many would have had legitimate excuses and what might the excuses be that will mean they do not have to pay the fine? From that, can the minister estimate a total quantum they might get from the fines?

Mr W.J. JOHNSTON: I am very happy for the commissioner to provide any information he is able to but I remind the member that the money does not go to the commission; it goes to general revenue.

Mr D.A. Kerslake: If I can take that on notice, with the minister's approval I will look up that information and see what information I am in a position to provide. It is a question of whether people have a reasonable excuse. In many cases, that may still be under consideration as part of the non-voter process.

Mr W.J. JOHNSTON: Does the member want that as supplementary information?

Mr W.R. MARMION: Yes, thanks.

Mr W.J. JOHNSTON: The supplementary information will be the best information available to the commission for the expectation of how many people are likely to be fined arising from the Cottesloe by-election.

[Supplementary Information No B21.]

Mr W.R. MARMION: I am sure the Treasurer will be very pleased with that information—more than me!—if he has not already asked for it.

Does the Electoral Commission know whether anyone voted more than once and are there any figures on that?

[9.40 am]

Mr W.J. JOHNSTON: In respect of the Cottesloe by-election?

Mr W.R. MARMION: Yes.

Mr W.J. JOHNSTON: I am very interested to hear the commissioner report, but every inquiry into multiple voting in Australia has shown that there is an extraordinarily low amount. All the research everywhere in Australia shows it almost never happens. I am very interested to hear the commissioner's comments.

Mr D.A. Kerslake: Again, I need to take it on notice if the member wants the exact numbers, but concerns about multiple voting have not been raised with me. A typical scenario of dual voting is perhaps an elderly person in a nursing home who votes when the mobile team comes around, and then their relatives bring them along on Saturday and they vote again. Clearly, that is not deliberate or a rorting of the system. That would be the most typical scenario. There is no evidence of any major rorting of the system.

Mr W.R. MARMION: I am happy with that answer.

Mr P.A. KATSAMBANIS: I agree that the vast majority of multiple voting happens inadvertently, usually by people who are either confused or struggling with other issues. But in the past across Australia there have been examples of more systematic multiple voting. One of the solutions proffered from time to time is an electronic roll of some sort; it does not have to be online. So, if the person who has voted at their nursing home at a mobile booth arrives at a polling station on the Saturday, they are told they have already voted and it is all good. Has there been any advice down that path of creating a linked up electronic roll to avoid the doubling up?

Mr W.J. JOHNSTON: Thanks for the question. An electronic roll was introduced in Western Australia some time ago; I think the 2008 election was when it was first used. Then it was used at only very large booths, but I understand its use is increasing. I had a word with the commissioner while the member was asking the question, and he confirmed that it is not universally used. I am sure he can provide some additional information.

Mr D.A. Kerslake: It is widely used, but there are issues of remoteness in regional areas and so on where it is just not possible to provide the backup for those systems, or indeed to set them up in the first instance, or it simply may not be viable because of the small number of votes taken. It is widely used, but that type of system will always be limited in its ability to prevent multiple voting, depending upon the stage people vote and the other ways they might choose to vote and so on.

Mr P.A. KATSAMBANIS: The commissioner said it is widely used—I think it is used for absentee voting and such—but the average interaction of the average voter when they arrive at a polling booth, either at a general election or the Cottesloe by-election, is that they are confronted by electoral office clerks sitting at desks with a big book, a ruler and a pencil. I would like a better description of “widely used”, because the experience of the vast majority of people who attend to vote on the day within their electorate is not access to an electronic roll.

Mr W.J. JOHNSTON: I will comment, and the commissioner is dying to make a comment. All the research in Australia shows that there is no systemic multiple voting problem.

Mr P.A. KATSAMBANIS: Nunawading proved otherwise.

Mr W.J. JOHNSTON: Nowhere in Australia has it ever been shown that there is a problem of systemic multiple voting. It is important that we worry about things that are significant, and not chase rabbits down holes that do not change the security of the ballot. If we had a problem with extensive attempts to systematically rot our Australian elections, then obviously we would want to act immediately. That is not the circumstance in Australia. We are very lucky that we do not have that problem. Notwithstanding that, the commission has been working to increase the use of the digital roll, and I invite the commissioner to make further comment.

Mr D.A. Kerslake: Member, I think it would have been more accurate if I had said that it is used as widely as we possibly can, and that depends upon the availability of equipment. One of the great things that has happened in recent years is that electoral commissions have worked very collaboratively. Laptops and tablets and so on move all around the country; for a particular election, we beg and borrow from interstate, and they beg and borrow from us to maximise the amount of equipment we collectively have available for a particular election. So we use it as widely we can.

The second point is that it will never provide universal protection. It would have to be entirely networked to enable that. It is a simple matter for a person to vote at one polling place and whizz down the road to the next one before anybody knows they have voted, if they wanted to do it. The minister said—it is certainly the experience of all electoral commissions—that very few people have ever been found guilty of that. It is not an issue of substance for electoral commissions.

Mr W.R. MARMION: I can see problems with it. People can rock up to vote and find they have already voted. A person could have been ruled out in the book by accident—another Marmion for instance. I think my wife voted twice at one election, but she had not.

Mr P.A. KATSAMBANIS: They will have to lock her up for that!

Mr W.R. MARMION: No, I think someone must have ruled the next line or something —

Mr W.J. JOHNSTON: Shall I refer that to the Corruption and Crime Commission?

Mr W.R. MARMION: Absolutely. It may not have been her —

Mr W.J. JOHNSTON: Anyway, go ahead. Sorry. I did not mean to interrupt the member.

Mr W.R. MARMION: The minister interrupted my train of thought.

But if someone rocks up and finds someone has voted on their behalf or it is an accident, there needs to be a process in place so that person can at least manually fill something in so that the Electoral Commission can validate that person’s vote and negate the other. They could take a photo to prove it really is Bill Marmion and say, “We don’t know how the other person voted, but Bill Marmion is claiming this is the only time he voted and this is the vote he wants.” How do they know what the other person voted, because it goes in a box and it is not linked to the person? Perhaps we can have a comment on that.

Mr W.J. JOHNSTON: Certainly. Of course, the final outcome of the ballot is subject to review by the courts, so if somebody felt that the conduct of a ballot was not appropriate they have recourse to the courts. I invite the commissioner to comment on the integrity processes of the commission.

Mr D.A. Kerslake: The point the member raised is in fact the most common instance of apparent dual voting—whereby a person above or below is marked off in error. In busy polling stations with 7 000 people who get half

an hour's training at seven o'clock in the morning on polling day, there will inevitably be some errors. They are easily accounted for in the scenario that the member mentioned, in which a person is adamant they did not vote twice, or somebody else gets a letter saying they did not vote at all and they are adamant that they did.

Mr W.R. MARMION: Both Marmions!

Mr D.A. Kerslake: The error is noted, but a declaration vote can be signed, and that is then looked into by the returning officer to very much minimise the likelihood that people are denied their right to vote.

[9.50 am]

Mr P.A. KATSAMBANIS: I have a new question. I refer to total appropriations to deliver services on page 84 of budget paper No 2, volume 1. Every four years the appropriation goes up quite significantly—by many multiples—and that is a result of the need for the WAEC to conduct the general election every four years. That is a good thing. I note that in the 2016–17 year, \$31 148 000 was made available for that purpose. That is good. Subsequently, the Community Development and Justice Standing Committee that the minister referred to earlier, which I chair, released a report that basically said that that resourcing was probably a bit light, and had the commission been better resourced, it may have been able to work even better and get better outcomes. However, I notice that the appropriation in this budget for 2020–21 has been reduced even further from the appropriation for 2016–17. Is the commission going to be asked to do an even better job with less funds than it had four years earlier?

Mr W.J. JOHNSTON: That is a good question. One of the three recommendations of the committee report that the government was able to respond to was the one about the budget. I do not have the government's response in front of me, but I know that it went along the lines of, "We think it is important to adequately fund the election, but unfortunately we were left with \$40 billion of debt. We cannot spend money that we do not have." However, the member should note, too, that at the bottom of that same table, under expenses, is the total cost of service. The actual total cost of service was \$30.822 million and the expected total cost of service is \$31.79 million, so the expected expenditure is going up and not down, whilst the budget allocation is going down. At the bottom, the cash assets at the end of the last election cycle go from \$2.25 million to \$727 000. The member will see that we are expecting the commission to do cash management. Of course this is the budget allocation. It reflects the fact that like all agencies of government, we have had to implement in the budget the total efficiency savings—one per cent, two per cent, three per cent and four per cent—that was built into the former government's last budget. This is the outcome of the cost savings built in as a generic saving figure by the last government on the budget.

As we get closer to the election, I am sure the commissioner will talk to me about what amount of money he thinks will be adequate. Like every other agency, there will be a discussion through the Expenditure Review Committee about the allocation, but it is very important to understand that this is actually the outcome of the budget cuts left to us by the former government. They were written into the budget and have to be allocated out to agencies. Whether I like it or not—as a member of the ERC, I can tell the member that it has to make tough decisions—this is another example of a tough decision of a government that is determined to get the state back on track.

Mr P.A. KATSAMBANIS: That sounded a bit like a former Premier I know who used to say that it is "just forward estimates". I hope that is the case and that in the fullness of time the commission, the ERC and minister have that discussion.

Without delving into the minutiae of the committee report, has the WAEC made any changes or does it intend to make any changes based on the findings and recommendations of that report? I ask that question not to the government or the minister, but through the minister to the WAEC.

Mr W.J. JOHNSTON: I am not sure that this is the appropriate place to have that discussion. As the member knows, I have written to him in his capacity as chair of that committee.

Mr P.A. KATSAMBANIS: I think we will engage in correspondence around that.

Mr W.J. JOHNSTON: I am sure we will. I have not seen the member's correspondence. The government does not want to presume to tell the committee what to do, but I make the observation, as I did in my letter and in the tabled report, that the member could invite the commissioner along to a hearing and ask him any question that the member wanted.

Mr P.A. KATSAMBANIS: We know what we can do.

Mr W.J. JOHNSTON: The point is it is not for government—this is an examination —

The CHAIR: Members and minister, this is actually estimates, not a discussion on the Community Development and Justice Standing Committee's processes. Could we come back to the appropriations that we have in front of us, please.

Mr W.J. JOHNSTON: Mr Chair, that is very good advice. The point I am making is that this is time for the government to be examined, not the commissioner. The commissioner is here as an adviser to me. I am the one giving evidence. It is not fair on the commissioner. The exact point we are trying to make is that the commissioner is independent. He cannot answer through me today because this is me giving evidence; he is here advising me. If

the member wants to ask him a question, invite him to the Community Development and Justice Standing Committee and get him to answer it. I do not want the commissioner to be seen in any way to be answering to me on his work as an independent commissioner. That is why I do not think it is appropriate and I will not allow him to give an answer.

Mr P.A. KATSAMBANIS: I will rephrase the question: has the commissioner in his capacity as commissioner made a request of government for additional funding to implement changes into the future based on the learnings from the previous state general election?

Mr W.J. JOHNSTON: The commissioner and I have had discussions about the adequacy of the budget. None of those discussions arise from the report of the member's committee.

Mr P.A. KATSAMBANIS: The question I just asked did not refer to the report. Okay?

The CHAIR: Any further questions?

Mr P.A. KATSAMBANIS: I am good.

Mr C.J. TALLENTIRE: I am interested in the election management key efficiency indicator on page 86 of the budget papers. I am interested in the figures relative to the provision of facilities for early voting. I recall at the 2017 election that the facilities for party booth workers for early voting in Cannington and Kelmscott were fairly inadequate. There was no provision of toilets and the commission staff were fairly disinterested in the needs of booth workers. I am wondering, given such a high a percentage of the population is now voting early, whether more consideration will be given to provide good facilities for people working on booths in early voting?

Mr W.J. JOHNSTON: I will certainly ask the commissioner to make some comment, but I will make a general remark first—that is, the commission does a good job on the management of early voting. I say that as both the minister and as a participant in the process. As members know, the number of people voting early is going up every election. One challenge for the commission is that it needs to be opportunistic in getting vacant premises for early voting. It is not as though it can plan to use a wonderful facility, because obviously no landowner is going to let the commission have a facility for three weeks or three months, or whatever, in 2021 and put it aside now because it would want another long-term tenant. The commission has to be opportunistic in respect of the spots it takes. As the member knows, I am the member for Cannington, so I spent a lot of time at the Cannington booth. It was not ideal, but it was a lot better than the federal commission's choice for pre-voting for the 2016 Swan election, when it had a facility on the second floor of a building with virtually no parking and no capacity for people at all to hand out how-to-vote cards. The member raises a very important issue and I am looking forward to the commissioner making a comment, but I highlight the fact that it is quite complicated for the commissioner because of the natural opportunistic nature of his need to rent premises.

Mr D.A. Kerslake: In the 2017 election at which early voting was available by choice for the very first time, it was very difficult to predict how big an increase we were going to get and where the increase was going to occur. We certainly catered for a substantial increase. It turned out to be bigger than we anticipated, and in hindsight we would have had more early voting centres available. We acknowledge that. We have already starting planning for the 2021 election by looking at where we may need additional early voting centres, but as the minister said, it is almost impossible to lock them in until a matter of weeks before polling day. We are certainly not going to get them the Christmas before the election because if someone has a place out there that they want to rent and we want it for only three weeks, why would they not hold onto it until the very last minute knowing that if they do not rent it, we will come along and probably want it anyway? That is the difficulty that we have. The other difficulty we have is that in the past, we have used a lot of court centres, but they become less and less viable when the number of electors voting early increases substantially and they are not able to cater for that. We then have to go out and pay for centres. It would be irresponsible to go out and hire a centre for six or eight months when we will use it for only three weeks. We are in the difficult situation of having to work at the last minute. We had a dedicated officer doing just that but it is very difficult out there in the marketplace.

[10.00 am]

Mr C.J. TALLENTIRE: Does the minister see that the commission has a duty of care towards booth workers?

Mr W.J. JOHNSTON: That is an interesting question. No, I do not think it does. I think it has a general duty of care for safety but I do not think it goes beyond that.

Mr R.S. LOVE: I wanted to ask a question about service 1 relating to the efficient provision of electoral services on page 85 of the *Budget Statements*. It is the only service provision area, so it is a fairly general question in the context of an earlier discussion about the provision of polling booths to remote areas and a comment that the minister made regarding the wheatbelt. I represent areas of the wheatbelt and the midwest that have many booths with small numbers of voters, which I am sure is a drain on the commission. Given the change in Australia Post's delivery method of postal services to my electorate, I would like a comment on how the commission sees the change in the timeliness of postal services to areas in country Western Australia and what effect that has on its ability to provide a good alternative service if a booth is removed from an area.

Mr W.J. JOHNSTON: I thank the member for the question. I want to emphasise that I did not say that we have any intention to remove any particular polling booth out of the wheatbelt. I remarked that given that the commission rightly goes to an effort to ensure that every citizen gets an opportunity to vote, and for the wheatbelt that means an opportunity over 10 hours —

Mr R.S. LOVE: It was not a pejorative comment.

Mr W.J. JOHNSTON: Yes. What I am saying is different. I am saying that I am looking forward to continuing my dialogue with the commissioner to see how we can increase the opportunity for the same level of voting in Aboriginal remote communities. The question the member poses is interesting but it does not relate to what I was talking about. I want to emphasise that. There is no question that Australia Post has reduced its work across the community, but services have been reduced in not only regional parts of Australia, but every part of the community. It no longer makes a daily delivery anywhere in Australia. We do not need to look at the wheatbelt to see where Australia Post has removed its daily delivery service.

Mr R.S. LOVE: I want to clarify that Australia Post no longer sorts mail in regional areas. Certainly in my electorate, all post is sent to Perth and it comes back. As the minister could imagine, sometimes that adds a considerable length of time to the delivery of mail in the area. Apart from the physical number of times that a postman may deliver to a postbox, it is more about the structure of the mail service beneath the surface and the vastly increased time that it takes for mail to be delivered to and from certain towns in my electorate.

The CHAIR: Was that a point of clarification rather than a question, member?

Mr R.S. LOVE: It was a point of clarification because the minister was clearly indicating that the postal service has been withdrawn. That change is more attenuated in regional areas than in metropolitan areas.

The CHAIR: Do you have any comments, minister?

Mr W.J. JOHNSTON: The problems with Australia Post and the length of time it takes to deliver mail is bad in the metropolitan area as well. The member's constituents should understand that many of the problems that they have with Australia Post are identical for metropolitan residents, and the length of time it takes to get a letter delivered is the same in the metropolitan area, even though it does not have to go backwards and forwards. It still takes the same amount of time to be delivered from the postbox to where it is going. It takes the same amount of time to be delivered in the metro area because Australia Post has reduced its service levels everywhere; it is not unique to country regions. I want to assure the member that there is no ambition to reduce the opportunity for election day voting in the wheatbelt. We hope that the opportunity people have to vote at the 2021 election will be exactly the same as it was in the 2017 election.

Mr R.S. LOVE: Is the Electoral Commission planning to change any of the time lines involved in the delivery of postal services to reflect the increased time it takes for mail to be delivered to and from certain parts of the state?

Mr W.J. JOHNSTON: I just confirmed this with the commissioner because I did not want to give a wrong answer but the first thing that popped into my mind was confirmed by the commissioner as being correct; that is, all the time lines for postal voting are set by legislation. The commission does not have the capacity to change any of those time lines. I am happy to talk to the member separately, or the Nationals WA, to discuss whether there is any way of amending legislation to accommodate the issue that the member raised, but it is not possible for the commissioner to change any of the time lines because they are all set in legislation.

Mr R.S. LOVE: I am probably more highlighting the fact that it is an issue that needs to be addressed.

The appropriation was recommended.

Division 11: Registrar, Western Australian Industrial Relations Commission, \$11 775 000 —

Ms L.L. Baker, Chair.

Mr W.J. Johnston, Minister for Commerce and Industrial Relations.

Ms S. Bastian, Chief Executive Officer.

Mr M. Hadfield, Chief Financial Officer.

Mr J.E.P. Welch, Senior Policy Officer.

Mr N. Roberts, Chief of Staff, Minister for Commerce and Industrial Relations.

[Witnesses introduced.]

[10.10 am]

The CHAIR: Member for Hillarys.

Mr P.A. KATSAMBANIS: I refer to the services and key efficiency indicators on page 121 of volume 1 of budget paper No 2. Service 1 is "Support to the Western Australian Industrial Relations Commission and Industrial Magistrates Court" and service 2 is "Conciliation and Arbitration by the Western Australian Industrial Relations

Commission”. Through the minister, is the commissioner able to talk to us about any changes in patterns or in the nature of the case load over the past 12 months, and any pointers to what sort of changes in case load might occur in the next 12 months?

Mr W.J. JOHNSTON: I am very happy to invite the registrar to answer that. I just make the point it is not the commissioner; it is the registrar. I think it is a very interesting question and I look forward to any advice that Ms Bastian is able to provide.

Ms S. Bastian: The report the member is seeking for those statistics is provided in the chief commissioner’s annual report directly to Parliament. It is not something that I report on. It is something that she will determine in terms of the outcomes and trends and those impacts on the commission that have happened in the last 12 months. There is nothing further that I can provide.

Mr P.A. KATSAMBANIS: I refer to the outcomes and key effectiveness indicators on page 120 of budget paper No 2. The estimated actual for 2017–18—the year that is just concluding—is timeliness at 98 per cent and accuracy and relevance of information at 96 per cent. They are similar figures to the actual figures in 2016–17. Why do we then budget for a target that is lower than that for next year? Why do we budget at 90 per cent rather than try to keep going at 95, 96 or 98 per cent?

Mr W.J. JOHNSTON: We have not amended the target. It just continues to be the same target that we have had in the past. It is an important opportunity to measure outcomes and efficiency. The 90 per cent figure is considered to be an appropriate target level. It is great that the registry is able to work at such a high outcome that it is able to get these much higher figures. I am sure the registrar and I can discuss it for next year’s budget. Maybe we should look to increase it if we can continue to have such excellent performance from the registry.

Mr P.A. KATSAMBANIS: I agree; I think the performance is outstanding. The feedback I get is also very positive. I cannot fault that in any way.

I do not want to make my last question sound like how long is a piece of string: with the review that is being undertaken by the minister into the Industrial Relations Act—I am sure we can talk about that in other forums—there potentially could be significant changes to the way the registry works depending on what the final recommendations are and what the government chooses to do after those recommendations. Can the minister give a time line of when he intends to have legislation introduced following the review, or is it too early to determine at this stage?

Mr W.J. JOHNSTON: I am not quite sure that that relates to the budget estimate for the industrial registrar.

Mr P.A. KATSAMBANIS: It impacts on the whole appropriation of this division.

Mr W.J. JOHNSTON: Yes, sure. I am not trying to be obstreperous but we are just about to do the division on the Department of Mines, Industry Regulation and Safety. Questions about the review will come up during that division. It is a bit early to talk about any changes at the commission when the final report has not been handed down, the government has not responded and we have not even started working on any legislation, if that is what is required.

The CHAIR: I am hearing the minister say that he will answer the question in division 17. Is that okay, member?

Mr P.A. KATSAMBANIS: Yes, I can ask that question then.

The appropriation was recommended.

Division 15: Jobs, Tourism, Science and Innovation — Service 1, Asian Engagement, \$100 059 000 —

Ms L.L. Baker, Chair.

Mr W.J. Johnston, Minister for Asian Engagement.

Mr R. Sellers, Acting Director General.

Mr D. McCulloch, Acting Deputy Director General, International Education, Trade and Investment.

Mr S. Melville, Director, Corporate Services.

Mr R. Sao, Principal Adviser.

Mr N. Roberts, Chief of Staff, Minister for Asian Engagement.

[Witnesses introduced.]

The CHAIR: I do not have to read the chair’s foreword. It is a bit tedious after the third day, so I will not.

I give the call to the Leader of the Opposition.

[10.20 am]

Dr M.D. NAHAN: Just to clarify, we are in division 15, service 1, Asian engagement, and nothing else. There is no line item, other than on page 176 of budget paper No 2, in which a resource agreement is mentioned. Maybe

I can ask the minister to describe how Asian engagement fits in and what his gamut of responsibility is. Does it include, for instance, the sixth dot point on page 175, which refers to major global shifts in trading policy? It looks like that refers to the trading offices. In other words, what does the minister do?

Mr W.J. JOHNSTON: I thank the member for the question. That is a very similar question to the one he asked me last year. The role of the Minister for Asian Engagement is to work with the Premier in his capacity as the Minister for State Development, Jobs and Trade. Effectively, if you like, the Premier is the minister for trade and I am the junior minister for trade. In respect of the budget allocation, there is only a very small part. I think only \$2.5 million is my responsibility. It was included in the spending changes in last year's budget, so now, of course, it is embedded in the program of the agency, but it was all outlined in last year's budget. In terms of administrative responsibility, that is the only bit that I administer. I do not have administrative control over any aspect of the agency. The agency supports me in my work and, as I say, my work is in respect of the Premier's responsibility. I am effectively the minister assisting, if you want, for trade, with a focus on Asia.

Dr M.D. NAHAN: Since it is now embedded in the aggregates, can the minister give me an indication, over the forward estimates from 2018–19 to 2021–22 of the budget allocation for which he is responsible?

Mr W.J. JOHNSTON: Sure; I am happy to do that. For the 2018–19 budget estimate, \$1.15 million is allocated to Asian engagement activities. That is for a business dialogue conference, about which I am looking forward to making some comments, promoting Western Australia in Asia, and an Asian business house. The specific activities around each of those is yet to be signed off on, except for the dialogue conference, and I am looking forward to making some comments about that very soon—maybe in the next 10 minutes.

Dr M.D. NAHAN: In terms of the forward estimates, what are the allocations?

Mr W.J. JOHNSTON: It just rolls out. There are three activities, and they roll out over the forward estimates.

Dr M.D. NAHAN: So, about \$1.5 million each year?

Mr W.J. JOHNSTON: No, about \$1.1 million. It is not a huge amount of money.

Dr M.D. NAHAN: Because there is no transparency to it, I am trying to do that.

Mr W.J. JOHNSTON: No, there is complete transparency, because it was included in last year's budget as a spending change —

Dr M.D. NAHAN: But we are talking about this year's budget.

Mr W.J. JOHNSTON: Yes, certainly, but I will make the point to the member, as a former Treasurer, that the way the budget works is that when the government makes a decision to change the spending, that is included as a spending change and then, unless there is a future decision to change the spending, in which case it would be reported, it is then just included in the aggregate.

Dr M.D. NAHAN: As a general policy, I wanted to confirm that that was the case; that is all. I am just asking what the budget is. It is a very simple question, and the minister said it was embedded in there. If he had said that it was exactly the same as last year and read it out, we would not have this tit-for-tat. It is as simple as that. Could the minister go through and describe to us the three major functions and activities that he has mentioned?

Mr W.J. JOHNSTON: They were all election commitments that the Labor Party took to the last election. We promised to create an Association of South East Asian Nations business dialogue conference. We promised to allocate resources for promoting Western Australia's capacities in the metals, petroleum and renewable energy sector into Asia, and we promised to create an Asian business house. My work is also, as I say, assisting the Premier in our relationships in Asia. As the member knows, I have been fortunate enough to support the Premier's work in that regard a number of times, and one way I do that, of course, is to maintain good relationships with all the business councils here in Western Australia, and the diaspora chambers, because we are trying to get a more coordinated approach to our Asian relationships. We are trying to embed in the activities of government Asian relationships beyond just transactional relationships. I think I said last year to the estimates committee that the best thing that can happen in this space is that it just becomes part of the functioning of government that we are always considering how we can deal ourselves into the exciting opportunities in our region.

Dr M.D. NAHAN: When the minister says Asia, is he focusing personally on the ASEAN countries, as opposed to China, Korea and Japan?

Mr W.J. JOHNSTON: That is a very good question, member. We had a specific election commitment to the ASEAN business dialogue, but we are not restricting ourselves to that. There are two points here. Firstly, we are a sub-national government. We do not have diplomatic relationships, and therefore it is more complicated for Western Australia to build relationships in Asia. We also have only limited resources, although we have some very good people in our regional offices who do excellent work. We therefore need to husband our resources towards good outcomes, and that necessarily means that we have to think about which countries are more important to our future than others. If I asked everybody in this room to write down the names of seven countries in the Asian

region that they thought would be the most important countries to us in 20 years' time, I imagine that all those lists of seven would contain the same six names—Japan, Korea, China, India, Indonesia and Vietnam. That would allow people to think of one other country; I am not restricting it, but I am making the point that those six would be on everybody's list. Therefore, they are clearly going to be the countries that we pay most attention to. That is not to say that other countries are not important and that we do not need to make efforts with other countries. We have to do all those things, but where would people suggest that the government needs to go for the best likely return for any investment? I would say that those six countries would be on everybody's list, so they are clearly on the top of my mind when I think of these things, but that does not exclude other areas. It is not saying that we are going to get rid of the Singapore office or move anybody from the Middle East, because they are all important markets, but where do we put our best efforts? Clearly, those six are where our best efforts have to go.

[10.30 am]

Dr M.D. NAHAN: To follow up on that, I could not hear the minister. Did he include India as one of those?

Mr W.J. JOHNSTON: Yes. If you like, there are three established relationships that everyone knows about—Japan, Korea and China. I think about 95 per cent of our iron ore exports go to those three markets; there is a bit that goes to Taiwan, but they are basically the three. On top of that, where are the next three mega-economies going to be in Asia? I do not think anyone would argue that India is at the top of that list. The analysis from people around the world is that Indonesia will end up being the fourth-largest economy in the world, and Vietnam is probably the other country that has a large population that is emerging into a more dynamic space. Some people argue that the Philippines should be included; some people argue for Thailand. One could go on and on. It is not that there are not opportunities everywhere, but given that we are only a state government and we have only limited resources, where are we going to get our best return? I argue that it is those six countries.

Dr M.D. NAHAN: What about Singapore?

Mr W.J. JOHNSTON: We have an office in Singapore and there is no question that Singapore is going to be important to our relationships in the future. One of the challenges, of course, is that Singapore is our big rival, if you think about it, because we want to have more companies headquartered here for their Asian operations. One of the pitches we make to visiting delegations is that they should consider Perth rather than Singapore as their Asian hub. I was pleased that when the Leader of the Opposition was Minister for Energy, Sumitomo Group based its South-East Asian regional headquarters here in Perth. That is an example of a company that has seen Perth as an ideal opportunity. I was recently at a breakfast co-sponsored by the Chamber of Commerce and Industry of Western Australia and the Perth USAsia Centre, and Jemma Green from Power Ledger put the case for why Perth would be a preferred location over Hong Kong or Singapore for people in cryptocurrency and blockchain businesses. One of our great advantages over Singapore is that it is cheaper to base an executive here than in Singapore.

Dr M.D. NAHAN: Except for tax.

Mr W.J. JOHNSTON: No, the cost of living for an executive is lower in Perth than it is in Singapore. Housing is cheaper here and it is cheaper for them to have their kids at school here. It is just a cheaper location, and given our connectivity, our high technology and the great connections to our region, it is a great place to base businesses.

Mr W.R. MARMION: This is a new question, but still on Asian engagement; obviously it is an important area. My question relates to the operations, governance and structure of how everything works. The minister mentioned the important Asian countries where we have a regional office and some where we do not. I guess one advantage of having an Asian engagement person or department, whatever it is, is to link them up. Can the minister outline how it works, how the department avoids treading on toes and how the coordination works? That is the concern.

Mr W.J. JOHNSTON: I am very happy to do that. I do not tread on the Premier's toes, because he is the boss! As I said, I am Minister for Asian Engagement. I am not the Minister for State Development, Jobs and Trade; the Premier is. In terms of budget allocation, I have a small budget that I am trying to spend on useful work. I do not have administrative responsibility with the agency; I have a separate communication agreement with the agency. I work through the agency with Rob Delane, who is not with us today—not because he does not want to be here!—and he is the deputy director general; I forget his proper title. He is the DDG that I work with and we have a good working relationship. But as I say, in terms of the administration of the department, that is the Premier. He runs the administration through the director general. I have a bit of cash that we are going to spend on that useful work. Otherwise, when I travel or whatever, I am coordinating with the Premier because I am doing it on his behalf, if you like.

Mr W.R. MARMION: With regard to reporting, does anyone report directly to the minister, or do they report directly to the Premier and the money is just parked in the minister's budget—is that the answer?

Mr W.J. JOHNSTON: As I said, it is a small amount of cash; we are not talking about sheep stations. I get to spend that, and obviously I do not spend it without approval and I would not ever think to do so. It has to be done in accordance with proper procedures. With regard to the agency, I liaise with the deputy director general. For example, if I am doing a speech, he coordinates the speech. If I am travelling, he coordinates the travel. He does not answer to me; he simply services my needs.

Mr W.R. MARMION: With regard to that service, has the minister thought of any performance indicators for the evaluation of its activities?

Mr W.J. JOHNSTON: That is an excellent question. The member should have a read of the transcript from last year's estimates committee hearings, because I made the point then that the sort of outcomes we are looking for here are for long-term proposals. The great thing about having long-term targets is that perhaps I will not be here to be held to account for them! With regard to the Asian engagement space, as I said, I am not the Minister for State Development, Jobs and Trade; it is about trying to grow our connectivity to our region beyond just trade. We cannot just have a trading relationship with Asia. Of course, my job is about trade and investment, but it cannot only be about trade and investment, it has to be about other measures. I look forward to making some more detailed remarks about that, but I am not going to be measured on a key performance indicator about how many new projects kick off under the Asian engagement space, because we are talking about changing the nature of the government of Western Australia over time.

Dr M.D. NAHAN: What is Asian Business House, and how is it progressing?

Mr W.J. JOHNSTON: Asian Business House is currently in development and the department has just put forward a proposal for a way in which we can work it. The election commitment was that a McGowan Labor government would develop formal networks that would link businesses with people and resources to enable and support success in regional markets, including the establishment of Asian Business House. Asian Business House is an initiative designed for the government to systematically and formally engage with key Asian business associations in order to improve Western Australia's business connectivity to Asia. Funding of \$250 000 annually was approved this year and we are consulting key stakeholders at the moment and talking about the model that we are going to implement. We are not seeking to lease a premises; the intention is to have what you might call a virtual Asian Business House within the department so that we have facilities that can be accessed on an as-needed basis by diaspora business associations. It will also be accessible to outbound investment councils, such as the Australia India Business Council and the Australia Indonesia Business Council et cetera. The plan is to have a secretariat within the agency that can support the work of those diaspora organisations. I have had many discussions with the diaspora organisations about how that might work because obviously we are very keen to make sure we can harness the power of that diaspora. We also want to consider how we can harness the power of the Western Australian alumni within our region. Along with the outbound investment councils, they are the three activities that we would see the virtual Asian Business House undertaking.

[10.40 am]

Dr M.D. NAHAN: This is \$250 000, so it is not bricks and mortar; I assume it is for a small organisational body, a small group of people. Is this mainly being used to provide funds to the diaspora organisations, as the minister calls them?

Mr W.J. JOHNSTON: It is not to provide funds. It is about providing resourcing so they can improve their coordination. As an example, if a diaspora organisation was assisting a visiting delegation and it wanted to coordinate with government for input, who would it go to? Many of these organisations, both outbound councils and diaspora organisations, are run by volunteers, so how do they coordinate with government? Who do they talk to at a university? What business organisations do they need to meet? It is a way to coordinate and get them to work better, rather than the organisation doing the running round itself. They are all great organisations, but they have only limited resources.

Dr M.D. NAHAN: How do we deal with the reality that in particularly larger diaspora groups there is a multitude of organisations—cultural, trade, diversity—and some do all of those things? How do we choose between one or the other?

Mr W.J. JOHNSTON: The great thing about this is that we do not have to. This is not about choosing one over another. I will let the member know that in most parts of the United States there are these visitor councils. They are not funded by the State Department, but they are related to it. In 2002 when I went to the US as a guest of the State Department, I was very impressed with the coordination they were able to provide. This is sort of modelled on that structure, if you like, so there is a single point for people to come to so they can get access to government. As we all know, one of the big problems with government is that it is so large, it is hard to work out where to go and talk, so it is about having a single point of contact. As I say, I have been discussing this with a range of diaspora organisations and universities. They are all very interested in it. As the member says, it is \$250 000; it is not a huge program, but we think it will make a difference. Over time it might attract further investment from government. In our current situation, this is the first good step.

Dr M.D. NAHAN: Has the appointment of the person managing this been made?

Mr W.J. JOHNSTON: No. As I say, the deputy director general, Rob Delane, is responsible, and at some time when we have finished consultation and have had a proper internal sign-off, there will be an appointment by the agency. It will not be a political appointment in any way.

Dr M.D. NAHAN: In many communities there is a diversity of views. There are organisations that serve the same diaspora, but there are differences in the diaspora. Will the minister confirm that he will be independent between them—that is, he will not choose one or the other necessarily?

Mr W.J. JOHNSTON: That is correct, absolutely. We are interested only in helping. Organisations will have their own capacities. We all know that the WA Chinese Chamber of Commerce is very effective; it has a lot of resources and a very long history of success. It may not use us particularly much. Last week, Mr Sao and I went to the launch of the Asian Business Alliance, which has brought together six of the diaspora organisations. This is an example of the opportunities that this will provide. All those organisations are part time, and none of them have a full-time secretariat, so this will help in the coordination of that trade facilitation. Our diaspora is an essential part of our future. I know that the Leader of the Opposition agrees that we are a successful multicultural society, so to the extent that we are able to build on that successful multicultural society to leverage broader connections and therefore greater economic activity, it is a great thing to do. I know the Leader of the Opposition agrees with that; that is not a political statement.

Mr C.J. TALLENTIRE: In the service summary on page 176 of budget paper No 2 there is an allocation for facilitating investment. Can the minister give us a specific example of how he has facilitated investment into Western Australia?

Mr W.J. JOHNSTON: I thank the member; that is a very good question. Last year I was privileged to visit South Korea on behalf of the government of Western Australia. I accompanied the Premier to China, and, before I came back to Australia, I spent 48 hours in Seoul. We were specifically there to talk about liquefied natural gas; however, at all the business meetings we held with government and business in Korea we found they were determined to talk about lithium and the opportunities for battery materials. Arising from that, I arranged for the deputy director general of the Department of Mines, Industry Regulation and Safety, Phil Gorey, to go to Korea to attend a seminar put on by the government of Korea. One of the problems we had is that the Koreans thought that all of our lithium opportunities had already been taken up and there was no opportunity for additional offtake, so we were very keen to make sure they understood that there was plenty of opportunity in our lithium industry. Arising from my and Dr Gorey's visits, I can tell the member that there has been a transaction. It is obviously a commercial transaction, but it arose directly out of that connection and I was very pleased to receive a very nice thank you letter from the junior minister I had met with in Korea who facilitated that outcome. That is an example.

When we were in Indonesia last year, we coordinated across government. One of our tasks was to try to urge Garuda Indonesia to move to daily flights, and arising out of our visit there are now five direct flights a week, up from four, between Jakarta–Perth. We are still keenly talking to Garuda both here and in Jakarta through the Department of Jobs, Tourism, Science and Innovation's office there and Jenny Matthews, our country commissioner, about opportunities. One thing Garuda is concerned about is filling its flights to London, so we talked about whether there was any opportunity for retiming, and that obviously gets us to a daily direct flight to Jakarta. We also pointed out the opportunity to market in third countries for holidays in Australia. One of the points we made was that now that there are one million Chinese visitors to Bali every year, Garuda could market the continuation of those flights to Australia as part of the same package, and that would get more bums on seats and more tourists to Western Australia. That is some work we are doing.

Last year, we visited Singapore for the Singapore International Energy Week and we highlighted our capacity in decommissioning offshore infrastructure. This is a major issue across the Asia–Pacific region. I think about 500 fields in the Asia–Pacific will require decommissioning over the next 10 or 20 years, and Western Australia is at the forefront of technology relating to decommissioning offshore structure, so we made sure we were able to highlight all that work. I was very pleased to see that each of those three visits produced specific outcomes.

Dr M.D. NAHAN: The minister mentioned the Asian–ASEAN dialogue. Could he describe what that is?

[10.50 am]

Mr W.J. JOHNSTON: Absolutely; what an excellent question. I am pleased to announce that the government of Western Australia has entered into a heads of agreement with the Perth USAsia Centre for it to run over the next four years the ASEAN business dialogue. The centre is giving it the title, “The Power of Proximity: Annual WA ASEAN Trade and Investment Dialogue”. The plan is for the Perth USAsia Centre to use \$200 000 of annual funding from the state government to convene a dialogue.

They will facilitate the attendance of senior business and government representatives from ASEAN to come to Perth to highlight our capacity. The plan is for them to have a full day private conference with business and government representatives here in Western Australia. That would be followed by a public one-day trade and investment dialogue that they would host and facilitate. That would include them arranging the key speakers for our event. Over the four years, we would expect an increasing number of visiting delegates and to develop the conference to be a highlight of our business relationships into Asia. Their plan is obviously to start in a small way this year in the last quarter of the year and develop that program over time. We have a specific proposal from the Perth USAsia Centre and specific approval to proceed with the project but we are in the final throes of negotiating

the exact terms. It is a great and exciting opportunity. It is about leveraging our existing capacities. I know that the Leader of the Opposition engages with the Perth USAsia Centre as well. It is an excellent body for us to work with. Other universities will be included in the program. The member made a comment earlier about picking favourites. We are not trying to do that at all. There is an expectation and commitment from the Perth USAsia Centre that in addition to the University of Western Australia, the other public universities and the private university in Western Australia will also be given an opportunity to participate.

Dr M.D. NAHAN: The centre has had a long program with Indonesia; the dialogue rotates between here and there. Will this be on top of that?

Mr W.J. JOHNSTON: Yes, that is correct. This is new work on behalf of the government of Western Australia and the Perth USAsia Centre will continue its own program of work. I do not remember the exact number but it does a huge body of work in the engagement space and we are not expecting any setting aside of that effort. This is something new and exciting and fulfils an election commitment.

The appropriation was recommended.

Division 17: Mines, Industry Regulation and Safety, \$170 424 000 —

Ms L.L. Baker, Chair.

Mr W.J. Johnston, Minister for Mines and Petroleum.

Mr D. Smith, Director General.

Mr D.M. Hillyard, Commissioner for Consumer Protection.

Mr P.W. Gow, Acting Deputy Director General, Industry Regulation and Consumer Protection.

Dr P. Gorey, Acting Deputy Director General, Resource and Environmental Regulation.

Mr A. Chaplyn, Acting Deputy Director General, Safety Regulation.

Mr R. De Giorgio, Chief Financial Officer.

Mr K.D. Bowron, Executive Director, Building and Energy; Building Commissioner; Director of Energy Safety.

Mr M. Banaszczyk, Executive Director, Corporate Services.

Mrs J. de Jong, Executive Director.

Mr P. Hine, Acting Executive Director, Service Delivery.

Mr A.S. Lyon, Acting Executive Director, Public Sector Labour Relations.

Mr R. Sao, Principal Adviser.

Mr D. Alexander, Principal Policy Adviser.

Ms P.A. Bond, Senior Policy Adviser.

Mr J.E.P. Welch, Senior Policy Officer.

Mr N. Roberts, Chief of Staff, Minister for Mines and Petroleum.

[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 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, 1 June 2018. I caution members that if a minister 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.

I give the call to the member for Nedlands.

Mr W.R. MARMION: My first question relates to page 215 in budget paper No. 2. Under "Income" is a reference to regulatory fees and fines and to the mines, safety and inspection levy, the mining rehabilitation fund levy and "Other". What comes under "Other"?

Mr W.J. JOHNSTON: Other revenue comprises largely interest revenue from the special purpose accounts held under the Real Estate and Business Agents Act and the Settlement Agents Act; interest on the mining rehabilitation

fund; contributions by industry and reimbursements of bonds; and administration costs from the rental accommodation account.

Mr W.R. MARMION: I note that there is a large increase from the 2017–18 estimate actual of roughly \$85 million to \$97 million in the budget estimate. There is a note about the increase in mining tenements. Is the majority of the jump of \$12 million in relation to the increase in mining tenement rentals?

Mr W.J. JOHNSTON: No, it is not the majority.

Mr W.R. MARMION: What is the \$12 million increase for?

[11.00 am]

Mr W.J. JOHNSTON: As I said, the increase is from a range of charges and fees, and interest income for the agency. It is a very complicated agency. It regulates almost every industry except the health industry. There are many, many fees and charges in this agency. For example, in the electricity safety space, there is a range of fees and charges. There is a whole range of interest income from the mining rehabilitation fund and interest income from the settlement agent accounts. Many sources of income are included in that heading.

Mr W.R. MARMION: How is the exploration incentive scheme funded?

Mr W.J. JOHNSTON: Sorry, I am not quite sure what the member means.

Mr W.R. MARMION: I refer to spending changes on page 208 and the line item “Exploration Incentive Scheme Continuation” under “Other”. There is an allocation of \$10 million in 2019–20, 2020–21 and 2021–22. Can the minister explain the rationale for this?

Mr W.J. JOHNSTON: Absolutely; I am very pleased to do so. This is absolutely good news and I have been inundated with support from industry for this decision. For the first time since Norman Moore retired, we have included the exploration incentive scheme in the ordinary activities of the Department of Mines, Industry Regulation and Safety so it is now secured forever. It is no longer dependent on external funding. It is now just another line item in the agency’s budget. This is great news. People often do not realise that \$5 million of the exploration incentive scheme money is allocated to the Geological Survey of Western Australia for its pre-competitive data acquisition projects. Putting the survey on this footing means it can plan for that expenditure years in advance, so it is now able to take a multi-year approach to its data acquisition project. This is absolutely good news. The member would know, as a former mines minister, how important the pre-competitive data is. It is one of the reasons that Western Australia, even after being a mining jurisdiction for over 125 years, continues to be the location of such an incredible level of activity in the exploration space. As we all know, the easy-to-find reefs have all been found, so we now need to work harder to make the next discoveries. They might be undercover or they might be in new geographical locations.

I always talk about the Gruyere gold project, and I am sure that the member would share my enthusiasm for it. It is a classic example of how the EIS works. The pre-competitive data from Geological Survey was used by an individual prospector to identify what he believed to be a target in a completely new province that had not previously been explored. He got some people together to support his idea and got a co-funded drilling opportunity, again with support from the EIS. He went out and put a hole in the ground and the first drillhole found the reef. It is unbelievable! He took publicly available geophysical data, went out and drilled a hole, and found gold at four parts per million. That location is now the site of a major investment by Gold Road Resources and Gold Fields—a \$350-odd million investment. The great thing about it is it opened a new province for gold discoveries. I am no geologist, but it is pretty clear that the feature they have discovered continues north and south of the find and there will be great opportunities for the state as private sector investment goes into that new province to create a completely new area for gold activity. It is such a good story and it is exactly why we wanted to put the exploration incentive scheme into the ordinary budget of the department so it can plan for the future. As I said, half the money goes to the pre-competitive work done by the department.

Mr W.R. MARMION: I do share the minister’s enthusiasm for the EIS program. Can the minister explain the source of that funding?

Mr W.J. JOHNSTON: Certainly; it is now part of the ordinary appropriation of the agency.

Mr W.R. MARMION: Can the minister be a bit more expansive? Where does the government get the money from?

Mr W.J. JOHNSTON: As the member knows, the department has two sources of income. One is from the sources that we discussed before—the charges and fees we talked about and the rental income from all the different accounts that we maintain. We discussed the fees charged in the electrical safety area as an example. Secondly, an appropriation is agreed by Parliament.

Mr W.R. MARMION: Note (a) on page 208 states —

Existing Royalties for Regions funding of \$10 million in 2018–19 has been reduced by \$5 million and replaced by an additional revenue of \$5 million from the MTR.

Can the minister confirm that that extra \$5 million from mining tenement rentals will be used for the continuation of the exploration incentive scheme in 2019–20?

Mr W.J. JOHNSTON: Indeed, that will make a contribution to the operations of the agency. All the funding for the agency will be used and applied 100 per cent to the activities of the agency.

Mr W.R. MARMION: I refer to the mention of additional revenue from the MTR; can the minister explain how that additional revenue will be collected? Is there a percentage increase in the current mining tenements or are there different types of tenements or exploration licences? Can the minister give a breakdown of how he came up with the \$5 million for 2019–20? I understand that \$10 million is allocated for the years thereafter?

Mr W.J. JOHNSTON: What is an exploration licence?

Mr W.R. MARMION: I am asking the question—mining tenements in general.

Mr W.J. JOHNSTON: There is no question that this year, just like last year and in other years, there has been an increase in the charges that the department makes on industry. It is not the first time that has happened and I imagine it will not be the last.

Mr W.R. MARMION: Can the minister confirm whether that increase for mining tenement rentals is six per cent or some other figure?

Mr W.J. JOHNSTON: There is a variation—different tenements get different increases in charges.

Mr W.R. MARMION: Can the minister tell me what those variations are for all the different mining tenements, or is it a secret?

Mr W.J. JOHNSTON: No, it is not a secret; I was just conferring with Dr Gorey about some information. I will make some comments and then, if it is acceptable, I will ask Dr Gorey to make some comments as well. One thing we were keen to prevent was an unfair burden on the exploration sector because one of the problems when governments increase fees for exploration leases is that they flow through to local governments in their rates base. We have increased dozens of charges in this agency, right across every area of operation. We looked at the costs not at full fee recovery and increased them by five per cent or more; we increased those at full cost recovery by a proxy of inflation, 1.5 per cent. Obviously, we cannot over-recover fees and charges because that would be unconstitutional. In designing the increase for mining tenement rentals, we wanted to make sure that the exploration sector was not hit twice. Dr Gorey will explain that we designed the increases to ensure that the double hit of increasing the rates as well as the mining tenement rentals for exploration leases did not apply. With approval, I ask Dr Gorey to make some comments.

[11.10 am]

Dr P. Gorey: On that page, and also on page 207 of the *Budget Statements*, the appropriations, expenses and cash assets table is, under the heading “Delivery of Services”, the line item “Services to Industry Component (Mining Tenement Rentals)”. Page 208 deals with a change in spending. That is why the exploration incentive scheme change in spending appears on page 208. In the previous budget the EIS did not have further spending beyond the next financial year; that is why it appears on that page. The budget sets out a broad increase in rentals for mining tenements, which are the annual payments that come through from live tenants. For exploration licences in particular, the increase in the rental rate is approximately 1.5 per cent per annum. The member might be aware that the Mining Legislation Amendment and Validation Act 2008, on which unimproved value is determined for the purposes of shires establishing their rates, points to an unimproved value being based on the annual rental amount. By differentially increasing mining tenement rentals for the first one to three years, it will not flow on to the rate calculations that the shires make.

Mr W.R. MARMION: I understand that, and I am pleased that the government has chosen to make sure that explorers are not heavily penalised. The increase of 1.5 per cent is probably reasonable. What about for an existing mine site? Can the minister explain the increase on those mining tenements?

Mr W.J. JOHNSTON: Because we inherited \$40 billion of debt from the former Liberal government, we cannot just go out and do whatever we want. We are very determined to make sure that the EIS continues. We therefore need to make sure that, like every business, we pay for our services. The only way we can do this, like every business, is by either cutting the budget or increasing the revenue—we probably do a bit of both. That is what we are doing. It is good that the underlying appropriation for this agency has been significantly reduced. In fact, the outcomes in the budget papers do not reflect reality because they did not capture some of the savings in the agency. We are making even better savings than the budget states.

However, we also have to look at revenue, and we have increased mining tenement rentals. The 20 largest mining companies in Western Australia contribute 30 per cent of the revenue from mining tenement rentals. The member could ask whether the increase in the MTR pays for the EIS, and that could be argued. We have the large companies that generally do not use the EIS overwhelmingly paying for it, not the juniors. If you like, we are transferring wealth from the large companies to the smaller explorers. The contribution that an explorer makes to the cost of

tenement rentals is very, very small in the overall picture; so, yes, if the member wants to put it in those terms, there is a transfer of wealth from the large companies to the juniors. I bet the National Party will celebrate that decision, because it must be remembered that we have put the EIS on a permanent basis. The EIS is now part of the activity of the agency. I do not want to go over old ground, but this is an exciting opportunity and the agency can now plan around the EIS for the pre-competitive data collection for years in advance—for as long as it wants to. We can now start making even more innovative decisions about how the co-funded drilling program is looked at as well, because for the first time in a long time we finally have it permanently in the budget.

Mr W.R. MARMION: That is good logic. I am glad that I finally got the logic from the minister. But in terms of the actual formulas, can the minister tell me what they are? I have it at 1.5 per cent for —

Mr W.J. JOHNSTON: It is 1.5 per cent for the first three years of an exploration licence, and six per cent for the other tenements.

Mr W.R. MARMION: So it is not graduated according to how big the company is?

Mr W.J. JOHNSTON: No.

Mr W.R. MARMION: That is all I have been after for the last 15 minutes.

Mr W.J. JOHNSTON: Sorry. If the member had asked me that, I would have answered it.

Mr W.R. MARMION: In the past 15 minutes that has been the only figure I was after.

Mr W.J. JOHNSTON: The member did not ask for it. I am happy to answer questions when they are asked.

Mr W.R. MARMION: Thank you for that, minister. Dr Gorey correctly explained that there is a flow-on because the unimproved value is related to the fee charged.

Mr W.J. JOHNSTON: Yes.

Mr W.R. MARMION: But it implies that not only for exploration, but also for mining licences. So the councils will get a windfall of six per cent from the rates they collect. Is the minister happy for local authorities to get increased rates, or will there be some changes to allow offsetting that increased amount for local governments?

Mr W.J. JOHNSTON: That is a very good question. The Western Australian Local Government Association wrote to me last year, complaining that we should make a condition for the continuation of a mining tenement. Obviously, a mining tenement cannot be kept if the fees are not paid to the department. WALGA asked us to amend the act so that payment of rates would also be a trigger for —

Mr W.R. MARMION: It asked me, too.

Mr W.J. JOHNSTON: Yes. I happily wrote back to WALGA and said that I did not think it was a good idea. I also said that it had to start thinking about how it charges on mining tenements. There has been a view in some councils, not all, that mining companies are cash cows. When the member was a minister, a number of mining companies made the point to me that they were paying more to local governments than they were to the state government. I urge councils to think about their real costs. In the last Parliament I was on the Public Accounts Committee that looked at the question of auditing local governments. Some of the situations of local governments were very disturbing, as stated in that report. I made specific comments about it in Parliament when we tabled that report. I think that councils need to carefully consider what they are doing to mining companies, because this decision by some councils to unfairly target some mining proposals is unreasonable. Somebody was talking to me the other day at an industry event about a council getting 70 to 80 per cent of its income from mining companies. It is seriously unsustainable. The government will do what it needs to do to make sure that it can overcome the \$40 billion of debt left to us by the Liberal Party, but we urge councils to not just see this as a windfall; they should tailor their charges to their actual expenses. They should, as we are doing, go through their budget line by line to look for savings opportunities so that they can reduce their call on mining companies.

[11.20 am]

The CHAIR: I will now give the call to the member for Belmont. We will come back to the member for Nedlands in a minute.

Ms C.M. ROWE: I refer to the appropriations on page 207 of budget paper No 2. Will the minister inform the house what work the Consumer Protection Division is doing to assist vulnerable Western Australians to deal with scammers?

Mr W.J. JOHNSTON: That is a very good question. One of the great achievements of the department is its work with individual consumers. One of the things about this agency is that it is very large. When I speak publicly, I often talk about resources, petroleum and mining, and perhaps Asian engagement; but, in fact, most of the agency's work deals with consumers. As a Labor member of Parliament, I admit it makes me very proud to be able to do that. It is a matter that lands on my desk most often. Most people who are writing to me as minister, are writing to me about consumer protection issues. Therefore, I am very pleased to be able to let the member know

that Consumer Protection runs WA ScamNet. That has shown that there have been 34 victims of an iTunes scam, worth nearly \$117 000 in 2017, which is double the number of victims in 2016. In response to that, Consumer Protection has undertaken a multifaceted campaign that is working with media, through to consumers and also traders. Vulnerable citizens have been going into retailers and buying thousands of dollars of iTunes vouchers. Companies have put in place procedures to ensure that large volumes of iTunes vouchers cannot be sold. Interestingly, I was with my daughter in Victoria Park recently. I bought her lunch and then went to buy an iTunes card for myself. I must look very old, because the young woman behind the counter at Woolworths at Vic Park asked me whether I knew about the scams and whether I was buying the card for myself or buying it for somebody else!

Mr P.A. KATSAMBANIS: A strong message.

Mr W.J. JOHNSTON: It is clear that the message is getting to the front line at Woolworths at least!

I will ask the commissioner, David Hillyard, to expand on some of the examples of the important work being done by Consumer Protection.

Mr D.M. Hillyard: This issue has been one of the cornerstones of a fair amount of work at Consumer Protection. In the strictest technical sense, a consumer scam of this nature is not a consumer transaction; it is a fraud. We have had longstanding relationships with the police and other enforcement agencies to try to deal with these things, but, as the minister mentioned, people on the ground are being affected by this. Romance frauds are continuing at the moment. People are still reporting to us and we are intervening and trying to convince consumers, as we call them, that they are involved in these things. Often it is a two-edged sword: they suffer a financial and an emotional loss because what they thought was going to be their future life with somebody is dashed. We have put a range of resources into this. We have people on the ground who are very dedicated in getting results. We have plenty of war stories of junior staff taking customers to the bank to try to stop a transfer of funds going out of the country. We are getting some better reactions from the banks that are putting in stop measures on transfers that seem out of the ordinary. It is ongoing work. I do not think it is ever going to go away. The scam are going to change from day to day, but it is part of our role.

[Ms S.E. Winton took the chair.]

Mr W.R. MARMION: I want to finish off on the exploration incentive scheme. The minister referred to local government rates. I understand that Western Australia is the only state that allows local governments to charge for exploration licences. Would the minister comment on that, because people in the industry are saying that when they are doing exploration, they go out on site, do not do much damage and do not receive many services from local authorities, yet they have to pay. As the minister knows, exploration is not about making money; it is about the hope of making money in the future. Can the minister comment on whether he is looking at that?

Mr W.J. JOHNSTON: Is the member saying it is the Liberal Party's policy —

Mr W.R. MARMION: No. I am asking: what is the government's policy on that?

Mr W.J. JOHNSTON: My policy is the same as the member's policy was as a former minister. Is the member saying that the Liberal Party has changed its position?

Mr W.R. MARMION: I am asking the question: does the minister have a view on that?

Mr W.J. JOHNSTON: My view is the same as the member's—that is, that the policy of the former Liberal government remains the policy of the current government.

Mr W.R. MARMION: To wrap up the EIS, as the minister knows a cost-benefit analysis was done in 2015, which showed about a 10 to one —

Mr W.J. JOHNSTON: It was 23 to one.

Mr W.R. MARMION: Is the department looking at updating that cost-benefit ratio in the future to see whether it still applies, has increased or gone backwards?

Mr W.J. JOHNSTON: I am happy to defer to Dr Gorey; I am sure he would love to say a few words on this. However, I keep quoting the figure that was prepared in a report when the Liberal Party was in power. The benefit from the EIS was not 10 to one; it was 23.7 to one. Everywhere I go I tell people about the EIS. As minister, one of the first things I did was to attend the Association of Mining and Exploration Companies conference in May 2017. I sat at the same table at that breakfast with—I do not remember his proper title—the guy who runs the national geoscience organisation. He told me that the EIS is the best program of its type anywhere in the world. That is why I am so determined and so pleased that it is included in the department's ordinary budget rather than it being left out on its own without a multi-year plan.

I also mention that the Minerals Research Institute of Western Australia does great work. It is, again, something that I like talking about wherever I go, because of the great outcomes that we get from that investment. I acknowledge that it is not in this budget item, but I point out that I keep them together in my mind when I am talking about these things. I will ask Dr Gorey to make some comments, but at this stage we are not planning on doing a follow-up. That 23.7 to one benefit is a great outcome, but I am sure that Dr Gorey has a few things to say about that.

Dr P. Gorey: It is correct that the work done a couple of years ago has been quite an important reference for us. The evaluation that the department has been undertaking for the EIS is in the context of it being budgeted for another year. That situation is now changing with the budget now being ongoing. The context of what the department is now looking at is that a direct financial cost–benefit is one of the ways of evaluating the success of a program such as this. Information take-up, access to information online, the use of pre-competitive data that the department publishes and the flow-through of that information into the decision-making of potential investors are all various ways that give us a clear view of the success or otherwise of that program, but will also influence how we can continue to build this program to make sure that it delivers what we want for Western Australia.

As the minister said, a number of states have something like the EIS. We would suggest that the Western Australian EIS is a national leader in this field. To maintain that position as leader, we need to continue to refine the EIS to make sure that it delivers for the decision-makers and explorers both now and into the future. We are already looking at a couple of things around that, including the extent to which we can engage with experts in the sector—those who are closer to decision-makers for investment—to make sure that when we have an EIS as a longer term program, we keep it relevant. Work within the current program to do that evaluation is not happening. Now that there is longevity to the program, that is one of the things that we consider.

[11.30 am]

Mr W.R. MARMION: Just so that we have the figures correct in *Hansard*, when I initiated the review of the EIS to get some data, I knew that it had not been going for too many years. I understand there were two figures. There was the roughly 10–1 multiplier of the scheme itself, the 23–1 that I was very careful not to use very often because that implied a discovery—the Nova discovery—and there was Tropicana and a few others because of the small amount of data. As we move forward with the EIS, the information will become more relevant and precise and the 23 will probably become a bit more refined. Perhaps Dr Gorey can confirm those two figures and put them in context, so they are not reported the wrong way in future when people read *Hansard*.

Mr W.J. JOHNSTON: I am happy for Dr Gorey to make any further comment. When he has finished, I will make a closing remark because I assume we will move on to a new topic.

Dr P. Gorey: The additional detail is that that study was done at a particular point. Absolutely the study assessed the EIS in 2015 based on the information at the time. In doing that study, we were conscious of issues around picking up the nuances of particular events happening. That is certainly there. I think regardless we will have, with success, mine sites opening and closing at various times throughout the EIS. The report is public, and a comment from a departmental point of view, for those who are very keen on understanding the context and use those numbers, is that the report is public and describes the methodology used.

Mr W.J. JOHNSTON: To conclude, one of the exciting opportunities for the future is to apply new technology to the co-funded drilling component. I draw the member's attention to HiSeis 3D, which is a spin-out company from Curtin University. It has taken technology that was particularly used in the oil and gas sector and applied it to mineral exploration. It has had incredible success with this, including being able to reduce the cost of drilling out an ore body because the technology can describe the ore body more accurately using sensing rather than needing to drill everywhere. Drilling can then be done just where the ore body is, rather than where the ore body is not. Recognising the importance of still putting pieces of tube in the ground, whether there are other ways of encouraging new technologies in this space as well as on a co-funded basis might be something very interesting for the future.

Mr P.A. KATSAMBANIS: My first question refers to the significant issues impacting the agency as stated on page 208 of budget paper No 2. The first dot point refers to a ministerial advisory panel being established to develop new safety and health laws for Western Australia, the intention being that one general work health and safety act would cover mines, petroleum and general safety. The budget states that that act would have separate regulations aligned to each industry segment, and that the department is working towards modernising the act for WA, with new legislation expected to be introduced into Parliament in 2019. I have a series of questions around that. Firstly, is it the intention of the government to now model the Western Australian laws on the national model work health and safety laws, or can the panel recommend that we do not go down the path of the national model?

Mr W.J. JOHNSTON: The former government was working on adapting the WHS—the model act for Western Australia—and it had two streams. The first stream resulted in a green bill being released in respect of general employment, and the second was in the mines area but it did not complete its work. When I became minister, I asked the agency to work on, effectively, amalgamating those two pieces of work. We started with the nationally consistent WHS bill; obviously, we looked at the updates, but particularly as implemented elsewhere in the 2011 model, and took account of all changes. The ministerial advisory panel worked diligently and has, effectively, completed its work. On 6 June, I will catch up with everybody on the panel to thank them for their work and provide the draft of the discussion document that the department will put out. The MAP will finish on 30 June. On 30 June, the department, on my behalf, will issue a discussion paper with the outcomes of the MAP and what we will do next. There will be a short consultation period of probably two months, and then I will take

that to cabinet. I emphasise that the MAP was a process to give me advice; now I have to work out what to do. Obviously, the way forward will be based on the work of the MAP, but there will be an opportunity for everybody in the industry to have a say. Obviously, the MAP was a closed process. It was a group of people drawn from all sides of the industry and government to give me advice. Now I have to give advice to cabinet. Before I take that to cabinet, there will be a two-month opportunity for anybody in the industry to comment on the outcomes of the MAP.

Mr P.A. KATSAMBANIS: That will be in the guise of commentary on the discussion paper. That is fine, because all the stakeholders, including industry, would like a say.

Mr W.J. JOHNSTON: Just to clarify, it is not a discussion paper. It is a —

Mr P.A. KATSAMBANIS: An issues paper?

Mr W.J. JOHNSTON: No; it is commentary on the draft. The MAP has been a very detailed process, so it is more than a discussion paper. We cannot call it the draft bill, because technically the draft bill has to come out of Parliamentary Counsel. It is what would be described as very detailed drafting instructions.

Mr P.A. KATSAMBANIS: It is the drafting instructions, for want of a better word.

Mr W.J. JOHNSTON: If the member wants to call it that.

Mr P.A. KATSAMBANIS: That will be through public consultation.

Mr W.J. JOHNSTON: Yes.

Mr P.A. KATSAMBANIS: That is good. Is it the intention, once that process is finalised and something comes out of cabinet, that the bill produced will be introduced into Parliament or will it be introduced as a green bill?

Mr W.J. JOHNSTON: No. There has been a formal process to take the nationally consistent legislation and make it relevant to Western Australia. As an example, we have had a long history of having a chief mining engineer: how does that fit in? That is an example. It has to be adapted for Western Australia. Once the MAP has finished its work—it has a few things to do, but basically it is done—that is the time for me to consult with the industry. That is what the process looks like from here. After a brief period of consultation, it will go to cabinet and come to Parliament as a bill that I read in the house.

Mr P.A. KATSAMBANIS: As a bill—that is okay. That clarifies that part of the process. There will be separate sets of regulations for various industries. Will those regulations, even in draft form, be available at the same time as the bill is tabled in Parliament?

Mr W.J. JOHNSTON: As the member might remember from when he was a member of the governing party, it is not normal for the regulations to be produced in advance of a bill passing Parliament. Parliamentary Counsel does not like doing that. There will be some delay between the passage of the legislation through Parliament and the act coming into force because, obviously, the regulations will need to be drafted. Of course, the department will be consulting as quickly as possible under its normal procedures. As the member knows, there is a regulatory process inside government that is exactly the same as when the two people sitting next to him were ministers. That has to be followed. I point out that there are draft model regulations produced by the national process as well. It is not as though anything will be a surprise to anybody when they see it. The whole idea is to make sure that everybody is consulted. We do not want any surprises. We are doing what the former government tried to do and did not finish, which is to take the nationally consistent health and safety law and bring it into Western Australia. In 1984, Western Australian laws were literally world leading. That was 35 years ago. It is now time to catch up because we have, unfortunately, dropped behind.

[11.40 am]

Mr P.A. KATSAMBANIS: We are pretty much on a unity ticket on this.

Mr W.J. JOHNSTON: Yes, absolutely. There are almost no differences.

Mr P.A. KATSAMBANIS: The only issue is around the technical aspects and the wording of those regulations. I accept what the minister said—that parliamentary counsel are reticent to draft regulations before a bill passes—but at the same time it has happened in the past. In this area of the law, the devil is sometimes in the detail. Industry and all stakeholders involved in this want to know the lie of the land. So, the model regulations will be used as a guide to assist Western Australia in the same way as the model legislation is being used.

Mr W.J. JOHNSTON: That is exactly right, member. This is a no-surprises approach. I have given specific personal undertakings to a range of stakeholders on all sides of the health and safety discussion that this will be a no-surprises approach. I sit here and again make that commitment. As the member said, 99 per cent of this stuff is agreed. It is only the one per cent we could have an argument about. We have a particular approach; others have a different approach. Nobody is surprised by that. We do not want any circumstance in which people say, “Oh my God; I didn’t know that.” The ministerial advisory panel process, although it was necessarily a closed process, involved representatives from the Chamber of Commerce and Industry of Western Australia and the Chamber of

Minerals and Energy. It also had a representative from UnionsWA. The next two months of consultation, starting at the end of June, is entirely public. I have already sought meetings with a range of business stakeholders. Obviously I have made the same undertaking on the union side. I want to make sure that there are no surprises. At the end of the day, the government does not have control of the upper hose. We will have to make sure that the legislation is broadly supported, otherwise it will not become law.

Mr P.A. KATSAMBANIS: The minister states that he intends to introduce the bill to Parliament in 2019. He pointed out that its passage is not solely determined on what the government does once it gets to Parliament. Is the intention to introduce it in the early sittings of Parliament in 2019 or is it too early to estimate what time frame in 2019 it is likely to be introduced?

Mr W.J. JOHNSTON: I point out to the member that if he looks at the list of ministers in order of their priority, he will see that I am number 11. I do not know whether that indicates the order of priorities for Parliamentary Counsel's Office. I am not the Premier; the Premier controls the order of priority for legislation. Although it is what I would call very detailed drafting instructions, Parliamentary Counsel's Office still reserves properly to itself the drafting of bills and I cannot comment on the time line. I would like to have it introduced as soon as physically possible.

Dr M.D. NAHAN: Yesterday, I asked the Treasurer a question related to royalties income on page 218 and he told me to ask the Minister for Mines and Petroleum.

Mr W.J. JOHNSTON: I heard about that. He calls it a flick pass!

Dr M.D. NAHAN: He did it a couple of times. My question should be quite straightforward. Gold royalties tend to tail off over the forward estimates. The Under Treasurer said that it was probably volume and not price. I think the price is forecast to go up in both US and Australian dollar terms; therefore, there would be quite a sharp drop-off in the expected gold production. Could the minister confirm or maybe have someone discuss it for my information?

Mr W.J. JOHNSTON: Gold royalties are projected to decrease over the forward estimates mainly due to forecast falls in the output volumes coupled with increases in exchange rates partially offset by increasing forecast prices.

Dr M.D. NAHAN: Exchange rates are as flat as a tack in the forward estimates. We were told by Treasury yesterday that it is a volume effect and to ask the experts in the department of mines from whom they get the data.

Mr W.J. JOHNSTON: It is true that there is a projection of a decline in volumes. The great thing about this is that we have been surprised on the upside quite a lot. Last year, 2017, was the best year ever for the gold industry in Western Australia. Clearly, that was because there was a new minister. We can look forward to —

Dr M.D. NAHAN: The upper house helped.

Mr W.J. JOHNSTON: No. The 2017 volumes were unrelated to the upper house because investment decisions were made a long time ago. Clearly, it was because of a superior quality minister—there cannot be any doubt about that. As long as the Premier continues to allow me to keep the job, I hope there is a lot more upside for the industry.

Dr M.D. NAHAN: Does the decline in gold royalties over the forward estimates indicate that the minister is going to leave his post?

Mr W.J. JOHNSTON: No. The member would have to ask the Premier that. This is something that is entirely within his control.

Dr M.D. NAHAN: There is a small number of very large, old mines. The minister knows which mines; they have been around for a long time—I hope they last. Is the assumption that some of them might be at risk? I do not expect the minister to mention individual mines.

Mr W.J. JOHNSTON: The good thing about 2017 was not just the volume of gold, but also the increase in exploration activity—\$550 million worth of gold exploration. That is a record. That was \$100 million more than whoever was the minister before me had, when he was in control.

Dr M.D. NAHAN: As the minister knows, things started a long time ago.

Mr W.J. JOHNSTON: I am just making a point. Obviously, I get blamed for the downside so I must be responsible for the upside!

Professional staff at the department do a great job, but these are estimates. We cannot actually know. The good thing is we do not want to overestimate the revenue in the budget. If we overestimate revenue, we are in deep trouble. I expect the department to take a conservative approach. It does this independently of government. The government does not tell the department what outcome it wants. The department goes away and makes its own predictions. Because I am a member of the Expenditure Review Committee, I know the way that Treasury reacts to those predictions. I know that they worked very closely together on this work. It is unusual in that we predict volumes but Treasury predicts prices and exchange rates. The estimates are done by Treasury but on the information that is provided by the department. The department provides its best professional view about the future profile.

Mr W.R. MARMION: As the minister knows, the Treasurer made a comment at page 5 of his budget speech that an increase in the rate of gold royalties “remains justified”. That has caused some uncertainty in the industry. Is the minister discussing any future increase in gold royalties with the industry or is he allaying their fears in any way?

[11.50 am]

Mr W.J. JOHNSTON: The government does not have any plans to increase the gold royalty this time. I must say that I cannot walk into a room without somebody from the mining sector telling me that the gold royalty is too low. As the member knows, it is not an issue, because we cannot get it through the upper house as it is currently constituted. I think there has been a \$A134 increase in the gold price since the royalty discussion last year. Clearly, the structure of the second iteration of the gold royalty proposal last year would have taken account of all the high-cost producers—they would not have paid any additional gold royalty. That meant that the high-cost producers would not have been impacted had that regulation gone through. Having said that, we do not have any plans at the minute to change the royalty rate.

Mr S.Y. MUBARAKAI: I refer to the significant issues impacting the agency listed on page 209 of budget paper No 2, specifically the issue of payment protection for subcontractors. These matters are of concern in my electorate. What is the government doing to implement its election commitments on payment protections for subcontractors?

Mr W.J. JOHNSTON: I thank the member for raising the issue. The government went to the election with specific commitments to improve the situation for subcontractors in the building industry. We have kept in place, exactly as left to us, all the arrangements put in place by the previous government, and we are building further on that foundation. We have set up an industry advisory group chaired by prominent and well-regarded Western Australian barrister John Fiocco, who is bringing all the industry parties together on this issue. This is not a report. Mr Fiocco is bringing the industry parties together to facilitate the implementation of the government’s commitments. This is a very complicated issue, and one of the reasons is that it is related to commonwealth law, and, obviously, we cannot amend the commonwealth law. We have to work around that. Currently, 26 stakeholder groups are being consulted as part of this process, including organisations representing principal head contractors, subcontractors and legal practitioners, as well as state government agencies. The process is designed to ensure that we make well-informed decisions about our reform program, unlike the case with previous reforms, which had good intentions but probably did not do enough. We are determined to get that right. There are no easy fixes in this space. There is no magic wand that can be waved to solve the problem, and the fact that there are similar problems in many other jurisdictions underlines this.

I note that the commonwealth government has tabled the Murray report on subcontractor protection, and I have asked John Fiocco to deal with that, so that we can have an instant response to the work of the commonwealth government. I note that the commonwealth government’s work did not recommend changes to commonwealth government laws, only to state laws, which is very interesting given that many of the problems in the insolvency space relate to the commonwealth corporations law, over which we have no control. There is no special budget allocation for this process; the costs are being absorbed into the department’s work. Mr Fiocco has so far held two series of consultations, and further consultations are planned over the next couple of months. I note that we will also be acting in the government space very soon, because we are very determined to improve the outcomes for subcontractors and other small business owners in this state, without undermining the important work done by head contractors on behalf of their clients.

Dr M.D. NAHAN: In the election campaign, the spokesman for the Labor Party made a range of promises in this area. Everyone recognised at the time, and should recognise now, that it is a very difficult area to effect policy. One of the proposed measures was to implement something like project bank accounts across the public sector. At that time, the previous government was experimenting with those; I think it had implemented six or seven of them under its watch. I have two questions. What have been the results of the project bank accounts implemented by the previous government that are still in place now? Can the minister give us a briefing on how they worked out and whether there were any issues with them? They were controversial, but nonetheless it was a trial. Does the government plan to implement more widely, on the basis of that experiment, project bank accounts across the board in the public sector? I understand that there are a range of issues with the private sector.

Mr W.J. JOHNSTON: I thank the member for the follow-up question. We are looking at ways to expand project bank accounts across new areas of government. Of course, this is about government projects; we are not currently proposing project bank accounts for the private sector. That was not an election commitment. We note the work in Queensland, where project bank accounts have been applied more widely. Again, I note the Murray report and its recommendations. As I said, we are trying to instantly respond to the Murray review through the already established group run by John Fiocco. An interagency working group, chaired by the Department of the Premier and Cabinet, is working on project bank accounts. I am in regular contact, in fact as recently as yesterday, with the convener of that process, and we would expect to be able to make further comments very soon.

Dr M.D. NAHAN: I think seven project bank accounts were implemented in the trial. Can the minister give us a rundown on the effectiveness of those? Did they achieve their aim?

Mr W.J. JOHNSTON: It is a bit complicated, because the Department of Finance actually does those; it is not my agency. People should not forget that my agency is the regulator of the building industry; it is not actually the regulator of the activities of government. For good administrative reasons, I have carriage of the private sector, because that falls under the responsibility of the Building Commission. In respect of the broader piece of work being done in government, I have carriage of that piece of work for administrative ease, because there needs to be somebody at the centre of it. Even though the person running that process is in the Department of the Premier and Cabinet, I am the minister he is working with, just for administrative ease, but I am not in charge of the Department of Finance. I respectfully apologise, but I cannot answer a question on another minister's activities.

Dr M.D. NAHAN: The minister has described a situation that I am familiar with. I am not being critical; it is just the nature of the beast. However, if the government is seriously looking at expanding project bank accounts across the public sector, as per Labor's election commitments, would the minister with implementation policy oversight not be looking at the examples of the project bank accounts that have been running for over a year now?

Mr W.J. JOHNSTON: Thank you, member. I am not trying to be disrespectful. Let me put it this way, because I cannot answer questions on behalf of the Department of Finance, as the member acknowledges: in respect of the piece of work that I am responsible for, which is the cross-government implementation of our election commitments, it is our current intention to roll out project bank accounts more widely. Maybe that answers the member's question, because obviously we would not be rolling them out more widely if it was felt by the government that they had not succeeded.

Dr M.D. NAHAN: Would the minister commit, when making a policy, to do an assessment of those test cases, if you wish, because they were very controversial? There are a lot of ways to skin a cat. We came out with one, and the Queenslanders are doing it in a bit of a different way, and the UK did it in a different way. As opposition leader with some residual interest in this, I know that there is a great deal of controversy in the private sector about this, so how we go about this is really important. Will they work at all?

[12 noon]

Mr W.J. JOHNSTON: I can tell the Leader of the Opposition that I am talking to a number of the representatives of the contractors. One of the questions raised by some of those representatives was about the behaviour of clients. I am not going to make mention of any particular builder, but we all know there has been a controversial one that appears, on the surface, to have been related to the behaviour of the client rather than the builder, but let us not go there. Part of what we are looking at, in terms of the piece of work by the government, is what a model client looks like, so maybe we could be a bit of a model client. One part of that is to not always take the lowest bid, because sometimes if cost is the only outcome, we end up with a problem, whereas if we take a more balanced approach, which is value for money, we might end up with a different outcome. The government is talking internally at the moment about what a model client looks like and whether that is something we have to include in our outcomes. I do not want to mislead the Leader of the Opposition, because that was not a specific election commitment, and obviously we are talking about implementing our election commitments, but in implementing our election commitments, other issues have come up.

Mr W.R. MARMION: Just to wind this up, because it is a key area. It is of concern to everyone when a subcontractor does not get paid. I had this discussion when I was a minister with various people involved in procurement. When I ran contracts a long time ago, some decades ago—I know the general conditions of contract were, I think, Australian Standard 185 from memory, but it was 20 years ago since I used it—there was a clause that I used as a superintendent's rep. If a subcontractor came to me and said they had not been paid, in terms of paying the monthly amount—10 per cent was taken out anyway, as a retention—I also had the power to deduct the amount that I believed had not been paid. That forced the issue. One, the money was set aside in the bank anyway, and it also meant that the contractor would quickly pay the person if they had not already, or come and explain what the issue was. I thought that was a simple way of doing it; we are talking about the late 1980s. The advice I got from the department at that time was that general conditions could not be used anymore. I am just interested to know if that could be put in. I would have thought that for a government contract, they could put in whatever they like.

Mr W.J. JOHNSTON: I thank the member for the comment. I do not have that specific detail. There are professional people who are doing the real work —

Mr W.R. MARMION: The Building Commissioner.

Mr W.J. JOHNSTON: It is not the Building Commissioner; we are discussing the public sector. The Building Commission is providing assistance, but it is actually the Department of the Premier and Cabinet that is running that piece of work. I make the point also that, as I understand it, Western Australia is one of the few places that has a "pay when paid" clause in contracts, whereas in other states the payment must be made regardless of

whether they have been paid. There is a whole range of issues around this and, as I say, there are two separate pieces of work—one that the Building Commission is running with Mr Fiocco about the private sector and how we implement our commitments, and the second about reform in the public sector, which is being coordinated through the Department of the Premier and Cabinet.

Mr P.A. KATSAMBANIS: The minister mentions the review by Mr Fiocco. On page 209, again under “Significant Issues Impacting the Agency”, there is reference to a review of the registration requirements for construction contractors and major subcontractors, a review of the adequacy of the legislation and an education campaign. Is that all part of the Fiocco review, or are those reviews and the education campaign separate?

Mr W.J. JOHNSTON: There will be ongoing pieces of work carried out by the Building Commission, separate to the Fiocco review. The Fiocco review is a specific piece of work that is, “Here are our election commitments; what do they look like in practice? Just because we came up with good ideas in opposition, what do they actually mean when implemented in society?” That is the piece of work that Mr Fiocco is doing for me, but other work is going on all the time in respect of the ordinary work of the Building Commission. Those two things interact, but they are not automatically the same thing.

Mr P.A. KATSAMBANIS: When are these reviews of the registration requirements and of the adequacy of the legislation due to be advanced?

Mr W.J. JOHNSTON: Mr Smith just pointed out to me that some of these things are being looked at by Fiocco. He cannot report after October; we want him to report before. But it is not like the Building Commission is sitting still. It is reacting to information that comes to it, so there are ongoing pieces of work by the Building Commission around many of these issues. We also now have the commonwealth Murray review, which makes all these recommendations to state governments about state government behaviour, even though it is the commonwealth. It is not asking for changes to its own laws, but it is bizarrely recommending changes to ours. There are a lot of bits to this, but Fiocco will obviously make recommendations about reform in this area and he has to report no later than October. We are hoping he gets back to us sooner.

Mr P.A. KATSAMBANIS: With regard to the education campaign piece, has that been funded or is it the intention to fund one in the future?

Mr W.J. JOHNSTON: No. I am happy to ask the Building Commissioner to speak on this, but one of the things that all this has highlighted is the fact that people do not know about the rapid adjudication procedure for contractors in industry.

Mr P.A. KATSAMBANIS: Are these the Construction Contracts Act provisions?

Mr W.J. JOHNSTON: Yes, under the act, because people think that they are on their own. It is complicated; as I said, I will get the Building Commissioner to speak in a moment. The adjudication cannot get them the money, but it can find out how much money they should get, if the member sees the difference. It is just like the Western Australian Industrial Relations Commission. The industrial commission cannot enforce its own orders —

Mr P.A. KATSAMBANIS: I know exactly how it works.

Mr W.J. JOHNSTON: The point there is that people are not aware that this capacity exists, and therefore they think they are on their own, when actually they can get help to resolve the extent of the dispute. If the person who has not paid does not pay, they still have to take them to court, but at least they can get the extent of the dispute resolved. I am happy for the Building Commissioner to make comment.

Mr K.D. Bowron: The review of the CCA was part of the terms of reference for Mr Fiocco and took up most of the first workshop he did with the industry stakeholders. It explored the sorts of things the minister mentioned about the accessibility, availability and use of it, ranging from its adequacy right through to the education of people in getting the use of it, so I would expect that we will get some detailed report coming out on that from Mr Fiocco. In the meantime, from an operational point of view, we are constantly trying to update and improve our education material on that and to engage with industry to educate people on the use of the CCA.

Dr M.D. NAHAN: When we were looking at this issue—the accessibility of the CCA to contractors, a big issue—there were a number of complaints: knowledge of it, but also the response rate of the adjudication process itself. They were out the door before a decision was made; that was the feedback. Is the Fiocco inquiry going to look at the functioning of the CCA dispute resolution process, as well as other things?

Mr W.J. JOHNSTON: I will hand over to the Building Commissioner in a moment, but yes, we are asking Mr Fiocco to look at all the election commitments we made and find out how we can get them into practice. As the Leader of the Opposition has already commented, they were a wideranging set of election commitments. A very qualified and excellent shadow minister came up with all those ideas!

Dr M.D. NAHAN: She has been hard on the minister lately!

Mr W.J. JOHNSTON: I am sorry?

Dr M.D. NAHAN: She was hard on you!

[12.10 pm]

Mr W.J. JOHNSTON: She usually is!

It is an important piece of work and we are looking forward to it being complete. The Building Commissioner might want to add some comments.

Mr K.D. Bowron: I think the minister has summarised it well. That is what is happening. We await the deliberations of Mr Fiocco on that. As I mentioned, quite obviously, there are some operational issues that we can address and we try to do that in the immediacy.

Mr W.R. MARMION: I refer to royalty income on page 85 of budget paper No 3. Page 84 refers to the flow of revenues and the good news story on lithium.

Mr W.J. JOHNSTON: Is the member referring to budget paper No 3 or budget paper No 2?

Mr W.R. MARMION: It is page 85 of budget paper No 3. On page 84 there is a report about the nice increase in lithium royalties over the next couple of years. Then there is a bit of a drop-off. Can the minister explain why there is a drop-off in 2020–21 and 2021–22?

Mr W.J. JOHNSTON: Could the member address me to the page?

Mr W.R. MARMION: It is page 85.

Mr W.J. JOHNSTON: I do not have page 85 in front of me. I think the statement read by the Chair of the committee at the start of the hearing was that questions had to relate to budget paper No 2, not budget paper No 3.

Mr W.R. MARMION: It is referred to in budget paper No 2 as well.

Mr W.J. JOHNSTON: I am sure it is, but could the member direct me to the page? I only have briefing notes about budget paper No 2, not budget paper No 3.

Mr W.R. MARMION: Anyway, the minister knows what the question is.

Mr W.J. JOHNSTON: Yes, I do, but if the member addresses me to the page, I can find my briefing note.

Mr W.R. MARMION: It is page 218.

Mr W.J. JOHNSTON: I thank the member; he is very kind! What was the question?

Mr W.R. MARMION: Page 218 lists lithium royalty rates going up in 2019–20 and then they drop-off. Lithium mines are popping up everywhere and I wonder what the rationale is for the royalty income to go down after 2019–20. Is it because there will be a reduction in volumes or is there a prediction about the price of lithium going down?

Mr W.J. JOHNSTON: I thank the member for the question. I will ask Dr Gorey to make some remarks, but I highlight that these are conservative estimates. I am not directly involved in the creation of these conservative estimates. That is done by professional staff without any political interference. I will invite Dr Gorey to make some comments about this.

Dr P. Gorey: One of the approaches the department takes in its provision of forward estimates for volumes, across all the commodities, is that the volume predictions are based on activities approved or that have a very high likelihood of being approved and operational. Influencing all these commodity areas is the likelihood of some drop-off the further out we look through the forward estimates because the likelihood of projects being approved long term will drop off. There is that broader context that I would like to make sure that members are aware of. There are four operating lithium mines now in Western Australia. Another three are under construction and we are fully aware that one is in the planning and approval stage. Of those already operational, there is the Greenbushes project, which is a substantial supplier of lithium spodumene concentrate to the world market. The other operating sites include the Mt Marion operation, Wodgina and the Mt Cattlin operation. As other sites come on board, we expect to see that operations will come up, commissioning will occur and production will get up to nameplate capacity. We will see that happen over time. As the member said, there is a lot of interest in lithium operations. We are probably likely to see a bit more variability in this area in the forward estimates for ore production compared with some of the other commodities that perhaps have longer life spans and industry operations that are a bit more settled, given their longevity.

Mr W.R. MARMION: The other aspect of lithium is lithium hydroxide and lithium carbonate. Can the minister explain what the royalty rate is for pure lithium ore and how it changes as it is refined?

Mr W.J. JOHNSTON: Under the royalty principles that apply in WA, three royalty rates apply to the royalty value of the mineral.

Mr W.R. MARMION: Can the minister please slow down.

Mr W.J. JOHNSTON: Sure, but this will end up in *Hansard*.

A rate of 7.5 per cent applies to crushed and screened minerals. The rate is five per cent for mineral concentrates and 2.5 per cent for metals. The royalty estimates are based on the royalty rate of 7.5 per cent that applies to lithium crushed and screened and the five per cent applied to lithium concentrates. To date, Western Australia has not had any lithium hydroxide or lithium carbonate production. Production is expected in the future. I am sure that the member would be interested to know that I visited the Tianqi plant three weeks ago and it is confident that it will have construction of its first train complete by Christmas, and then it needs to ramp up. Its view is that it will take some time to get to nameplate capacity, but of course it has already commissioned train 2 and that will follow along. SQM, through Western Australia Lithium, announced that although it has not made a final investment decision, it has signed the heads of agreement with LandCorp for access to the land. The investment decision is obviously up to it, but it is pending.

The other thing that has been in the media is the decision of Albemarle; again, it has not made a decision, but it is pending. We do not currently have, and probably still will not have before this time next year, any significant lithium hydroxide production in Western Australia, because Tianqi will still be only in its ramp-up. Obviously, in the out years there might be lots of excitement here.

Mr W.R. MARMION: This question is for my own interest and I do not know the answer. If there was battery manufacturing and we could refine lithium hydroxide even further, how would it affect the royalty rate for that product?

Mr W.J. JOHNSTON: I will get Dr Gorey to respond, but I will make a couple of comments before that. Somebody in the media chastised me the other day because I used the word “cautious” in respect of my approach to the future processing of lithium in Western Australia. The point I make is that I am excited about these opportunities, but let us not get ahead of ourselves. If a battery manufacturing plant was set up in Western Australia today, all the components would have to be imported, because the inputs are not made here. We have the raw materials and now we are going to the hydroxides and carbonates, but they have to be made into other materials before a battery can be made. The government of Western Australia is very keen to get a plan in place so we can support the private sector in making investment decisions, and we might talk about that quite soon, because it is a genuinely exciting opportunity. One of the investors who spoke to me recently made a prediction that if their investment goes the way they want it to, within a decade there will effectively be a campus with 1 000 people working there in highly skilled, technical jobs that are highly paid. It is a genuinely exciting opportunity.

The National Party is not here, but when WA Lithium made its decision the other day to go to Kwinana, a member from the south west said that it should have been in Kemerton and a National Party member from the goldfields said that it should have been in the goldfields. The real issue is: let us make sure that it is in Australia, and, in fact, in Western Australia. The number one issue is to make sure that we get it right. Wherever the investors decide to do it, whether it is in the goldfields, Kemerton, Port Hedland or Kwinana, let us ensure that they do it here in Western Australia. That is the trick. It is not easy to get that to happen. I will hand over to Dr Gorey to give a more technical answer.

[12.20 pm]

Dr P. Gorey: The additional information I would provide is applicable to all commodities. The royalty process that is established under the Mining Act allows for refinement over time, depending on further downstream processes that may come online. One of the things we will continually do—this is something the department has done for quite a while—is continue to monitor that. At the moment I am unable to give a direct answer to it because the answer will be impacted on by things like the extent to which there is an arm’s length transaction and the extent to which processing may happen onsite versus through another third party. What we do have though is the framework under that legislation that is able to deal with that. As new processing and new commodities come online, that can be amended, so that is the advice we would provide to the government at the time.

Mr W.R. MARMION: Let us assume the lithium element was 2.5 per cent or less—the department might say it is less—the industry would argue that gold is an element and it is 2.5 per cent, so why would the government want to put the gold royalty up if it is already an element?

Mr W.J. JOHNSTON: That is an interesting change of topic. The member might have been the minister when the royalty rate analysis was done. I think the member for Nedlands and the man sitting next to him were the two ministers who commissioned the review.

Dr M.D. NAHAN: It was commissioned by Christian Porter.

Mr W.J. JOHNSTON: There you go. One way or another, the two members opposite were in the chair when the report became public and they used to argue about the good work that was done. The analysis done by the two of them was that that was the outcome that should happen for gold and that it was not paying the equivalent of 10 per cent mine-head value. The government does not currently have a proposal to increase the gold royalty ahead of it. However, with regard to lithium, which the member started the discussion on, the government of

Western Australia is very keen to support this growing industry. That is why we have put \$5.5 million from the Minerals Research Institute of Western Australia plus another half a million from the Department of Jobs, Tourism, Science and Innovation into the cooperative research centre bid. I invite the member to get briefed on that. I am briefing Liberal senators on it because I think it is an exciting opportunity. I am just about to sign letters to the relevant federal ministers to bring it to their attention. I spoke to Senator Matt Canavan in Melbourne when I was there for the Council of Australian Governments meeting. There is absolutely no question that the CRC should come to WA. We had specific election commitments around energy technologies and we are keen to roll out those commitments.

Mr P.A. KATSAMBANIS: I refer to the significant issues impacting the agency on page 209 of budget paper No 2. I might have foreshadowed this questioning to the minister earlier today. The seventh dot point on the page states that the department supports a ministerial review of the state industrial relations system currently being undertaken. When is that review likely to finalise its final report? What will be the government process after that report is delivered?

Mr W.J. JOHNSTON: Last year when the member asked about that, I pointed out that we gave him four months. I bet the member the proverbial \$100 that it would not be completed on time. It is lucky the member did not put the \$100 up because he would have lost!

Mr P.A. KATSAMBANIS: I am not a betting man but I was quite tempted when the minister offered that!

Mr W.J. JOHNSTON: It is one of those things: the government sets up a review and tries to give it nice terms of reference, but it always takes longer. I am advised that we expect Mr Ritter to give us the final report on 11 June. It has attracted much attention in the IR sector. I have the issues paper that was prepared and I have a quote here from Winston Churchill —

This report, by its very length, defends itself against the risk of being read.

The report is 565 pages in length. It is thorough going.

Mr P.A. KATSAMBANIS: It sure is. It took a while to read through, but it was good reading.

Mr W.J. JOHNSTON: I have done that too. It is a huge piece of work. Despite the fact that many people criticise it, with valid criticisms it is still a very good piece of work. We will have to have a look. Clearly, the fundamental recommendation is that the 1979 act has got to the end of its life—I think that is probably true—and it will be a big piece of work to rewrite. It will not be my first priority to get the IR act rewritten. That is probably a second-term agenda. The fundamental issues in that paper are basically correct. The analysis of the appeal rights for public servants was extraordinary. I did not realise that the Public Sector Commission had developed its own conciliation and arbitration procedures, which is bizarre, with all due respect to the commission, because it has public servants conciliating and arbitrating on disputes with other public servants without being bound by precedent and without publishing reasons.

Mr P.A. KATSAMBANIS: It is probably technically ultra vires the act itself.

Mr W.J. JOHNSTON: I do not know about that; I am not a lawyer. The procedures have been developed by the commission over time through the commissioner's instructions. Clearly, it needs to be reformed. The government will need to think about what it does with the interaction between the Public Sector Management Act and the Industrial Relations Act. The work around the definition of employees is very interesting. It is a matter that the member and I debated last year. The outcome of the gig economy basically says that we cannot regulate; not that we should not, but that we cannot. That is fair enough. I have never said that we had to do things, but just that we should look at them. I think that is a good thing to do. It is a great set of recommendations for the other elements of the definition of employer. One that is quite controversial is the recommendation on affected award modernisation. I do not know whether I would go as far as Mr Ritter did, but clearly there needs to be a systematic look at awards. The structure of the commission is probably an interesting set of observations and the government will have to respond to that.

Mr P.A. KATSAMBANIS: That sounds expensive.

Mr W.J. JOHNSTON: Which one?

Mr P.A. KATSAMBANIS: The structure of the commission.

Mr W.J. JOHNSTON: As I say, they are interesting observations. It does not mean that the government is committed to any of them. This is a report to government, not a report by government. It is independent. Mr Ritter has a strong background in these matters and I respect his recommendations. We do not know what the final report looks like. It will be interesting to see. Obviously, the final report will go out for comment and then the government will have to respond in some way. Are we going to drop a new IR bill in the house at the end of August? No.

Mr P.A. KATSAMBANIS: I note that at the outset the minister suggested that legislative reform might be post 2020–21, so I might be pre-empting this beyond where he has thought about it. Given the inclination to completely

rewrite the act, would consideration be given to releasing a finalised draft of that as a green bill rather than at some point bringing forward new legislation that was fundamentally different from the existing act?

[12.30 pm]

Mr W.J. JOHNSTON: No. The industrial relations game is actually pretty small. All the parties know each other.

Mr P.A. KATSAMBANIS: Tell me about it.

Mr W.J. JOHNSTON: Yes, I used to be one of them. I do not think we need to go through a green bill process because the reality is that a lot of people will get excited about reading a green bill but they will never interact with the legislation. It is a highly technical area of law. As a former union official, I used to celebrate when a businessman turned up with a suburban lawyer because the suburban lawyer did not understand the industrial relations system and did not understand the precedents or the important role precedents play. I do not think we need to go out to the entire community, but I think it is important that practitioners in the industrial relations system are fully engaged in the process. There is not a circumstance in which I would spring something on the community; it would not be a way forward and I would not do it.

Mr P.A. KATSAMBANIS: Regarding the modernisation of state awards, I notice that the minister is not as enthusiastic about it as perhaps Mr Ritter, SC, has been in his commentary. Is that partly due to the cost to the system, particularly the Industrial Relations Commission or whatever replaces the IRC, if we embark on that sort of exercise?

Mr W.J. JOHNSTON: There would be a cost to all the participants in the system because a root-and-branch rewrite of awards would be a very expensive process and somebody would have to fund it. There are really two separate systems in Western Australia. There is the public sector, which is fine. It is quite healthy. Obviously, I could make some observations about the interaction between the industrial relations system and the Public Sector Commission, but leaving that aside, it is a healthy system because all the participants are actively in it. The problem with the private sector system is that nobody is actively participating. Employer representatives basically have no interest in it anymore because they do not have any members in the state system because they do not represent microbusinesses. Unions consider awards important but, again, most of their members are now covered federally, so there is a lack of available resourcing for employers and employees to do a root-and-branch review of awards. That means people ask, “Why doesn’t the government fund it?” We have to overcome \$40 billion of Liberal debt, so we have our own restrictions on how much we can put into that process. Let me make it clear: I would probably bring forward amendments to the current act regardless of whether there is a complete rewrite. For example, the definition of “employee” needs to be fixed because that is a demand from Michaelia Cash and we will make some administrative changes to the Industrial Relations Commission because we need to simplify it. Recommendations have been made for nearly 15 years to reform some of the commission’s administrative practices. I would like to get those done. We will do some little things. I am not saying that rewriting the act is a second-term agenda but it might well be a second term process. It is not right at the top of our list of priorities at this stage.

Mr P.A. KATSAMBANIS: I have a genuine question; I am not advocating a particular position. Regarding the minister’s discussion of the non-public sector application of the Western Australian industrial relations system, can the minister clarify this so there is no dispute. His comments could, in part, be taken as a pointer towards perhaps handing over such powers, as many states have.

Mr W.J. JOHNSTON: No.

Mr P.A. KATSAMBANIS: The minister indicated that is not the case; okay, great. Again, I am not advocating a particular position.

Mr W.J. JOHNSTON: No, I understand that. If the Liberal Party wanted to do it, it would have done it, because it had plenty of chances in eight and a half years.

Mr P.A. KATSAMBANIS: Given my past experience, I could probably bore for Australia on issues that are created when industrial relations powers are handed over!

Mr W.J. JOHNSTON: It is an issue of intense interest to a small number of people. The question of handing over our powers was specifically excluded from this review. The review board directed the reviewer to not recommend that. It might have been different in the past but that was specifically excluded. We have no intention of handing it over. My position is very clear; I think that awards are an essential element of the industrial relations system. I want to look at how we can strengthen awards to be the principal way of regulating employment.

Mr C.J. TALLENTIRE: I am very keen to hear about some amendments proposed to the Residential Parks (Long-stay Tenants) Act 2006. I have been waiting for these amendments for about eight years. I can reference this to the last dot point on page 209 and also “Appropriations, Expenses and Cash Assets” on page 207 of budget paper No 2.

Mr W.J. JOHNSTON: It sounds trite but one of the great things about being in this portfolio is assisting with issues that individuals directly face. Drafting is underway of the Residential Parks (Long-stay Tenants)

Amendment Bill 2018. It was a decision of cabinet last year to request a drafting of this bill. The main reforms include: removing, without grounds for termination, long-stay agreements for tenants; no termination of fixed-term agreements on the sale of a park; and no automatic termination if a park owner's financiers take possession of the park. I am told by all the lawyers in my office that that is a novel issue for clearing up. In addition, there will be clearer rules for park operators, home owners and prospective tenants on the sale of homes; disclosure of important information will be provided to potential tenants prior to signing a long-stay agreement; new rules for exit fees and other voluntary sharing arrangements; and standard form lease clauses will no longer be able to be varied. That means the standard clauses that are provided will not be able to be contracted out of in the future. I know that the member for Riverton will be excited by these changes because they reflect recommendations made by a committee that he chaired —

Dr M.D. NAHAN: The minister was the deputy.

Mr W.J. JOHNSTON: I was the deputy—in the first year we were both elected to this place. We were hoping to complete these amendments sooner but it has taken a bit longer with the Parliamentary Counsel's Office. I was asked a question by a member of the upper house recently and I made the point that this does not reflect activity of the consumer protection department; it is about the Parliamentary Counsel's Office. We have been working diligently. We hope to be able to introduce the legislation in the first weeks of Parliament after the winter recess and we hope it will get rapid passage through Parliament, but we cannot guarantee that because it still depends on the Parliamentary Counsel's Office to complete the work. I think we are heading towards the ninth draft. I note that the dot point the member referred to on page 209 also refers to the family violence protections that we recently introduced. The bill was read in by my good friend Simone McGurk, the Minister for Prevention of Family and Domestic Violence. They are exciting changes that will allow improved protections for victims of domestic violence. It also reflects the important work done by the department that is often unseen.

The body of work that led to that legislation is tribute to the way the public sector works. It is a very complicated issue, but the public sector has been able to deal with all interest groups in that space to develop important amendments. That is tribute to the way Consumer Protection and its staff work together for the benefit of the whole community. I know members share my view that it is the sort of thing that motivates us to come here, because we are helping individuals with the real problems they face every day. That was a long answer, but we hope to have the legislation in Parliament after the winter recess.

[12.40 pm]

Dr M.D. NAHAN: Returning to the Industrial Relations Commission, I refer to the fourth dot point on page 209 of the *Budget Statements*, which states —

The Department is responsible for implementing several of the Government's public sector workforce commitments, including ... permanency criteria, a review of the redeployment and redundancy framework, and improving agency practices.

Can the minister describe the commitments on permanency criteria and the review of the redeployment and redundancy framework, whether they will be implemented and when some decisions will be made?

Mr W.J. JOHNSTON: I will ask the acting executive director to comment, but our election commitment on conversion was to try to provide an opportunity for people in temporary employment to become permanent. This is a very complicated issue, and we are determined to get to a conclusion. It is complicated for manyfold reasons, but one is the interaction between the Public Sector Management Act and the way the budget is structured. Agencies have been able to capitalise employment costs into projects, but not include them in the recurrent budget, which encouraged the use of agency staff and temporary employment because they were not part of the headcount and the costs went to the capital budget rather than annual appropriations. That led to 26 per cent of public sector employees being either fixed term or casual. In December 2017, there were 24 700 fixed-term employees and over 11 000 casual employees. We think we can convert over 15 000 of those employees to permanency. This is not about new employees; it is about giving a permanent opportunity to precarious employees. A new commissioner's instruction will be required to give effect to the government's commitment. That is being developed by the Public Sector Commission with support from my agency, particularly the public sector labour relations division of which Alex is the executive director. We are still finalising that because it is a very complicated issue, but I welcome the support of the Public Sector Commission on the work being done, and I acknowledge the vigilance of the relevant unions in working with us on this issue. We will articulate the criteria for permanency, require public sector employers to review existing fixed-term contracts and casual arrangements, and enable the conversion of those employees to permanency if the criteria are met. It will not be an automatic process; the criteria will have to be implemented.

The permanency criteria are currently under consideration, but they will include issues like these: the employee has completed two or more years of continuous service in the same or a similar role; the reason for the current engagement on a fixed-term contract is not a legitimate circumstance as prescribed under the relevant award or industrial agreement; the employee is not subject to formal disciplinary or substandard performance action at the

time of assessment; and, the employee has been subject to a proper assessment of merit, which may include competitive selection. Some employers, such as Education and Health, have already commenced conversion processes if enabled to by awards and industrial agreements. I note that many of the employees in those agencies are not covered by every element of the Public Sector Management Act; some are specific to public servants as opposed to public sector employees. The procedures and rules are more flexible in that regard. We are also looking at appeal rights, including the access rights to the Industrial Relations Commission we will give employees. Public sector employers are expected to operate within their existing budgets in meeting these commitments; we will not provide additional resourcing. These are not new employees; they are currently employed by the public service through these precarious employment arrangements. A range of administrative drivers have pushed agencies to employ people precariously, and we are very keen to end that arrangement. I will ask the executive director to make a few comments on the process that has led us to this point.

Mr A.S. Lyon: The minister covered that quite well. We have some challenges around how different public sector employees are appointed. That will also lead to appeal rights and how an employee can challenge a decision of the employer. We are working with the Public Sector Commissioner and the commission on the commissioner's instructions, directions and support of the implementation in the sector. We recognise that agencies will need that support from us and the Public Sector Commission. It is anticipated that the Public Sector Commission will publish the directions in July 2018.

Dr M.D. NAHAN: That relates to the conversion of existing employees. What about converting temporary positions into permanent positions? For instance, hospitals may hire temporary nurses in rotating positions. Is this just for converting people, not positions?

Mr W.J. JOHNSTON: Yes. For a range of administrative reasons, there has been a push over the last eight and a half years to increase the number of precarious employees in the public sector. In December 2017 that led to 26 per cent of public sector employees being employed on a precarious basis. That is not good for the public sector or individuals. The election commitment was to provide more permanent opportunities for those people. We are trying to allow those loyal servants of the state of Western Australia to get permanent employment in the public sector in jobs they currently do. It is complicated because there are a lot of intersecting rules. We have had to work very carefully to ensure that we do not offend any of those rules or cause an imbalance in the finances of the agencies, because, obviously, at the same time, we expect agencies to reduce their budgets. It is a very complicated issue. It is not a one-size-fits-all solution because every agency will be slightly different. We expect over 15 000 of these employees to become permanent within the current budget arrangements of the state of Western Australia. That is an incredible opportunity to improve the lives of a significant number of Western Australians. Again, I am very proud to play a role in that. Education and Health are well advanced because the Public Sector Management Act intersection with their other arrangements is less than in what we would consider to be the public service. Officers of the public service have some complications in respect of the Public Sector Management Act. Clearly, we will not do anything not in accordance with the Public Sector Management Act. We are looking at each of these issues carefully because we think there will be a great outcome.

[12.50 pm]

Dr M.D. NAHAN: What about in areas such as Building Management and Works because its workload is up and down? It depends on the government. It facilitates capital works of a small nature. It varies sometimes by 20 to 30 per cent over the term of the budget. That is why a lot of people have been brought in on casual contracts in those areas. Will the minister target certain areas of the government where the workload is more certain or is this an across-government move?

Mr W.J. JOHNSTON: I think the member might be putting two things together that are not actually related. Agency employees are a separate issue, whereby we contract for service rather than have a contract of service. These are employees—people who are employed as a contract of service.

Dr M.D. NAHAN: I know that.

Mr W.J. JOHNSTON: There is a separate stream of work regarding our outsourcing arrangements. Sadly, I can report that the former Department of Mines and Petroleum was singled out by the Langouant report for having used lots of contracts for service. That is a matter that the director general and I have talked about on a number of occasions. There is a separate piece of work for contracts for service. This is in respect of contract of service.

Dr M.D. NAHAN: I meant “of service”. In BMW, there used to be a high proportion of temps and casuals because of the uncertainty or the volatility of the workload that is determined by Treasury, often, and government because it is a service agency. That is just one example. Will the minister target certain agencies to shift from temporary to permanent or will changes be made across the board?

Mr W.J. JOHNSTON: I will invite the executive director to make a comment, but I point out that we are talking about 36 000 precarious employees and fewer than 16 000 getting converted. Not everybody in precarious employment will end up with a permanent job, but we are systematically trying to identify where we can provide secure employment. I will invite the executive director to comment.

Mr A.S. Lyon: It is worth pointing out that there is already a commissioner's instruction on modes of employment and whether one uses permanent employment when there is a vacancy or contract employment when workers are in a finite time frame or fluctuating. I think the question is around whether the work itself is ongoing and funded. Whether a person should be converted is a decision that each employer will have to make within the criteria.

Mr W.J. JOHNSTON: I think the director general could provide some useful examples from our agency of the sort of thing we are discussing. I invite David Smith to comment.

Mr D. Smith: I thought since we were mentioned, as the minister said, our use of contractors was also highlighted in the Langouant report. It is something that we are turning our minds to, both in the responsibilities for the sector as a whole that Alex is leading with the Public Sector Commission, but also in our own management of this area. I think the criteria that are being developed here are still under consideration. The first of those that the minister referred to was that the employee must have completed two or more years of continuous service in the same or similar role. We will look at positions in which people have been in that situation. Perhaps there is some uncertainty about funding, but the fact that we have had that role for two years is a fair indication, and we have used the built-up skills with those individuals too, so, in a sense, we have a selfish interest in maintaining that. As a department, we are looking at those sorts of positions and the scope we have for making those positions permanent. That is happening now as we go through our amalgamation process and in the search for efficiencies.

Dr M.D. NAHAN: This is unrelated, aside from the review of the redeployment and redundancy framework. The minister has made some comments on that. Is that progressing?

Mr W.J. JOHNSTON: We are committed to fair and equitable management of our surplus public sector employees. Redeployment redundancy processes are being reviewed to ensure efficient and effective outcomes are being realised under the current legislative framework. The department, through the public sector labour relations division, has forwarded review terms to the relevant unions. The Public Sector Commission has been invited to participate in the review. Broadly, the review will evaluate, monitor and report on the overall redeployment and redundancy processes and strategies within agencies; consider and recommend processes and strategies for best practice; report on and recommend possibilities for cultural change regarding perceptions of and approach to surplus employees; and explore broad themes, including duration of the redeployment period, case management and skills matching, suitability assessment, circumstances for suspension and revocation, mechanisms for involuntary termination, and the role of central agencies. PSLR, as we call it, anticipates the review to be completed in the first quarter of next year.

Dr M.D. NAHAN: Could you translate that?

Mr W.J. JOHNSTON: It is a broad-ranging review that is designed to see whether we can provide better outcomes. One problem we have in the public sector is that managers have become too timid to manage. They see redundancy and redeployment as a way of getting rid of people they do not want rather than managing performance. We want to review what has been happening. Again, these recommendations came out of the Public Accounts Committee, chaired by Sean L'Estrange, in the last Parliament.

Dr M.D. NAHAN: I did not know where the minister was going with this.

Mr W.J. JOHNSTON: We want a system that works, because the current system does not function properly.

Dr M.D. NAHAN: I agree.

Mr W.J. JOHNSTON: If we give more respect to people and value their work more, we get a better outcome. That is what this is about. It is about making sure that people do not use redundancy and redeployment for performance management, because that is not what it is about. This is about making sure that we can match the skills needed by the public sector with the people we have. No society functions without a strong public service. Look at the work of the Consumer Protection Division. We talked about that before. Mr Hillyard talked about individual members of the department going with vulnerable people to stop transactions going through that would leave them destitute. That is a remarkable achievement of the public service. We do valuable work; we want to make sure it is done within a proper context.

Mr W.R. MARMION: I refer to the mining rehabilitation fund on page 219, and my question also relates to page 215. A payment of \$2 million is coming out. Can the minister explain what that is for?

Mr W.J. JOHNSTON: As the member knows, as a former minister, we can spend only the interest on the fund. That is the allocation of the interest towards rehabilitation activities.

Mr W.R. MARMION: If that is the allocation, can the minister advise whether all interest will be retained within the department, or once it reaches a certain figure, will it go into the consolidated account?

Mr W.J. JOHNSTON: The only thing the money can be allocated to is rehabilitation works. The payments will be for on-ground work.

Mr W.R. MARMION: I understand that. What about the actual interest earned on the fund? Will all interest earned on the fund be retained by the department?

Mr W.J. JOHNSTON: The interest will be spent. We are not going to give it to Treasury, if that is what the member is asking. We are going to spend it on stuff.

Mr W.R. MARMION: Can the minister advise what mines will undergo rehabilitation? I know the member for Collie–Preston is keen to get the Black Diamond mine rehabilitated. There is also a little one outside Coolgardie. What other mines are being rehabilitated?

Mr W.J. JOHNSTON: Given that we have only a couple of moments to go and we need to put the division, rather than asking Dr Gorey to answer, I will arrange a briefing.

The CHAIR: Member, are you happy with that?

Mr W.R. MARMION: Yes.

The appropriation was recommended.

Meeting suspended from 1.00 to 2.00 pm

Division 33: Communities — Services 1 to 10, Child Protection; Women’s Interests; Prevention of Family and Domestic Violence; Community Services, \$786 480 000 —

Mr I.C. Blayney, Chair.

Ms S.F. McGurk, Minister for Child Protection; Women’s Interests; Prevention of Family and Domestic Violence; Community Services.

Mr G. Searle, Director General.

Ms. J. Tang, Assistant Director General, Child Protection and Family Support.

Mr B. Jolly, Assistant Director General, Commissioning and Sector Engagement.

Mr L. Carren, Executive Director, Business Services.

Mr. S. Hollingworth, Executive Director, Housing and Homelessness.

Ms T. Pritchard, Director, Finance.

Mr D. Settelmaier, Senior Policy Adviser.

Ms C. Irwin, Chief of Staff, Minister for Child Protection.

[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 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 she 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, 1 June 2018. I caution members that if a minister 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.

The Member for Churchlands has the call.

Mr S.K. L’ESTRANGE: I refer to the line item “Total appropriations provided to deliver services” in the table on page 415 of budget paper No 2. I refer also to the first and last dot points on page 417, which link to that. The first states —

... serious financial hardship increases the likelihood of adverse social consequences ...

The second states —

... the developmental status of children in communities with socio-economic disadvantage has improved only marginally in recent years.

Can the minister explain why the government is reducing funding, given the reduction in appropriations over the forward estimates? Will the minister provide a breakdown by line item of the reductions represented over these forward estimates?

Ms S.F. McGURK: Just to be clear, is the member referring to the dot points on page 417, which are about the national partnership agreement on remote housing and the number of individuals and families facing serious financial hardship?

Mr S.K. L'ESTRANGE: I am picking up on some of the government's comments about significant issues impacting the industry, and I am particularly interested in some aspects of those dot points. I will read them again. The first states —

... serious financial hardship increases the likelihood of adverse social consequences ...

The second states —

... the developmental status of children in communities with socio-economic disadvantage has improved only marginally ...

It is in that context that I am asking why the government is reducing funding in the appropriations over the forward estimates and whether the minister can provide a breakdown by line item of those reductions over the forward estimates.

Ms S.F. McGURK: As the member would appreciate, the Department of Communities, as a result of the machinery-of-government changes, incorporates the portfolio responsibilities of a number of ministers. That includes me with child protection and family support, communities, women's interests and the prevention of family and domestic violence. Minister Dawson has responsibility for disability services and Minister Tinley has responsibility for housing. Those total appropriations include all the areas of responsibility under the Department of Communities. The biggest material changes relate to the transition of the National Disability Insurance Scheme in Western Australia. I do not know whether the member was present in the estimates that went through disabilities, but that line item obviously relates to that ministerial portfolio. Another significant change is that the voluntary separation scheme has had an impact. That has occurred across government and there has been some reduction in funding for that. In my areas of responsibility, there are changes to the cost-and-demand model for child protection and families services—there are increases for that—early intervention and family support, the hardship utility grant scheme, salaries and the like. Those changes are incorporated in those total line items. In addition are decreases that relate to the national rental affordability scheme, which comes under the Minister for Housing's responsibilities.

Mr S.K. L'ESTRANGE: I thank the minister for clarifying the machinery-of-government changes impacting on the ability to get down and look at the discretionary aspects of this budget. I am happy to take this now or as a supplementary information, but for the minister's specific responsibilities—she mentioned some of them, such as child protection and early intervention and family support—and those types of community funding arrangements, is the minister able to provide us with a breakdown of the 2018–19 budget and the forward estimates for each service that the minister's portfolio is responsible for so that we can see whether funding allocated to these specific services is increasing or decreasing?

Ms S.F. McGURK: That is outlined throughout the budget papers. The member may understand that throughout the budget papers before us are a number of different line items and they relate either to child protection responsibilities or a whole heap of different individual activities under my portfolio responsibilities in the department. If the member looks at page 420, for instance, under "Service Summary", that will give him an idea of a number of different items. Not all those relate to my portfolio but certainly the first 10 or so do. If the member looks at any one of those items, he will see that the appropriation for the vast majority of them are increasing. There was acceptance throughout the negotiations held between the then Department for Child Protection and Family Support and Treasury for the need to understand the demands that are on the child protection system and that that should be built into an arrangement of increased funding need. That was a recommendation from the Ford review in, I think, 2007. As a result of the Ford review into child protection, that acknowledgement of the need for a cost and demand model has been in place for some time. Those responsibilities are now built into the way that Child Protection's funding is negotiated through Treasury.

[2.10 pm]

Mr S.K. L'ESTRANGE: The minister mentioned that the top 10 or so expenses listed on page 420 of budget paper No 2 in the table "Service Summary" are mainly to do with her portfolios, the others may not be. Is anything in the minister's portfolios not listed in that table?

Ms S.F. McGURK: The whole budget is listed there in the service line items. Expenses 1 to 10 are definitely mine. That should be all. Most of them should be specified within those items. I am thinking of Women's Interests, but I think that is covered there in terms of grants et cetera. They should all be included within expenses 1 to 10 of those service line items.

Mr S.K. L'ESTRANGE: I refer to expense 8, "Regulation and Support of the Early Education and Care Sector". I notice that \$17 million was budgeted in 2017–18, but, for this budget, rounded up, it is \$15 million. That is a drop of \$2 million in the budget. It drops by almost a further \$1 million in 2019–20 and stabilises at about that figure throughout the out years. There is a drop of \$2 million and another drop of \$1 million. Between the 2017–18 budget and the 2019–20 budget, there is a drop of \$3 million. Can the minister explain why she has done that?

Ms S.F. McGURK: There were a couple of reasons. One reason was there was some funding from royalties for regions for the regional community childcare development fund. That is incorporated in there. I am sure the member will remember that a couple of questions were asked in the Legislative Assembly about the regional community childcare development fund, and I think it was also raised by the Leader of the National Party during a recent matter of public interest. The fund was used to look at how we could have a sustainable model for the delivery of child care or early education care in regional areas in which the population is such that it can be quite challenging to maintain small centres. The one that I am most familiar with is the model that was developed in the wheatbelt. We launched that in Narrogin not long ago. A number of individual services that are essentially not-for-profit or community-based services are auspiced under a general committee that holds the accreditation for those services and helps manage them. That was funded through royalties for regions and was always going to be finite. It was simply put in place to look for a model that would be sustainable. There is that one in the wheatbelt, and there is one in the south west, which is under a slightly different model. That was put in place in July 2016. As I said, it was a finite project. We have just discovered in the federal budget that there are some federal government variations. Work was done on the national childcare accreditation guidelines, and the federal government was funding some of that. That has now been cut. That might be incorporated in those particular items as well.

Mr S.K. L'ESTRANGE: With regard to the delivery of services under expense 8, "Regulation and Support of the Early Education and Care Sector", will that \$3 million reduction result in a reduction in service delivery?

Ms S.F. McGURK: No. In fact the work of the early childhood regulatory unit is very good. Officers from the unit visit all long day care centres once a year. After-school-hours care and family day care has been an area in which it is harder to get out to all services, but it is endeavouring to do that work and get out to centres. As the member can imagine, it is an area that needs close scrutiny to make sure that standards are maintained. No, there is no expectation that those reductions will result in a change in service delivery. I have just been given a note that the commonwealth funding reduction is \$1.5 million as a result of funding that had come from the federal government to help with standards accreditation work, but that is no longer there for us.

Mr S.K. L'ESTRANGE: The minister said the reduction in commonwealth funding is \$1.5 million. Does that mean the minister has matched that with a state reduction in funding of \$1.5 million?

Ms S.F. McGURK: It was not required to be matched.

Mr S.K. L'ESTRANGE: I am saying in terms of a reduction. The commonwealth has pulled out \$1.5 million and there is a \$3 million drop from 2017–18 to 2019–20 in the state budget. Is the minister saying that the commonwealth has pulled out \$1.5 million of that \$3 million and the state has pulled out \$1.5 million of its own?

Ms S.F. McGURK: No; I also said part of that reduction is the royalties for regions money that came from the regional community childcare development fund.

Mr S.K. L'ESTRANGE: Is the minister saying that the other \$1.5 million is in another budget?

Ms S.F. McGURK: No. I am saying that the reduction in the line item that the member identified, "Regulation and Support of the Early Education and Care Sector", incorporates that those reductions are as a result of money no longer being available for the regional community childcare development fund, and also money that was taken away by the commonwealth government in its accreditation work, which had previously been given to us.

Ms L. METTAM: I refer the minister to page 420 of budget paper No 2 and expense 10, "Delivery of Community Services, Grants and Resources". I note that there is a reduction going forward from 2018–19 into the forward estimates from \$53.941 million to \$49.397 million. Given the increased demand on this sector, can the minister please explain why there is a reduction in the amount of funds dedicated to this area?

Ms S.F. McGURK: In answer to the member's question, two items are incorporated. One is that the decrease is mainly driven by the Aboriginal community patrols program, which was only ever allocated funding for a limited time. In the past, that has gone to Treasury for reconsideration through the state budget process. That is something that the future budget process will incorporate. The other change in that expenditure is as a result of the capital works related to our election commitment of \$1.5 million for the community of Dalyellup to provide a community facility in the form of a neighbourhood centre or some sort of central community location at which people can meet. Dalyellup is a growing area. The member is probably familiar with the area; she probably drives past it on her way to Perth. It is a growing community. The geography of that community means it has some facilities near the beach and the surf club and the like, but in areas where the number of houses has grown there is not much community infrastructure. In the state election campaign, Labor made a commitment to allocate \$1.5 million to the development of a community facility, and that has been allocated, but it is only a one-off payment. It is not reflected in the forward estimates.

[2.20 pm]

Ms L. METTAM: I would like to understand the minister's comments about the Aboriginal community patrols. She said that the cuts made to that area would be addressed in a future budget process. Can the minister explain that further, and where she expects to see funding for this area, going forward?

Ms S.F. McGURK: The department is expected to look at its own service model, particularly under the machinery-of-government changes, so there are opportunities there that, in the first instance, are probably being realised most fulsomely in the Kimberley, where we are genuinely trying to bring together the Department of Communities, the frontline work of the Disability Services Commission, notwithstanding the National Disability Insurance Scheme, and the previous work of child protection and communities, to provide better integration with the community and with vulnerable families. Those changes in service delivery will have an impact, and we might then be able to look at how some of those services, such as the night patrols, work in practice. Efficiencies might be realised through changes in the way the department operates. The patrols are currently delivered by a number of non-government organisations. I do not think there is any question that it is important work and, anecdotally, there will be an ongoing need for that work to be done. I do not think there will be any disagreement with that. My understanding is that the funding for this has not been reflected in forward estimates over successive governments.

Ms L. METTAM: Just to clarify, when does the funding for the Aboriginal community patrols run out? Does it run out in 2018–19?

Ms S.F. McGURK: It is just funded into 2018–19.

Ms L. METTAM: Just to clarify, how much funding is dedicated to this area?

Ms S.F. McGURK: The allocation is \$6.35 million.

Ms L. METTAM: Just to confirm, there appears to be no future funding beyond 2019–20 in any other portfolio for Aboriginal community patrols.

Ms S.F. McGURK: The Aboriginal community patrols program is funded by the Department of Communities to do that particular function. That is the line item the member is looking at. As I said, my understanding is that the nature of the program has been that it has not been funded into the forward estimates in the past. I am very conscious that it does good work, and that we would not be able to continue it into the future.

Ms L. METTAM: I refer to the line item for the senior executive service under “Spending Changes” on page 415. Can the minister identify each position that has been made redundant, contributing to the savings?

Ms S.F. McGURK: Of all the opportunities for efficiencies in the machinery-of-government changes, the Department of Communities gives us the best opportunity for not only efficiencies but also, more importantly, better service delivery to communities, particularly vulnerable communities. I gave the example of the Kimberley before. Some of those communities pose real challenges in providing good, consistent, coordinated services. I think the machinery-of-government changes are good for service delivery, but there are also some logical efficiencies in bringing together big departments such as Child Protection and Family Support, and Housing. There was a commitment across government for a reduction in the senior executive service by 20 per cent. That has been achieved in the Department of Communities. The budget reduction associated with that was \$9 million from 2017–18 to 2021–22. They are the savings that were realised. Some questions were asked in the Assembly about some of the positions that had gone from Child Protection and Family Support, and there had been some public discussion about those. Emma White was the previous director general of Child Protection and Family Support, and she decided to resign from the service when the machinery-of-government changes occurred, as did people in other SES positions in child protection.

Ms L. METTAM: Can the minister identify each of the positions that have been made redundant?

Ms S.F. McGURK: It is difficult to talk about the positions when the whole structure of the department has now changed. The savings in Communities related to 15 positions in the SES across the Department of Communities. In Child Protection and Family Support, the Housing Authority and the Disability Services Commission, the number of positions was reduced. In the Disability Services Commission, the impact of the NDIS gave us an opportunity to look again at how the department was organised.

Ms L. METTAM: Perhaps an easier way of asking this is: how many positions formerly within the Department for Child Protection and Family Support have been made redundant?

Ms S.F. McGURK: SES positions?

Ms L. METTAM: Yes.

Ms S.F. McGURK: Seven.

Ms L. METTAM: Is the member able to identify those positions?

Ms S.F. McGURK: The positions were those of director general, held by Emma White, as I said; three executive directors; a general manager of human resources; and a director of finance and business services.

[2.30 pm]

Ms L. METTAM: Have any new positions been created to fulfil the responsibilities of these previous positions that were made redundant; and, if so, can the minister detail what those new positions are, and their remuneration levels?

Ms S.F. McGURK: Under the current department, we would have to look at the changes that have occurred across three previously significant departments and all of the Communities functions. Remember, we are talking about the Department for Child Protection and Family Support, the Housing Authority, the Disability Services Commission and the Communities functions of the former Department of Local Government and Communities. I have outlined that 15 senior executive service positions were abolished as a result of machinery-of-government changes, and they in turn met our overall government election commitment to reduce SES positions by 20 per cent within that department. We did not just cobble together those departments. The whole structure of the department has changed, so I do not think I can answer that question. Those positions were made redundant, so no, there are not new positions. I do not know whether the member is using the title or the work being carried out; some of the work that was carried out will be carried out by other people, but not by new positions.

Ms L. METTAM: I am happy to take it as a supplementary question. Given that positions have been made redundant within the Department for Child Protection and Family Support, I would imagine that there is some structure and I imagine that the information would be available to outline what the new responsibilities or new positions are that now fulfil those roles. Is there any opportunity for some information to be provided by supplementary information?

Ms S.F. McGURK: We can refer the member to the annual report; I would be happy to do that. But, again, it is important to appreciate that we had 57 positions across the whole department and we are now down to 42. We are working towards that change across all the regions and the metro area. There has been a complete change in the structure of the department. I cannot say that there would be an ability to outline the SES positions that are picking up the work that was done by those previous positions, if that is what is being asked. I refer the member to the annual report. We might have a copy of the annual report here and I am certainly happy to give the member a copy of it. It outlines the structure of the department and the change process to date in the previous report, which has been tabled, and in the one that will be tabled in the third quarter of this year.

Ms L. METTAM: Are there any existing positions that are now fulfilling the responsibilities of the previous positions that were made redundant? Are some people taking on additional roles as a result of the machinery-of-government changes?

Ms S.F. McGURK: Is the member talking about just SES positions?

Ms L. METTAM: Yes.

Ms S.F. McGURK: As I said, we are talking about 57 positions down to 42 and, yes, some of those people who are left are picking up the roles of people who were made redundant under the reduction of the SES as a result of the machinery-of-government changes. Yes, I would say that there are, but for an organisation that has, I think, 5 500 people working for it and a significant strata of 45 people in SES positions, it is too simplistic to say that someone was made redundant and someone else has picked up a quarter or half of their job. The nature of change as a result of the machinery-of-government changes in Communities is that there has been a change of structure within the department. Importantly, I think that is better for service delivery and, as a happy coincidence, some efficiencies will be delivered to government. Those are the sorts of efficiencies we are proud of. We had too many government departments in Western Australia; there is no doubt about that—41 government departments overall. We are now down to 25. If we compare that with Victoria and New South Wales, which have something like eight and nine departments respectively, it shows what an absurdly large number of departments we had. Not only was there a large number of departments, but I also emphasise that by bringing together the previously separate departments and separate service efforts that went towards what is now under the Department of Communities, the opportunities for a much more cohesive effort for particularly vulnerable and challenging communities, families and individuals are, I think, very exciting. It is still very challenging work, but it is a very exciting development and one that I hope to progress for as long as I am in this job.

Ms L. METTAM: To be clear, I am not talking about the thousands of staff members, I am talking about the senior executive staff. I ask a further question: will additional remuneration be provided to the existing positions that are taking on additional responsibilities?

Ms S.F. McGURK: Again, if the member looks at the number of SES positions that are left under the new structure of the department, she will see that there has been a change in positions and in the profile of those SES positions. Any changes to the job descriptions or the classifications need to go through the Public Sector Commission. I am not aware that, as a result of any of the redundancies that occurred, any extra duties were then picked up by existing or remaining staff, or that they picked up a reclassification or salary increase as a result. As I said, there has been a restructure within the department as a whole to properly integrate those previous functions within the separate departments. That is the sort of change within the department that I welcome and that the government welcomes, because it was not just a matter of cobbling together three or four previously disparate organisations, but actually properly integrating them to achieve efficiencies and benefits of service.

Ms L. METTAM: By way of supplementary information, can an organisational chart be provided?

Ms S.F. McGURK: That is still in the process of being worked through within the department. As I said, the annual report as it was tabled late last year will outline the structure of the Department of Communities. The next annual report is just starting to be prepared and will be tabled in October, I think. That will provide a fulsome outline of the structure of the new department. I suggest that the member just be patient and have a look at what is incorporated into the new structure through the annual report process.

[2.40 pm]

Ms L. METTAM: Why is there no organisational chart at this point in time, given, I would hope, we have already gone through the machinery-of-government changes? I find it surprising that a new organisational chart of the new department is not available.

Ms S.F. McGURK: Certainly a structure is being worked through now with the appointment of the new director general, and I think it occurred in the first quarter of this year, by the time we were finally able to properly appoint that position and then work through what organisational structure was needed in the Department of Communities to best realise it. As I said, the first priorities have been better service delivery and efficiencies. The approval process for the new positions has gone to the Public Sector Commission and has either been approved or is in the process of being approved. The structure will be finalised through the clarification of those senior executive service positions, and the senior levels of the department will go through the Public Sector Commission. There is an organisational structure now. I do not mean to give the impression that it is a fluid situation; it is not. The member was asking about specific positions and what roles have been picked up amongst 40-odd people and it is not possible for me to give that level of detail here, and some of those positions are jointly covered across the department.

Mr S.K. L'ESTRANGE: Based on the answer the minister gave, I would have thought that 40 people is really not much more than a classroom of kids, and it would be possible just to write down their names, job titles, the description of that job title and their salaries. That is all we really want to know so that when we critique the budget or try to understand what the machinery-of-government changes are, at least for the minister's department, we have a greater understanding of who is doing what, where they sit in the organisation and how much they are being paid.

Ms S.F. McGURK: I want to get clear what I am being asked about in terms of my ministerial responsibilities and what line item is being referred to in the budget.

Mr S.K. L'ESTRANGE: I can clarify the line item. Correct me if I am wrong, member for Vasse, but I believe we are referring to page 415 and the line item "Senior Executive Service Reduction" under "Election Commitments". That is the line item that is the subject of questioning. As the member for Vasse has made very clear from the outset, we are trying to ascertain how that reduction is being achieved. As part of the line of questioning linked to that, we are asking the minister to show us the organisation structure—to show us who the SES are and what they do under the minister.

Ms S.F. McGURK: I am happy to provide a structure of the department showing the senior corporate roles and what falls within those roles.

The CHAIR: We just have to —

Ms S.F. McGURK: Before we progress that, Chair, I was speaking to the director general and he might be able to assist with this. Before we do that, we could ask the director general to explain what the new structure looks like.

Mr G. Searle: With the new structure we are fundamentally going to a locality and regional-based model. In the previous structure it was about particular disciplines, but it is now about location-based decision-making. As a result, the structure is totally different from what went before it. We have also consolidated the finance, human resources and information technology functions across the department, and those things have been integrated so there is one. When we started, we ran four separate finance systems; we are now down to three, and we are trying to work our way down to one, hopefully, at the end of the day. Those sorts of changes have already started. In order to get our SES positions and structure approved, we had to go through the Public Sector Commission, because it approves all the SES positions in terms of structure, classification and remuneration rates. That has been an ongoing debate. We got interim approval last week for that new structure, but there is still some work to be done. We have negotiated with people in existing jobs for transfers in like-to-like jobs, so people have stayed at the same classification, and we have negotiated with them that they are happy with the arrangement and what is involved. We still have one position on the second tier to fill and that will be advertised this Saturday, I hope, if the system works. Again, at the third tier we are transferring like for like, so when people are doing an equivalent job at an equivalent level, we are transferring them across. When there are significant changes, we have agreement from the Public Sector Commission to re-score the positions and allocate the classifications and therefore the salaries that flow from those. That process literally commenced last week when I got the interim approval. We think that the full population of the structure and therefore who is in what job will take a little while yet because

there are a whole lot of advertising and recruitment processes to go through. The net effect of the changes will be to go from 57 positions to 42, so we are delivering an overall headcount reduction of 15 in the SES and we are delivering the dollar savings proposed by the incumbent government as part of that process. At this exact point in time we cannot list the names against each of those jobs because we are in the process of transitioning from one to the other, so it is not a like-for-like comparison.

Mr S.K. L'ESTRANGE: I thank the director general for explaining that. Are we able to get the current status of people in these positions, be they acting, so at the very least we have a sense of what the structure looks like? I imagine that the job descriptions are probably going to be the same even though the people might be moving. We are interested in the positions the department is trying to achieve.

Ms S.F. McGURK: The director general's explanation might show why I was a little reluctant to give that information, because things are in the process of changing. After 1 July, there will be a very definite structure within the department. By bringing together those previous departments, as the director general said, we will have common HR, finance and IT functions, for instance, but we will be working to a regional structure and, when we can, looking at a fundamentally changed structure. We have given the numbers of SES positions that have changed and the numbers of people in those positions who I have responsibility for in child protection out of the SES reduction. I suggest that after 1 July when we have those approvals through the Public Sector Commission I will be happy to answer those questions about what the structure looks like. There has been a process of change in the machinery of government; there is no doubt about that. It has been a challenge within the department as people continue to do the work on the ground, particularly in areas I have responsibility for such as child protection, with the changes occurring at a higher level in the department.

Ms L. METTAM: The minister talked about the shift to a more regional-based model. Can the minister expand on that and how the regions would be determined under the new model?

[2.50 pm]

Ms S.F. McGURK: The regions are pretty well known. We have regional offices now. Earlier I gave an example about the Kimberley, where that work has commenced. If we can have people co-located in the same offices, we will do that. If we can have the same front-of-house or front counter staff, we will do that. That can be a challenge sometimes, depending on the officers themselves. In the example of the Kimberley, I think it gives a proper integration of the department. It gives an opportunity for staff who were previously working as Department of Housing staff dealing with some of the vulnerable cohort. Not all of the Department of Housing cohorts are challenging by any means, but some of them are. There are behavioural issues and even to the extent of understanding how many people are living in a house, and making sure that the child protection and communities workers, for instance, also have that same information and are then integrating with those families in a much more coordinated way. In the work we are doing with early intervention in child protection, we have just announced some of those programs out of the state budget; for instance, Target 120, which is a juvenile justice early intervention program. Some of this work had been done under the previous government in child protection for early intervention, whereby we try to direct resources to support families, for the children. The situation is such that the children come under the care of the chief executive officer and the like. We can do that in a more integrated way across those areas, particularly in housing, but perhaps even being informed by the disability local area coordinator structure, which has been popular in Western Australia, to really have local officers who then work with those individual families to determine what is required to best meet the issues they are facing.

To answer the question, the regional development commission boundaries will essentially be those that we are looking at from a regional point of view. Obviously for somewhere like the Kimberley, there are West Kimberley officers and East Kimberley officers. That occurs now with Child Protection or Housing. Even Disability Services has officers in all those areas. There is an opportunity to bring those together in a much more integrated way to deal with the families and communities themselves. It is a real opportunity for state government.

Ms L. METTAM: Are there any plans to close any of the existing child protection offices? The minister mentioned potentially partnering with Disability Services. We have just had the closure of the department of disability services in Margaret River. Are there any plans to close any of the Department for Child Protection and Family Support offices in regional Western Australia or in Western Australia?

Ms S.F. McGURK: No.

Ms M.J. DAVIES: Following a little from that line of questioning in relation to the rolling out of that integrated model and doing it on a regional basis, is there a prioritisation of which regions will come after the Kimberley and a time line that goes with that rollout?

Ms S.F. McGURK: I do not know whether this is what the member wants to hear, but I think it will probably go Kimberley, Pilbara and goldfields and then down to either the south west or great southern areas after that by March next year. There are benefits in working through one region and understanding what the challenges are there and what works and what does not. That will be different in each region, but people will get some experience

under their belt of what this means. Physically it might mean different things. I know that in some locations there will be more opportunity to physically co-locate staff. The feedback I get from communities is that that would be welcomed and that people get confused about where they are supposed to go. The bureaucracy sometimes barely makes sense to us. I imagine that as a community member it can get a bit confusing. I think that would be welcomed by people. Then there are leases and the like, so that needs to be worked through.

Ms M.J. DAVIES: Firstly, is the integrated model mostly around the physical location of the staff? Obviously there are service changes as well. Secondly, the minister mentioned March next year for the first tranche. Will the remainder be beyond then?

Ms S.F. McGURK: In answer to the first question, no, it is not just physical coordination, although there are statutory responsibilities, certainly in child protection. I have been keen to ensure that those obligations are not lost in the new model. I think there is an opportunity for early intervention work and for looking at different models. The example of the local area coordinators in disability getting to know the area, getting to know their families and brokering the services that are required is a good model. To answer the question, no, it is not just physical, although we have seen in my portfolio a range of examples that when services are co-located, we get greater than the sum of their parts. An example is the George Jones Child Advocacy Centre that is run by Parkerville in Armadale. The centre deals with children who have experienced child sex abuse. Co-located in that one centre are child protection officers and police and, in this case, not-for-profit counsellors and the like. The children and their families go to one place and tell their story once, and all the services wrap around those families. That has been assessed as a very successful model, not only because the obviously very vulnerable cohort does not have to navigate their way through lots of different offices and they have to tell their story only once, but also, importantly, because the disciplines start to influence each other. The police who were initially reluctant to co-locate there now sit alongside the child protection officers and therapists and the like and they start to understand a little about disciplines outside their own. They still have a job to do. That is just one example. There are other areas where we see that co-location of services can be a good thing. It is not just co-location of offices, but where we can, it is about bringing together the interaction with families and the way we do business, particularly with early intervention, given that some of those areas are statutory obligations, but we should not take away from the specialists who are needed in child protection.

I have forgotten the second part of the member's question, sorry.

Ms M.J. DAVIES: The minister said that the Kimberley, Pilbara, goldfields and south west would be rolled out by March next year. Can the minister complete the list for us? Obviously, I am the member for Central Wheatbelt. I feel as though we are a difficult area to service and we probably do not have a concentration of the community that the department serves, and because we are a hard-to-service area, we get left behind sometimes, a bit like the childcare model that the minister talked about earlier.

Ms S.F. McGURK: I assume that it will all be done next financial year. The director general is telling me to be cautious about what I promise there. It is easy for me to say! It might take 18 months for that to be rolled out. There are benefits in some of the regional areas. Currently, we have people operating quite separately.

Ms M.J. DAVIES: No question about that; it is just a prioritisation.

[3.00 pm]

Ms S.F. McGURK: Yes, that is right.

Ms M.J. DAVIES: As the member for Central Wheatbelt, I am being selfish because we tend to come down the list since we are a hard-to-service area, with a small population spread over a large area. I think that is why we end up with these challenges in childcare and aged-care provision, and probably the other services. I am not sure it means we have any less need. That is part of the challenge.

Ms S.F. McGURK: Some of the needs of communities in the member's electorate have come to my attention and I think there are real opportunities there. At the same time as they do not have the economies of scale we get with population centres, there is a very active community, including volunteering, and different service providers operate in and out of there. If we can bring together some of those efforts, there might be opportunities.

Mrs J.M.C. STOJKOVSKI: Over the last few months, I have been keenly watching the situation in Roebourne. I refer to line item 7, "Support Services for Children in the CEO's Care" on page 420. Can the minister please outline how these services are being delivered in the west Pilbara, particularly around the town of Roebourne?

Ms S.F. McGURK: Yes, I can. I have received a number of questions about Roebourne, particularly from members of the Legislative Council. The opposition spokesperson for child protection has been particularly interested in any assurances I can give regarding vulnerable children in Roebourne and the areas around it. I have certainly tried to give him the message, which I will give here and have given to the public, that I understand the responsibilities very well to at-risk children and in how we make sure that we properly respond to concerns and put support in place where it is needed. It is now on the public record that the police did an operation,

Operation Fledermaus, which uncovered a very concerning number of child sex abuse cases in not just Roebourne but also the surrounding community. A reasonable number of the population there is transient, moving in and out of communities or even from Roebourne to Karratha and as far as Hedland. How do we respond to that?

Our first priorities were the safety of the children who were identified either as victims or as at risk of being victims of sexual abuse, to make sure that there was a proper and immediate assessment of that risk and, if necessary, to put protective measures in place. That effort has been ongoing in Roebourne and the surrounding communities. We continue to do that. We have put more resources into the child protection effort with more specialist staff and people on the ground who can then understand and work with families. They make sure that they have good relationships with the families who live in and around that community. Credit goes to not only the child protection workers but also the police who have put in quite a bit of work getting to know the community. As a result of police and child protection workers living in the community, they developed relationships with young people and their families such that people could come forward to disclose information to the extent that they did.

There was an immediate response. How do we then build the understanding of the primacy of child safety and its non-negotiable aspect, and also build that capacity within the community? That has been the other aspect of work we have been doing. Our response is called the west Pilbara trauma response plan. We knew that some initiatives within the community meant people were trying to impress on the rest of the population the cultural rules that should apply in Roebourne. The rules might apply to everything from people attending school, going to work and how elders should be treated to making sure that they had a safe place for their kids to sleep at night. Those cultural rules are part of our plan and build on the work that had already commenced within the community. The west Pilbara plan has a range of different elements. Some of the community rebuild work is ongoing. I imagine that people are like me; they understand that some towns have had a reputation of challenging behaviour for many years, either because of what has occurred in the community or what has been done to them. Roebourne would be chief amongst them in Western Australia.

I think that having meaningful work for people in the community and an expectation of jobs is also key to this, and that is challenging for remote communities in particular. Roebourne is not a remote community—it is only half an hour from Karratha—but there is no ongoing work in the town. I guess the “mining curse”, as it is known, is playing out there where there is the wealth of the resources industry and the natural resources that some Aboriginal people have claim to under native title. However, the intergenerational issues—partly trauma and partly challenge—that have occurred there continue to play out.

I have had conversations with the head of the Pilbara Development Commission, who I think has some really interesting ideas about how we might deal with employment in the area. It is not my primary portfolio responsibility, but dealing with all these issues in Roebourne and what we are hoping to do in the west Pilbara is part of our response. Getting kids to school and keeping them at school—there is currently a low attendance rate—is important, as is making sure that there is an expectation of getting a meaningful job after people finish school or training. That is as important as ensuring that kids have somewhere safe to go at night. As well as the efforts in child protection, it is important to make sure that we map out the kids there and their families so we know what is happening with that population. It is also important to make sure that they have somewhere safe to go, so we have organised 10 safe houses. They will not be like refuges—they will not be staffed. They will be existing houses, which may be given some extra resources. For instance, some of the women told us that kids end up staying in their houses and they are happy to have them, but there ends up being a lot of kids and they just cannot physically fit too many more and they cannot feed them all. Some of those women might be moved to a bigger house or given some assistance so that kids can stay safe. We are also making sure that we support the work of the police and community youth centre for example. I think that is important. Culturally appropriate healing, as esoteric as that might sound, is really important because a connection to a strong expression of culture for Aboriginal people is, I think, going to be central to lasting and ongoing change for these communities.

[3.10 pm]

Mrs J.M.C. STOJKOVSKI: Can the minister outline for me whether the machinery-of-government changes have been helpful in implementing the West Pilbara plan?

Ms S.F. McGURK: Yes—that is for all the reasons that I earlier outlined when we were talking about the Department of Communities. Because we are operating on a bigger scale within the Department of Communities, I think we can apply a more sophisticated approach to this vulnerable cohort. One area within the Department of Communities is what was known as the regional services reform unit. Grahame Searle, who is sitting alongside me, headed that unit and was doing some of that genuinely integrated work with the leadership in the communities. For instance, at one of the meetings I went to in the East Kimberley, the heads of education, health, police, child protection, housing, as well as some of the not-for-profits, were all sitting around together, working on the common issues of priority and how to focus government. The machinery-of-government changes have been crucial to that within the Department of Communities, but I think there is an understanding within government that there are some whole-of-government targets and that we need much more coordinated whole-of-government effort across services, in partnership with not-for-profits, the community and the federal government. The federal government

is as frustrated as anyone, I think, in some of these areas. This might mean we have the ability to make an impression and make change, and at the moment that is just not the case; we are more separate than not. The West Pilbara plan is an integrated plan that includes police, mental health, drug and alcohol and education. They are part of this plan. They have signed up to do things differently, as we have with Target 120 and the early years initiatives. I think that is a really important part of some of the initiatives that the McGowan government is looking at.

Ms L. METTAM: I refer to funding for item 6, “Care Arrangements for Children in the CEO’s Care”. I note that compared with the forward estimates in last year’s budget —

Ms S.F. McGURK: Excuse me, member; is that on page —

The CHAIR: I think this is a new question; it is not really a follow-on question.

Ms L. METTAM: Okay.

The CHAIR: I will come back to you in a couple of minutes.

Mr S.K. L’ESTRANGE: I refer to the line item “Target 120” on page 415 of budget paper No 2. A total of \$20.48 million has been allocated over the four years of the budget for the Target 120 program, which I understand is a scheme to target the most prolific 120 juvenile offenders and their families to help turn lives around and reduce the rate of offending in the community. That equates to about \$170 000 per juvenile offender. Can the minister outline how that money will be spent and how the program will turn around the lives of the most prolific 120 juvenile offenders?

Ms S.F. McGURK: Target 120 is a commitment we took to the state election. The targeting of 120 children is the result of the police telling us that they can tell in advance the kids who are more likely than not to be in and out of Banksia Hill Detention Centre, and who will graduate, if you like, to the adult corrections system. I have heard not only police at a senior level say that, but also local officers said it to me when we first announced Target 120 in Bunbury after the state budget. We were there with an acting superintendent, I think he was, who said he can absolutely tell the kids in the Bunbury community most likely to end up in the juvenile justice system. It is an early intervention program. The model is that a service broker, if you like, will work with the identified children and their families. The service broker will then help coordinate the effort required across other agencies. For instance, those kids might need more assistance to stay at school or one of their parents has a mental health or drug and alcohol problem that has not been addressed properly. There might be housing issues or overcrowding in their house, or very likely a combination of all those things. A relationship will be developed with those kids and their families to try to stop the cycle of those kids escalating their juvenile offending. I read that WA has high rates of juvenile justice reoffending. I do not have those figures in front of me, but the level of juvenile justice reoffending is high and we certainly have a high number of Aboriginal kids reoffending. It is something like 70 per cent in Banksia Hill. Building up the capacity of Aboriginal-controlled organisations to partner with us in that work is important. For the first time we have dedicated resources and a plan to try to work with kids before they end up in Banksia Hill.

The idea is not directed at the cohort of kids in Banksia Hill; it is for kids who have made sort of a foray into juvenile justice and may have some community corrections orders or have come before the police. The director general can tell some of these stories, but we gave a case study to the media in Bunbury and Armadale. The first two sites will be Bunbury and Armadale, then we will roll it out to other communities. There was a real-life example of a young person who was born into domestic violence and drug and alcohol abuse, and his mum had mental health problems. He first came before child protection when he was three. He attended kindy, but missed the whole of preschool and half of grade 1. His dad was in and out of prison. The child spent some time living with his grandmother and was reunited with his mum when he was nine, but by 11 he regularly used alcohol, was starting to move into drugs—probably marijuana—and had started to have some contact with police and the like. By 14, he had been into Banksia Hill, and by 16, he was a father and in and out of Banksia Hill. By 18, he had been in Banksia Hill nine times. We used his real-life example. Think about all the government agencies that had come into contact with him, including child protection. Obviously, the mental health system had completely failed his mother. He missed preschool and most of grade 1, so when he was old enough to go into grade 2 he was likely to be incredibly disengaged. We know that some of the not-for-profits—including Save the Children in Armadale—are doing work on a youth partnership project and working with some of these kids. The model is to really develop a relationship with the kids and their families, who have to agree to be part of this project, and give them one caseworker from a not-for-profit who will work with them to try to keep them at school and address some of the issues they are dealing with. When I was speaking with Save the Children the other day as part of the Youth Partnership Project in Armadale, it gave the example of a couple of kids it is working with. It has got one kid’s school attendance up threefold. It has massively increased his school attendance as a result of just starting to understand the overcrowding in his house—he did not have a bed—and all sorts of issues. It is a much more integrated approach.

The other thing I will mention that I think is worthwhile, from which I am hoping we can really start to learn some lessons, is that we have partnered with Treasury on this project to properly understand the cost benefits of spending money on early intervention as distinct from the alternative, which is that those kids are likely to end up in Banksia Hill Detention Centre, and the expense of that is well known. We talk about early intervention being a cheap and more cost-effective approach, but we in government do not really understand that in a deep way. We need to make proper use of the data to track the efforts and determine how much that effort is costing, knowing what the alternative would be and what that would cost government. I imagine that when the member for Churchlands was in government, the big expenses in government were adult corrections and child protection. They are two of the growing areas in government expenditure. This is an attempt to try to stop that growth and, hopefully, get much better social outcomes for those kids.

[3.20 pm]

Mr S.K. L'ESTRANGE: I suppose this question particularly relates to the example the minister gave when she more or less mentioned the catalyst that led to the Target 120 program being created. The minister referred to the boy who missed out on all of kindy and a fair bit of year 1 and his ongoing problems throughout his early years and teens. The amount of money allocated in the budget equates to, with some quick math, \$16 700 per kid per year. Given what the minister said about how much intervention is required, is \$16 700 enough for those children who are the most prolific of these juveniles and who are in danger of repetitive offending and ending up in the adult justice system? If it is enough, can the minister give us an outline of how \$16 700 per kid per year will be utilised to get the outcomes the government is seeking through this program?

Ms S.F. McGURK: First of all, the name of the program is Target 120, but the scoping of the project—we have said this publicly—is such that we will be able to work with 300 children over the life of the project, which is four years. The money that has been allocated as part of the business plan is not the only money that will be spent. I gave the example of a not-for-profit organisation being engaged to help broker for the needs of that child and his family. Clearly, if those brokers work with drug and alcohol providers, mental health services, and child protection and housing workers in the Department of Communities, those are resources that already exist within government. They will not be additional funds allocated to the project. Similar to the West Pilbara plan and the early years initiative, for which I am responsible, we fully expect that it will not be business as usual for the government. We will do things differently and bring a much more coordinated effort to the table to help better meet the needs of this vulnerable cohort.

Mr S.K. L'ESTRANGE: The minister mentioned that she selected Bunbury as the first place to more or less start the program. Is the minister able to outline the data she accessed and looked at, or what process she went through, to choose Bunbury over other parts of Western Australia?

Ms S.F. McGURK: It is Bunbury and Armadale, so one regional and one metropolitan. There is a range of different data; partly, it is the capacity of the community itself and whether there are services in place that we can work with to help bring a concentration of effort. Frankly, in both of those places there are high levels of juvenile disengagement, particularly in Bunbury. Certainly in the times that I have visited Bunbury as a minister, I have seen that drug and alcohol issues are significant and homelessness and antisocial behaviour among young people are issues. We will use a range of different criteria to identify what areas we move into as we roll out the plan over the four years. It will include police statistics, youth justice data, school attendance data, drug and alcohol abuse, child protection issues and, as I said in answering previous questions, it is worthwhile rolling out the implementation rather than trying to do everything at once. I heard the previous Commissioner of Police say that he supported this approach but thought that we could easily magnify it tenfold. We need to start and we need experience in how this will work. The potential for the data analytics underpinning this project is that we can track—we do not do it enough in social policy—the effectiveness of our interventions. If those interventions are effective and working, we should do more of them; if they are not working, we should change tack. I have heard it said that social policy interventions are often measured by our intent rather than our effectiveness. The meaning might be all well and good, but how effective are those interventions? We are hoping that we can get some experience and runs on the board. I imagine that many members in the chamber would like their communities prioritised for Target 120. Just before I left my office, I received a letter from the member for Kalgoorlie in which he congratulated us on this policy and said that he hoped Kalgoorlie would be next in line because of the extent of frustration in the community about disengaged young people in the goldfields and Kalgoorlie.

Mr S.K. L'ESTRANGE: The minister alluded to how the government will measure the success of the program. Can she outline how the success of the program will be measured, what key performance indicators are being set for the program and the time line that will be allocated to it?

Ms S.F. McGURK: One of the challenges with social policy is a direct KPI. What that means in human terms can often be quite difficult to measure, particularly when we are not inputting with equal units. Some people come to the project with a lot more challenges in their lives, families and communities than is the case for others. That can be challenging, particularly when we are trying to measure effort across a range of different communities. Reduction in juvenile crime is an obvious measure. I think a lot of community members will be interested in safer

communities—the extent of antisocial behaviour at night and the like—and school attendance. We should be looking at measures of wellbeing. What are the health measures? For instance, work is being done by the Telethon Kids Institute looking at the number of children in Banksia Hill who have either foetal alcohol spectrum disorder or developmental issues. If those issues are properly identified and dealt with in terms of education and the services they receive, that is a real step forward, rather than not being diagnosed or not being identified at all. They are the sorts of things we are looking at.

[3.30 pm]

Ms M.J. DAVIES: The minister mentioned one of the criteria for selecting Bunbury and Armadale was that there were services to support the rollout, which makes sense. I am being selfish again: in areas such as the central wheatbelt, we do not have those services. Does that preclude us or is that a risk in terms of the model working? Has thought been given to how the minister might address that in areas like the electorates of Central Wheatbelt and Roe, and probably the midwest to a degree?

Ms S.F. McGURK: I have no doubt that many communities and towns have challenges that have triggered us to look at Target 120, including juvenile disengagement and antisocial behaviour, if not juvenile crime. No, that will not be the only criterion. We needed to crawl before we could walk and walk before we could run. We wanted to ensure that we gave the program the best chance of success in looking at all those different factors. As I have said, these elements should eventually underpin a lot of our effort in social policy. We should be using data a lot better to track not only where our effort is directed, but also how effective it is. We should be a lot more coordinated across government at the very least, let alone with the community sector; that is, not leaving the community sector to do its work and us operating separately. We should actually be working together.

To digress for a moment, a large contract was given to an Aboriginal-controlled organisation headed by Wungening Aboriginal Corporation for early in-home support for Aboriginal families in the metropolitan area. I was really heartened to hear that child protection officers are going to continue working with that cohort with the Aboriginal-controlled organisation. They will not say, “You’ve got the contract to work with these at-risk families whose kids have been taken into Child Protection; we’ll leave you to it and work over here.” A relationship continues between the two to better understand the needs of those families and to learn from each other. I think those elements should inform a lot of what we are doing to better address challenges throughout our state.

Mr Y. MUBARAKAI: Further to the line item “Target 120” on page 415 in budget paper No 2, can the minister outline the collaboration between the agencies, please?

Ms S.F. McGURK: We have talked about some of that. The member for Churchlands asked whether the budget allocation included in it all of government effort—it does not. It is additional money that will be given as dedicated resources to make sure that there is someone there to advocate for young people and their families. As we know, bureaucracy can be really challenging. What ends up happening is that those people do not navigate their way through the system—it just does not happen. We wonder why those services are not available to them. At a senior level, the Department of Health, the Mental Health Commission and its Drug and Alcohol Office are very challenging areas to work within to get effective interventions. I have mentioned the opportunities that are available in the Department of Communities. There are also opportunities in Education. What is happening with those kids at school? If they are not attending school, why not? If they attend school, are they learning or are they disruptive? What efforts and expertise can we bring to the table? It is important to have a real relationship with those kids and their families to better understand their needs. As I said before, it is crucial that some of that work is given to Aboriginal-controlled organisations. People are more relaxed and more likely to relate to someone who is like them and understands their circumstance, just like any of us are. Ensuring that the point of contact is as strong as possible is important and also building up the capacity of Aboriginal-controlled organisations to do some of this work is an important policy of this government.

Ms C.M. ROWE: I refer to the service summary on page 420 of budget paper No 2 and service 2 titled “Preventing and Responding to Family and Domestic Violence”. Can the minister outline the measures that the McGowan government is taking to support victims of family and domestic violence?

Ms S.F. McGURK: Yes, I can. As the first Minister for Prevention of Family and Domestic Violence, obviously this has been a priority for me. There are existing services in this state. Sadly, they are usually oversubscribed. There is a lot more demand than can currently be met. As we talk more about domestic violence, we want to encourage people to come forward to properly identify domestic violence in all its forms and seek assistance. We want that assistance to be there when it is needed. Since coming to government, we have done a range of things. This budget builds on those initiatives that we have put in place in just over 12 months since being in office. The new initiatives in this budget include \$850 000 a year for a nine-bed, 24/7 facility for male perpetrators. Some members have visited the residential facility Breathing Space, which is run by Communicare. We are going to build on that model. We will build a nine-bed, 24/7 residential facility based on the Breathing Space model.

Perpetrator interventions is a challenging area. It is a relatively new area of work in understanding domestic violence and how we can turn around perpetrators’ behaviour. Until now, the best we hoped for was a foray into

the criminal justice system. Often, that is the appropriate response. When men want to change their behaviour and deal with some of the issues, the perpetrator program is available to them. Our experience is still in its infancy in Australia and internationally. Commitments were given for \$1.05 million over four years to establish counselling in the Peel region through Allambee Counselling. That has been an important initiative. Sadly, Peel has a high level of domestic violence. In fact, one of the two new refuges funded in the previous budget is likely to be in the Peel region.

[3.40 pm]

We had previously allocated \$1.6 million for identifying the particular needs of culturally and linguistically diverse and Aboriginal communities in the area of domestic violence. Some of that will go to service delivery, but mostly it will go to understanding what our better response needs to be. I do not think anyone can doubt that understanding the situation and the circumstances in which domestic violence, or any social ills, occur is crucial to properly addressing the problem. Amongst Aboriginal communities, where there is a high level of family and domestic violence, properly understanding what is going on is a challenge for our government, as it is throughout the country. Australia's National Research Organisation for Women's Safety has been doing some work, including in Western Australia, to properly identify and analyse what is going on, and what our best responses can be. In the first instance, we would do well to listen to what Aboriginal women are saying about who they feel comfortable with, coming forward to talk about family and domestic violence. We also need to be cautious about child protection, because the unintended consequence sometimes can be that women come forward to talk about domestic violence, and then their children are identified as being at risk. Although they are not perpetrators themselves, the risk is still too high, and they end up getting pulled into the child protection system.

We have two new refuges, we have CALD and Aboriginal services, and Allambee Counselling, which I have spoken about. The member will know that we have just introduced into the Parliament changes to the Residential Tenancies Act. They are significant changes, and they will be debated when Parliament resumes. It has been really heartening to see not only community support for those changes but also particularly industry support. The Real Estate Institute of Western Australia and organisations representing landowners and landlords have shown real leadership. Other legislative changes include the National Family Violence Order Scheme.

Also, as a government, we have been trying to make sure that people understand the severity of this problem in the community, and the various forms that domestic violence can take. Where we have been able to talk about that publicly, we have been doing that. The campaign in November, called "16 Days in WA", was an opportunity for many men to come forward and talk about standing against domestic violence. Not only will they not commit domestic violence themselves, but they will call it out when other men are violent, sexist or demeaning towards women, which gives licence to aggressive and violent behaviour. I know that the previous child protection and family support department was a white ribbon accredited agency, and now the Department of Communities itself is going through the accreditation process. There is a better understanding within government about what we need to do as an employer and as a leader. We have established 10 days of leave for employees in the public sector who are experiencing domestic violence. That has been important not only because the government is the state's largest employer and, statistically, that workforce will include people who are experiencing domestic violence, and we want to show them that they should come forward and seek support, but it also encourages a conversation in the workplace and the broader community about the prevalence of family and domestic violence.

Just as I have acknowledged the efforts of REIWA, I have been really pleased to work with a number of employees since becoming minister. Rio Tinto came and saw us about what it could do to better address gender inequity in the company, and we talked about domestic violence leave. Since then, that company has not only put domestic violence leave in place nationally, but also sponsored Rosie Batty to come to Western Australia to go to some of its operations in the Pilbara, where it is starting to deal with the real issues of having a significant footprint as an employer in the community, and what taking a stand against domestic violence means for not only the victims, but also the perpetrators employed by the company. If there are victims and perpetrators in a small town, what does that mean? They can be quite challenging conversations. Rio Tinto has then gone on to become white ribbon accredited itself. It is a really rigorous accreditation process, and shows a preparedness by the company—there are many others like it—to deal with the high levels of domestic violence we have.

It is a complex problem, and the government is putting resources into not only services to respond to it, but also understanding the problem better in all its forms, and leading the conversation in the community that says this is entirely preventable. This should not be part of the way that we relate to each other. It certainly does not serve women, girls, young people and children well, but it also does not serve men well.

Ms L. METTAM: I refer to the table of government goals, desired outcomes and services on page 419 of budget paper No 2, specifically to the desired outcome of children and young people needing protection and being safe from abuse and harm, and the working with children check. Can the minister confirm that no person who has received a working with children card has been subject to allegations of child abuse?

Ms S.F. McGURK: Working with children checks are an important part of what the government does, and we take that system very seriously. In Western Australia, we have a very rigorous system. The demand for those

checks continues to grow. Currently 359 129 cards are in operation, and 991 negative notices have been issued. Sorry, can the member repeat her question?

Ms L. METTAM: Can the minister confirm that no person who has received a working with children card has been subject to allegations of child abuse?

Ms S.F. McGURK: I might hand over to Brad Jolly. I like to think that I can answer these things myself, but I know that he lives and breathes this, so I will hand over to him to answer that question.

[3.50 pm]

Mr B. Jolly: Thank you, minister, and thanks, Chair. I thank the honourable member for the question. At the point of application, every applicant is screened across all Australian jurisdictions for offences, and those checks are coordinated through the Australian Criminal Intelligence Commission. If a record of conviction or a pending relevant charge is recorded against an applicant and that information is provided back to the unit, those pending charges are assessed against the requirements of the legislation. Some of those charges or convictions would automatically disqualify those people from having a card issued, in which case they would be issued a negative notice. In some instances it is less cut and dried, so the staff of the working with children unit would need to look at the context in which the offences or charges were laid and would need to look at the relevant case law and make a determination as to whether or not it was appropriate to grant that person a card or to issue a negative assessment.

Ms L. METTAM: Just to clarify that, if there is a charge relating to child abuse, are there any circumstances under which someone will receive a working with children card, and are there any examples of a person having received a card following a charge or allegation of some form of child abuse?

Ms S.F. McGURK: Not to my knowledge; that would not be the case. Mr Jolly was just outlining the systems that occur within Australia to ensure there is proper communication between jurisdictions when a charge occurs. That is understood across jurisdictions as an area that needs constant refinement and work. The Royal Commission into Institutional Responses to Child Sexual Abuse has highlighted that, and we are continuing to look at that in relation to our response to the royal commission. It is also a priority of all states and the federal government to ensure that we have proper communications between jurisdictions when any sort of charge is laid, that the systems talk to each other and that they are live systems. With regard to working with children cards and the whole checking process, one of the things from a government point of view is that it is an imperfect system in that it relates only to people who have had charges or convictions that are of concern. The message from government is that child safety is something that we should be concerned about all the time and have a good understanding of throughout our community, in our families, in our community organisations and in our institutions. The royal commission has done a very comprehensive piece of work, making sure that we as a community and society are alive to what that means in practice. I am not disregarding the member's question about working with children checks; that is an important safeguard that we have, but certainly, as a government, the message we want to give is that the card system works only when someone has a charge or a conviction or has indicated some sort of behaviour or a flag has been raised. There are concerns that there are risks that cannot be captured within the working with children checks process.

Ms L. METTAM: Perhaps more for my benefit than for others, given the importance of these working with children checks, where does the obligation sit for different community groups and organisations to have these working with children checks? I am talking about various community groups that are obviously frequented by children. What are the obligations for a working with children check?

Ms S.F. McGURK: There is a state act, the Working with Children (Criminal Record Checking) Act 2004, which outlines the sort of work that people do when they need a working with children card. That is outlined now, and most community organisations, institutions and the like that are involved in child-related work will be aware of their obligations. The member might know that one of the surf clubs in Cottesloe—I do not know whether the case has been finalised—was recently prosecuted because someone on its board of management or an office bearer within the organisation did not have a working with children card but nevertheless was allowed to continue to work with children in the organisation, so the state government regulatory unit is taking a prosecution against that club because it failed in its obligations. I am not sure where that case is at, but it received some publicity a while ago.

Ms L. METTAM: The reason I ask relates to a community church in Dunsborough where there was a well-publicised case of a sex offender who had groomed a young boy. I just wonder: what are their obligations? The perpetrator had had a series of charges and had previously gone to jail in Canada and would not have passed a working with children test. I just wonder: would there have been any obligation for that community church to go through a process of ensuring that everyone had a working with children check?

Ms S.F. McGURK: I do not have the legislation in front of me, but it outlines very clearly organisations in which people are involved in child-related work. That includes community organisations, volunteer organisations and the like. There is an obligation for key people within those organisations to have working with children checks. I do not know whether I can hand over to Mr Jolly to answer that question about a church official.

Mr B. Jolly: As the minister has indicated, section 6 of the act sets out, I guess, the types of work that are considered to be child-related work. Typically, it is activities that fall within the scope of section 6 of the act and are not incidental to the normal duties performed in that role. Essentially, they have to be weighed on a case-by-case basis.

Ms S.F. McGURK: It is outlined in the act, but just to pick up the member's concerns, it would be quite real for members of the community in Dunsborough and the like. It has been picked up and highlighted in the work of the Royal Commission into Institutional Responses to Child Sexual Abuse: what does child safety mean in our community? As a government, I think many people want to know what that means—whether they have kids who go to other children's houses for sleepovers, or their kids are involved in local arts organisations or a dance group, scouts or a sporting club and the like. There are many examples, let alone religious institutions, as the member highlighted. What does child safety mean for all of us? There must be an understanding, not as an alarmist response, but in a responsible and effective way so that people properly understand what child safety actually means. That is something that we are picking up in our responses to the royal commission.

The CHAIR: Members, it is appropriate that we have a short 10-minute break.

Meeting suspended from 3.59 to 4.11 pm

The CHAIR: The next person I have on the list is the member for Central Wheatbelt.

Ms M.J. DAVIES: I refer to spending changes on page 415 of the *Budget Statements* and the crisis and transitional accommodation in Collie. Can I clarify whether that was an election commitment?

Ms S.F. McGURK: Yes, it was.

Ms M.J. DAVIES: Has a business case gone before cabinet for that expenditure?

Ms S.F. McGURK: The idea behind this was to service the needs of people in Collie. There was a request from the member for Collie–Preston. Some crisis and accommodation services are located in Collie and, as the member is aware, people access services in Bunbury and other regional centres. There are times when people literally need a roof over their heads. That may be due to cases of family and domestic violence or homelessness, or it might even be some transitory issues. The idea is that we provide one or two houses with some security attached to them, but they will not be fully serviced and so will not have staff attached to them. There has been a budget allocation to provide some operational funding, but it is really so that people can have very short term accommodation and we can then link them with services that they might need. The problem with providing a full women's refuge, as the member would be aware, is that significant costs are associated with them, and the issues we need to address are not just family and domestic violence. People might need accommodation for a couple of nights and they can then link in with another service. To answer the member's question, a business case was not prepared for this in a fulsome way. The idea is to provide up to two houses—there might be one, but there are likely to be two. There would be some servicing, but most of the budget allocation is for the physical building.

Ms M.J. DAVIES: I assume that the 2018–19 budget estimate is for the purchase of the housing, plus some of the operational funding, and then there is operational funding thereafter?

Ms S.F. McGURK: That is right.

Ms M.J. DAVIES: Is that coming from royalties for regions, either wholly or in part?

Ms S.F. McGURK: The capital expenditure of \$360 000 comes from royalties for regions and the \$60 000 per annum starting from January 2019 comes from the consolidated account.

Ms M.J. DAVIES: Does the funding for the operation of the crisis accommodation come from consolidated revenue?

Ms S.F. McGURK: Yes.

Ms M.J. DAVIES: Has the department done any work on the need to roll out further facilities like this for other communities that might require such services?

Ms S.F. McGURK: No, this was a specific election commitment in Collie. Partly because of the physical location of Collie, the challenge has been that they are not that far away from Bunbury, but often the services they need are not as accessible as they might be. To answer the question, this was a specific election commitment and we dealt with it as a need that was identified in Collie.

Mr S.K. L'ESTRANGE: I refer to the "Spending Changes" table on page 415 of budget paper No 2, which contains a line item on the Breathing Space service for male perpetrators of family and domestic violence. I note the re-cashflow of \$200 000 next to that line, so that it now commences in 2019–20. There is nothing in the 2018–19 budget. Given the seriousness of this issue, why has the government delayed the project by one year?

Ms S.F. McGURK: There are services. The member may have heard me talk about this when the member for Belmont asked about our initiatives around family and domestic violence. It was an election commitment that we would have another perpetrator intervention program based on the Breathing Space model. A service called

Breathing Space is run by Communicare and operates near Kwinana. It is a 24-hour residential facility where people stay for at least three months, and I think they are looking to extend that a little. People from throughout the state can stay there and deal with some of the underlying issues but work towards some real and lasting change. Our commitment is to open a similar facility. The work to make sure that we identify where that facility will be and how it will be put together is still being done. We cannot do everything at once. That is partly why we have tried to manage what we are doing. I do not doubt that there is a need for that now and the member will not get any disagreement from me or from anyone working in the FDV space about that. There is a need for a lot of things throughout our community. We are trying to do what we can to make sure that our initiatives are good models and have good case practice around them and experienced providers. Four or five members have asked me if one of these perpetrator intervention services can be located in their electorate. This service, like some women's refuges, does not need to be in direct proximity to where people live. When I visited there, two or three men from regional areas had come to Perth because it is a residential facility. Essentially, they are saying that there is a real need for this and they want a place. To answer the question, it was an election commitment. We need to make sure that we can sustain the model with the money we have. I have plenty of ideas about what we would do in the FDV space if we had unlimited funds.

[4.20 pm]

Mr S.K. L'ESTRANGE: To clarify, the minister mentioned a provider called Communicare, which runs a 24-hour service. Are the people who stay in that Communicare service male perpetrators or people who are subject to domestic violence?

Ms S.F. McGURK: No, they are perpetrators. Breathing Space is run by Communicare for male perpetrators. The funding will be for a very similar facility, which will also be run by Communicare and based on the same model.

Mr S.K. L'ESTRANGE: Is Communicare currently running that program?

Ms S.F. McGURK: That is right.

Mr S.K. L'ESTRANGE: Where does it appear in the budget?

Ms S.F. McGURK: That is funded under the services we were talking about before. It is service 2 on page 420. The line item is "Preventing and Responding to Family and Domestic Violence."

Mrs J.M.C. STOJKOVSKI: I refer to "Women's Grants" on page 440 of budget paper No 2. Can the minister please outline what these grants involve and whether the government is taking any other measures to support Western Australian women?

Ms S.F. McGURK: A range of different small grants of \$85 000 a year are available. Individual organisations can apply for up to \$10 000. A real variety of organisations apply and receive those grants, including women who help to source professional clothing for women who need to revamp their wardrobes to try to get back into the workforce, and women who are looking at health and wellbeing issues, leadership and decision-making, and, obviously, some of the safety issues we have discussed regarding family and domestic violence. The criteria for people who can apply for these small grants are very broad. That is not to say such a small budget allocation and applying for these small grants captures the need to address gender inequity in our society—it does not in any way, shape or form. In fact, as Minister for Women's Interests, I am very aware that we have a huge amount of work to do to address gender inequity in our society, as do most societies across the planet in their various forms. In Western Australia, one of the clear indicators of inequity is the gender pay gap. We have a persistently high gender pay gap, which is higher than the national average. Although it has now gone down to I think the lowest point it has been for some years at about 22 per cent, the national gender pay gap is just over 15 per cent so, as a state, we are behind the game. That means not only that women are held back from their seat at the table, which they should have in society, but also that we are all held back as a state. We are not using the potential of women and girls in our communities and we are not participating fully throughout industries where we could. We are not accessing the best and brightest that we could in all areas of our community if we are holding back half the community; that is, women.

Ms M.J. DAVIES: I refer to the income statement for the Department of Communities on page 439 and specifically to the "Royalties For Regions Fund" line item. I am happy to take the answer as supplementary information if that is more appropriate. Can the minister provide a list of projects from within the department that are funded by royalties for regions? Can the minister define where projects are being funded only by royalties for regions and where there is a combination of funding? Can the minister list any projects or services that were previously partly or wholly funded by consolidated revenue and are now being funded by royalties for regions funding in this budget going forward, or whether any projects have gone the other way?

Ms S.F. McGURK: I have a table in front of me, so I am happy to read it. Some of these areas are in my portfolio and some of them are not. Some of the areas within the Department of Communities might impact on areas for which Minister Murray is responsible—seniors and volunteering. In my portfolio, it includes the responsible parenting support services; the Kimberley family violence regional plan; the Indigenous visitor hostel in Derby;

operational funding for the Broome Aboriginal short-stay accommodation facility, which is still being constructed, as the member is probably aware; operational expenditure for the family and domestic violence centre in Peel, which we referred to earlier; culturally appropriate services for victims of domestic violence; family and domestic violence counselling services in the Peel, which is the Allambee Counselling money to which we referred earlier; some portion of the Respectful Relationships program in schools; the regional community childcare development fund, stage 2, which we spoke about before; a small portion of the funds to reinstate financial counselling services; the Dalyellup Family Medical Centre; and an element of the district allowance for communities. They are all the areas that are incorporated under my portfolio responsibilities.

Ms M.J. DAVIES: Is the minister able to list any projects that were previously partly or wholly funded by consolidated revenue and are now being funded by royalties for regions as of this budget?

Ms S.F. McGURK: Sorry, before I answer that, I should have looked at the last page—elements of the regional services reform unit should have been added to the list. The answer is: not that I am aware of. I think we have been pretty clear about the new allocations. They were election commitments to some physical infrastructure that we have spoken about, including a new women's refuge in the Peel area. We also talked about Allambee Counselling, the crisis and transitional accommodation in Collie, and the Dalyellup Family Medical Centre. I think all the areas I have listed were either election commitments for physical builds or were a carryover from the previous government.

Mr S.K. L'ESTRANGE: I refer to page 421 of budget paper No 2 and the 2017–18 estimated actual for a number of key effectiveness indicators. The target for the percentage of homelessness clients with some or all goals achieved at the completion of the homelessness service support period was 85 per cent, and the estimated actual was 82 per cent, so it was below the target. The target for the percentage of departmental clients who were assessed and received a response as a result of a FDV incident and did not require another FDV-related response within 12 months was 80 per cent, but it was not met. The 80 per cent target for the proportion of Aboriginal children in the CEO's care placed in accordance with the Aboriginal and Torres Strait Islander child placement principle was not achieved. Can the minister advise why those key performance indicators, as well as others, were not met? Was it due to staff reductions, the amalgamation of agencies or another factor?

[4.30 pm]

Ms S.F. McGURK: I will take each item separately; firstly, the proportion of Aboriginal children in the CEO's care placed in accordance with the Aboriginal and TSI child placement principle. The idea of that principle, which was agreed to across the states and territories, is that children in the care of the CEO of the department are placed with either immediate family, extended Aboriginal family or an Aboriginal carer. That is, very importantly, recognition that Aboriginal children need to maintain a very real and live connection to their culture. It is an important part of identity. For some time, about two-thirds of the Aboriginal children in care have been placed in accordance with that principle. The member asked a good question about why our target is 80 per cent when for some time it has been more around 60 to 64 or 65 per cent. I think that is a reasonable question, and I have raised it with the department.

I think the member's question was about how we arrive at those indicators, rather than the policy underpinning it. I suppose the area that exercises my mind the most is how we can improve the number of Aboriginal children placed in accordance with that principle. About 55 per cent of WA children now in care are Aboriginal, so the majority. That compares with about three per cent of our overall adult population being Aboriginal; for children it is about 16 per cent. That is a shamefully high number of Aboriginal children in care. The other point to make is that by national standards it is not too bad. The Northern Territory is probably the most comparable jurisdiction with us, and its number of children placed in care in accordance with that principle is about half the number of ours, so about 30 per cent. The national average is about 67 per cent, on the figures I have in front of me, so WA is slightly under, but in states with large Aboriginal populations the figure is distorted. We should compare ourselves with states with a large number of Aboriginal communities. In Queensland it is about 57 per cent.

We recently undertook a review of the child protection legislation in WA and tabled the results during the last week of sitting last year. A key theme picked up by that review was the need to improve the work we do with Aboriginal-controlled organisations and the need to improve the cultural understanding of the department in working with Aboriginal communities not only to serve the children in care, but also to try to break the cycle of kids entering care. Unfortunately, a number experience homelessness and are more likely to end up in the juvenile justice system than other children and have other challenges in life. We need to try to do better for those kids, and a better appreciation of cultural needs and strengthening their cultural connections is a big part of that.

That was a longwinded answer, but I think the member's question was about how we arrive at the target. I think that is a fair point. We arrive at a high target because we have ambitions to do better, but the reality is that we have struggled to get over about 60 to 65 per cent for some time. We want more Aboriginal carers, but finding Aboriginal carers is a challenge while we have a high number of kids in care. One other issue raised in the legislative review was the valid argument that the principle states immediate family, extended Aboriginal family or an Aboriginal

carer. In a large state like WA that means, in keeping with the Aboriginal placement principle, they might end up getting taken to Perth or the south west to be with an Aboriginal carer rather than staying with a non-Aboriginal carer in the same town. I have to question whether it might be better for them to stay in a predominantly Aboriginal town, albeit not with an Aboriginal carer but in their own community, rather than being taken somewhere else. We know that the Kimberley and the south west are completely different worlds. That issue was picked up in the legislative review.

Mr S.K. L'ESTRANGE: Most of the minister's answer focused on Aboriginal children —

Ms S.F. McGURK: Sorry. There were other points, yes. I got carried away.

Mr S.K. L'ESTRANGE: That is okay. I have a follow-on question linked to the minister's answer, particularly the part about 55 per cent of those in care being Aboriginal. It is clearly a significant and complex problem to try to make sure that the best is done for these children. I refer to note 1 underneath that table that shows that the proportion of Aboriginal children in care has increased at a higher rate than the number of available placement options. That feeds into the minister's answer. The minister mentioned the whole question of whether these kids can be kept in community so that they are close to their Aboriginal culture, or whether they should be moved to another Aboriginal carer somewhere else. That is no doubt a tricky one. Even more tricky is if we consider Aboriginal child sexual abuse victims, for example, or those with a family member or someone close to them having been charged with a child sex offence. How can the minister ensure the safety of the child while balancing that against keeping them close to community, if keeping them in community is dangerous?

Ms S.F. McGURK: I assure the member and the public that child safety is not compromised. If there is a risk to their safety from either sexual or physical abuse or anything else, that is taken very seriously by the department. In cases of challenging behaviour within a community as a whole, child safety is prioritised. If there are sufficient concerns about where that child is living, they are dealt with. There is no doubt about that.

The member's question raised another issue: if child sexual abuse victims exhibit harmful sexual behaviour, as often happens, how we manage that. In fact, quite a big part of the work of the Royal Commission into Institutional Responses to Child Sexual Abuse comprised how we best respond to that. It is a matter about which I have been talking to my state counterparts whose states have reasonable Aboriginal populations, because, again, it is important that we make sure that we understand culturally appropriate responses and build up the capacity of Aboriginal authority on those questions as part of our response. That is one part of my answer.

Another part of the answer is how we balance keeping children with their biological parents, which is always the preference, with deciding that the child's safety is so compromised that the child needs to be removed from the parents. This decision confronts the child protection system every day and, again, it is very challenging. I have received, as would have the people who held the position before me, any number of letters from people who think we have got that judgement wrong. When people think that the department has not made the right call, the department has an internal complaints process, and I encourage people to access that. I encourage those within my office to go back and have a dialogue with the department about whether their concerns about the conduct of the department have been heard properly so that they feel that they have had a voice and have been listened to by the department. There is merit in us looking at some sort of external oversight of the decision-making process, which we do not have in our system. That issue has been taken up in the review of the legislation so that, as it is with the government, if someone is not happy with the system, they can go to the Ombudsman, who will look at the judgement and determine whether the proper procedures and checks and balances were adhered to. There is merit in doing that. Being able to make that judgement is the really tricky part of child protection.

[4.40 pm]

The CHAIR: I have read a fair bit about a recent case in the Northern Territory. I cannot remember whether it was in Tennant Creek or Katherine. I am interested in what the minister said about external oversight of that process. I wonder whether we have become too reluctant to bring some of those kids into care. Is another state using a process of external oversight?

Ms S.F. McGURK: I do not know the answer to that. I do not know whether external oversight would increase or decrease the number of children in care, but that would not be our motivation for having external oversight. Again, because we have a large number of children in care, there is the view that we are bringing too many into care, but others think that not enough of them are in care considering some of the safety concerns in some communities. It is constant work in child protection in both the practice of child protection workers operating on the ground and the department's structure to make the right judgement in our interactions with families. Depending on how it occurs, taking children away from their biological parents is a very serious matter. It is very traumatic for children. Internationally, the research on that is very firm, but our understanding of the importance of child attachment and what removing children from their biological parents does to children grows all the time. Having said that, kids need to be safe and they need to be put into a stable environment as quickly as possible. The royal commission has taken a number of those issues into consideration in its work. If the member has not had a look at any of that work, I encourage him to. We are formulating our response to the royal commission at the moment. Those responses

partly go to the sorts of systems that the member for Vasse raised, such as a church or community organisation, and the safeguards and assurance that members of the public can have when they send their child to an organisation, whether it is a school, a volunteer organisation or an institution, and know that they will be safe. It is very hard to make a judgement call about whether we leave a child with their biological parents and try to work with that family to improve their behaviour or whether the child's safety has been too compromised that they need to be taken away and put into another arrangement and, after they are taken away, at what point are they taken away permanently or until they turn 18, which is what occurs now. The review of the legislation dealt with some of those issues. We have looked at whether we have the right legislative safeguards or systems in place. The royal commission is dealing with some of those issues, such as whether child safety is compromised or enhanced by the current system. Another part of the department's work is making sure that it has enough rigor to work with those families to make the right judgement call.

I will make one other point, Chair, and that is that the really difficult area is when we decide to intervene and make an application before the Children's Court to take these children into care either temporarily or until they are aged 18. The real opportunities, of course, are before things get that bad—so, working at an earlier stage with a family to try to arrest worrying behaviour to make sure that family and domestic violence and drug and alcohol abuse is dealt with and that the supports of the extended family are harnessed and worked together to provide a safe and more stable environment for those kids. I have mentioned before that we have given a \$20 million contract to an Aboriginal consortium in the metropolitan area for in-home support for Aboriginal families before kids are taken into the care of the department, the chief executive officer, and placed with foster carers or wherever they are placed. The in-home support will support those families whether they need financial counselling or drug and alcohol support or support to make sure that each day the kids get to school, stay at school and engage with school. That is the in-home support contract, which, I think, is very challenging but exciting.

Ms L. METTAM: Are there any circumstances in which it would be suitable in the eyes of the department or the minister for an Aboriginal child to live with a person or a family member who has been either charged with or convicted of a child sex offence?

Ms S.F. McGURK: I will ask Jackie Tang to address this as well. Jackie is the assistant director general responsible for child protection services. I understand that the department would do a risk assessment of the severity of the case and the possible risk to the child. Some examples in which discretion might apply is when a person who has been charged or convicted is a child themselves and is living in the house. It will depend on the severity of the charge. Given the nature of the member's question, it may mean that the charges are of a relatively minor nature, if you like, such as accessing pornography or some sort of indiscretion of a non-systematic nature, or are quite severe and result in a criminal conviction. In that instance, I would very much hope that that would not be the case. I will hand over to Jackie Tang to address that issue.

[4.50 pm]

Ms J. Tang: I make the straight-out comment that that would never be acceptable because each case needs to be taken into account. The best interests of the child is always taken into account. It depends on whether there is an indication that the perpetrator might be charged with a sexual offence. When talking about intra-familial sexual abuse or abuse of another nature, or it is actually against that child or a child outside that family, it is a complex assessment that is not done in five minutes. It is always, as I say, done in the best interests of the child. There are professionals—psychologists and child protection workers—who have this skill. They look at the circumstances of the family, what safety measures are in place to mitigate any risk that might be identified, and very much work a safety plan around that child and that family. If it is determined that the child could safely remain in that family because in fact the risk is not to that child—even though a perpetrator who has committed an offence might be there—a professional decision is made in each case and that would have a safety plan around it. If it were felt the child would be at risk, and therefore the best interests of the child would be served in placing that child outside that family with another family member or they would enter another foster care or another placement, that decision would be made.

Ms L. METTAM: Just to clarify, are there circumstances in which the department deems that it is in the best interests of the child to live with a family member who has sexually offended against them?

Ms J. Tang: No.

Ms S.F. McGURK: I will ask Jackie to answer that.

Ms J. Tang: My reference to that was that every assessment would need to be made, and if an offence were actually committed against that specific child, the decision around whether the child would stay in that family would be made in determination of the safety elements around that family, ensuring that that child is safe for that placement. I cannot say today that we have had that situation. If there is a situation that anyone is aware of that needs to be brought to the attention of the department, we will certainly take that as a case that we need to inquire about. But it is all around the safety elements of that child within that family.

Mr S.K. L'ESTRANGE: In response to that answer, maybe the minister could assist us if I use this example: over the last 12 months the department would have put in place safety measures taking into account what it believes to be in the best interests of the child and the family. The department has put its safety measures in place. So, whether or not there is a child sex offender in close proximity to where that child lives, all the safety measures have been put in place but there has been a breach of safety, impacting on that child. Does the department keep data that shows, “We’ve put in this safety measure, we know the risks, we have mitigated the risks as best as possible, but there has been a breach”? Does the department keep data about breaches of child safety in those circumstances?

Ms S.F. McGURK: The member is asking whether the department collects data that identifies breaches. I do not know whether he has had much experience with the child protection system but there are families who often lead pretty chaotic lives. Sometimes these issues are clear. I am not talking about breaches of safety plans or concerns about sexual abuse, because they are very much taken seriously by the department and child protection workers working with families. I guess I am making the point that if a person had been convicted, or even if they had been only charged and that charge had come before the court, there will often be conditions placed by the court, and they need to be adhered to. They are not something that can be changed by the department. What the member described, whether it is someone who has been convicted of child sex abuse or there are charges against them, can describe a number of behaviours. That really leads to a judgement call on the part of practice workers working with that family about whether that individual child is at risk. An example might be a child perpetrator. Sadly, that is often the case. Trying to keep them in connection with their family and sometimes with other children will be a judgement made in conjunction with not only the child protection workers, but also the Children’s Court to decide whether other children are at risk by having, in this case, a perpetrator who is also a child under 18 placed in proximity to them.

Having said that, I would like to give members and the public every assurance that these decisions are not made lightly when it comes to sexual abuse. I am reminded that in fact there are some statistics about these issues in the annual report. The member might want to look at the safety plans in that and at how the department puts plans in place and monitors whether there has been any variance to those plans, and the adherence practice on the part of the department.

Mr S.K. L'ESTRANGE: I appreciate that answer, minister. She is quite right. I do not have any experience in this area of government; I have never worked in it at all. For me, one of the great aspects of budget estimates is in trying to gain a greater understanding of these issues through the minister and through the experts and advisers she has around her. With a background of problem solving myself, I can understand that the department would have every good intention to do what is in the best interests of the child. Looking at our history as a society in Perth, Western Australia, on the Swan River, the evolution of child protection is ongoing. It is not going to stop here; we will continue to look for ways to improve it. It is in that context that I am asking whether the department, although it makes decisions in and around what is in the best interests of the child, keeps data on when it gets decisions wrong. That is the only way it will be able to say, “We’re trying to do this but there’s now a pattern that shows it might not be working.” How do we look at that data to say that the judgement call in and around community and family is to place the child with another family or somewhere else? All those decisions have to be made in some context. The question is simply: does the department collect data that shows that after a safety program has been put in place and a decision has been made, a breach has occurred or the safety program has not worked? Does the department keep a record of that? If it did, it would then be in a position to review programs and processes to help improve child safety into the future.

Ms S.F. McGURK: I will hand over to Jackie Tang to talk in a more detailed way about the best practice guidelines. I would point the member to the outcomes and key effectiveness indicators on page 421 of budget paper No 2. Within the context of the budget papers, we have some particular line items et cetera that show some of the headline figures. There is, in that table, an item for “Children and young people needing protection are safe from abuse and harm”, and then “Improved safety”. The member can see there a target of 95 per cent, and it is estimated that we achieve about 90 per cent. I will hand over to Jackie Tang to talk about the specifics of what happens at practice level.

[5.00 pm]

[Ms M.M. Quirk took the chair.]

Ms J. Tang: In relation to improved safety, it is a little bit difficult to read that line. It has to be read a few times, but it states —

Proportion of children not subject to a subsequent substantiation of harm within 12 months of a previous substantiation of harm

We are saying there that, for 90 per cent of the time, when we said that there was a substantiation, it did not occur again. The next measure is —

Proportion of children not subject to a substantiation of harm 12 months after an assessment of harm that was unsubstantiated

The first one is about there having been a substantiation of harm, and 12 months later the child was still safe. The second measure is that the harm was not substantiated, and they were safe for that period. It is not a pure measure, and it does not answer the member's initial question of the specifics when there is subsequent harm, of the nature of that subsequent harm. For this purpose, I cannot say for sure that we were able to produce detail for the actual nature of that substantiated harm, and whether they were physically hurt as opposed to sexually abused, and, if they were sexually abused, whether that was by a family member or by the same person, or within that safety plan.

Ms S.F. McGURK: I was also going to add that it may have been neglect. It might not be physical or sexual harm. There might be trauma that is so severe that the harm is defined in that broader way.

Mr S.K. L'ESTRANGE: Just further to that answer, I see that the targets for those two categories that the minister has outlined to us for the 2018–19 budget are set at 95 per cent. The question was actually: is the department keeping the data to check? That is the target, or the goal, but where there are breaches, is the department keeping a watch on how those breaches occur, with a view to adapting and changing policy moving forward?

Ms J. Tang: At the district level and at the case level, we have a hierarchy of team leaders, district assistant directors and district directors who are all involved in the management of each case within their district. When a safety plan is put in place, a care plan care team is put around that family. When something fails, in the sense that the child appears to be re-traumatised, or something else happens, all future plans involve the family, the significant others and all the team levels. Within each district, it is a constant process, because it involves humans, families and complexities; that is the constant work of the professionals in those districts. It then comes up the line. In order to keep these statistics, we need to be able to keep a check on when there has been a failure, so those statistics are kept. My concern is to be able to say that we can specifically answer the question for the member. We want no further harm in 100 per cent of cases, so when we see the lower rate, it is a bit—you know. But there is also the realistic nature of the trauma that is experienced across generations and within families, and that it is not going to be just a success story the first time something comes to light.

Mr S.K. L'ESTRANGE: I appreciate that answer, and I suppose we are getting to the point where the rubber hits the road; that is, if we keep trying to fix in the same method that we have been trying to fix, it might actually be that that the method needs to shift somewhat. Even though we have the best professionals with the best intentions and everybody doing their best, they are doing their best in the context, maybe, of what they have done before. I am suggesting the possibility of a longitudinal look at this. At what point do we say that we need to change the way we do this? Has the minister any data to support that?

Ms S.F. McGURK: I was going to point out to the member some initiatives that were commenced under the previous government through the child protection and family support department that looked at out-of-home care reforms. Essentially, we are looking at a range of different reforms not only about how we liaise with the foster care system and the not-for-profits that work in this area, but also around safety assessments that are done of children. There is constant work in the department and nationally to ensure that we are refining the work done by practitioners working with families, the management systems that support them, and the collection of data. I mentioned that I think that there is merit, perhaps, in some sort of independent oversight of the system, so that if there are complaints, they are not just investigated by someone within the department, but someone externally could look at whether the current procedures were adhered to or whether the procedures themselves need to be challenged. Some of those reforms might be worth looking at, but, essentially, whether the safety assessment tools and the way that they are applied is the best possible is something that the department and I, as minister, are very aware of. We need to be constantly looking at whether we are doing the right thing with regard to those children.

Ms L. METTAM: Is the limitation of suitable foster homes or alternative accommodation for the child in question a consideration when making decisions about a particular child who is considered to be at risk in an environment where sex offences have been taking place?

Ms S.F. McGURK: No, I would not say that a child is kept in a placement where there might be concerns about their safety because of the lack of availability of a suitable foster carer. Certainly, with regard to concern about some sort of sex offence, for instance, which is the nature of the member's question, I am not aware that a decision on whether to take a child into care temporarily or until they are 18 would be second-guessed because there was not a foster carer available.

Ms L. METTAM: Can the minister guarantee that no Aboriginal child victims are currently living with a person either charged with or convicted of a child sex offence?

Ms S.F. McGURK: I would be very surprised if the member was not channelling the shadow minister there, because he has asked me that question with regard to Roebourne, I think probably seven or eight times in the Legislative Council, and I have had a number of questions in the lower house as well. He has asked it with regard to Roebourne, and whether I can give guarantees that no child is living with someone who has been charged with or convicted of sex abuse. I wish I could give that guarantee for every child, and no children were at risk, but I do not know where every child sleeps every night. For that reason, I cannot give that guarantee, because children may

stay in one house one night and stay somewhere else another night. We do everything we can to identify children at risk, to address the level of that risk, and to keep them safe and secure with their families; and, if that is not possible, to bring in the resources of the child protection system to put in place the best protections.

[5.10 pm]

Ms L. METTAM: I understand the challenge of being able to answer this, given that children in a community may be moving and staying at different homes, but is the minister able to provide that guarantee or to answer the question in relation to the residences in which these children are living? Can the minister guarantee that no Aboriginal child victims are living at the official residence of anyone who has been charged with, or convicted of, a child sex offence?

The CHAIR: Member, I am not sure the minister can properly answer that. She is damned if she says yes and she is damned if she says no. Maybe you could be a bit more precise in what question you put to the minister. I do not think she can usefully answer that in response to an item number in the budget. You might want to rephrase it.

Mr S.K. L'ESTRANGE: Further to that, maybe I can offer some assistance.

The CHAIR: I do not care who asks the further question, but the way the question was phrased, it could not properly be answered in a meaningful way by the minister.

Mr S.K. L'ESTRANGE: Further to that question, I will ask a specific data question. For example, if there is —

The CHAIR: Is this a further question, member for Churchlands?

Mr S.K. L'ESTRANGE: Yes, it is a further question. Maybe the question is not for the minister to guarantee, because I take the Chair's point on that; maybe it is simply a matter of asking a data question. How many children are currently residing, as their official address, in a household in which a member residing at that official address has been convicted of a child sex offence?

The CHAIR: Minister, you may well have to take that as supplementary, I think.

Ms S.F. McGURK: I would not like to take it as supplementary, because I do not know whether the Minister for Police or the Attorney General have data about where any of the people who have been convicted or charged are located throughout the state, and whether we know their official address; and, if we do know their official address, whether any children are located at that house. Again, I give the two members who are asking those questions, and anyone else who is interested, the assurance that a number of checks and balances are in place. They occur when police work with child protection workers when cases are first identified to make sure that child protection workers are aware of any risks that occur once a perpetrator or possible perpetrator comes to the awareness of police. Once people are charged, the courts then make a judgement about the level of risk; for example, if someone is charged and then bailed, the court makes a judgement about what conditions will apply to that bail and, if the family or the community is known to the department, what sort of risk assessment is done. We recently had a fulsome discussion around the systems that apply at child protection level to do the assessment about whether those children are at risk because they are living either with, or in the proximity of, people who have been charged or convicted.

I will also say that a preoccupation with those people who have been charged or convicted fails to identify the many areas in which children can possibly be at risk. If we think children are at risk only if they are in the proximity of people who have been charged with or convicted of sex abuse, or because they have come to the attention of the department and child protection workers, we are missing the main game. I see other members nodding their heads. Amongst parents, family members and community members, there is now a more sophisticated understanding of situations in which children can be at risk. As a government, we are keen to make sure that the community is not alarmist or paranoid, but is aware that child safety is everyone's concern. We have failed to do that in the past; we have left authorities and institutions to make their own judgements and that has resulted in high levels of abuse going unchecked. That is really what the royal commission has pointed out. Institutions that we thought we could trust could not in fact be trusted. It is not that long ago; we are not talking about decades and decades ago. These are still quite current cases in which people came to authorities and asked for assistance, and that assistance was not given.

I am not trying to disregard the question. We do what we can to ensure that, if there is a concern, the risk is properly assessed and managed. The member for Churchlands asked whether we are doing enough and if we have systems checks. That is a constant work of refinement and challenge within the department. We need to make sure that we are focusing not only on people who are convicted of and charged with offences. People within our institutions, our establishments, our communities and our families need to have a good understanding of what child safety means so that people can get on and lead good, happy lives and so that children are safe and know to come forward if they have concerns.

Ms M.J. DAVIES: I refer to page 440 and the HUGS line item in the "Details of Controlled Grants and Subsidies" table. Can the minister explain the reduction in the budget for this program in 2018–19, first by \$9 million and then by a further \$6 million in each of the out years?

Ms S.F. McGURK: The budget appropriations for the hardship utility grant scheme, not only under this government, but also under successive governments, have been a demonstration of hope over experience. They hope that the expenditure for HUGS will go down in the future, but the experience has been that they have to go back and ask for more money, and I am sure that was the case under the member's government as well. The budget estimate for that line item is just over \$1 million in the current year and into the forward estimates, but in the past it has been less. The reality is that much more has been spent on HUGS, and I think that has been well publicised. In fact, in 2017–18 there was an appropriation of about \$25 million for HUGS, which got quite a bit of publicity. There has been an increase in the accessing of HUGS, particularly by some utility providers. Under the previous government, there was a decoupling of financial counselling for people who wanted to access HUGS. Previously, to get HUGS they had to go to a financial counsellor and get financial counselling, and then it would be decided whether they were eligible for it. Under the Barnett government, there was initially a cancelling of funding for financial counselling in the metropolitan area. That meant that people could not access financial counselling to get HUGS. In fact, some of that funding for financial counselling in the metropolitan area was reinstated, and financial counselling in the regions continued during that time. Nevertheless, even though some of that money for financial counselling in the metropolitan area was reinstated, under the previous government there was a decoupling, as I said, and people did not have to go to financial counselling to access the hardship utility grant scheme. One of the reasons there has been a big increase in the number of people qualifying for and accessing HUGS is that they can now go directly to the utility to access HUGS. Therefore, as part of the midyear review, the Treasurer announced that there would be a change in policy and people who do not hold a concession card will now have to go to financial counselling to access HUGS. We are starting to roll that out; that is just being implemented now. Anglicare will be the lead agency to help manage that. We are also rolling through the utilities that will manage that. I think the Water Corporation will be first in May and the other utilities will follow. That is for people who do not hold a concession card. The other changes are that people need to have a minimum outstanding bill of \$300 and need to have been in a debt reduction program with the utility for at least 180 days. That is to try to encourage both utilities and customers to put in place hardship measures to better manage utility bills before they can access HUGS. Notwithstanding that, we understand that the reason for HUGS is hardship and there should be some ability for people to continue to have essential services such as gas, electricity and water available to them. That is the reason for HUGS and we will continue to make sure those funds are available to people in need.

[5.20 pm]

Ms M.J. DAVIES: Just to clarify, the assumption from that explanation would be that the number of HUGS applications is increasing because there is greater access, albeit there are greater controls for people to access it in the first instance, but the figures are going down across the forward estimates. Am I misreading something?

Ms S.F. McGURK: No; I do not know whether I was clear. There has been no extension to the number of people who are eligible for HUGS; there has been no widening. In fact, under the current system, both the member and I are eligible for HUGS. Until these recent arrangements, if we went straight to the utility and said that we were having trouble budgeting, we would technically be eligible for HUGS. We are trying to put some checks and balances in the system to make the distinction between people who cannot pay their bills and people who will not pay their bills. We hope that by putting in those checks and balances, we will rein in some of the HUGS expenditure and at the same time make sure it is available to people who are in genuine need.

Ms M.J. DAVIES: I understand that there is a narrowing, some checks and balances, and the modelling shows that less needs to be appropriated. At the same time, the price of water and power is going up. Does the modelling show that one cancels out the other, or is it a bit like the comment I heard at the start about hoping not to use more? Is the minister optimistic about what is going into HUGS given the increases in water and power prices?

Ms S.F. McGURK: There were changes to the financial counselling model. Initially, as I said, the Barnett government cancelled all financial counselling in the metropolitan area and there was a public backlash against that and some—not all—of that money was put back. The Labor government has now reinstated all of the money for financial counselling to the levels before the cut. However, one of the changes that arose out of that upheaval was that a financial counselling network was put in place in the metropolitan region. Most of the financial counselling in the metropolitan area is managed by UnitingCare West and Anglicare, although there are a couple of other small contracts. Regional areas are not part of this system. As a result of this financial counselling network, a bit more data has been collected about what is going on with people experiencing financial hardship, what their needs are and what we need to do to address some of those needs. We are hoping to bring some of that effort to bear in the HUGS applications. As I said, a result of the decoupling of people having to get HUGS via financial counselling was that people went directly to the utilities to access HUGS. I am concerned that the utilities are not rigorous enough in interrogating customers about whether there is genuine hardship and whether they just get referred straight to access their annual HUGS entitlement. We are doing that work to make sure there are, as I said, some checks and balances for people who do not hold concession cards. Now people need to go to financial counselling, so there is some genuine assessment of whether they are experiencing financial hardship. We will continue to work with the financial counselling network and the utilities themselves to drive change. The member

may have seen that the water authority has put in place some changes and has started to better understand the needs of its customers—for instance, why people are getting huge water bills and what its customers' needs are. The authority has taken that on board and started to reduce the number of people who have had their water cut off or been threatened with having it cut off just by better understanding the nature of the high bills and debts that were being accumulated by those customers. We would like to encourage utilities to continue to do that and work with the financial counselling network so that we can best direct resources for people to where they are needed.

Ms M.J. DAVIES: With all this collection of data, where is it being collected and is it available to the public? Is there data about the geographical areas in which people are accessing HUGS and their prevalence? Can that data be shared?

Ms S.F. McGURK: Yes, that information has been available publicly and it is asked for regularly in the Legislative Council. We have those full figures for 2017–18 and even by quarter. I think they are compiled by region and then by utility. It has been well documented that there has been an increase in the number of people accessing HUGS payments. As I said, we will continue to make sure that people in genuine hardship can access that assistance, but we will look at what sorts of checks and balances we can put in place. Technically, the member and I can access HUGS, so how do we make the distinction and make sure the money is going to where it is best needed?

Ms M.J. DAVIES: I have not seen that data; my apologies. Does it include a geographical breakdown?

Ms S.F. McGURK: Yes, it is by region.

Ms M.J. DAVIES: Is it broken down by development commission regions?

Ms S.F. McGURK: I think it is. The member might be interested.

Ms M.J. DAVIES: It is by development commission regions; that is okay.

Ms S.F. McGURK: It is by region, yes.

[5.30 pm]

Ms L. METTAM: I refer to the department's asset investment plan outlined on page 437 of budget paper No 2, which provides the necessary infrastructure for family and domestic violence clients and a range of other services for children in care. Can the minister provide an explanation for the line item at the bottom of the table that highlights that almost all of the department's asset investment plan is funded from asset sales?

Ms S.F. McGURK: I think it is probably an example of these budget papers being a little challenging to disaggregate across ministerial responsibilities. Where we see huge numbers, it is attributable to the Department of Housing, and where we see smaller numbers but people doing incredibly good work, it will be attached to my portfolio responsibility! To answer the question, my understanding is that most of that is in relation to Department of Housing or Housing Authority work.

Mr S.K. L'ESTRANGE: Is the minister still able to provide us with a list of what assets are intended for disposal in her portfolio?

Ms S.F. McGURK: There is none in my portfolio; it is all in relation to the Department of Housing or Housing Authority.

Mr S.K. L'ESTRANGE: I refer to the first dot point under "Significant Issues Impacting the Agency" on page 416. How many of the 5 500 staff across the six former entities will no longer be employed in the minister's department after the amalgamation?

Ms S.F. McGURK: The amalgamation had taken place prior to these budget papers being prepared. The number incorporates the current Department of Communities and is the current rough figure of the number of staff employed in the department. We are working through the targeted voluntary severance scheme and trying to work through that across government to ensure that any efficiencies, particularly in machinery-of-government changes, that could be realised are realised, but that there is protection of frontline staff, particularly those doing the work of child protection that we have been talking about.

Ms M.J. DAVIES: I return to "Outcomes and Key Effectiveness Indicators" on page 421 and refer to the line item relating to the proportion of children in the CEO's care with comprehensive care planning undertaken within set time frames. They are all percentages. Is it possible to know what that means in real terms, in terms of numbers of children?

Ms S.F. McGURK: Yes, I do not know whether some of that is in the annual report. I would not have it here.

Ms M.J. DAVIES: I am happy to take it as supplementary information if that is possible.

Ms S.F. McGURK: I am not trying to avoid the question but it will be in the annual report. The figures that are here relate to the full financial year and so are about the effectiveness indicators in relation to budget and actual. I would be reluctant to indicate that I could give the numbers underpinning that part way through the year. I do not know that they are going to be that helpful. These are not estimates.

Ms M.J. DAVIES: They are actual.

Ms S.F. McGURK: They are actual. I am not sure what is in the annual report as I do not have it with me but I can see that someone here does have the report. No, the annual report has the percentages as well. The Department for Child Protection and Family Support annual report 2016–17 states that the result in 2016–17 indicates that 80 per cent of children in the CEO’s care had up-to-date care planning in place as at 30 June 2017 and this was below the target and the 2015–16 result. The lower result is predominantly due to the implementation of the needs assessment tool in December 2016 and the department’s focus to ensure that every child in the CEO’s care had their individual needs assessed through that new assessment tool by February 2017. The needs assessment tool is part of the department’s out-of-home care reforms, to which I referred earlier in terms of some of the work that had already commenced when we took office, and identifies the individual needs of the child across all dimensions of the child’s life, which are the same dimensions addressed in the care plan. The effort required to complete this activity during 2016–17 has adversely impacted on the department’s performance against this indicator.

The CHAIR: Minister, I think the member was asking for a number.

Ms S.F. McGURK: I was getting carried away reading from the annual report. That illustrates the work that underpins not only how we work towards the assessment, but also the variance that can occur while those assessments are being refined. The annual report discusses the reform that occurred. The director general points out, quite rightly, that every child has a care plan so that we know at any time how many children are in the department’s care. There will be an exact number, but it is about 4 800 at the moment. Ms Tang might like to supplement my ability to answer this question.

Ms J. Tang: The fact that we have not met the target is something that we are driving within the organisation; that every child needs to have a care plan. That is certainly something that we are trying to drive. The problem is that we cannot just take it as a percentage of the numbers of the volume of children moving through because we might have just under 5 000 in care now, but some are moving out of care and others are coming in. There might be 1 000 children who come into the system and 1 000 children who go out. It is just being clear on what we collect that number on. We cannot necessarily take it from today and say it is 85 per cent; we need to do it over the year. It is another case where we are not saying that the care of that child has not been put in place. One of the driving matters for us is to say to our staff that if it is not written down, it has not happened. Sometimes they do the care planning, they work with the families, the child is safe, but they have not got to write the plan down and formalise it and get it signed off. We are trying to instil in them that if they have done the work and the child has had a care plan and is in a safe environment, they need to document it, because it has not happened if they have not documented it. That is good practice and is something that we are driving on a number of key performance indicators across the system.

Ms M.J. DAVIES: My understanding, and I am happy to be corrected, is that there is a time frame within which a child has to have a care plan implemented. With the transition to the new system, has there been a —

Ms S.F. McGURK: Disruption.

Ms M.J. DAVIES: Yes, has there been a disruption for kids who have had a care plan in settling them with a carer or deciding whether they will go back to their parents? How has that impacted?

[5.40 pm]

Ms S.F. McGURK: Does the member mean the machinery-of-government changes to the department?

Ms M.J. DAVIES: No, sorry, not the machinery-of-government changes. I cannot remember the title that the minister gave it earlier—they were being transitioned to a new system.

Ms S.F. McGURK: The needs assessment tool?

Ms M.J. DAVIES: Yes, that is the one! My apologies.

Ms S.F. McGURK: Some of the program was in place when we came to government—the needs assessment tool was just being implemented in February 2017. It was a challenge to manage that transition in the department at that scale. That is why the statement I read from the annual report indicated that the percentage is lower, because a decision was made that all children within the care of the department at that time needed to be assessed within a certain period using the new tool. It was quite challenging to manage that sort of change when we were trying to improve systems and questioning whether we had the best tools to use, while we are working with however many regions and however many staff and trying to maintain the integrity of the system while work goes on.

Ms M.J. DAVIES: At an individual level, if a child had a care plan and the new tool was brought in but they were part-way towards being rehomed or going into foster care, would it disrupt or change the work that had been done or the time line they would follow? Was there any disruption in their care in coming to an arrangement for a more permanent solution for the child, whether they would be returned to their parents or a foster family, or retained by their current carer? Sorry, I am not being particularly clear.

Ms S.F. McGURK: No, I understand the question. As a result of the new needs assessment tool, it may be that a different judgement could be made about where a child would be placed, but I imagine that would be the exception rather than the rule. That was the point of having a new and hopefully improved needs assessment tool—to re-examine whether the best plan had been put in place for a child and whether the best judgement had been made about the arrangements they were in. The transfer of that work in the reform process took a huge effort. It commenced under the previous government and we continued with it. We did not interrupt the work that was occurring and we are now able to add to it with machinery-of-government changes and reforms to the department at a more senior level. Frankly, as Minister for Child Protection and regarding the system, I hope that we are open to continually refine those tools and how we work. As I said, doing that and maintaining the integrity at such a scale is something we have to be careful of because if changes are made all the time, then it could be compromised or will be at risk of being compromised. If that sounds a bit theoretical, the changes occurred just as I became minister and Emma White was still director general, so the transfer of the needs assessment tool and the like was just being bedded down as I took office.

Mr S.K. L'ESTRANGE: I refer to page 440 of budget paper No 2 and the eighth and ninth line items, “Grandcarers Assistance (Respite) Program”, and “Grandcarers Support Scheme.” Can the minister explain what the funding for the grandcarers assistance respite program was for and why it has now ceased?

Ms S.F. McGURK: This refers to the contract that the Barnett government entered into with Wanslea Family Services. It is a community organisation that does quite a bit of work with the Department of Communities. A contract was entered into in 2013. I do not know whether the member has had any experience with it in his electorate, but I have and I know that many other members have. The program was essentially for parents who, for a variety of reasons, are now caring for their children’s children. There are opportunities but there are enormous challenges too. Some of those challenges include the amount of support that is given to grandcarers. I do not know the numbers but some grandcarers are given formal responsibility for their grandchildren through the child protection system. If the department makes a judgement that the children are no longer safe with their parents, they will go before the courts and are then given orders and the grandparents can be deemed to be responsible for them, essentially like foster carers. As a result, they get assistance equivalent to what foster carers get for looking after children. For other grandcarers—I think it is the majority—the arrangement is much more informal. As a result of mental health issues, drugs and alcohol, justice issues if parents are incarcerated, homelessness issues and the like, the grandparents step in and decide to care for their grandchildren in a much more informal way. They are given some assistance by the state but, by comparison, it is not much at all. Wanslea was commissioned to try to give them a bit of support through local support groups. One group in Fremantle meets every quarter to have a cup of tea and talk about some of their experiences. Wanslea was contracted to help assist the group and provide a bit of extra support. It was always a finite program and it is due to expire in June 2018. However, for grandcarers who follow the informal pathway I described, support is provided by the state government in an annual amount of \$400 for the first child and \$250 for each subsequent child, and that will continue. For children who are under the formal care of their grandparents as a result of going through the Children’s Court and getting formal orders, their support will also continue.

Mr S.K. L'ESTRANGE: I understand that the grandcarers support scheme will continue, which, as the minister pointed out, is an amount of money allocated to grandcarers for the first child and a lesser amount for each subsequent child in their care. The minister mentioned that the Wanslea contract offered grandcarers an opportunity to come together once a month to share experiences. Were any other parts of this program provided to grandcarers? That is only the respite program.

Ms S.F. McGURK: That is right; that contract was entered into in 2013 for five years. We need to make sure that some support continues for these carers. I know some of them in my electorate and I have met others since becoming minister. I am very conscious of the herculean efforts they put in looking after kids as they were hoping to put their feet up and they now have to manage these children. Sometimes grandcarers have to deal with their adult children who may not be able to look after their own kids. We will need to ensure ongoing support for those grandcarers. I am trying to read the details of that work as I talk. The annual grant provided to Wanslea included some counselling, training and workshops, and a bit of home help and tutoring for grandcarers and their grandchildren.

[5.50 pm]

Mr S.K. L'ESTRANGE: The training and more help with tutoring were the types of services provided under the respite program. Given the program will not now be funded, will the services continue?

Ms S.F. McGURK: We will make every effort to make sure that some assistance will continue for people who have been getting it through either the Department of Communities or Education. I have said that I am very conscious of the work of grandcarers, particularly those who do not have formal care arrangements or formal responsibility for the children they care for, and they need support. There has been quite a bit of public discussion, in WA and nationally, about the need to support those people. They often feel frustration because of not only the distinction between the support given to people who have gone through the court system to get the equivalent of foster payments, but also the federal government support like family assistance payments et cetera that is normally paid to parents is not paid to them. They feel completely bereft of assistance and that they have been left to pick

up the pieces of caring for young people. To answer the member's question, we will do everything we can to make sure people are not worse off as a result of that finite program coming to an end in 2018.

Mr S.K. L'ESTRANGE: On the same table on page 440 of the *Budget Statements* and in reference to Our Watch, is that funding spent in Western Australia or elsewhere?

Ms S.F. McGURK: Our Watch is a national organisation that we committed to sign on to as part of our package of election commitments to deal with the high level of domestic violence in Western Australia. Our Watch is a national organisation. Its origins were a partnership between the Victorian and federal governments to look at primary prevention approaches to deal with family and domestic violence. I hope it is obvious to the member and most people that part of our response to domestic violence has to be to deal with it after it happens, but we also need to stop it from occurring in the first place. That can occur. There is no reason for the current high levels of domestic violence. Every state and territory in the country except New South Wales, as well as the federal government, are members of Our Watch. Some of the tools it employs have been lessons learned in, for instance, public health campaigns such as the many years of many-pronged approaches to reducing smoking levels or the seatbelt-wearing campaign that was adopted over many years or trying to get people to not drink and drive or road-safe campaigns. Our Watch has looked at a range of targets and approaches to try to drive behavioural change. Our Watch has committed to trying to learn some of those lessons to prevent family and domestic violence. The board is chaired by Natasha Stott Despoja, a former senator, and includes a range of bipartisan people who are associated with both sides of politics, as well as other experts. A few Western Australian women have sat on the board of Our Watch and participated in those deliberations.

Mr S.K. L'ESTRANGE: Can the minister outline what the program has delivered in Western Australia since it was first funded last year?

Ms S.F. McGURK: No specific programs have been rolled out in Western Australia, and Our Watch does not deliver programs. It has looked at different work that has been picked up in education programs, but it does not offer specific programs. The organisation examines and promotes primary prevention in the area of family and domestic violence. I have said that this state is not alone in trying to deal with this. I think there are enormous benefits in us joining in the national effort to try to drive behavioural change around domestic violence. WA ran a primarily online social media campaign last November called 16 Days in WA. I think the member might have been on the steps of Parliament House, as were other members from both sides of Parliament, when we stood with the then Governor and the Premier to say that we are against domestic violence. We used some of Our Watch's resources to help inform that campaign. It has done work with a local organisation in Geraldton called Desert Blue Connect that works with the local community. The member for Geraldton is aware of some of this work. It is starting to lead a campaign in the community of Geraldton to try to get ambassadors to stand up against domestic violence. I know it used some of the resources and work informed by Our Watch to help with that campaign.

Mr S.K. L'ESTRANGE: Are any staff within the minister's department involved in Our Watch?

Ms S.F. McGURK: No. The amount detailed under the line item that the member mentioned—in 2018–19 it will be \$123 000—is our membership to Our Watch. Western Australians are on the board; Dorinda Cox is a Western Australian who might still be on the board. She was previously; I am not sure whether she still is. She is an Aboriginal Western Australian. Western Australians are involved, but the state government does not pay for them. That amount covers our membership of Our Watch.

The appropriation was recommended.

Meeting suspended from 5.59 to 7.00 pm

Division 39: Water and Environmental Regulation—Services 1 to 3, Water, \$87 166 000 —

Ms M.M. Quirk, Chair.

Mr D.J. Kelly, Minister for Water.

Mr M. Rowe, Director General.

Mr G.R. Gilbert, Executive Director, Corporate Services.

Mr P. Brown, Executive Director, Science and Planning.

Ms S. McEvoy, Executive Director, Strategic Policy and Programs.

Mr R. Newman, Acting Executive Director, Regulatory Services, Water.

Ms J. Sheppard, Principal Policy Adviser.

Ms P. Pedelty, Senior Policy Adviser.

Ms N. Arrowsmith, Chief of Staff, Minister for Water.

[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 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, 1 June 2018. I caution members that if a minister 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.

I give the call to the member for Warren–Blackwood.

Mr D.T. REDMAN: I refer to page 552 of budget paper No 2 and the third dot point, which refers to the department implementing a new fee structure for the assessment of applications for water licences. Could the minister outline the extent of that fee structure and whether it includes farm dams, surface water users and private bores?

Mr D.J. KELLY: The only fees that have been introduced in this budget are for water licences and permits relating to mining and public water supply users. In this budget, they are the only new fees that have been introduced.

Mr D.T. REDMAN: The minister may recall that in 2007 or 2008, then Minister for Water Resources Kobelke introduced some water charges for surface water users at the same time as he implemented some water reforms. The minister said in his response just now that that is not in this budget, but is it his intention to consider those as options?

Mr D.J. KELLY: I have said publicly that I am happy to talk to industries about whether licences should apply elsewhere, but I think the two examples the member gave were farm dams and private bores in Perth. Does the member mean bores in the metropolitan area?

Mr D.T. REDMAN: Yes.

Mr D.J. KELLY: No, we are not looking at licences for private bores or for farm dams.

Mr D.T. REDMAN: I assume that the minister is prepared to under-recover on those, because I assume that the licence cost arrangements right now actually under-recover for the cost of processing those licences.

Mr D.J. KELLY: Currently, we do not charge for those licences and metropolitan bores are not licensed.

Mr D.T. REDMAN: It is a broader question that goes to other licences. At the time, then Minister Kobelke tried to bring in a fee structure for surface water users, and I am trying to understand whether it is the intention of the government to do the same.

Mr D.J. KELLY: I am not looking at anything that then Minister Kobelke did. It is a clean slate. Public water suppliers and mining are in this budget and that is all. We have no intention to introduce licences for private domestic bores—residential bores. Likewise, farm dams are not being considered.

Dr D.J. HONEY: Is it possible to have some idea of the magnitude of those fee increases or a list of those fee increases? I did not see those in the budget papers.

Mr D.J. KELLY: The fees will apply to public water suppliers and mining. There will be a new 5C licence assessment fee, obviously a renewal of that licence fee, a trade transfers or agreements application fee, an amendment to a 5C licence fee, a construct and alter well licence fee and a permit for bed and banks assessment fee. They are the six level fees that we are looking at.

Dr D.J. HONEY: Will this be over-recovery or will this simply recover the costs?

Mr D.J. KELLY: This is cost recovery. The member would appreciate—well, he may not appreciate—that we currently spend almost \$25 million on the licence system and currently we do not recover any of it. It is all paid for—I think the member will be familiar with some of the people—by the mums and dads of Western Australia through other fees and revenue that the government collects. Currently, the big miners, the gold miners and the very profitable lithium miners, do not pay anything—absolutely nothing. In the current circumstances, I think most people would say that asking those miners to pay their way when it comes to a water licence is a very reasonable thing to do. If they do not pay, it is the mums and dads or the households or the big families or the struggling residents of Cottesloe who have to pick up the tab. We are asking those two industries—public water suppliers and mining—to pay their way on a cost-recovery basis.

Mr D.C. NALDER: I can see the dot point that refers to the fee structure. How much revenue will it bring in? I tried to find the revenue stream associated with that dot point and the fee structure.

Mr D.J. KELLY: It is \$770 000 annually.

Mr D.C. NALDER: That is not a big deal in the relative scheme of things.

Mr D.J. KELLY: One of the reasons the previous government got into trouble was that it did not think amounts of money were significant, and \$770 000 —

Mr D.C. NALDER: Now you're politicising it, minister.

Mr D.J. KELLY: Hang on; I'm answering your question.

Mr D.C. NALDER: Don't politicise it!

The CHAIR: Member, you asked a question. Listen to the answer.

Mr D.J. KELLY: Don't politicise it.

Mr D.C. NALDER: That's what you're doing.

Mr D.J. KELLY: I am answering the member's question. That \$770 000 annually across the forward estimates is a couple of million bucks.

Mr D.C. NALDER: Further to that question —

Mr D.J. KELLY: No, I have not finished my answer yet.

The CHAIR: The minister has not finished his answer.

Mr D.J. KELLY: It is not correct to say that this is an insignificant amount of money. I would not want the member to think that opposing these changes is inconsequential, if that is what the Liberal Party was minded to do. In our view, every dollar counts, and it is perfectly reasonable that in these economic circumstances, miners be asked to pay their way. It all adds up.

[7.10 pm]

Mr D.C. NALDER: That is \$770 000 out of what total budget for the Water Corporation?

Mr D.J. KELLY: It does not go the Water Corporation, it goes to the department.

Mr D.C. NALDER: No, I asked a specific question. What is the total budget for Water Corp?

Mr D.J. KELLY: We are not dealing with the Water Corporation; we are dealing with the department of water.

Mr D.C. NALDER: I know that, but in the scheme of things, \$770 000 out of what is generated from water?

Mr D.J. KELLY: Water is a big industry in Western Australia, but in the budget, \$770 000 is a significant amount of money. Over the forward estimates it is \$2 million.

Mr V.A. CATANIA: The minister said that mining companies are profitable and do not pay water licensing fees. Is that what the minister is saying?

Mr D.J. KELLY: That is right.

Mr V.A. CATANIA: The minister is saying all goldminers do not pay a licensing fee; is that right?

Mr D.J. KELLY: We do not currently charge anyone licensing fees for water licences.

Mr V.A. CATANIA: In the mining industry, full stop?

Mr D.J. KELLY: Anyone. There is currently no recovery for licence fees in the system.

Mr V.A. CATANIA: Do they pay for water and what they use?

Mr D.J. KELLY: No, they do not pay for water.

Mr V.A. CATANIA: They do not pay? I think that they do.

Mr D.J. KELLY: If companies are purchasing scheme water from the Water Corporation, then they pay, but if they are self-supplying, they do not pay. They only pay if they are purchasing water.

Mr V.A. CATANIA: When it comes to companies such as Rio Tinto and BHP, under their state agreement they did not have to pay for their water; it was part of their state agreement. My understanding is that now they pay a commercial rate for the water that they produce.

Mr D.J. KELLY: As I said before, if they are purchasing water from the Water Corporation, they pay, but this fee structure is in relation to self-supply, in which case they do not pay.

Mr D.T. REDMAN: I refer the minister to the sixth dot point on page 552. It refers to the department's support of the reform agenda and to a water resources management bill. Can the minister outline the timing of that and his strategies for consultation with various industry groups? It is quite a touchy point, as I am sure the minister knows.

Mr D.J. KELLY: The water resources management bill has a long history. The member would be aware that the previous government announced that it was committed to it. The previous government started drafting it but it never appeared in Parliament. Since we got into government we have revisited that issue. The water resources reform reference group is still in place; that group has continued to meet and the department interacts with the group. I have been to two of those meetings to try to tease out some of the outstanding issues. As a government we are still considering how we might progress that bill. We have not yet made a decision on that. There are some compelling reasons to do it: the legislation is 100 years old, there are six bits of it and it is all a bit complicated. If we want to do things such as groundwater replenishment, which was not really thought of 100 years ago, there are some compelling reasons to progress the bill. I am aware that previous governments have committed to it and then those best endeavours have produced nothing. I want to be clear about what the sticking points are so that if we are in a position to bring something to Parliament, it will go somewhere this time.

Mr D.T. REDMAN: Are the members of the reference group public? Is that on the website? If it is not public, will the minister provide the names of the members on that reference group?

Mr D.J. KELLY: It is largely the same groups who were represented under the previous government. It is no secret.

Dr D.J. HONEY: I refer to the “Spending Changes” table on page 552 of budget paper No 2, volume 2, and also the same topic in table 1 on page 171 of budget paper No 3. We can see a progressive phasing out of the Water for Food program. What was being phased out? Was something being completed in that program or is that program being phased out all together?

Mr D.J. KELLY: The previous government made some very substantial commitments to that program. I think it may have been removed in the previous budget. The responsibility for that program has now been moved to the Minister for Agriculture and Food. In the previous government it was the responsibility of the Minister for Water. When we came into government, we thought it was a little odd that there was a Water for Food program, which is primarily about promoting agriculture, but it was overseen by the Ministers for Water and Regional Development.

Mr D.T. REDMAN: And proving up water resources, which is the Department of Water and Environmental Regulation.

The CHAIR: Member!

Mr D.J. KELLY: I suspect the reason it was structured like that is that the agriculture minister was a member of the Liberal Party and it was really a National Party program. When we came into government, we thought that it was primarily a food program and, from a portfolio point of view, it should be overseen and governed by the Minister for Agriculture and Food. What is left in that Water for Food program has largely gone over to DPIRD, which used to be the Department of Agriculture and Food. Some funding remains with this department, I think there is \$4.7 million in 2017–18, to finalise some groundwater investigation programs and related project work, but that program is now primarily the responsibility of the Minister for Agriculture and Food.

Dr D.J. HONEY: I have a further question.

The CHAIR: There is a further question from the member for Cottesloe, but, before we do that, I counsel the minister not to use acronyms for the assistance of Hansard.

Mr D.J. KELLY: Okay.

Dr D.J. HONEY: Is the minister aware whether any other programs are currently slated to replace that program, or is he unaware of that at this stage?

Mr D.J. KELLY: No, the Water for Food program was a program funded by royalties for regions. Much of it was announced in the 12 months prior to the election. Personally, I think the National Party was finding it hard to spend the money that it had, so it made commitments in a range of areas including Water for Food. It was a royalties for regions program. We are continuing some worthwhile parts of it, but it is now the responsibility of the Minister for Agriculture and Food.

Mr M. HUGHES: I refer to the line item “Employee benefits” on page 564 of budget paper No 2. How many staff members does the minister expect to convert from temporary contracts through agencies to employment within the Department of Water and Environmental Regulation?

Mr D.J. KELLY: I thank the member for Kalamunda for that question. One of the issues that we discovered in the Department of Water when we came into government was the very large number of staff who were employed not just on temporary contracts but on temporary contracts through agencies or labour hire firms. These were staff basically working for all intents and purposes on departmental projects, but instead of being employed by the department, they were employed by an external agency. To me, that seemed to be very unsatisfactory for a range of reasons. One is that it is not good for staff morale to have departmental people sitting next to people employed by a labour hire firm. It is not good for making everybody feel they are on the same team and working in the same direction. It is also more expensive to have people employed through a labour hire agency, because the agency takes a cut.

[7.20 pm]

Mr M. HUGHES: Is it limited to only the minister's agency?

Mr D.J. KELLY: There are issues across government. This previous government was wont to fill the pockets of labour hire firms. I can happily say that as part of this budget process, we have permission to adjust the agency's salaries spending limit to allow 23 people who are employed through a labour hire firm—two from 1 July—to be transferred over to become employees of the department. They will be employed on temporary contracts because they are funded for specific projects. I do not have a problem with people being employed on temporary contracts if it is for a specific project with a specific amount of funding. They will be employed on temporary contracts with the department, rather than with labour hire firms, which is better for teambuilding and everybody sort of rowing in the same direction, and it will save us money.

Mr M. HUGHES: That is good news.

Mr V.A. CATANIA: I refer to page 555 of budget paper No 2, volume 2. Note 1 under "Explanation of Significant Movements" states in part —

... the draft Gascoyne Master Plan project is unlikely to be finalised during 2017–18. The decrease between the 2017–18 Estimated Actual and the 2018–19 Budget Target is due to the resetting of the list of priority areas at the start of the 2018–19 financial year ...

Can the minister please explain why he is re-prioritising those funds to other projects? He says that there are 14 new priority areas. I want to know why the Water for Food Gascoyne master plan and the Gascoyne is not a priority area for the Labor government.

Mr D.J. KELLY: We are very committed to assisting the producers in the Gascoyne to maximise their production. The Minister for Agriculture and Food has been working very hard to work out some issues with that scheme. We are not winding back our commitment to improving production in that area. There have been some governance issues with the Carnarvon scheme for a considerable time. We are working through those.

Mr V.A. CATANIA: Does the minister know what it is called?

Mr D.J. KELLY: It is called the Gascoyne Water Co-operative. We are working through those issues, as the previous government did. It had some considerable difficulties. That item goes beyond the issues in Carnarvon. I will ask Mike Rowe to talk about the new priorities referred to in that paragraph.

Mr M. Rowe: From time to time, we re-prioritise the areas that the department will be focusing on in water supply planning and similar initiatives. The decrease to 43 per cent in the 2018–19 budget is a reflection of that. It does not mean that we are not focusing on important areas or that we are not doing considerable work. It means that we have completed a lot of the work that we previously set ourselves for the preceding years and now we are commencing work in new areas across the state. The reduction reflects that as a proportion. By way of example, in 2018–19 we are aiming to finalise the phase 3 feasibility study of water supply solutions for irrigation expansion in the Ord; finalise water options for intensive agricultural use in north Wanneroo; undertake an evaluation of water supply options for Perth's north-east corridor; finalise the WA water supply and demand outlook for agriculture to 2050; undertake an evaluation of water supply options for Perth's north-east corridor; evaluate water supply options for green spaces in the Quinns Rock area in metropolitan Perth; focus on the publication of Perth and Peel@3.5 million, looking to project outlooks and strategies for water going forward, as well as undertake an evaluation of non-potable water supply options for Wanju and Waterloo around Bunbury; and complete the WA water supply and demand outlook for mining to 2050. That is a sample of the sorts of things we anticipate completing in that financial year.

Mr V.A. CATANIA: Since the minister is now saying that the Gascoyne master plan is not part of the department's 14 new priority areas, when will the master plan be finalised? The minister is probably not aware, but in that master plan is a single bulk water supply for the Gascoyne horticultural area. Can the minister update us on that? The previous government announced that the single bulk water supply would be the Gascoyne Water Co-operative. Has that changed in the minister's eyes now?

The CHAIR: Member, you are up to three questions.

Mr V.A. CATANIA: When will it be finalised?

The CHAIR: That is four.

Mr D.J. KELLY: As I said, there have been a number of governance issues with the Gascoyne Water Co-operative over a considerable time and the member would be well aware of those. It received a grant of taxpayers' money to improve that governance, and the member would be aware of that. I would like to be assured that those governance issues have been resolved, not only in the short term, but also in the long term. It is an important operation in Carnarvon. We would like to see that those governance issues have been resolved and that the cooperative has a good track record in functioning. The director general might be able to give us more of an update on where that is up to, but that is a crucial issue. The previous government's proposal, as the member would

be aware, was to transfer assets to the cooperative. Before we would do that, we would want to be very certain that those governance issues have been resolved. That is an issue and it continues to be an issue.

Mr V.A. CATANIA: Where is it up to? Has it been resolved?

Mr D.J. KELLY: As I said, I will ask the director general to give us an update.

Mr M. Rowe: We meet reasonably frequently with the Gascoyne Water Co-operative. It is operating underneath a financial agreement that is looking to see the governance improve. That is now managed by the Department of Primary Industries and Regional Development as part of the change in machinery-of-government arrangements, notwithstanding both agencies engage with the cooperative. The cooperative is thinking hard about its future and what it would like to see for the Gascoyne Water Co-operative. Its work, together with work that the government continues to do to look at options about the future of water supply delivery and governance arrangements for the Gascoyne area, will ultimately inform advice to government about what it will do about the future of the ownership arrangements of the assets in that area. In short, the government is yet to make a decision on a future single entity for the Gascoyne Water Co-operative.

Mr V.A. CATANIA: Is there an end date for when the government will make a decision, to provide certainty moving forward?

Mr D.J. KELLY: At this stage, it is a question of working that out with the cooperative and coming to a position. No, I cannot tell the member that it will be done by this Friday. No, we are not in a position to do that. It is a serious issue, as the member would understand, and the previous government was going to give a substantial sum of assets to the cooperative.

Mr V.A. CATANIA: That was so long as it met the requirements that were put in front of it by the Department of Water and Environmental Regulation.

[7.30 pm]

Mr D.J. KELLY: Yes. In our view, they need to have a track record of good performance before those issues can be resolved.

Mr D.T. REDMAN: I refer to the table “Details of Controlled Grants and Subsidies” at the bottom of page 564. I draw the minister’s attention to two of those in particular, the “Rural Water Grants”, the funding to which I notice he has cut quite significantly and “Water in WA”. I note that although the “Water in WA” funds come to an end in 2019–20, they are not referred to in the spending changes. I assume therefore it is royalties for regions money that is coming to an end as an initiative. I am interested in why \$2 million has been spent for the 2018–19 year, which is significant compared with what was spent the previous years. Can the minister clarify the impact those reduced rural water grants are likely to have on a number of people who receive support for water resource security?

Mr D.J. KELLY: There are a number of parts to the rural water grants program. The community water grants will still be available up to \$100 000.

Mr D.T. REDMAN: Six communities will get them.

Mr D.J. KELLY: That is comparable to what was previously budgeted. Communities that want to put in an application for a community water grant can get up to \$ 100 000. That will not change. We think that helping communities to improve their community water supply is a good thing. Making water available in drought-declared areas will not change. The only part of the program that will change is the grants that were available essentially to farmers and pastoralists. The member will probably be aware that the program originally gave people up to \$750 to do an audit on their property. Once the audit was done, they could come back and get a grant—farmers, I think, up to \$15 000 and pastoralists up to \$20 000—50 per cent up to that amount. As the member will be aware, that program in various forms has been around for 20 years. It was brought in to try to improve community understanding of the need for farmers and pastoralists to be water resilient. That message is well and truly out there. The question in the government’s mind is: do we really need to continue to subsidise private businesses to improve their water? The decision we came to was that we would still subsidise the audit component of the program. In fact, we will increase the maximum amount in the audit component from \$750 to \$1 000. People who want to do something on their pastoral lease or property but want to get some professional advice about what they should do, can still get an audit done and get up to 50 per cent to a maximum of \$1 000. We will lead the horse to water but once that audit is done and they can see what the water improvements could be, we think it is then up to them to make a decision in the best interests of their business about whether it is viable. The state continuing to subsidise those private enterprises after 20 years is probably no longer required. In the way that we introduced subsidies for solar power, washing machines or whatever, we would not do that forever, we do that to get the message out to people. With the behaviour change, once the message is out there, we can wind it back. After 20 years, rural communities well know the benefits of being water resilient and that is why, in these circumstances we have not wound back the audit; but the actual grant.

Mr D.T. REDMAN: To clarify, the farm water grants component is gone altogether and of the nearly \$700 000 that is budgeted for in the out years, it is only for community water grants and drought-related grants.

Mr D.J. KELLY: And for audits. The components of the program, as I said, are for community benefit—community water supply and drought relief funding is still there. Private farms and pastoralists can still get an audit. In fact, they can get more, but once they have that audit or professional advice, it is up to them. Some people in rural areas have said, “It’s great you are subsidising farmers for their water supply for a new rainwater tank or whatever; I’m a small business in a regional town; I’d like a subsidy for a new ute. Why isn’t the government subsidising my new ute?” There is the view that after 20 years, the benefit of continuing to subsidise private businesses to improve their water supply is marginal.

Mr D.T. REDMAN: The other part of my first question was: has the Watering WA component come to an end? It did not show up in the spending changes, so I assume it is a project that has come to an end. There are fairly significant resources budgeted for 2018–19. Can the minister clarify what that is directed at?

Mr D.J. KELLY: They were decisions made largely in the last budget. In 2018–19, eight community projects had been approved under the Watering WA Towns initiative. We are honouring all of them. They will be delivered for people who have had their projects approved. That is why that money is allocated in 2018–19. I remind the member that we were saddled with \$40 billion worth of debt by the previous government, so it is necessary. It is difficult for members opposites to understand, but in the budgetary circumstances that they left us, in this area we have honoured all the projects from that Watering WA Towns initiative.

Mr D.T. REDMAN: It is really difficult for the minister to understand regional Western Australia. You really need to get out.

Mr D.J. KELLY: We have honoured all those projects. The community watering projects out of the rural water grants will still be in place. I hope that when the member is talking to people about these projects, he is honest about his responsibility for some of the spending changes that have had to be made by this government in getting the state’s finances back on track.

Mr D.T. REDMAN: Power cuts!

Mr D.J. KELLY: That is right; things are that desperate.

Dr D.J. HONEY: I refer to the fifth dot point on page 552 of budget paper No 2. It is the third dot point from the bottom. The last paragraph refers to a ground resources management plan. In relation to the Gngangara portion of that plan that is mentioned, do we expect a reduction in the water use allocation for that area?

Mr D.J. KELLY: The member may not be aware that the impact of climate change on the south west of Western Australia has been quite dramatic, despite the previous government’s claims that it droughtproofed Perth, which has to be one of the worst bits of messaging on water from a government in the last 20 years.

Mr D.C. NALDER: You are grandstanding again. Unbelievable!

Mr D.J. KELLY: The member for Bateman was part of that government.

The CHAIR: Member for Bateman!

Mr D.J. KELLY: It was the previous —

Mr D.C. NALDER: I think you would be very careful because we know what you are doing to the City of Perth.

The CHAIR: Member for Bateman, listen to the minister. If you are not able to do that, you might like to leave.

[7.40 pm]

Mr D.J. KELLY: The previous water minister, now the Leader of the National Party, claimed that she had droughtproofed Perth. I thought that was just a bit of Nationals WA folly.

Mr D.T. REDMAN: Is water still coming out of the taps?

Mr D.J. KELLY: That is great! The member for Warren–Blackwood just said is water still coming out of the taps. That is the level of sophistication of the previous government—is water still coming out of the taps!

Several members interjected.

The CHAIR: Excuse me, members!

Mr D.J. KELLY: The previous government claimed that water was still coming out of the taps; therefore, it had droughtproofed Perth. I thought that was a bit of National Party folly, but the Leader of the Opposition, the former Treasurer, repeated that claim in one of his speeches on the budget and said that the former government had droughtproofed Perth. As the new government, we understand that climate change —

Mr D.T. REDMAN: Security through diversity; the minister knows the mantra.

Mr D.J. KELLY: — is an issue we must continue to deal with. Part of dealing with that issue is having an honest conversation with the community of Western Australia about our water supplies. Our water supplies are absolutely well managed, and with proper management we will continue to have secure water supplies and pleasant and green environments in which to live in our towns and cities. One key issue is the Gngangara Mound —

Several members interjected.

The CHAIR: Members, if you do not desist, your name will be taken off the list and put down the bottom.

Mr D.J. KELLY: One key issue is water supply from the Gngangara Mound. When the rain stopped and we moved from relying on dam water to relying on groundwater, the Gngangara Mound became a key source of water. It is well understood that it is unsustainable to continue taking water from the Gngangara Mound at the current rate. It is time the water allocation plan was looked at. As part of that we need to look at a range of things, including the land use on the Gngangara Mound. The change of land use from native bush or pine plantations to urban infill has an effect on the amount of water that is taken from the mound. We need to deal with a whole lot of issues and, hopefully, one outcome will be that we can draw less from the mound. Because the water is drawn from a range of sources, we think that that can be done sustainably and it will not have a significant impact on people's lifestyles or businesses. The department is having long discussions with stakeholders about how that will be done, but no firm decision has been made. It is something we need to address and I think most people accept that.

Dr D.J. HONEY: Minister, based on that conversation, can we anticipate that pending reductions will have an impact on commercial operators?

Mr D.J. KELLY: As I said, no firm decisions have been made, but the department has talked to a range of commercial growers about a more water-efficient future. No decisions have been made. The member can run a fear campaign all he likes, but most people understand that if we are to take from the Gngangara Mound sustainably, it will have to be managed better. I want the businesses of commercial users who currently take water from that mound to grow and flourish, but that needs to be done in a more sustainable water sense. People understand that. By talking to the department, they can grow their businesses and be water wise at the same time. There are plenty of places around the world where this happens. People talk about Israel—I have never been there—as an economy that produces incredible amounts of food with much less water than we do. There are plenty of examples around the world in which commercial growers are given the knowledge and they flourish. I like the idea of food being produced close to the city. It is part of my view of a modern city—a green, pleasant city that has its food sources close to the city. We are committed to enabling commercial users to continue to operate close to the city, but we must encourage people to be more water efficient.

Dr D.J. HONEY: The minister mentioned Israel, which reuses about 90 per cent of its domestic water.

The CHAIR: And it siphons off water from the Jordan River, but we will not go into that.

Dr D.J. HONEY: That is under an agreement, Madam Chair. In relation to the level of water in the Gngangara Mound, is the minister evaluating options for infiltrating more water so it does not have to be treated to the same level as it currently is to recharge the mound? If we take the example of Israel, it appears that we have excessive water treatment and that is limiting the amount of infiltration. That is not done in most parts of the world where they are reusing that water, particularly when it is being used for agricultural purposes.

Mr D.J. KELLY: The only current groundwater replenishment—correct me if I am wrong—is done by the Water Corporation, through treated wastewater.

Dr D.J. HONEY: There is one at Kwinana and one at Gngangara.

Mr D.J. KELLY: In Kalamunda, stormwater is treated and used for public open spaces, but as far as I am aware we do not have any groundwater replenishment for agricultural purposes. It is complicated. If we are going to start groundwater replenishment for a variety of different reasons, we have to make sure we know what the aquifer is doing and where the water is going. The government is keen to consider the use of recycled water for a range of purposes. One reason for potentially new legislation is to make that a little bit easier. I am not aware of any proposals to use recycled water or groundwater replenishment for agricultural purposes at this stage.

Dr D.J. HONEY: If allocations to commercial users are reduced, will some transition payment be made like the one used for the taxi industry as it transitions away from taxi licences? Is the government considering a transition arrangement as part of this study?

Mr D.J. KELLY: No decisions of that nature have been made.

Mr D.C. NALDER: I refer the minister to the table “Service Summary” on page 554 and the second expense, “Water Planning, Allocation and Optimisation”. Would the minister explain specifically what that is and the basis for the budget appearing to blow out by over 20 per cent in the 2017–18 year? Why would the budget blow out by that amount?

Mr D.J. KELLY: I will ask the director general to explain that budget difference.

Mr M. Rowe: The member would be aware that to accommodate service summaries in budget papers, the costs of the organisation must be fully apportioned across all the various outcome and service areas. In this case, water planning, allocation and optimisation includes a combination of things, inclusive of, for example, severance payments that were made under the voluntary targeted severance scheme. It also includes some Water for Food money, which comes to an end during this financial year. It appears artificially high by comparison with the normal expenditure against that service for the following years.

[7.50 pm]

Mr D.C. NALDER: Just so I am clear, I thought the Water for Food program was all budgeted for, but the department is saying that this is blowing out because it is being wound up. Is the department suggesting that it has been brought forward. Why would it be blowing out because of the Water for Food program if it was budgeted for?

Mr M. Rowe: In the previous budget the responsibility for the Water for Food program was transferred to the Department of Primary Industries and Regional Development. However, about \$4 million—possibly slightly more—was transferred back to the Department of Water and Environmental Regulation in this budget to allow us to complete work on a number of Water for Food projects that we were responsible for. It is partly about an accounting treatment that is showing up here. It does not mean that there has been any undue reduction in the money that the former department of water was responsible for in delivering the outcomes of that Water for Food program.

Mr D.C. NALDER: If it is an accounting treatment, there should be an appropriate credit somewhere else, I imagine. If there is a debit here, is the department able to point out where the corresponding credit is? Is it sitting in the other department? Where would I find that?

Mr G.R. Gilbert: There is no corresponding debit or credit. It is simply that in that particular budget year the impacts, as the director general said, were the voluntary severance scheme, Water for Food expenditure in that financial year that will not occur in subsequent years and also some anomalies with bringing the new department together and the attribution of the cost base to the new department. Corporate overheads are different from the three agencies that were brought together so there is a bit of an anomaly in that financial year, but it normalises further in the out years.

Mr D.C. NALDER: I want to stay on the Water for Food program so that I can chase it down and clearly understand it. I am not asking why the numbers drop off in future years, because I can see the department is budgeting for a significant reduction. I can understand that the Water for Food program has disappeared to somewhere else. But the Water for Food program was budgeted for and I am trying to understand why the estimated actual cost is \$41.7 million as opposed to a budget of \$34.37 million. We are talking about \$7 million and, according to the minister, \$750 000 is significant. I do not know what he would call a \$7 million difference, but it is far greater than significant. I am trying to understand why the cost has blown out by that much and I do not quite appreciate how the Water for Food applies, given that there is a budget item for that program and it has been transferred. I can understand why there is a reduction in future years. I am trying to understand why it has gone from \$34 million to \$41 million for this financial year.

Mr G.R. Gilbert: The Water for Food program was one aspect of that difference.

Mr D.C. NALDER: I want to understand the Water for Food program aspect specifically.

Mr M. Rowe: Under the last budget the entire funding that we had as the former agency was transferred to the Department of Primary Industries and Regional Development. Under a memorandum of understanding, it was transferred back to us by a section 26 transfer. We continued to deliver only the portion of the Water for Food program in the balance of the year. It is an accounting treatment. There is no diminution in what the department was going to deliver through the program. It was simply an artefact of the way the budget was constructed as the machinery-of-government changes took effect and the new Department of Primary Industries and Regional Development assumed responsibility for the entirety of the Water for Food program, which is worth about \$40 million. The new Department of Water and Environmental Regulation then received money back for that portion of the Water for Food program that remained the responsibility of this agency.

Mr D.C. NALDER: I must be missing something. Am I hearing that the budget was taken away but the expense continued into this year and then some of the budget came back, or something like that? Is that what I am being told? I am asking this genuinely.

Mr D.J. KELLY: I understand that and even I am trying to answer the question for the member. In last year's budget, the budget for that line item was \$34 million and a bit more.

Mr D.C. NALDER: That was for this current year. I am talking about it blowing out to \$41 million.

Mr D.J. KELLY: I understand that. It was budgeted to be \$34 million on the basis that the whole of the Water for Food program would move out of the then department of water. I think what the director general has

explained is that in this budget some of that money was brought back. A sum of \$4 million came back to the department for the department to undertake some water investigation programs. Even though it was budgeted at \$34 million, all that has happened is that the money has come back to the department this year to carry out work that it was always going to do. It is not a blowout. The director general is telling me that it is an accounting treatment, but that makes me sound like I would know what an accounting treatment was. That is the reason.

Mr D.C. NALDER: I want to pursue the angle on severance payments.

The CHAIR: That is a different line item, member.

Mr D.C. NALDER: It was just mentioned in this line item that part of the variation was because of severance payments. I was coming back to that technical point. When departments are doing severances, is there not a central pot allocated to compensate the departments for the severances? Are they wearing the hit themselves? Is that how I understand what the department is saying about the costs blowing out?

Mr D.J. KELLY: No. The severance payments under the voluntary severance scheme are paid for by Treasury.

Mr D.C. NALDER: Part of the earlier explanation was severance payments. I am trying to understand why severance payments was used as part of the explanation.

Mr G.R. Gilbert: The actual expense is higher than the budget because of those payments that were made out of that severance payment bucket. The expense was increased in that financial year because severance payments were made.

Mr D.C. NALDER: The department gets a compensating budget to match the expense from Treasury. That is how it works so it still shows up on the department's books. I am obviously looking at the past budget, which does not have that. Even though it has blown out, the department has been given a commensurate budget to support that.

Mr G.R. Gilbert: That is right.

Mr V.A. CATANIA: I refer to employee benefits under the heading "Expenses" on page 564 and footnote (b), which states —

The Full Time Equivalents for the 2016–17 Actual, 2017–18 Estimated Actual and 2018–19 Budget Estimate ...

It increases from 823 employees up to 854 respectively. The figure for employment benefits under expenses goes from the 2017–18 estimated actual of \$102.808 million and in 2020–21 it goes down to \$92.503 million.

Mr D.J. KELLY: Sorry, I have only just identified the member's references.

Mr V.A. CATANIA: Employee benefits seems to be going down at a rate of knots and the number of full-time equivalents seems to be going up. Is that simple enough for the minister?

Mr D.J. KELLY: What was that, member?

Mr V.A. CATANIA: Is that simple enough?

Mr D.J. KELLY: Sorry, I missed that.

Mr V.A. CATANIA: One is going down and one is going up.

Mr D.J. KELLY: What was that? Sorry, I misunderstood the question; that is all.

The CHAIR: Members, one at a time. Minister, we are at "Cost of Services". The member is asking about employee benefits and footnote (b) underneath that table.

[8.00 pm]

Mr D.J. KELLY: So what is the question in relation to those?

Mr V.A. CATANIA: One is going down and the other one is going up. Why is that the case? Should it not be level?

Mr D.J. KELLY: Would the director general like to answer that question?

Mr M. Rowe: The simple answer is that the bulk of the increase in the number of FTEs will be derived as a result of an increase in fees and charges from the environment portfolio. The government is also increasing fees on its regulated premises and allowing the department to retain the fees and charges to employ additional staff and to improve our online systems. That, together with, as the minister mentioned earlier, the conversion of 22 or 23 temporary agency labour hire staff to full-time contract staff, means that our FTE limit is increasing. The main reason that employee benefits are reducing yet the number of FTEs is increasing is that increasingly the proportion of the budget that we receive will come from industry as a result of an increase in fees and charges, and that will allow us to employ more staff and be more responsive and timely in our approvals processes.

Mr V.A. CATANIA: Employee benefits is decreasing over time and the number of full-time equivalents is increasing. I still do not understand how industry will benefit. What does the director general mean by “industry”? It does not make sense.

Mr D.J. KELLY: Member, I will ask the director general to explain it as simply as possible.

Mr M. Rowe: A very large proportion of the costs of the environment side of the department is already paid for by industry through fees that are charged under part V of the Environmental Protection Act. The government is increasing the fees and charges that can be recovered from industry under part V of the Environmental Protection Act and that will allow us to employ more staff.

Mr V.A. CATANIA: But the department is not employing them; is industry employing them on the department’s behalf?

Mr D.J. KELLY: I seek your direction, Chair. The explanation is that most of the additional employees are being employed under the environment part of the department’s activities, which is not really my ministerial responsibility, so maybe the member could direct the question more appropriately elsewhere.

Mr V.A. CATANIA: I am happy to ask another minister that question.

The appropriation was recommended.

Water Corporation —

Ms M.M. Quirk, Chair.

Mr D.J. Kelly, Minister for Water.

Mr R.M. Hughes, Chief Financial Officer.

Mr A. Vincent, General Manager, Assets Planning Group.

Mr M. Leathersich, General Manager, Operations.

Ms J. Sheppard, Principal Policy Adviser.

Ms P. Pedelty, Senior Policy Adviser.

Ms N. Arrowsmith, Chief of Staff, Minister for Water.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is my intention 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 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, 1 June 2018. 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 through the online questions system.

I give the call to the member for North West Central.

Mr V.A. CATANIA: I refer to “Operating Subsidy—Country Expenditure” under the heading “Water Corporation” on page 130 of the *Economic and Fiscal Outlook*. I note that there is \$47.1 million worth of savings in deferred capital works investments. Can the minister outline which ones have been deferred?

Mr D.J. KELLY: As the member will know, the Water Corporation has a range of projects over time across the forward estimates. At any one time, we cannot say that these 20 projects will be completed because the Water Corporation is constantly reassessing and re-evaluating the projects that will be completed. The costs vary up and down because of things like projected construction costs and the like. Although the operating subsidy has been revised down, that does not directly result in a reduction in any particular projects. I might ask Ross Hughes to add to that.

Mr R.M. Hughes: As the paragraph states, the cost of the operating subsidy is a combination of factors, including operating expenditure and capital expenditure. So it may be that one capital project came in at a lower cost and that the operating expenditure in a number of country locations is costing us less at the moment than had been forecast, and they all come together to comprise a lower country loss of \$47.1 million versus the prior budget. As the member said, the last sentence also indicates that some projects have been deferred. We can provide a list if the member wants us to, but it is likely to be anything down to as low as \$100 000. It will not be anything sizeable.

Mr V.A. CATANIA: I am happy to take the list as supplementary information.

Mr D.J. KELLY: I am happy if the minister wants to put that question on notice.

Mr V.A. CATANIA: Why can I not have supplementary information? The information was offered by the acting CEO.

Mr D.J. KELLY: It is up to me whether that information is provided and in what form. The member can put the question on notice.

Mr V.A. CATANIA: Why can the minister not put it in supplementary information? I think it is fair enough.

The CHAIR: Member! The minister has indicated that he is not prepared to do so.

Mr V.A. CATANIA: Also under the heading “Water Corporation” on page 130, reference is made to the revised Onslow water infrastructure upgrade project. Can the minister outline what the Water Corporation intends to do with the money that has been given to government by Chevron Australia to build a new water source for Onslow? Can the minister elaborate on whether that is the best use of taxpayers’ money, or are there other alternatives that could supply water to the town site of Onslow at a lower cost?

The CHAIR: Member, that was two questions, but I am sure the minister will overlook that.

Mr D.J. KELLY: There were a lot of questions. The Water Corporation has not received the money that the member is talking about—that has gone to general government. My understanding is that there have been discussions about how best to deliver that project. In our view, the optimum infrastructure to deliver the service that is provided is different from what was originally anticipated. Ashley Vincent can go through what is now considered to be the best deal for the public in delivering that infrastructure.

[8.10 pm]

Mr A. Vincent: At this stage we have a couple of projects scheduled in the forward estimates. That includes the expansion of the existing Cane River bore field. Some work will be undertaken in the next financial year to improve the capacity out of the existing water supply for Onslow. In addition, we will commence work around a desalination solution for Onslow, which will expand the capacity in the town. At this stage that is early work and it reflects the agreements that have been struck between Chevron Australia Pty Ltd and the state historically. As that money comes through from the state to the Water Corporation, we will commence the design and planning work around a desalination solution.

Mr V.A. CATANIA: Would the minister look at alternatives other than a desalination unit for the town site of Onslow if a private provider could provide a solution for a cheaper water source?

Mr D.J. KELLY: Does the member want to privatise the water source up there? Is that what the member is talking about?

Mr V.A. CATANIA: No. There is an opportunity for Minderoo Station to supply water to the town site of Onslow, which could be a cheaper alternative for the state. Would the minister consider looking at that option?

Mr D.J. KELLY: I am not familiar with that proposal. At this point I am very confident with the decision-making processes that the Water Corporation has gone through and that what it will deliver is in the best interests of the state. Anyone is free to approach government, provided they go through the proper processes, and put a proposal to government. I remind the member that we always have to be operating with the public good in mind and not necessarily just advocating on behalf of private interests.

Mr V.A. CATANIA: Who is advocating on behalf of private interests? Is the minister saying that I am?

Mr D.J. KELLY: I am saying that members always have to be careful of that.

Mr V.A. CATANIA: I think the minister has to be careful what he says.

Dr D.J. HONEY: I refer to pages 248 and 249 of the *Economic and Fiscal Outlook*. If we compare the Water Corporation’s general government revenue from public corporations with the overall revenue from 2017–18 to 2018–19, the Water Corporation’s percentage of total government trading enterprise recovery goes from 53 per cent to 60 per cent. My first question about this is: why is the Water Corporation bearing so much of the total and the increase in the government enterprise dividends?

Mr D.J. KELLY: Obviously, I cannot comment on the performance of other public corporations. I am not going to make any comparisons between the Water Corporation and other corporations outside my portfolio. The member would not expect me to comment on other corporations. I remind the member that the previous government had a price path for the Water Corporation. The Liberal Party and the National Party went to the 2017 election with a price path for the Water Corporation of a six per cent across-the-board increase, then a six per cent increase and two more increases of two and a half per cent. That was the price path that the previous government went to the public with.

Dr D.J. HONEY: I have a point of order. I do not think this has any relevance to the question I asked.

Mr D.J. KELLY: The question is about the return to the state from the Water Corporation. One of the key components of the return to the state is the price at which the water is sold. The member has asked me why the Water Corporation is delivering the way it is. I am talking about the budget that we inherited when we came into office, which is crucial to delivering the outcomes that we currently have.

The CHAIR: Member, you can always ask a further question if you feel that you are not getting an answer.

Dr D.J. HONEY: Thank you, Madam Chair.

Mr D.J. KELLY: The member can look at the strategic development plans that were put in place by the previous government. At least one of them was made public because the Minister for Water tabled it in Parliament. Those plans have a dividend path—dividends and tax equivalents—that is much the same and, in some circumstances, may even be higher than the dividends that we are currently going to receive across the forward estimates. The significant difference is that instead of delivering two six per cent increases to the representative household, we have reduced the increase to the representative household this year to only five and a half per cent. I know that the member for Cottesloe has been excited by the dividends and tax equivalents that the Water Corporation is returning to the state, but before he gets too excited, his party went to the last general election with a price path that was even higher, and dividends and a return to government that were very similar.

Dr D.J. HONEY: The minister will note that I have not tried to engage in political banter and, to be frank, what the previous government intended to do is immaterial.

Mr D.J. KELLY: Is this a question?

Dr D.J. HONEY: It is a question, and this is the preamble to the question.

Mr D.J. KELLY: Just ask the question then. If you do not want to engage in political banter —

Dr D.J. HONEY: Minister, I have not interjected on you at all.

Mr D.J. KELLY: I am not sure about that, but, anyway, ask your question.

Dr D.J. HONEY: It is true. The minister is choosing to make this increase and it is a substantial tax on water users above the cost of recovery. Why is the minister choosing to go above the cost of total recovery for his department with his increased water charges?

Mr D.J. KELLY: Nothing starts from zero. We inherited \$40 billion worth of debt from the previous government. No government starts with a clean slate. The member for Cottesloe needs to understand that we inherited a price path. The Liberal and National Parties went to the last election with a price path, which was in excess of what we have outlined in this budget. Finally, the member referred to cost recovery. He will see that the Water Corporation does not over-recover when he looks across its operations. There is a substantial under-recovery in the area of country water charges. When we look at country and metropolitan charges together, there is in fact no over-recovery. I have read the member's budget reply speech. I think he talked about *Mandrake the Magician*, a sleight of hand and all that sort of stuff. He made what I thought was a very unreasonable or misinformed comment that what this government is doing is different from what the previous Liberal–National government had done. He said that the previous government had no intention of over-recovering because that instigated —

Dr D.J. HONEY: Madam Chair, I cannot see what possible relevance this has to the question I asked. This is simply politics and I have not engaged in it.

The CHAIR: Member, if we excluded any conversation in here about politics, there would not be much to talk about. I counsel the minister that we have got a very short time on this particular item. The minister has woken them all up, so maybe we can proceed to the next question.

Mr D.J. KELLY: On the question of cost recovery, which was part of the member's question, he relied on cherry-picking from the recent report of the Economic Regulation Authority. I remind the member that the previous government had a similar report prepared in 2012. It made similar findings that the previous government never acted upon. When the member looks at the issue of cost recovery, he should not look at just the most recent ERA report, but also the 2012 report.

[8.20 pm]

Mr V.A. CATANIA: I notice that a dividend of \$510 million has been returned to government and that it is nearly \$100 million more than last financial year. Is the 5.5 per cent on water cost recovery or is it because of the debt situation —

The CHAIR: That is two questions again, member.

Mr V.A. CATANIA: I am trying to get a good handle on why the dividend increased by \$100 million in one financial year. Is it attributed to the 5.5 per cent through trying to have cost recovery or is it to contribute towards

government coffers for the sake of contributing? Can the minister elaborate on how he came to take that extra \$100 million out of the Water Corporation to government coffers?

Mr D.J. KELLY: That is a very long question, but I will do my best. A lot of factors impact on what the ultimate dividend and return to government will be—cost of production, cost of assets, capital works programs, how much water is consumed and where we source our water. A whole range of things contribute to the Water Corporation's total profit, if you like. It is all those —

Mr V.A. CATANIA: That is a \$100 million increase.

Mr D.J. KELLY: There was a six per cent increase in the last budget, which was exactly the same as the increase that the former government promised at the last election.

Mr V.A. CATANIA: Who sets the rate?

Mr D.J. KELLY: The member asked a very long question and I am doing my best to answer it. The six per cent increase in the last budget is one factor that has contributed to the dividend the Water Corporation has paid. There are a whole bunch of others, as I have indicated. That is exactly the same as the increase that the former government pledged it would do if it was returned to government. I suppose when opposition members get excited about those increases, they should at least be honest with the public and tell them that it is exactly what they would do if they were in government. We have made decisions based on a whole range of issues and one of them is certainly that the former government left us with a mountain of debt—a \$40 billion mountain of debt.

Mr V.A. CATANIA: So that is why the government is increasing water charges.

The CHAIR: Is that a further question?

Mr V.A. CATANIA: My further question is: what role did the Economic Regulation Authority play in setting the water price at 5.5 per cent, which has increased the dividend to government by \$100 million? What role does the ERA play in setting any targets for the Water Corporation?

Mr D.J. KELLY: I would have thought that the member would understand that the ERA plays an advisory role. The ERA does reports to government on things like water tariffs —

Mr V.A. CATANIA: What did the ERA advise the government on?

The CHAIR: Member, just listen to the answer.

Mr D.J. KELLY: Hang on, the ERA only does reports on issues like water pricing at the request of the Treasurer from time to time. The member will remember that in 2012 the ERA did a review and made a report with a recommendation to get rid of the country water supply subsidy.

Mr V.A. CATANIA: Which the government is keen to get rid of.

Mr D.J. KELLY: Absolutely not, member. The subsidy for country water supply users will continue under this government. The ERA, which the members for North West Central and Cottesloe champion, previously recommended that we should do away with subsidising country water supplies.

Mr V.A. CATANIA: I am not asking about the subsidy; I am asking about what the ERA set —

The CHAIR: The member has asked a number of questions and I am mindful of the time.

Mr V.A. CATANIA: What water charges did the ERA set the government for this financial year?

The CHAIR: I think the minister has answered that.

Mr D.J. KELLY: The ERA did not set anything for this financial year. Previously —

Mr V.A. CATANIA: What advice did it provide?

Mr D.J. KELLY: The member can see the advice the ERA gave in those two reports. One of its very strong recommendations was that we stop subsidising country water customers. If the member wants me to implement the ERA's recommendations as far as water pricing goes, I am happy to go out and say that the Nationals want to do away —

Mr V.A. CATANIA: That's verballing.

Mr D.J. KELLY: The member keeps interrupting me. If the member wants me to go out and say that the Nationals want to do away with the subsidy for country water customers, I am very happy to.

Mr V.A. CATANIA: The ERA advised —

The CHAIR: Member!

Mr D.J. KELLY: The ERA advised us to get rid of the country water supply subsidy. Would the member like us to do that? Is that the Nationals' policy?

Mr V.A. CATANIA: I asked what the ERA advised the minister on. Was it 5.5 per cent or lower?

The CHAIR: That is another question, member.

Mr V.A. CATANIA: What was the ERA's advice?

Mr D.J. KELLY: The member can read the ERA's advice —

Mr V.A. CATANIA: I am asking you; you are the minister. This is estimates and I am asking you.

Mr D.J. KELLY: The ERA made a bundle of recommendations in its most recent report including, for example, a flat charge for wastewater—currently, wastewater is charged according to gross rental values—which would result in customers in low socioeconomic areas getting a substantial increase in their wastewater bills, whether that is in the metropolitan area or in the country. We do not believe that is something that should be recommended. If that is the Nationals' policy, I am happy to tell people. A whole batch of recommendations were made and they are on the public record.

Mr V.A. CATANIA: What was the ERA's recommendation on increasing water fees by 5.5 per cent for this financial year?

Mr D.J. KELLY: The ERA did not make specific recommendations on year-by-year water charges. It made general recommendations around things like the structure of sewerage pricing and subsidies for country water users. The ERA does not make specific recommendations.

Dr D.J. HONEY: The minister referred to the over-recovery as being required to cover country sewerage and drainage operations as a net loss; however, I note that table 1 on page 175 of budget paper No 3 shows that royalties for regions payments for 2019–20 will be \$191 million and will go up to \$320 million in the forward estimates. Is it true that it is not over-recovering to cover water sewerage costs, because that cost will be met by royalties for regions, and this is a net over-recovery? What is that net over-recovery by year in the forward estimates?

Mr D.J. KELLY: I think the member for Cottesloe is confusing himself. Whether the Water Corporation over-recovers or under-recovers is based on the Water Corporation's own costs and what it charges. If the member looks at the Water Corporation's operations in total across Western Australia, he will see that they do not overcharge and they do not over-recover. If the member wants to cherrypick and look at specific groups of customers, he could find that in some areas there is an over-recovery and in some areas there is an under-recovery. The premise of the member's question that the Water Corporation over-recovers is not correct. There is a policy that has been shared—I would have thought it was bipartisan—that we subsidise country water customers. In previous years, that subsidy has been paid for by consolidated revenue. Across the forward estimates, a contribution will be made through the royalties for regions scheme. As the member has heard in previous conversations, there are people out there who would like us to get rid of the country subsidy. I think even the Leader of the Opposition has said that the previous government considered paying for the country water subsidy out of royalties for regions. The previous government did not make that decision, but it is something that it considered. We have decided that the best way to secure financing for the country water subsidy is for there to be a contribution through royalties for regions. That will hopefully secure that subsidy for hardworking people in regional areas into the future.

[8.30 pm]

The CHAIR: Members, that completes the examination of the Water Corporation.

Dr D.J. HONEY: Madam Chair, can we please extend this session?

The CHAIR: I am afraid we cannot do so.

Dr D.J. HONEY: The reason I say that is that the next category is unlikely to extend into this time zone.

The CHAIR: It is an off-budget item and we are required to finish it by 8.30 pm.

Meeting suspended from 8.30 to 8.38 pm

Division 3: Premier and Cabinet — Service 2, Innovation and ICT, \$38 621 000 —

The appropriation was recommended.

Division 15: Jobs, Tourism, Science and Innovation — Service 1, Science, \$100 059 000 —

The appropriation was recommended.

Division 30: Chemistry Centre (WA), \$7 727 000 —

The appropriation was recommended.

Division 16: Primary Industries and Regional Development — Services 6 and 7, Fisheries, \$147 913 000 —

Ms M.M. Quirk, Chair.

Mr D.J. Kelly, Minister for Fisheries.

Mr R. Addis, Director General.

Ms H. Brayford, Deputy Director General, Sustainability and Biosecurity.

Ms M. Taylor, Chief Financial Officer.

Mr B. Mezzatesta, Executive Director, Operations and Compliance.

Dr W. Fletcher, Executive Director, Fisheries and Agriculture Resource Management.

Mr M. Chmielewski, Senior Policy Adviser.

Ms N. Arrowsmith, Chief of Staff, Minister for Fisheries.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is my intention 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.

[8.40 pm]

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, 1 June 2018. I caution members that if a minister 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.

I give the call to the member for Kalamunda.

Mr M. HUGHES: I refer the minister to page 189 of volume 1 of budget paper No 2, and in particular the line item "Shark Hazard Mitigation Initiatives" in the table "Spending Changes". Can the minister outline the initiatives that make up the state government's shark hazard mitigation strategy?

Mr D.J. KELLY: I am sure that this is an area of some interest to the chamber. When we came into government, we undertook to pursue programs backed by science, rather than simply spend taxpayers' money on programs to make it look as though the government was doing something. The principal program that we have implemented since coming into office is the shark deterrent subsidy. Soon after we came into government, we approved one device—the Freedom 7 device—which was university-tested by the University of Western Australia. That research was done under the previous government. We put in place a \$200 subsidy for that device. So far it has been very popular and 1 700 Western Australians have taken up that device. One criticism that some people have had is that it is inconvenient for surfers to use. We encouraged other manufacturers to look at devices that may be more suited to surfers. The \$400 000 per annum that the member referred to in the budget will allow us to extend the subsidy to other devices. Just yesterday, I announced that the government was approving a second device—the Surf+ device—to be eligible for that subsidy. That device is specifically suited to surfers and attaches to a surfboard. It has been rigorously tested by Flinders University in South Australia. Those devices will become available tomorrow, so surfers will be able to go in to surf and dive shops and access that subsidised device.

The subsidy program is in addition to all the other things that we do. We provided \$6 million to Surf Life Saving WA to continue its work. That money was not in the budget that we inherited from the previous government. We have given it additional money to extend the aerial patrols, which people are fairly keen on, for an extra seven weeks this season. In addition, that funding will allow Surf Life Saving WA to use drones for the first time in the work that it does. We have extended the satellite receivers for the shark monitoring network to Esperance. We have funded an additional shark enclosure at Mandurah. The local council is still working out where it will put it. We have made funding available for beach emergency numbers, which will enable local governments that wish to participate to number their beaches so that emergency services will be able to get to the scene of an emergency quickly, whether it is a shark attack or a heart attack.

Contrary to what opposition members have said, a comprehensive range of programs are in place. The subsidy scheme is a world first. We firmly believe that surfers can get the best protection available through some of the decisions that they make. They can take an individual university-tested personal shark deterrent with them wherever they go and be protected in the most remote corners of Western Australia. I thank the member for the question. I know it is a matter of keen public interest. We are very happy to continue to pursue new technologies to give people the maximum amount of protection we can when they are in the water.

Dr D.J. HONEY: How many people would the additional subsidy cover in terms of the total number of devices a year?

Mr D.J. KELLY: We have already announced that 2 000 subsidised devices are available and 1 700 of them have been taken up. Approximately 300 are left. On the basis of the second device being added to the scheme, we have said that we will extend the subsidy scheme by an extra 1 000 devices. So that is 3 000 devices in total. We have always said that that is not necessarily the total number of devices that we will make available. As the member will remember, we initially announced 1 000, which were quickly taken up by members of the public. So we made a decision to extend it by another 1 000. We have now extended it to 3 000. Assuming that those 3 000 are taken up by the public, we will then decide whether it is in the public interest to extend that subsidy scheme.

As the member for Kalamunda has pointed out, \$400 000 is allocated to the scheme in the budget across the forward estimates. If we wanted to, we could extend the scheme for the next four years. We do not want to say that this subsidy will always be there, because the member knows what it is like—if people think something will always be available, they tend to think that they do not have to buy it now and they can buy it next week or next month. We want people to get the protection delivered by these devices as soon as possible. To try to encourage people to buy them now, we have said that a limited number of them are available. They are available tomorrow. We want people to buy them tomorrow and surf with them on the weekend. It is not correct to say that we will make only 3 000 available. If we approach that 3 000 mark, we will then decide whether to extend the scheme. It would be great if those 3 000 are snapped up quickly, because that would mean people are getting that additional protection when they go into the water. How long the subsidy is in place and how many devices are made available will be decided as the subsidy program progresses.

Dr D.J. HONEY: If we went to 3 000 subsidies, what percentage of metropolitan beachgoers does that represent?

[8.50 pm]

Mr D.J. KELLY: To be honest I have no idea, but I have not looked at that because it is not really relevant. This device is targeted at surfers. The ordinary beachgoer in the metropolitan area would not need one of these devices because the statistics show that a beachgoer who goes for a swim is very, very safe. Since 2000, of the 15 fatal shark attacks that people get interested in, arguably only two people were swimming at the beach; the remainder of the fatalities related to surfers and divers. I would not say to someone who is going for a swim at Port Beach that they should buy one of these devices. They are not directed at them. Swimmers who go in the water for a swim are already very safe. If, however, they want additional protection, there are a number of beach enclosures people can swim behind. They can swim behind a shark-proof barrier. There are enclosures. People can swim between the flags. I do not know the last time there was a shark incident when someone was swimming between the flags. It is extremely rare. It would be very misleading of the member to say this subsidy scheme is ineffectual because it covers potentially only a small portion of the beach-going public. It is not intended to cover those people. They are already protected by the other suite of measures in place—surf lifesaving patrols, aerial patrols, drones and beach enclosures; a range of things. The total number of beach users is not a useful or meaningful statistic in relation to this program.

Dr D.J. HONEY: I have a follow-up question, Madam Chair.

The CHAIR: Before you do that, you should be mindful that that question probably does not fit squarely within the one ministerial portfolio. So can you be a bit more specific when you ask questions.

Dr D.J. HONEY: Thank you, Madam Chair. I might say, minister, that two of the swimmers who were killed swimming at the beach were in my electorate. Two people have been killed by sharks in my electorate swimming at the beach.

Mr D.J. KELLY: I am absolutely aware of those two fatalities, Ken Crew in 2000 and, I am sorry, I cannot remember the name of the second gentleman. Arguably, he was on his morning swim. I think his practice was to swim a reasonable distance offshore. Tragically, it appears as though he was taken. I do not discount that swimmers need to be protected.

Dr D.J. HONEY: That was not my follow-up question. My follow-up question is: what percentage does that represent of surfers?

Mr D.J. KELLY: That is difficult to determine. I met with Surfing WA today to discuss these matters. I think its competing membership is a couple of thousand. It has a social membership that is considerably bigger, but its annual report, for example, does not provide an estimation of surfing participants. I suppose I would caution the member if he is going to say that 3 000 covers only a certain percentage of surfers. I am saying that if by Monday morning the 3 000 has been snapped up by surfers over the weekend, there is a very strong chance that we would extend the subsidy because that would show that surfers were taking up the device. Money is in the budget across the forward estimates. What will damage this program, member for Cottesloe, is people such as members of the opposition going out and say that these devices are ineffectual. The member for Vasse is on record as saying that the first device was like waving a toothpick at a shark. I heard her say that on radio. It has been universally tested

by the University of WA. It is effective at deterring sharks. I do not want a repeat of the tragedies, some of them in the member for Cottesloe's electorate, because people think these devices do not work. If we ask people why they do not use these devices, one of the reasons they give is that there are lots of them in the market. How do we know whether any of them work? We have introduced a subsidy, part of which is —

Mr V.A. CATANIA: Point of order, Madam Chair. The minister is taking up time. We have questions to go through. He could not answer the member for Cottesloe's question.

The CHAIR: Because it is too broad, member. I did counsel him to narrow it down a bit. The minister is winding up, I am sure. The member for Geraldton is next.

Mr D.J. KELLY: I say to the member for Cottesloe and other members opposite, do not discourage surfers from taking up these devices, because by doing that they will cost lives. They will cost lives if they discourage people from taking up these devices, so just think about that.

Mr I.C. BLAYNEY: I refer to the table "Service Summary", in particular expense 7, "Agricultural and Fisheries Natural Resource Management" on page 192 of budget paper No 2, volume 1. Is the department responsible for protecting the great white shark under the Fish Resources Management Act or another piece of legislation?

Mr D.J. KELLY: The great white shark—correct me if I am wrong—is protected under federal legislation, principally, but there is also protection under the current Western Australian legislation. It is a combination of both.

Mr I.C. BLAYNEY: Is it covered under the Fish Resources Management Act or another Western Australian act?

Mr D.J. KELLY: It is protected under the Fish Resources Management Act, which is state legislation. The member will be aware that federal legislation takes precedence over state legislation. Even if we were to remove the protection we have under state legislation, the great white shark would still be protected under federal legislation—it would still apply. We do not have the capacity to remove that protection under federal legislation. That is a decision the federal government needs to make.

Mr I.C. BLAYNEY: Given that it is, I think, a threatened species—it is categorised as a threatened species, I assume—is it fair to say there is an obligation on the department to allocate human, financial and research resources to improve the population of the species?

Mr D.J. KELLY: I will ask Mr Fletcher if he wants to deal with that.

Dr W. Fletcher: My understanding is that it is in the vulnerable category, not in the threatened category, but it falls into place where there are generally national plans of action on this. There has been a national plan of action on white sharks, I think, since it was listed back in the 1990s, so there has been a program of both research and/or still an understanding of trying to limit the level of interaction and mortality associated with white sharks since that time.

Mr I.C. BLAYNEY: Does the department have an obligation to allocate human, financial and research resources towards trying to increase the population of the species?

Mr D.J. KELLY: As the member can imagine, the department has a range of obligations, and we make assessments across a range of priorities where they lie. I think the member heard from Mr Fletcher that there are already national plans in place, which outline what needs to be done or what is expected. I think that is the best answer the member will get.

[9.00 pm]

Mr I.C. BLAYNEY: Do you have a reliable estimate of the number of great white sharks off the Western Australian coast?

Mr D.J. KELLY: I think the most reliable scientific report currently available is the CSIRO report, which was released recently. That identifies or makes some estimates on two populations—an east coast population and a western population. There is a misapprehension, member, which I think the member for Vasse has fallen into the trap of. It is being assumed that the western population means the population off the west coast. The western population extends from Victoria all the way to the member's neck of the woods, around Geraldton.

Mr I.C. BLAYNEY: Wilsons Promontory to Kalbarri.

Mr D.J. KELLY: That is the best scientific research. It is interesting that on the basis of that research some people are saying that WA is the shark capital of Australia, and even of the world. But, based on that research, Victoria, South Australia and Western Australia all the way to Kalbarri is the shark capital. People just have to be careful how they characterise that research. That is the best scientific research we have to estimate numbers of great whites. That report is on the public report and I recommend the member read it.

Mr I.C. BLAYNEY: I have.

Dr D.J. HONEY: I refer to the asset investment program table on page 198 of budget paper No 2, specifically the Waterman's research facility. An amount of \$600 000 was booked in for that for 2017–18 and \$400 000 for 2018–19, and then it is defunded. Can the minister inform me what is happening with that facility or where that money is going to?

Mr D.J. KELLY: That is part of the plan I have outlined to boost aquaculture in Western Australia. Aquaculture is a growing opportunity for Western Australia so we have committed to refurbish the fish health laboratory as part of the ongoing research into aquaculture. I will be happy if someone from the department wants to outline the plans. Heather Brayford, would you like to give more details on what our plans are?

Ms H. Brayford: The main purpose of the Waterman's facility is around aquatic animal health and to provide fish health services to the developing aquaculture industry, as the minister mentioned, with a focus on applied research and development and laboratory services to service the growing industry in respect of particular fish health issues. A team of qualified fish health scientists will be based at that site.

Dr D.J. HONEY: Given the importance of that facility, I would have thought there would be ongoing spending requirements for that past 2018–19. It appears as though any expanded programs will not occur after that time.

Mr D.J. KELLY: The funding the member has identified is for capital works to bring the facility up to the required standard. Once it has been brought up to the required standard as an asset investment program item, additional funding is no longer required. It then becomes a question of operating the facility. That is why that is there. It will cost \$1 million to bring it up to the required standard and then the facility will be off and running.

Mr V.A. CATANIA: I refer to table "Relationship to Government Goals" on page 191 of budget paper No 2, volume 1. Service 7 is agricultural and fisheries natural resource management. Given the closure of the Gascoyne demersal fishery for pink snapper off the islands near Carnarvon, which everyone in Carnarvon and in the Gascoyne generally supports, will the fisheries department consider providing any support or resources to rebuild the pink fish stocks through Cockburn Sound or in the Gascoyne itself?

Mr D.J. KELLY: I am glad the member has come around to supporting what we are doing here. I remember him asking me a rather aggressive question —

Mr V.A. CATANIA: Don't change the question.

Mr D.J. KELLY: I cannot hear you.

Mr V.A. CATANIA: The original proposal was to ban fishing entirely.

Mr D.J. KELLY: I am answering the question the member asked. I think the question he asked in the chamber was a premature reaction to the consultation we were having.

Mr V.A. CATANIA: Which got the boundaries changed.

Mr D.J. KELLY: You have no idea! You have absolutely no idea!

The CHAIR: Minister, can you just respond to the question. Draw a line and move on.

Mr V.A. CATANIA: I know you are thinking about how to answer the question. Just go ahead and answer it.

Mr D.J. KELLY: I am sorry, Chair, I have forgotten what the question was. Could the member repeat the question?

Mr V.A. CATANIA: Are you going to put any resources into restocking the pinks?

Mr D.J. KELLY: The partial closures are part of that, but I would be happy for someone from the department to give more details.

Ms H. Brayford: There is no specific proposal to restock snapper into that area. The fish will be monitored in accordance with the measures put in place to protect the spawning stock. We will monitor that over the time, as we always do with the vast majority of our fisheries, but at this stage there is no specific proposal for restocking.

Mr V.A. CATANIA: Is Cockburn Sound still being restocked with pink snapper?

Mr D.J. KELLY: The restocking that the member is referring to in Cockburn Sound is a snapper guardian program that is funded through the recreational fishing initiatives fund. It would be open to Recfishwest or anyone else to seek restocking anywhere in Western Australia, and that application would be considered in a round of funding that happens each year. The snapper guardians program is not something that is paid for generally; it comes out of the recreational fishing initiatives fund.

Mr V.A. CATANIA: I note that the commercial fishery has dropped its quota from 277 tonne to 50 tonne.

Mr D.J. KELLY: About an 80 per cent reduction.

Mr V.A. CATANIA: The minister will be well aware that commonwealth licences are able to still operate off the Gascoyne coast, which concerns the commercial fishery as well as the local rec fishers because of the impact they have. This ban does not affect those commercial licences. Has the minister written to the —

The CHAIR: There are about four questions there.

Mr V.A. CATANIA: No, it is not. It is the same question.

The CHAIR: “The minister will be well aware”, “has the minister written to” —

Mr V.A. CATANIA: That is the lawyer in you!

Mr D.J. KELLY: It is called logic and being able to count with all your fingers.

Mr V.A. CATANIA: This is a serious issue because it is about our pink stocks.

Mr D.J. KELLY: It is a serious question.

Mr V.A. CATANIA: Has the minister written to the federal fisheries minister to also ask him to put a ban on those commonwealth licences from taking pinks off our waters?

Mr D.J. KELLY: My advice from the department is that the department is not actually concerned about the impact of that commonwealth licence. The department can provide the basis for that assessment. The department’s advice is that it is not concerned about it. I think the member wrote me a letter about approaching the federal minister. I think that is a useful thing to do because the federal minister should be aware of our concerns here in WA. I want the federal minister to similarly ensure that that commonwealth licence is not impinging upon stocks in Western Australia. I am not sure whether that letter has gone off to the federal minister yet, but I have asked for that contact to be made. It is like a double protection. The department here tells me it is not a problem, but I want to make sure that the federal minister is also aware of our concerns here in WA.

Heather, do you want to provide advice on what you think the impact of those commonwealth licences is?

[9.10 pm]

Ms H. Brayford: The member was talking about the commonwealth deepwater trawl fishery that operates outside the 200-metre depth contour. It has been in place for some time. My understanding is that a different suite of species is taken in that deepwater trawl fishery at a fairly low proportion of the stock we are interested in in this case. At officer level we are working with the commonwealth around that fishery and looking to develop what we call joint harvest strategies to ensure that we can have regard for the various mortalities across the state fishery and the commonwealth-managed fishery.

Mr V.A. CATANIA: There is concern at a local level that these commonwealth-licensed trawlers are taking a considerable amount of pink snapper out of the fishery. I ask the minister to have a look at it and to send that letter off, because I think it has an effect on the 50-tonne quota. Some are saying that at the end of the day there may be only 30 tonnes left, given what the commonwealth-licensed trawlers are taking.

Mr D.J. KELLY: I am happy to do two things. One is to offer that if any locals have concerns about the commonwealth licence holder and want to get some information from fisheries about the impact of that operation on the local stock, I am happy to facilitate that. I am also happy to ensure that that letter goes off to the federal minister to make sure that his eyes are looking at the situation as well.

Mr V.A. CATANIA: Does fisheries have access to the commonwealth-licensed trawlers once they reach the boat harbour and offload their catch to see exactly what they catch?

Ms H. Brayford: Not specifically, because they are commonwealth-licensed vessels. However, as the minister said, we can work with the commonwealth to check the data and the likely impact.

Mr V.A. CATANIA: So no-one is physically seeing what these commonwealth-licensed trawlers are actually catching once they are at the small boat harbour?

The CHAIR: That actually was not the answer.

Ms H. Brayford: The commonwealth is certainly doing that. It has a compliance process and it will be tracking and assessing the status of the catch.

Mr V.A. CATANIA: Does the commonwealth report back to the department on how much of a catch of pink snapper the trawlers are actually taking?

Ms H. Brayford: At officer level we can have those discussions. We regularly talk to the commonwealth and we are happy to have those discussions.

Mr V.A. CATANIA: I understand that the department is having those discussions. Does the department know for a fact how many tonne of pink snapper they are catching?

Dr W. Fletcher: My understanding is that because the commonwealth has the same confidentiality clauses in its data collection as we do, we do not necessarily get the specific tonnage, but we are told the range the tonnage is in to give us confidence that the reported catches were small. We are not able to get specific things. The commonwealth could not ask us about specific logbook catches here either.

Mr V.A. CATANIA: Hence my concern. A large catch of pink snapper is obviously being taken by these commonwealth-licensed vessels. The department has just confirmed that it cannot get the data on how many pink snapper have been taken.

Mr D.J. KELLY: I think the member is being a bit careless with the information he has been given. The Department of Primary Industries and Regional Development is in contact with the commonwealth. The assumption is that the commonwealth licence holder will operate within their licence conditions.

Mr V.A. CATANIA: Which has no limit.

Mr D.J. KELLY: My understanding is that there is no reason to believe that there is a take from that licence that is of concern to locals. If locals are concerned about the operations of that commonwealth-licensed trawler, I am more than happy to facilitate discussions at an officer level with the federal fisheries department. As I have said, I have already asked that communication be made to the federal minister to make sure the commonwealth is aware of our concerns. Given the political complexion of the federal minister, I would hope that the member would also have used his influence.

Mr V.A. CATANIA: I already have.

Mr D.J. KELLY: What sort of response did the member get back?

Mr V.A. CATANIA: I have not got a response yet.

Mr D.J. KELLY: Is the member happy to make that response available to the government?

Mr V.A. CATANIA: Absolutely.

Mr D.J. KELLY: All right. That would be good. I am happy to work with the member on that.

The CHAIR: Gosh!

Mr I.C. BLAYNEY: I do not quite know how to follow that one.

Mr D.J. KELLY: Can we all go home now?

Mr I.C. BLAYNEY: Definitely not. I refer to the sixth line item, “Agricultural and Fisheries Biosecurity and Integrity” in the service summary table on page 192 of budget paper No 2. In 2018–19, the budget estimate is \$78 million. I would like to know how that is split between agriculture and fisheries. The figure will be reduced to \$49.6 million by 2021–22. How are these funds split between agriculture and fisheries and what funding cuts will be applied to fisheries from 2018–19?

Mr D.J. KELLY: Before I ask the director general to provide some additional information I want to say that when the departments were amalgamated I was acutely aware of ensuring that biosecurity in fisheries ends up being better off and not worse off, because biosecurity is the be-all and end-all. The new department has the message that biosecurity issues have to be enhanced as part of this process. I am happy for the director general to outline how that is structured, but I assure the member that it was a very clear message. It is a priority for me as the Minister for Fisheries to make sure that the very good biosecurity work done in fisheries is maintained and enhanced.

Mr R. Addis: I reinforce the minister’s answer that biosecurity, both agricultural and aquatics, is very much uppermost in our priorities. This is the first year that we have had a truly integrated budget. We are bringing together the former agricultural functions with fisheries and resource management functions where that makes sense. That is reflected in the new service categories. In the first view, that is a combination of both fisheries and agricultural biosecurity functions. I am not able to provide information about what the split is within the \$78 million. The drop-off over the out years period reflects the overall weight in our total cost of services, which is the \$517 million in 2018–19. That consists of short-term projects funded primarily by royalties for regions, but also by other external funds. Those projects are of a short-term nature. They are mostly capital in nature rather than being part of the underlying operating base and servicing of the department. That is the bulk of the drop-off. Part of the remaining drop-off is expected efficiencies from the integration of three departments into one department. For instance, in the corporate services area we will realise efficiencies over time. There are a range of other funding reductions, most particularly from the voluntary targeted separation scheme process. There have not been reductions over and above VTSS in the biosecurity function throughout that period. The aquatics biosecurity function remains almost completely intact and in the form of the former department of fisheries.

[9.20 pm]

Mr I.C. BLAYNEY: Can the director general give us an estimate of the quantity of money that can be saved in efficiencies by amalgamating three departments into one? The director general has said that expenditure can be reduced partly by reducing duplication and the number of staff in the amalgamated department. Can he put a figure on how much of that reduction can be attributed to that?

Mr D.J. KELLY: The director general.

Mr R. Addis: We are in the middle of a restructure, which involves designing the future state of the new department and precisely how we will bring together the corporate services function in particular. That is the area where the most obvious efficiencies are to be gained. We are not yet able to quantify that with any confidence or accuracy, so I will refrain from providing an estimate. I would add to that that it will take some time to make those changes and therefore free up those resources. We think it would be about 12 to 18 months from where we are now.

Mr D.J. KELLY: The amalgamation of the departments was not just a question of saving money, although some are obvious—for example, the corporate services areas. One of the key reasons for doing it is that often government departments work in silos. Western Australia had more departments than any other state in Australia, so by bringing together departments that had natural synergies, some of those silos can be broken down. People talk about having a whole-of-government response to complex issues. That is not easy when the whole-of-government response people want requires 10 departments and 10 different directors general to come together with 10 different corporate plans, strategic plans and the like. Part of the decision to amalgamate those departments was to bring people together so that we could have one plan and one decision-making process and, by that method, get better whole-of-government outcomes.

Mr I.C. BLAYNEY: As the minister has said that he will not accept any biosecurity cuts in fisheries, that suggests that the cuts will impact even more heavily on agriculture. I point out that the value of agriculture is about 15 times the value of fisheries and obviously the employment rate is far higher. I wear two hats, so how much extra impact does the minister think there will be on biosecurity in agriculture if there will be no cuts in fisheries? The amount is being cut from \$78 million to \$49.6 million.

Mr D.J. KELLY: The response to the member's question is that we do not think there will be a reduction in biosecurity services—quite the contrary. When departments are amalgamated, often a better outcome can be achieved. Time will tell, but our plan is not to reduce our activities in biosecurity, but to improve them. By having people who work together across those areas, we can achieve better outcomes. I do not accept the premise of the member's question that there will be a reduction in services. It has been explained to him by the director general that some of that funding change is a result of some short-term projects coming together. Member, do not assume doom and gloom. I know it may be his want in opposition, but from this government's perspective biosecurity across both fisheries and agriculture is a very high priority.

Dr D.J. HONEY: I refer to the outcomes and key effectiveness indicators outlined on page 192 of budget paper No 2. I was a little perturbed by the dearth of any budget or even targets for a number of the key effectiveness indicators. Is it the intention not to have those? What is the explanation for the lack of those in the budget papers?

Mr R. Addis: As I said before, this is the first time we have had an integrated budget for the new department and these are a new set of outcomes and key effectiveness indicators so there is no historical data. There are no estimated actuals at this stage because we have not got to the end of the first year, so we are really starting from scratch this budget year with new targets.

Dr D.J. HONEY: In terms of some of the targets, the percentage increases for client satisfaction with the department's technology initiatives seem like fairly low targets. Do we have a baseline for those? I would have thought that an absolute number would have been better and in that way we could compare the increase year on year?

Mr D.J. KELLY: I think the member will find that that indicator is not within the fisheries portfolio, if I am correct. It is an agricultural focus indicator, so it is not within my portfolio area.

Mr Y. MUBARAKAI: I refer to the table of information on the recreational fishing special purpose account on page 206 of volume 1 of budget paper No 2. Can the minister outline how much of this account is quarantined to the recreational fishing initiatives fund and what benefits this fund delivers to recreational fishers in Western Australia?

Mr D.J. KELLY: Thank you very much for the question. Twenty-five per cent of that revenue is quarantined to the recreational fishing initiatives fund. We went to the last election with a commitment that that would be the case. Incidentally, another 15 per cent of that fund goes to fund Recfishwest. The recreational fishing initiatives fund provides millions of dollars to the recreational fishing sector to boost the recreational fishing experience in WA. Two projects have recently been announced, including a new artificial reef in the northern suburbs. It will be a tremendous boost for recreational fishing in the northern suburbs. We, in conjunction with Recfishwest, are going to conduct a community consultation process to determine the best location for that reef. At this point it is unlikely to be in Jandakot, but no doubt the member's constituents will benefit from it. One of the initiatives is a new artificial reef in the northern suburbs. We have also recently announced the location of a new artificial reef near the Exmouth boat harbour to be partially funded from the recreational fishing initiatives fund.

Mr V.A. CATANIA: That has been planned for quite a few years. It is not a new project.

Mr D.J. KELLY: But the location is being delivered by us. A few years ago, member for North West Central, a previous government tried to take the money out of the recreational fishing initiatives fund, having gone to the election in 2013 promising that 25 per cent of the revenue from the special purpose account would be quarantined in the fund. In the budget that came out in the first year, that was significantly slashed. It is appropriate to remember the history of this fund. As a government, we committed to this fund. We see recreational fishing as something that is not only a recreational pursuit, but also good for mental health and for business. A lot of economic activity is generated by recreational fishing. The recreational fishing initiatives fund is not only about people having fun—which is great—but also an economic boost to Western Australia. As a government, we are committed to it.

[9.30 pm]

Mr V.A. CATANIA: The funds for this are raised through recreational fishing licences. What will be the government's increase on licences in this year's budget?

Mr D.J. KELLY: We have said that there will be a \$5 increase but no further increase for the term of —

Mr V.A. CATANIA: Is that on top of the last financial year's increase?

Mr D.J. KELLY: There will be no further increase for the rest of this term of government.

Mr V.A. CATANIA: There has been a \$10 increase on licences for recreational fishing over the tenure of the Minister for Fisheries. What is the reason behind that?

The CHAIR: That is four questions, member.

Mr D.J. KELLY: He will have to take his shoes and socks off in a minute.

I think that the recreational fishing from boat licence was introduced in 2010. It did not move in cost until 2017, when we increased it by \$5 in the last budget. That increase covered the increasing costs from 2010 to 2017. For funds such as the recreational fishing initiatives fund to continue to have value, it has to be adjusted over time or it will shrivel up and die. We could have increased the fee by a small amount to match inflation and done that every year, but administratively that is a pretty inefficient way of doing it so we have increased it by \$5 this year.

Mr V.A. CATANIA: That is an increase of \$10 over the last two financial years.

The CHAIR: Member!

Mr D.J. KELLY: We have made a commitment that there will be no more increases for the term of this government until 2021. That means that since the boating licence was introduced by the member's government in 2010, it has increased by \$10 over 10 years—that is \$1 a year. The member can see the benefits that flow from that. There is more money for the recreational fishing initiatives fund and more money for Recfishwest.

Mr V.A. CATANIA: You are taxing people who fish, to be able to pay for these things to try to make you look good. It is a very hard task to make you look good.

The CHAIR: Member!

Mr D.J. KELLY: In a previous question, the member asked about the restocking of pens in his electorate. His ears twitched when I suggested that he might be able to get some money for restocking from the recreational fishing initiatives fund.

Mr V.A. CATANIA: A \$10 increase in six months —

The CHAIR: Member, do you want the answer or not, otherwise we will move on?

Mr D.J. KELLY: It is pretty disingenuous politics for the member to put up his hand for money for his electorate from the recreational fishing initiatives fund, but then complain about the fees that actually feed that fund.

Mr V.A. CATANIA: But I am not saying that the fees should go up. I am saying that a \$10 increase —

Mr D.J. KELLY: Do not be hypocritical.

The CHAIR: Member, put it in a press release. Let us get onto the next question.

Mr D.J. KELLY: I am sure that the member has already done that. It will have been increased by \$10 over 10 years.

Mr I.C. BLAYNEY: I refer to the recreational fishing special purpose account on page 206 of budget paper No 2. Was there any consultation with the sector about the most recent increase in licence fees; and, if so, who was engaged and what was the feedback?

Mr D.J. KELLY: When we adjusted the fee in the last budget, we made it clear—or I endeavoured to make it clear—to Recfishwest that the government believed that licences should over time be adjusted. If they are not adjusted, as I said, the funding for great things like the recreational fishing initiatives fund will wither and die over time. I gave that message at the time of the last budget. With this budget, it should not have come as a complete surprise to people to see that we have adjusted the fee again. But as with other budget decisions, we do not talk

widely to people about them because ultimately those decisions are made by governments in the budget process. That was the path followed for this budget. It is interesting to note that some of the reaction received has been negative, but when we announce something like the new artificial reef in the northern suburbs the response is overwhelmingly positive. Sometimes people do not make the link between the fees they pay and the benefits they receive. It was primarily a failing of the previous government that it did not link the two. Once it is explained to people that their licence fees deliver the restocking, the new artificial reef or the program to clean up the waterways people understand that what they have paid delivers great benefits.

Mr V.A. CATANIA: We will put up —

The CHAIR: Thank you very much, member for North West Central. If you want to sit here, I can go home.

The appropriation was recommended.

Forest Products Commission —

Ms M.M. Quirk, Chair.

Mr D.J. Kelly, Minister for Forestry.

Mr S. West, General Manager.

Mr A. Lyon, Business Manager.

Ms C. Maharanthi, Acting Director, Finance.

Mr M. Chmielewski, Senior Policy Adviser.

Mr L. Clarke, Senior Policy Adviser.

Ms N. Arrowsmith, Chief of Staff, Minister for Forestry.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is my intention 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 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, 1 June 2018. I caution members that if a minister 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.

I give the call to the member for Cottesloe.

Dr D.J. HONEY: I refer to the "Asset Investment Program" on page 241 of budget paper No 2. The table refers to land that was purchased for \$14.6 million over four years for softwood timbers. I am intrigued about why the government needs to buy land for softwood plantations.

[9.40 pm]

Mr D.J. KELLY: There is a softwood plantation strategy for the supply of plantation softwood and we have two state agreements that require us to provide timber. That supply is challenged. The previous state government put in place a softwood development strategy. Part of that strategy more plantations because if we are removing them and not replacing them, over time we will run out of softwood. We have continued to support that plantation strategy and that is why there is nearly \$15 million in the budget for the acquisition of land for the establishment of softwood plantations. That is a bit of an overview. I am happy if Stuart wants to give us a bit more detail on that strategy.

Mr S. West: I thank the minister. Another key element is the plantations in the Gngangara estate. There is a broader government initiative to reduce stresses on the water resource there. Based on that reduction in the existing estate and the impact of significant fires, it is effectively just to build back to a core level of estate size that is necessary to sustain the industry. The fires and the removal of access to the Gngangara estate are key drivers for that.

Dr D.J. HONEY: I understand why we produce softwood off government lands, but I would have thought that softwood is available from private providers and that would not require the government to buy lands. I understand why we manage timber off state forests and on other state land, but I do not understand why we are buying further private land for this purpose when surely there are private providers of softwood timber.

Mr D.J. KELLY: There simply is not the supply available to replace the very substantial plantations on the Gngangara Mound, for example. It simply would not be possible, at the prices that are anticipated, to substitute plantations from private suppliers. I am happy for Stuart to give some more detail on that answer.

Mr S. West: It is actually quite surprising that there is no significant private investment in Western Australia on softwood plantation. There is not really an alternative source of private plantation, but there are relatively small areas of industrial or corporate scale investment and there are some farm–forestry areas. All those are captured and committed to primarily the domestic resource and there is really no alternative effectively because of competing opportunities for landholders to utilise other crops on their land.

Mr D.J. KELLY: The Forest Products Commission recently announced a grants program to encourage private operators and private owners to plant timber. Stuart can outline what we have done in that regard.

Mr S. West: We have offered to subsidise in the order of \$500 a hectare for private growers particularly targeted at farm foresters, separate to industrial scale corporates that are less incentivised by these sorts of things. We have had some interest, but we have only been doing this in the current month. There is a good level of interest, but it is surprising that even offering to contribute \$500 a hectare or to provide the equivalent for in-kind nursery seedling costs, which is about \$500 a hectare, we were still not flooded with interest and offers because there are good viable alternatives for land use here.

Dr D.J. HONEY: I am really just trying to understand this. Does that mean that in effect we are really subsidising the supply of timber? The minister indicated before that it may be due to carryover obligations under state agreements.

Mr D.J. KELLY: I would not say that we were subsidising the supply. The FPC makes a profit, so we are not providing that timber at a below-cost rate at all. As Stuart pointed out, there are so many competing uses for good land in Western Australia and other types of agricultural production are doing very well in WA. In order to encourage people to plant timber, they will make a decision about where they can get the best return. I am really pleased that FPC has looked at creative ways to encourage people to plant more timber. The softwood strategy was put together by the previous government and I think the previous government clearly came to the same conclusion that we have that if we do not plant additional plantations, there will be a serious shortage of timber.

Mr V.A. CATANIA: I understand from the minister's comments that, in the past, FPC has allowed pine supply to go to smaller mills in the south west to help them process and to keep them afloat. I understand that FPC has stopped those pines from going to those small mills in the south west and great southern because it cannot meet its state agreement obligations. Obviously, that is why FPC has received this \$14.6 million that is needed to try to meet those state agreements into the future. I understand that Wespine is prepared to give up some of its allocation to feed these small mills.

The CHAIR: That is about three questions again, member.

Mr V.A. CATANIA: Will the minister allow Wespine to supply these small mills to keep them afloat?

Mr D.J. KELLY: We have state agreements, which have been in place for a very long time, that require us to provide timber for companies like Wespine. Some of the smaller mills that the member referred to had contracts previously that allowed them to access timber when it was available. A lot of those contracts have now come to an end. FPC is working very closely with those mills and with Wespine to see whether some resource can be given up so that those smaller mills can access that timber. I know that the member's colleague Terry Redman has been quite vocal on this issue. It is a problem that, quite frankly, the previous government should have seen coming, because state agreements were in place—everyone knew that they were in place—and those contracts that the smaller mills have were for a finite period. It seems to me that nothing was done by the previous government, which should have seen this coming, to rectify the problem. We have inherited that issue and FPC is working very hard to make sure that those small mills can source timber to operate. I will ask Stuart to give some more details as to where FPC is up to with that issue.

Mr S. West: The minister is quite right. Fortunately, some of those small mills were given short-term contracts for timber supply. They are currently ending. When they were given those contracts for supply, obviously a few years ago, the outlook for timber was more optimistic, but as we have had subsequent fires, impacts on the resource and state agreement customers increasing their resource requirements, or their annual usage, the total pool of available wood has shrunk. It has got to the point at which we are pretty well at the point of equilibrium. Although those small mills are very valuable components of the supply chain and they offer some niche opportunity, the government's primary responsibility is to supply the state agreements. When the gap between the pool of resources and state agreement volumes gets very narrow, it is very difficult to supply wood beyond our primary priorities, which is the state agreement customers. Unfortunately, that is just a reality of harsh pressure and the match in supply and demand of our softwood resource.

[9.50 pm]

Mr D.J. KELLY: But have we had discussions about trying to make some additional wood available?

Mr S. West: We absolutely have, minister. I am pretty confident to say that they have all been successful, but that is subject to final confirmation. We have done that, but that has required some complex legal negotiation and agreement, because the state agreements specifically put obligations on us, representing the state, to supply to state

agreement customers. We do not have flexibility when the resource is not in surplus. If that is not the case, we are not just able to say to one of our major state agreement customers, “Do you mind if we give some wood to these people?” That would not be compliant within the regulatory regime. We are working through that with the government agency responsible for state agreements.

Mr V.A. CATANIA: I refer to “Royalties for regions expenditure” on page 170 of budget paper No 3 and the \$200 000 in 2016–17 and \$300 000 in 2017–18 under “Forest Product Development”. I just want to know how this funding has been spent by the Forest Products Commission. Where was that \$500 000 of royalties for regions funding allocated to?

Mr D.J. KELLY: It is for the timber industry development program. It is a group that we have put together to draw up a plan for the industry. We have representatives from across the sector, and Noongar Aboriginal involvement for the first time. That is what it is doing. It will provide a report I think halfway through this year, which will, hopefully, give us a bit of a blueprint for how we grow and develop the industry.

Mr I.C. BLAYNEY: I refer to the second dot point on page 241 of budget paper No 2, volume 1, and the land that has been bought to replace the burnt-out country. Will the new land being bought to replace the burnt-out plantation at Myalup fully address the expected shortage in pine production in coming years?

Mr D.J. KELLY: It must be getting late in the evening. Member for Geraldton, I am struggling to hear the question.

Mr I.C. BLAYNEY: Sorry. I do not have good hearing either, so I should empathise.

The CHAIR: You can use the button to turn up the volume, minister.

Mr D.J. KELLY: I will borrow Mick Murray’s hearing aid!

Mr I.C. BLAYNEY: Will this land that we have bought to expand the pine plantations fully address the expected shortage in about 10 or 15 years; and, if not, how much more land would we have to buy to address that coming shortfall in production?

Mr D.J. KELLY: I will throw that straight to the general manager for a response.

Mr S. West: The softwood industry strategy allows us to reinvest our own funds of \$21 million through agreement with the Department of Treasury and we believe that that will give us about 8 000 to 10 000 hectares of additional land. The softwood industry strategy refers to the requirement for an additional 10 000 hectares beyond that which we have just talked about, so a total of 20 000 hectares. It is about not only addressing the area that was in the recent fire, but also establishing an appropriately sized resource to satisfy industry needs. We are in active discussions with industry participants and other parts of the sector that operate plantation forestry in Australia about bridging that broader gap. The critical issues in the short term are twofold. One is to demonstrate that we are doing something; hence our investment in the first 8 000 to 10 000 hectares of land. The second issue is that if we do not bridge the gap in the short term, other investors will not have the confidence to come on board. That has been going on for a number of years now, certainly since 2016. It is about building confidence in the broader sector, including our softwood sawmill customers, so that they know that we are genuinely interested in the future. The numbers in the budget will not address the total shortfall, but they will go a long way towards that.

Mr V.A. CATANIA: Does the softwood strategy not have 40 000 hectares as the target that is needed for 2035?

Mr D.J. KELLY: The answer to that is yes.

Mr V.A. CATANIA: The \$14.6 million is a good start for meeting that target, but we are still well short. How does the minister think that we will reach the extra 10 000 or 30 000 hectares needed to fulfil the state agreement obligations?

Mr S. West: The areas that we plant now are beyond the current state agreements. The areas that we are investing in now are about a continuation of the softwood industry beyond the term of the state agreements. As I alluded to a moment ago, we are having discussions with the current softwood sawmill customers and other softwood forest companies that operate within Australia about them bridging the gap and finding a commercial perspective. We are talking about what our role in that will be. It could be providing seedlings or forest management or both or neither. It is about making the environment suitable for them to come along. Of course, if there is not a foundation sector for them to be prepared to invest in and expand on, they will not come. We need to demonstrate that we are doing the best we can to keep it going. We expect—we hope and we anticipate—that the heavy investment will come from the private sector.

The CHAIR: That completes the examination of the Forest Products Commission and the consideration of the estimates by this committee.

Committee adjourned at 9.58 pm

