

Chair; Ms Mia Davies; Mr Mark McGowan; Mr Dean Nalder; Mr Kyran O'Donnell; Dr Tony Buti; Mr Donald Punch; Mrs Robyn Clarke; Mrs Liza Harvey; Ms Emily Hamilton

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**Division 16: Primary Industries and Regional Development — Services 1 To 5, Regional Development, \$348 901 000 —**

Ms L.L. Baker, Chair.

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

Mr D. Addis, Director General.

Dr M. Sweetingham, Acting Deputy Director General.

Ms A. Taylor, Chief Financial Officer.

Mr C. Binning, Managing Director, Capability and Performance.

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

Mr P.A. Gregson, Manager, Funds Management.

Mr C. Thurley, Chief of Staff, Minister for Regional Development.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. The Chair will ensure that as many questions as possible are asked and answered and that 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 provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 30 October 2020. 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 Leader of the Nationals WA.

**Ms M.J. DAVIES:** I have a question about page 225. Footnote (b) under the table "Spending Changes" says —

These initiatives have been funded from the reprioritisation of other projects within the Royalties for Regions program.

Could the Premier provide us with a list or an outline of which of those projects money was taken from to fund the projects noted in that table?

**Mr M. McGOWAN:** Just so I am clear, is the member referring to (b), which relates to the line item "Funding for the Royal Agricultural Society of Western Australia", with a total of \$1.65 million?

**Ms M.J. DAVIES:** It refers to a number of line items within that table. If these initiatives have been funded by the reprioritisation of other projects, I am wondering which projects were cut to provide funding to those projects noted.

**Mr M. McGOWAN:** Just to put a bit of context around it, obviously, early this year, in February and March, COVID hit the state and we had to deal with lots of different situations. One of the examples the member referred to was the RAS and the Royal Show. We were keen for the Royal Show to go ahead. Subsequent medical advice indicated that we had to cancel it, and the RAS obviously incurred some costs as part of that—that is, \$1.65 million. We are working with the Royal Agricultural Society to ensure that it continues to operate and has not endured any losses due to a decision of the state government. The member can see the RAS, the northern beef development, which was allocated a relatively small amount of money, and a range of other things. In order to fund a range of urgent COVID initiatives, I think predominantly to assist in our building program, regional workers and the like, the Expenditure Review Committee approved some savings, which was largely a cash flow response. That was a provision for the government's strategic priorities—north west Aboriginal housing initiative, Pilbara Aboriginal town-based reserves, regional aged accommodation program, some parts of the Country Age Pension Fuel Card and the southern forest irrigation scheme. In other words, some of the spend on those initiatives went sideways to the right—it is not as though they were cancelled, they went sideways to the right. The Country Age Pension Fuel Card scheme was undersubscribed, so that allowed us to put some of those undersubscribed resources or money into some of the COVID-response initiatives that the government announced.

**Ms M.J. DAVIES:** Just to clarify, the Premier said the money went sideways to the right. Does that mean that the funding is still in the budget somewhere in the forward estimates and has not been cut?

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**Mr M. McGOWAN:** It has predominantly been pushed out, and some may have been reduced to a degree. The allocation to the Country Age Pension Fuel Card in the budget was higher than the take-up, so it allowed us to free up some money each year to put into the COVID response, and some of the other programs basically went to the right. When I say “went to the right”, we will re-cashflow. Often, we find that these sorts of programs are not ready anyway, so, because they are not ready for money to be spent, we can re-cashflow into further out years.

**Ms M.J. DAVIES:** Could a list be provided of the programs the Premier just mentioned and how they have been re-cashflowed? I imagine that some of those funds would have been re-cashflowed to beyond the forward estimates. Would that be correct?

**Mr M. McGOWAN:** Just to explain, I have advised the member of all the programs that this applies to or that have been used for the COVID response. The first one, the provision for government strategic priorities, was a \$60 million global amount that had not been allocated towards anything; it had not been allocated towards any project. There are these funds in royalties for regions, as there are in other agencies, that are set aside for whatever might emerge, whatever grant program we might come up with or whatever it might be. In this case, that money had not been allocated to anything, so the government decided—which I think is entirely understandable—that government strategic priority was responding to COVID in the very dark early days of this year. That is \$60 million of the full amount of \$95.5 million. The north west Aboriginal housing initiative was \$5 million. The second component of the north west Aboriginal housing initiative was \$1.9 million. The figure for the Pilbara town-based reserves was \$980 000. The regional aged accommodation program was \$1.295 million. The Country Age Pension Fuel Card was \$14.4 million, but that is because, as I said, it was not fully subscribed. The southern forests irrigation scheme was \$11.94 million, and it has gone sideways to 2023–24. As I said, some of these programs or projects are not ready for investment. The bulk of them, \$60 million of the \$95 million, had not been allocated to anything, so we allocated it to the COVID-19 response. The government has done that in a range of areas. We worked with Lotterywest to ensure that it reprioritised its grants program to a COVID response. We have done that in a range of agencies.

[10.10 am]

**Mr D.C. NALDER:** I refer to the Yamatji Nation Indigenous land use agreement on page 225, which is a new expense. Can the Premier explain what that is about?

**Mr M. McGOWAN:** Is that about three-quarters down the page—the \$1.562 million and \$8.572 million et cetera?

**Mr D.C. NALDER:** Yes; that is correct.

**Mr M. McGOWAN:** On 30 July 2020, the Yamatji Nation Indigenous land use agreement achieved registration, enabling the Yamatji Nation alternative settlement package to be distributed to agencies. Base funding from Treasury global provision of \$13.9 million was reallocated to the Department of Primary Industries and Regional Development over 2020–21 to 2029–30. An amount of \$12.3 million was allocated across the forward estimates in accordance with the Yamatji Nation ILUA, namely \$5 million for business development, and \$7.3 million for tourism development of Pink Lake and Lucky Bay. The Minister for Aboriginal Affairs worked hard to get to a resolution on this. It is an agreement on the scale of the Noongar settlement that was reached in the south west of the state.

**Mr D.C. NALDER:** The numbers the Premier just expressed seem to be far greater than those in these line items. If I heard correctly, the total line items here add up to about \$13 million.

**Mr M. McGOWAN:** I will read it out again: base funding from the Treasury global provision of \$13.9 million was reallocated to DPIRD over 2020–21 to 2029–30. An amount of \$12.3 million is allocated across the forward estimates in accordance with the Yamatji Nation ILUA, namely \$5 million for business development, and \$7.3 million for tourism development of Pink Lake and Lucky Bay.

**Mr D.C. NALDER:** Okay. I refer to page 94 of budget paper No 3, *Economic and Fiscal Outlook*, which details the increases for the same line item—Yamatji Nation Indigenous land use agreement—as that on page 225. That line item is also included on page 94 as part of the major spending changes. That is how we can see that it is a new spend.

**Mr M. McGOWAN:** Just so I am clear, do we deal with budget paper No 3 separately or do we deal with that now?

**The CHAIR:** Premier, you can refer to budget paper No 3 to clarify.

**Mr D.C. NALDER:** It is just to clarify; it is the same line item.

**The CHAIR:** That is fine; it is a breakdown

**Mr D.C. NALDER:** The question that arises for me is that it seems as though it has been transferred across to DPIRD, yet there is a heap of new funding for the Yamatji Nation Indigenous land use agreement under the Department of the Premier and Cabinet as well. I want to understand why there has been this split of funding so that some has been funded by DPIRD and the rest by Premier and Cabinet. What is the overall commitment to the Yamatji agreement

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from the state government? I understand that this is part of a bigger pie; I am just trying to understand what the whole pie is.

**Mr M. McGOWAN:** I defer to the director general to comment on this.

**Mr D. Addis:** The Yamatji overall settlement is primarily led by the Department of the Premier and Cabinet. The respective agencies, DPIRD being one of them, have roles within that overall package to deliver it. The \$12.5 million or so that the Premier outlined in DPIRD's specific budget covers our role in delivering on that in the next four years. I am not familiar with the overall package off the top of my head. That would be a question for the Department of the Premier and Cabinet.

**Mr K.M. O'DONNELL:** Greetings, Premier. Thank you for taking my question. I refer to page 237 of budget paper No 2, volume 1, and the COVID-19 WA recovery plan under "New Works". The COVID pandemic has impacted heavily in regional areas. What recovery initiatives, including the industry development projects and infrastructure initiatives, will the government deliver in my electorate?

**The CHAIR:** I am just checking that we are in the right service area. Are we still in services 1 to 5? I think you might be in service 6, member, which is in another section, somewhat confusingly, but I am sure the Premier could make a comment if he wanted to.

**Mr M. McGOWAN:** I do not want to breach standing orders. Can we do that bit next? I am more than happy to answer it; we have lots of material.

**The CHAIR:** No, it is not next on the sheet. This is restricted to services 1 to 5. Section 6 is on page 237.

**Mr M. McGOWAN:** But we are not in this section, Madam Chair.

**The CHAIR:** Section 6 will be discussed in Assembly Estimates B this afternoon from 5.00 pm to 6.00 pm. It picks up on Agriculture and Food, services 6 and 7, this afternoon. That is as I have it timetabled in the budget estimates.

**Mr M. McGOWAN:** If we come back to the member, he might be able to find another area inside the budget we are dealing with through which to ask me that question.

**Mr K.M. O'DONNELL:** I will ask a different question. I refer to "Service Summary" on page 228, specifically item 3, regional technical and technological development, and item 4, regional skills and knowledge development. Those items will get dramatically less money in the forward estimates. In 2023–24, the amount will be less than the pre-COVID 2018–19. Can the Premier please advise why the government is committing less money to those areas, when page 226, item 1, line 1 states that regional Western Australia and primary industries are key drivers of the state's economy?

**Mr M. McGOWAN:** Is the member talking about regional technical and technological development and regional skills and knowledge development at the bottom of page 228?

**Mr K.M. O'DONNELL:** Yes, Premier.

**Mr M. McGOWAN:** I will say something, and then I will ask the director general to elaborate. The member is referring to this year onwards. I will let the director general answer. He will have a better idea.

[10.20 am]

**Mr D. Addis:** Thank you, Premier. Unfortunately, the answer is necessarily a little bit complicated by the sort of organisational journey we have been through in the last two to three years. In the early years of this government, following the integration of the new department, we made some estimates across the different service levels because we did not have a good baseline of data when we started this journey. During that time, we have improved our ability to estimate and allocate costs across the services, so they are starting to become more accurate as we go. That is part of the answer. The other part of the answer is that, as members may be aware, during last year, we completed a very substantial restructure of the organisation to better align ourselves with the new overall organisational form and government priorities, and that meant essentially some reshuffling of the way things were organised. That is reflected in the current budget estimates but was not reflected in the old cost-of-service estimates. The old figures and the new figures have been developed on a different information and structural basis. I think in terms particularly of the regional technical and technological development commitments, the large proportion of that is in the agricultural research and development space. I think we have managed to strengthen and shore up the level of effort that is going into that critical area of endeavour. I am not sure whether Dr Sweetingham has anything to contribute to that, but certainly that remains a very strong priority for the department, and particularly Minister MacTiernan. We have done a good job of maintaining capability and effort.

**Mr M. McGOWAN:** Dr Sweetingham, do you want to elaborate?

**Dr M. Sweetingham:** I think what could also be going on here—the CFO, Mandy Taylor, will correct me if I am wrong—is that when we look at the forward estimates in this area, we tend to receive up to \$20 million per annum

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from commonwealth and industry levy funds from the likes of the Grains Research and Development Corporation, Meat and Livestock Australia and Innovation Australia, and we put figures into the forward estimates only when we already have a locked-in contract for that period.

**Mr M. McGOWAN:** I will invite Mandy Taylor to say a few words.

**Ms A. Taylor:** Thank you. I refer to the movement in the out years. If we look at the bottom line, which is the total cost of service, we see that 2021 is very high because we have all the COVID-funded projects coming into that year. We also have a number of royalties for regions projects that have been carried over into 2021 from 2019–20. We had difficulty delivering on some of those projects due to the COVID pandemic. Likewise, in the out years, as the total cost of service drops, it is just a symptom of the movement of RforR projects finishing without new ones coming on at this stage because they have not been allocated or there have been no bids for new RforR work. Most of it relates to movements in COVID-funded projects coming off and the funding for those projects being removed or finishing, and also royalties for regions projects that are finishing at the same time.

**Ms M.J. DAVIES:** I have a further question on the organisational restructure.

**Mr M. McGOWAN:** Sorry, what page is that?

**Ms M.J. DAVIES:** It was in reference to a comment that the director general made on organisational restructure, so it was broadly in line with the question that was being asked, but I can give the Premier a reference. I refer to page 230 of budget paper No 2, volume 1. Note (b) refers to an organisational design to restructure the agency.

**Mr M. McGOWAN:** Note (b) to the line item “Total Cost of Service”; is that it? Yes, I have it.

**Ms M.J. DAVIES:** In terms of organisational restructure, has that machinery-of-government organisational restructure been completed? As we have been through estimates over the last three years, there has been ongoing change within the department that has not been finalised. We have not been able to get an organisational structure for the department in total.

**Mr M. McGOWAN:** The amalgamation of the Department of Primary Industries and Regional Development’s previous departments with the regional development commissions has provided an opportunity to boost primary industries, identify opportunities for innovation and grow our regional economies. Through its redesign process, DPIRD has enhanced its capability to deliver efficient and effective services for the Western Australian community. DPIRD continues to proactively identify opportunities to permanently resolve its remaining registrable employees, including identification of vacancies to move roles into the regions. As members know, we made a decision in 2017 to bring the agencies together. I think it makes sense to bring regional development and agriculture together. Western Australia had way too many government agencies compared with that in any other state in Australia, and there were all sorts of efficiency losses over the COVID period. I have learnt that agencies working together is a much better outcome for everyone. Joining together agencies with natural synergies is a good thing. But I will hand over to the director general to comment.

**Mr D. Addis:** Thank you, Premier. In a strict sense, the restructuring part of the integration of the department was completed in November last year. We took a view fairly early on that going for an integrated structure was one of the things we can do to bring the department together with the most impact and move us forward as a whole. Obviously, restructures are never easy, but we got through that, and now the focus shifts to how we empower the leadership group and bring those parts of the organisation together on, I suppose, those matters that are most important and require work across the structure. That is going fairly well, I think. It has been tested during COVID when we had to be pretty agile and responsive to what was going on. By and large, I have been very pleased with the way that the department has stepped up to that, worked across the lines within the department, and engaged with our industry and communities, as well as with other departments of state at a time when we kind of needed to. I think that has worked very well. Clearly, there is a lot left to do. These things take several years to really get to a settled state, but the restructure per se is well and truly settled now.

**Ms M.J. DAVIES:** There was a comment just then about there being more to do to complete the restructure and bring together the organisations. Perhaps the Premier could elaborate on that. What more is there to do to complete and finalise that organisational restructure?

**Mr M. McGOWAN:** I will let Mr Addis comment.

**Mr D. Addis:** Thank you, Premier. In bringing together three agencies, we have continually worked to strengthen our leadership across the organisation and make sure that the leadership group is well and truly empowered. That is a big focus for this year and next. We have work to do to complete our core systems and make sure that our IT environment reflects the needs of a modern and integrated organisation. We expect to be making very substantial progress on that through this financial year. Broadly, the culture of an organisation is an ongoing piece of work. I think we are starting to see some good signs of progress and momentum on that front. I suppose I would say that

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these organisations are never a settled state. We will tweak the structural piece as we go; we will have to tweak other parts of the organisation to make sure that we are able to deliver the best that we can.

**Ms M.J. DAVIES:** Premier, has an organisational chart been published for the department, with all the roles filled?

**Mr M. McGOWAN:** I will let Dr Addis comment.

**Mr D. Addis:** Thank you, Premier; that is overstating my skill set! I might ask Mr Binning whether he can comment on whether the organisational chart is available online.

[10.30 am]

**Mr M. McGOWAN:** I will hand over to Mr Binning.

**Mr C. Binning:** I am aware that there is a high-level organisational chart available on our website. I can check what level that goes to, but it covers the key leadership roles. I think the remaining is available internally but not externally at this time.

**Mr M. McGOWAN:** Mr Addis has something to add.

**Mr D. Addis:** I will just clarify. I am pretty sure the publicly available chart goes down to branch level, which is about the standard that would be visible externally. But we have a detailed chart that we work from internally.

**Mr D.C. NALDER:** I note that the director general talked about the restructuring having been completed. I refer to page 225 and the line item “Reallocation of Funds to the Department of Jobs, Tourism, Science and Innovation”. If the restructure is finished, why are funds of about \$8.5 million in this year’s budget and the forward estimates being diverted from the Department of Primary Industries and Regional Development across to the Department of Jobs, Tourism, Science and Innovation?

**Mr M. McGOWAN:** Whereabouts is that on page 225?

**Mr D.C. NALDER:** It is on page 225, about 10 line items up from the bottom. It is \$2 642 000 this year and then about the same number the following year, \$3 million the following year and then \$145 000. If the restructure is finished, what is the need for there to be a diversion of funds away from DPIRD?

**Mr M. McGOWAN:** This reflects the transfer of the function for the renewable hydrogen strategy project from DPIRD to the Department of Jobs, Tourism, Science and Innovation. This is the money that was formerly in this agency for renewable hydrogen going to the Department of Jobs, Tourism, Science and Innovation because it is largely a resources project. As the member might be aware, the Minister for Regional Development is also the minister assisting me for state development, so it makes sense. As the member knows, she has a passion for this area. This area of endeavour—renewable hydrogen—is an area of opportunity for the state in the future, so we are investing more and more resources into this.

In terms of what the government has done in that regard, we established the Renewable Hydrogen Council in 2018, chaired by Minister MacTiernan, which is designed to provide strategic advice and general leadership to the state government on this issue. We developed a WA renewable hydrogen framework to support the delivery of the project, and we commissioned CSIRO Futures to provide research and analysis to inform the project. We established the \$10 million renewable hydrogen fund for these purposes and a couple of months ago we made some announcements, as part of the state recovery plan, in the hydrogen area to get more hydrogen production in the state.

**Mr D.C. NALDER:** Therefore, there is still reorganisation and reprioritisation going on of where this gets undertaken. Can I therefore assume that there is no redundancy program for any existing staff? Will they just move with the program if there is any staff allocated to it?

**Mr M. McGOWAN:** I do not know the answer to the second part of the member’s question, but I think the assessment is that renewable hydrogen sits more appropriately within the Department of Jobs, Tourism, Science and Innovation, which, intuitively, we think makes sense. I will hand over to the director general to comment on the member’s exact question.

**Mr D. Addis:** Thank you, Premier. This was a decision as part of last year’s budget process—no, actually; it was the year before that—and the responsibility for the hydrogen strategy and hydrogen initiative shifted on 1 July 2019. Some staff went across; some went elsewhere. There were no redundancies as part of that. It was not actually a restructure-type issue; it was a reallocation of responsibilities between agencies and it is, I think, now performing very well.

**Dr A.D. BUTI:** Following on from the impeccable manners of the member for Kalgoorlie, greetings, Premier. I refer to page 225 and the line item “Northern Beef Development”. Can the Premier provide an update of the McGowan government’s plan to drive a more profitable, resilient and diverse northern beef industry?

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**Mr M. McGOWAN:** I thank the member for Armadale for the question; he has a deep knowledge of the beef industry of Western Australia. As part of our recovery plan, we are investing \$8.3 million over four years through the Northern Beef Development program to support productivity improvements across pastoral lands and the northern cattle herd, and to increase Aboriginal capacity in job opportunities. The northern beef industry makes a big contribution to the regional economy, with a production value of around \$250 million each year. The Northern Beef Development program aims to grow the future value of the industry and position it as a supplier of choice across diversified and high-value markets, demonstrate environmental sustainability and create regional jobs. New projects include a grant scheme to increase the adoption of technology and innovation and assistance for Aboriginal pastoral enterprises and assessing and transitioning to improved business models that attract investment and create job opportunities. Thank you, member, for the question.

**Dr A.D. BUTI:** Thank you.

**Mr K.M. O'DONNELL:** I refer to the heading “WA Recovery Plan” on page 227. It states in part —

The Department will deliver a range of recovery initiatives, including industry development projects and infrastructure initiatives.

What industry development projects and infrastructure initiatives will be delivered into my electorate of Kalgoorlie?

**Mr M. McGOWAN:** Under the recovery plan, there will be around \$5.5 billion of activity across the state. If we add the credit that will go onto everyone's electricity bill, that takes it up above \$6 billion. I will do my best to narrow what we are doing to the member's electorate, but, obviously, the government does a great many things, not all of which are captured in every document that we might have.

Across the member's electorate, everyone is receiving the \$600 credit on their household electricity bill, rolling out from 1 November. The member's electorate will be a beneficiary of the 800 police officers that the government is employing on top of the 150 this year. There is \$2 million for the creation and management of the Helena Aurora National Park. There is \$10.2 million towards projects at Esperance port to help expand port capacity. Technically, that is not in the member for Kalgoorlie's electorate, but everyone goes on holidays there, including some from the member's electorate, so I am sure they will enjoy that. There is \$7 million to expand the capacity of the Joe Lord Core Library in Kalgoorlie, which stores core samples which contain valuable geoscientific information for exploration companies. As the member might recall, I went out there with the Minister for Mines and Petroleum and launched that. Basically, the facility is full and this will expand its capacity—it will double or maybe triple in size. There is \$5 million going to the exploration incentive scheme, which is largely a goldfields project which will help the mining industry. There is \$16.6 million towards a new power station for Esperance. Once again, the member for Roe's electorate will benefit from the Labor government.

There is \$600 000 to install a battery energy system in Menzies, which is in the member for Kalgoorlie's electorate. There is \$3.81 million to upgrade electricity infrastructure in regional WA, especially in Menzies. There is \$9.9 million for Horizon Power to deploy standalone power stations, including 39 systems across the goldfields–Esperance region, a number of which will be in the member's electorate. There is \$5 million for the regional road safety program to upgrade 275 kilometres of goldfields–Esperance roads. This program will include upgrading the shoulders, sealing and the installation of audible lines, and will create around 25 jobs. There is \$1.5 million for upgrades to Laverton Police Station. The regional land booster package, which makes residential, commercial and industrial lots cheaper, will have projects in Kalgoorlie, Coolgardie, Laverton, Leonora, Menzies, Norseman, Esperance, Hopetoun and Ravensthorpe. There will also be industrial lots in Kambalda and Ravensthorpe. For the targeted maintenance program on government worker housing, 100 homes in the goldfields–Esperance region will receive support out of the \$80 million funding. The \$141 million to refurbish social housing will include 30 houses in the goldfields–Esperance region, and five to 10 new properties will be built under the new social housing initiative in the goldfields–Esperance region. There is \$8 million towards the Kalgoorlie city centre project to transform the Kalgoorlie city centre. On that note, as the member for Kalgoorlie knows, I was out there last week. I have never seen Hannan Street looking so good or more active, which is great. There is \$20 million towards the Aboriginal ranger program, including in the goldfields and Esperance. There is money to upgrade shed 4 at the port of Esperance. There is \$6.9 million towards the state barrier fence to Esperance. The list goes on. If the member wants me to read them out, I have four pages of them and I can keep going if he would like. The member for Kalgoorlie's electorate really gets a lot of support from the government. He should be very appreciative. When I was out there the other day, I saw the step-up, step-down facility under construction in Kalgoorlie, and that is terrific. However, some of these projects we have announced before.

[10.40 am]

**Ms M.J. DAVIES:** I refer to paragraph 14 on page 227 of the budget papers, which refers to the government's plan to shift sections of the department to the Perth metropolitan area. Could the Premier tell us whether any of

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those functions or parts of the department that will be shifted to the city centre were considered to be shifted to regional locations?

**Mr M. McGOWAN:** The facilities in Kensington are old, and doing something about it has been talked about for many years, but no government has done so up to this point. The last government certainly did not do anything about it. There has been some significant water ingress at the facility and that has caused some issues for the staff; therefore, the accommodation has some problems. What we have had to do has been a matter of urgency, and I think it has resolved the issues, certainly in the short term. As I understand it, we had to act urgently because of the water ingress and the storm damage at the South Perth site, which resulted in building closures and disruption to operations. We had to urgently come up with a solution. Five hundred office-based staff have been relocated to suitable accommodation within the Perth CBD. We have allocated \$20 million for interim accommodation and laboratory upgrades and \$1 million to develop a detailed business case for a lasting accommodation solution for the Department of Primary Industries and Regional Development's laboratory and technical services. We will consider that in the future. There never has been an overarching or long-term solution to the problem of the accommodation, but obviously we had to act quickly.

I understand the sentiment that it would be terrific if we could move all those people to a regional location, but suddenly moving the 500 people who work there to Bunbury, Geraldton, Kalgoorlie, Albany or Merredin, or wherever it might be, is just not a solution that could be delivered or that I would expect anyone would suggest could happen. If the Leader of the Nationals is suggesting that, I would be interested to hear how she would make that work. We had to move very quickly to come up with a solution, which we have.

**Ms M.J. DAVIES:** Can I just confirm that the 500 staff who have moved are in temporary accommodation at the moment and that a longer term business plan is being developed to move them permanently into a facility in the Perth metropolitan area?

**Mr M. McGOWAN:** We are leasing a property. The expectation is that they will move within the next couple of months. It is a difficult thing to have to deal with, but the jobs of the 500 people in Kensington, who have houses and families and children at school and everything else, will be moved to the CBD. I understand that some would prefer to stay where they are, because, as I have been informally advised, they have windows they can open and they like the fresh air, as opposed to an office block in the city. There might also be some parking issues, but public transport into the city is better. No doubt the CBD accommodation will not have the issues of age and water ingress that the Kensington site does. I expect that they will not be moving more than five kilometres as the crow flies, so it is not as though they are moving from a regional location into the CBD; they will move from one part of the inner city to another part.

The 20-hectare Kensington site has been occupied by this agency since the 1960s. The Brand government, the Tonkin government, the Court government and the governments of the 1980s, 1990s, 2000s and 2010s did not move it. I recall the member's comments that we should suddenly move all these people to a regional location. That was not feasible. Clearly, over time, there should be options through which we can come up with good long-term outcomes for the state-owned Kensington site, which is 20 hectares. That is why we have set aside \$1 million for a detailed business case for a long-lasting accommodation solution for the laboratories and technical services. That is something that the government is working on.

**Ms M.J. DAVIES:** Can I just confirm that the 500 staff are in temporary accommodation at the moment and a business plan is being developed for them to be shifted into a permanent solution in the Perth metropolitan area? No?

**Mr M. McGOWAN:** Not entirely. I will let the director general comment.

**Mr D. Addis:** There is a committed plan to shift about 500 of our staff who are currently based at the South Perth campus and who do not depend on access to specialised scientific laboratories. They will move in the first half of next year to a yet-to-be-leased premises somewhere on the fringe of the CBD. As the Premier said, from South Perth to there is a matter of a few kilometres as the crow flies. That is in train. Staff who work in the laboratories, which have been the epicentre of the impacts of the rainfall event that we suffered and the asbestos issues that were kicked off by that rainfall event, are in a mix of temporary premises around the site. There are about 100 buildings on the Kensington lot, all of which are mostly in the 60-year-old bracket. Those staff have been redeployed in temporary arrangements for now. Of the commitment, \$19-odd million is to make good the most critical science facilities and to put in place some temporary, workable science facilities to make sure that we can continue to deliver in a sustainable way for the next several years. The business plan is to put forward a proposition for a purpose-built science facility; that will be the long-term aim for the science functions.

**Ms M.J. DAVIES:** Are the 500 people who will ultimately shift to the metropolitan area still on site out there?

**Mr D. Addis:** Yes, in the metropolitan area.

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**Ms M.J. DAVIES:** They are not the ones who have been at Kensington and have been impacted by the water and other events; they have not been shifted yet. In the business case that is being developed to shift those 500 people, did the government consider shifting some or all of the functions to regional locations?

**Mr M. McGOWAN:** As I understand it—I will get the director general to comment—the business case is looking at a long-term solution for lasting accommodation for the laboratory and technical services. This is for the scientists. Where they will be located in the new facilities is being worked on at the moment. The \$20 million is for interim accommodation and laboratory upgrades to keep the existing laboratory services going. The office-based staff will go to accommodation somewhere on the outskirts of the CBD. That will happen shortly. In terms of the business case for a lasting accommodation solution, I do not know what it is currently looking at and whether it is agnostic on where they will be located. I will ask the director general to comment on that.

[10.50 am]

**Mr D. Addis:** The business case for the core science and diagnostic facilities that need to be built is agnostic of site, but much of it is essentially related to biosecurity functions and/or trade certification functions. Those functions are not well suited to being moved to regional areas given the services that they are required to provide; essentially, we need a metro-located science facility for those critical functions. We expect that some of the functions, and the people who perform those or other functions, that need to be located in the metropolitan area will be moved to regional areas over time. However, it is a transitional approach, which takes time, and it is part of the overall workforce management approach of the department.

**Mr M. McGOWAN:** I would comment by saying that I like the idea of regionally focused agencies being located in regional locations. Obviously, it is difficult sometimes because it is not easy to come up with a location that will suit everyone. I understand that scientific laboratory functions need to be located close to suppliers, universities, academics and the materials that they use and all that sort of stuff, so I understand that there are difficulties with that. But where we can, I like the idea of getting people who work in regional development or who serve regions into the regions. We did that with the Bushfire Centre of Excellence. Despite one option that was considered being Kalamunda, we placed it down in the Peel region. Does the director general have any further comment on that?

**Mr D. Addis:** I make the point that the department has about 600 staff regionally and that makes us pretty unique amongst the state agencies in our regional footprint for an economic agency. We expect that to be a real strength, which we want to grow.

**Mr D.C. NALDER:** I am trying to reconcile the WA recovery plan and other COVID-19-related spending.

**The CHAIR:** Page?

**Mr D.C. NALDER:** I refer to line items on page 224 and 225, but also reconcile them against the major spending changes on page 94 of budget paper No 3.

**The CHAIR:** Can you pause for a moment while we get that all organised. I think you can put the question now, member for Bateman.

**Mr D.C. NALDER:** The first part of the question is: on page 94 of budget paper No 3, there is an increase in spending changes in this current financial year under COVID-19-related spending, but further funds are being taken away from DPIRD in the forward estimates. Although there is a \$22.3 million increase in 2020–21, there is actually a \$36 million or \$37 million decrease over the forward estimates because of COVID-related spending. Why will DPIRD's spending reduce given that it is considered to be a priority area that will broaden our economy and reduce our reliance on mining? I would like to understand why, because of COVID, there is a reduction in overall spending for the department.

**Mr M. McGOWAN:** I will get the director general to comment; he might want to refer to his finance person. But, firstly, often the spend is bumpy depending upon what is happening in any given year; and, secondly, it might be due to an expectation of commonwealth support that is put into the budget. I will ask the director general to comment.

**Mr D. Addis:** The member for Bateman will notice there has essentially been an uptick in the total cost of spending from last year to this current budget year.

**Mr M. McGOWAN:** Whereabouts is that?

**Mr D. Addis:** On page 224, there has been an uptick of about \$55 million in the total cost of services from \$450 million to \$506 million. That uptick reflects two key things. One is an allocation of between \$25 million and \$30 million as part of the COVID recovery plan and commitment—so that ticks us up—and a similar amount in the prior year for projects funded by royalties for regions that could not be completed due to the disruptions of part of what we have been dealing with, which has been pushed forward into the current financial year. That is the reason for the uptick. One of the peculiarities of RforR is that projects only become part of DPIRD's total cost of services once they are allocated to a project over which we have administrative control—we actually deliver the project.



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In the out years, there are still funds in RforR that have not been firmly committed to for those sorts of projects; therefore, our share of RforR essentially tails off in the out years. All of that occurs around a pretty constant base for DPIRD. The stable base further down that page is the service appropriation, which is essentially our capital appropriation. That is now fairly stable into the out years. The ups and downs tend to be in the RforR project space, which, as I said, has not yet been allocated because we have to wait until we get towards the out years for that to happen.

**Mr D.C. NALDER:** The overall expense for DPIRD in 2020–21 is \$506 million, but over the forward estimates it drops to \$431 million next year, \$414 million the year after and \$400 million the year after that. At the start of this term, a key election commitment of the Premier in agriculture was to broaden our economy, so how is the government broadening the economy into agriculture whilst reducing the overall expense budget of the department by 20 per cent?

**Mr M. McGOWAN:** I think the director general explained that reasonably well. There has been an increase this year, 2020–21, on last year because of projects that were not able to be concluded last financial year being brought into this financial year, which sort of pumped up the amount, plus a range of COVID projects have been brought forward. A lot of spending has been brought forward into this year, which all governments have done. What often happens—we see this throughout the entire budget—is the estimate for the out years grows because additional funding comes forward, or projects are cashflowed into future years, as the budget rolls out. I think that has been going on forever, but I might ask the director general to comment on that.

**Mr D. Addis:** I think that is it exactly; the Premier has explained it very clearly. That is exactly what happens.

**Mr D.C. NALDER:** I am still struggling to understand. Last year's total cost of services was \$483 million and the actual was \$450 million, so we are \$33 million short. That has increased by another \$26 million—so nearly all of it, but not all of it. The overall budget then reduces by a greater extent moving forward. That is the first part. The second part is that COVID-related spending and increases in COVID-related spending can have occurred only since February this year, because COVID did not exist before then, yet in this financial year COVID-related spending in this budget increased by \$22.3 million, but COVID-related spending will reduce by more than that in the out years. How can that be when COVID did not exist before February?

**Mr M. McGOWAN:** This year is enhanced because projects that could not be completed last year due to COVID have been brought into this financial year.

**Mr D.C. NALDER:** That is \$30 million.

**Mr M. McGOWAN:** Half is due to projects that could not be completed—\$56 million—and half is future projects being brought forward into this financial year to keep economic activity strong. That is what we are doing. For future years, of course, the budget often has underspends—this has been going on for decades—so we find that future budget years are often enhanced by underspends in past years. We may well receive additional commonwealth moneys, which will enhance or grow the budget in future years. Just so that the member is aware, when we came to office the forward estimates were estimated at \$336 million. The current budget is \$170 million or thereabouts higher than the forward estimates we inherited.

[11.00 am]

**Mr D.C. NALDER:** I can only operate from the numbers that are sitting in front of me.

**Mr M. McGOWAN:** I know, but it is important that the member knows.

**Mr D.C. NALDER:** The total cost of services in 2018–19 was \$447 million. The government's budget was \$483 million in 2019–20, which was not delivered in its entirety because the total expenses actual was \$450 million, but the 2023–24 forward estimate is \$400 million. We are seeing a sizable reduction in either the funds available to operate the department or the capital available to invest in infrastructure. I am trying to understand why it will reduce so significantly over this period given it is such a priority.

**Mr M. McGOWAN:** I have explained it now three times, but I will explain it again, if the member likes. This year the budget is significantly enhanced because projects could not be completed last financial year due to the COVID-19 pandemic. We have brought forward some projects into this financial year because of the need to respond to the economic situation in Western Australia, which I might add is significantly better than in most places around Australia or the world. We have brought forward projects as part of our recovery plan and hence this year's budget is significantly enhanced. The member will find that in future years, often commonwealth grants will roll in and that will enhance the budget over time as we apply for them or work with the commonwealth on various projects. That means the budget goes up in future years. I repeat: the 2020–21 budget that we inherited was \$336 million and the current budget is significantly higher.

**Mr D.C. NALDER:** I have a question further to that.

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**The CHAIR:** Is this a different question on this issue?

**Mr D.C. NALDER:** Yes.

**The CHAIR:** Okay, go ahead.

**Mr D.C. NALDER:** To clarify, the government's budget was \$483 million but it spent \$450 million, so it is bringing forward an unspent budget of \$30 million or thereabouts if it is bringing all of the money forward, but it is then dropping it by \$100 million. The Premier just mentioned that it is possibly to do with capital coming from the commonwealth. Can the Premier please explain where this budget shows a reduction in capital from the commonwealth for the department?

**Mr M. McGOWAN:** I will let the director general answer that.

**Mr D. Addis:** The Premier made the point that part of the explanation for the tailing off into the out years is that we cannot yet budget with confidence for commonwealth grants and other externally generated revenues that we expect to get into the future. We have consistently historically budgeted quite conservatively around that, which is prudent. That is part of the reason. As we get closer and have a higher level of commitment and confidence from some of those externally funded sources, we budget accordingly. A range of projects, particularly in the royalties for regions program, expire over the out years and have not yet been replaced by committed projects. That is a normal part of doing business. As I said in my earlier response, they become part of Department of Primary Industries and Regional Development's budget only when they are committed as projects that we have administrative responsibility to deliver. That reflects projects that are likely to come into our budget in future budget processes but are not yet able to be reflected as part of DPIRD's budget.

**The CHAIR:** Member for Bateman, do you have a further question?

**Mr D.C. NALDER:** Yes, I have a further question on this element. Where can I see the commonwealth grants and how that is being forecast at a much lower rate? A cannot see that in the —

**The CHAIR:** That is the same question that you asked a minute ago, so —

**Mr D.C. NALDER:** I cannot see the number.

**Mr M. McGOWAN:** We can budget conservatively. As the money arrives or if we have a strong expectation or certainty that the commonwealth grants are the source revenue or whatever it might be—sometimes it is scientific developments, sometimes it is revenue from business partners—we add it to the budget, so we budget conservatively. We do not put into the budget large amounts of money that may not arrive. The agricultural part of the budget has been significantly rebased and lifted during our time in office.

**Mr D.T. PUNCH:** I refer to page 226 of budget paper No 2 and the department's local content adviser network. Can the Premier please outline some of the industry capacity and capability building programs being offered by the network in regional WA?

[Mr S.J. Price took the chair.]

**Mr M. McGOWAN:** Thank you for this. I meet our local content advisers regularly when I am out in the regions. In fact, I met one in Kalgoorlie the other day who is doing a terrific job. To support regional jobs and local content outcomes, our government introduced the Western Australian Jobs Act in 2017 that enabled both the Western Australian industry participation strategy and the WA Industry Link. Part of the department's commitment to the WA Industry Link was to establish the local content adviser network. The department's local content advisers are located in each of the nine development commissions to take a lead role in maximising local content opportunities including goods, services and jobs for state government-funded projects and to support local businesses to focus on local content to create job opportunities in regional Western Australia. In 2019–20, the local content adviser network undertook 4 781 engagements across regional WA, an increase of 1 430 engagements from the previous year. Engagements included targeted industry meetings, WA industry participation plan development, government agency engagements, tender opportunity promotion, Aboriginal business opportunity development and business capacity building initiatives. The network has been instrumental in driving forward positive regional procurement outcomes. As an example, in the south west, a year of intensive work alongside Main Roads Western Australia on the Bunbury Outer Ring Road resulted in a local content target of \$300 million, which equates to around half the project's construction costs. This was an increase of \$200 million from the initial suggested local content target of \$100 million.

In the Pilbara, our local content adviser is involved with the Port Hedland Spoilbank Marina through the implementation of a local business capability register that concentrates on the Pilbara region in line with the scope of work. Since opening on 12 June 2020, more than 90 businesses have registered their interest to work on the project, 87 of which are based in the Pilbara. At last count by Tenders WA, the business capability register has been downloaded over 40 times by prospective bidders. In Kalgoorlie the other day, I was able to launch a local content portal in conjunction with the local Chamber of Commerce and Industry of Western Australia and the Chamber of Minerals and Energy.

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It allows local jobs, local businesses and local tenders to be advertised. This involves not only the government, but also industry with a view to expediting local contractors receiving those jobs in the local mining industry in Kalgoorlie. The government and the local content advisers—at least one has been allocated to each regional development commission—are doing their best to ensure that local businesses benefit from local contracts, particularly from some of the more successful industries such as gold and iron ore around Western Australia. I launched the Kalgoorlie portal with Paul Everingham, Ron Mosby and some of the local identities. They are all very happy with this sort of work that the government is doing.

[11.10 am]

**Mr D.T. PUNCH:** You are doing a great job.

**Mr M. McGOWAN:** Thank you.

**Mr K.M. O'DONNELL:** I refer to the regional aged accommodation program on line 12 of page 225. Can the Premier explain why no funding is allocated in the forward estimates of this year's budget for that program?

**Mr M. McGOWAN:** The program itself has concluded and any of the remaining funds have been allocated to the COVID-19 pandemic response. I will hand to Mr Grazia to explain that.

**Mr N. Grazia:** There is an allocation in the forward estimates, but we can see that it does not continue. Consistent with previous discussions about whether future projects are being approved in this area, at this time, they have not been approved. Therefore, it is tailing out in the forward estimates. Some savings were identified for the COVID response.

**Mr M. McGOWAN:** The savings identified for the COVID response was \$1.295 million. Over the last three years, the project has delivered the Waroona Housing Options Village; stage 1 of the Bedingfeld Park expansion; the Bridge Street affordable housing project in Donnybrook; the Armstrong Village project in Dunsborough; the Dongara age appropriate accommodation facility; the great southern housing initiative; the Brunswick River Cottages at Brunswick Junction; the Avon Well aged housing project; the Wheatbelt South Aged Housing Alliance project; the Leonora Ageing in Place project; and the Laverton aged-care project.

**Mr K.M. O'DONNELL:** They are very good projects. That leads me to another question: is there any funding anywhere else in the budget or has any consideration been given to continuing these types of projects in future, or are they now dead in the water?

**Mr M. McGOWAN:** The projects that were allocated funding are concluding. We will obviously look at further projects in the future.

**Ms M.J. DAVIES:** Premier, I note that a wild dogs action plan is referred to right at the bottom of page 241, under "Details of Controlled Grants and Subsidies". That will come to an end. Is there any intention for that to continue in any format, and is it listed elsewhere in the budget? Is the Premier aware of the serious concern, particularly in the eastern wheatbelt, about doggers on the fence line being impeded from doing their job due to the very large number of people who are travelling illegally along the fence line? Is there a proposal to deal with that challenge?

**Mr M. McGOWAN:** That is a good question. The wild dogs action plan provides actions to build capacity to enable industry to manage the threat to livestock. Actions include upgrading the barrier fence, I think to the east of Esperance; incentives for exclusion cell fencing; funding for contracts for wild dog control; and the sterilisation of dogs in Aboriginal communities. Funding of \$500 000 is allocated for 2021. Further details can be found at the Department of Primary Industries and Regional Development's 2020–2021 royalties for regions almanac report. From recollection, in 2018 or thereabouts, we had to inject some funding to continue the project. The government has invested \$21.9 million over four years to manage the impacts of wild dogs and support the reintroduction of small livestock into parts of the state. That funded the action plan and the extension of the state barrier fence. As the member correctly identified, that is the situation at this time. Obviously, the midyear review will allow us to consider any further activity for this program.

**Ms M.J. DAVIES:** Can the Premier confirm that there is no funding at this time to continue that wild dog action plan either in this budget or anywhere else? The second part of my question went to why it is important for the funding on that front. Doggers out on the eastern wheatbelt fence line are unable to carry out their role due to the large number of people travelling up and down that fence line now. The doggers are therefore unable to lay traps and they cannot use their weapons. It was expressed to me, when a member of the Premier's own government was sitting in the meeting, that that is of serious concern to them. We had invested a significant amount of money, but no money is allocated in the budget—I cannot see any money in the forward estimates—and a serious problem out there needs to continue to be managed.

**Mr M. McGOWAN:** These projects are often considered further. The midyear review is coming up. Obviously, our focus has been on dealing with the COVID-19 pandemic and everything else over the last 18 months, since

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the last budget. We will consider this further in the lead-up to the midyear review, which is not unusual. I have not heard about people travelling up and down the fence line; no-one has brought that to my attention before. How and why people are doing it is not something I understand. I would not have thought the fence line, where there are wild dogs, was the most appealing of places to travel. If people are doing that and it is impeding doggers using their firearms—I can understand how that impedes them—I am interested in the member's suggestion for how to stop people doing that.

**Ms M.J. DAVIES:** To that end, if consideration is being given to providing funding going forward, in light of the significant fines that have been increased, it is necessary for anybody caught travelling on the fence line to be prosecuted. Someone should be out there policing the fence line so the doggers can do their job. They have made a tactical decision to pull back into the reserve, away from the fence line. People go there because they cannot go anywhere else at the moment. They use the fence line to travel with their caravans out the back of the eastern wheatbelt and through that part of the world. It is actually quite pretty, but they are not allowed to travel on that fence line. There is quite a significant fine, but no-one has ever been fined.

**Mr M. McGOWAN:** I will take that question on notice. The issue of people driving their caravans on the barrier fence impeding wild doggers has not been brought to my attention. Obviously, we do not want anyone to be shot, so, clearly, I will ask the agency to look at that. So that the member is aware of the funding, \$21.9 million has been spent on this program, of which \$16.6 million has been spent since 2017–18. That is a significant allocation. Obviously, the construction, repair and maintenance, and completion of the border fence were the major parts of the project. It seems to me that most of the funding that might be needed in the future is operational funding to fund the desexing of dogs program in some parts of the state and to fund the doggers who destroy the dogs. That is obviously something we will consider carefully in the lead-up to the midyear review.

[11.20 am]

**Mr D.C. NALDER:** I am looking at the table on page 229 of the *Budget Statements* and the line items “Percentage of exotic terrestrial weed, pest and disease threats resolved appropriately” and “Percentage of invasive aquatic pests and exotic diseases resolved appropriately”. This has probably always been the same, but why have we set ourselves the target of 60 per cent for getting rid of toxic weeds and aquatic pest problems as a budgeted outcome if we put such a high standard on the quality of our agricultural produce and the potential threats that can come from that?

**Mr M. McGOWAN:** If I can clarify, this is obviously an agriculture issue; it is not a regional development issue. Are we dealing with agriculture this afternoon?

**Mr D.C. NALDER:** It comes back to a question I have about the budget. Is this not under services 1 to 5? I thought we were still on services 1 to 5? I get confused by this, so apologies if it is not, but it is in this part of the budget papers.

**The CHAIR:** Yes, it is.

**Mr D. Addis:** It is service 6.

**The CHAIR:** The director general is saying it is in service 6, but in the budget papers it is under part 4.

**Mr M. McGOWAN:** Is this something we are dealing with as part of this section?

**Mr D.C. NALDER:** I am happy to take it up in the next one as well, but on pages 224 and 225 there are some budget items that come off the back of this and are related to it.

**Mr M. McGOWAN:** Why do I not do my best to answer? This key performance indicator measures the number resolved within the year as a percentage of the number open during the year. For pests and diseases that are not considered to be present in Australia and that are considered to be an emergency pest under the appropriate national deed, “resolved” means “according to the national agreement”. This may include pests and diseases incidents in other jurisdictions that WA is required to respond to. For pests and diseases that are not considered to be present in Australia and that are not considered to be an emergency pest at a national level, “resolved” means “according to state policies and programs”. For pests and diseases that are present in Australia but not considered to be present in WA or parts of WA, “resolved” means “according to state policies and program determination”. The budget target is 50 per cent, as not all threats can be resolved within the space of a year or less, depending on the date of detection. Some may require ongoing or seasonal surveillance to declare resolution. That makes sense. For pests and diseases that are not considered to be present in Australia and that are considered to be an emergency pest under the appropriate national deed, “resolved” means “according to the national agreement”. This may include pests and diseases incidents in other jurisdictions that WA is required to respond to. For pests and diseases that are not considered to be present in Australia and that are not considered to be an emergency pest on a national level, “resolved” means “according to state policies and programs”. The budget target is 60 per cent, as not all threats can be resolved within the space of a year or less, depending upon the date of detection. Some may require ongoing or seasonal surveillance to declare resolution. That is the answer to both of those notes.

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**Mr D.C. NALDER:** Further to that—the Premier may not be able to answer this question—given that we are saying 60 per cent and they potentially cannot be resolved in a year, does some tracking occur to ensure that there is follow-up by the department so that if it takes longer than a year, these things are monitored and reported on, or, otherwise, are they forgotten?

**Mr M. McGOWAN:** I think this is saying that 60 per cent can be resolved in a year, but I will hand over to the director general to answer.

**Mr D. Addis:** In the session later today, we will have our agriculture and biosecurity experts who deal directly with these matters, but, broadly, “resolved” does not always mean that we have gotten rid of the pest. In many cases, it is not economic or feasible to eradicate new incursions; therefore, the transition is to management, which is the Premier’s description of the policy framework within which those decisions are made. Absolutely, all incursions and pests that come into WA and are identified are tracked through to an appropriate resolution, whether that means eradication or transition to management, or something else in accordance with the various policy regimes. The member can get a more fulsome answer to that this afternoon.

**Mr D.C. NALDER:** Further to that—this just takes a different angle to it —

**The CHAIR:** Even though this is in the right part of the budget papers, if the member wants to put this back to the agriculture session later on, he is within his rights to do that as well.

**Mr D.C. NALDER:** I am happy to do that as well; I am happy to take this issue up further. I refer to page 225 and the sixth line item from the bottom of the table, “Declared Pest Account”. Obviously, this started last year, but given concerns about the threats to our agricultural sector, can I please have an understanding of why this account seems to have received a significant reduction in the spending allocation in the current budget over the forward estimates?

**Mr M. McGOWAN:** With the declared pest account, as part of the 2019–20 midyear review submission, a reduction in regulatory fees across the forward estimates period of \$6.587 million was approved. This reduction relates to the cabinet submission approved in October 2016 on implementing the “Western Australian Wild Dog Action Plan 2016–2021”, which erroneously included an increase in regulatory fees from recognised biosecurity groups and an increase in appropriation and matched funding under the Biosecurity and Agriculture Management Act 2007. This error was not identified during the financial capability review. Therefore, it refers to a mistake that was made in October 2016.

**Mrs R.M.J. CLARKE:** I refer to page 241 of budget paper No 2 and the regional economic development grants scheme. Can the Premier outline how this program is delivering benefits for regional communities?

**Mr M. McGOWAN:** The regional economic development grants scheme is investing in community-driven projects across regional WA, supporting jobs and economic diversification. Funding of \$25.77 million is allocated in the 2021 budget over the forward estimates. Approved investment across the first two rounds of the scheme has been \$13.17 million, providing funding to 135 projects and leveraging more than \$59 million in co-contributions. That has been a good outcome. The scheme has invested in a range of projects, including manufacturing, workforce development, construction, tourism, horticulture, information technology, primary industries and cultural industries. In the goldfields, \$249 960 was awarded to the goldfields migrant employment project to attract a workforce to meet labour shortages in the goldfields. Through engagement with culturally and linguistically diverse community members in Perth, to date approximately 60 people have received or are receiving services through this program. As a result of this grant, 31 people to date have been relocated and employed in the goldfields, and 93 people from 22 different countries of origin have been attracted or supported in the goldfields. In the Peel region—this will of interest to the member—Capogreco Farms received \$10 000 to expand its cooling facilities used by growers across regional WA, supporting fresh produce exports. As a result of this co-investment, produce sourced from the Gascoyne area has doubled to nearly 1 700 tonnes this season, creating demand for jobs not just in the Peel region, but also up in Carnarvon. An amount of \$150 000 was provided to Southern Forests Honey for the construction of a colony concept honey centre of excellence and a honey processing distribution and retail facility near Margaret River. As we know, Western Australian honey is hotly sought after around the world, especially in China. The project created eight full-time equivalents during its construction and fit-out phase and provided ongoing direct and indirect employment. Dongara Marine was provided with \$68 500 to purchase and install new cutting machines, enabling the business to expand its commercial and recreational vessel manufacturing capability, supporting a workforce of 30 full-time employees and six apprentices. From memory, I think that business built the new ferry for the South Perth run. These grants are resulting in some terrific economic outcomes.

[11.30 am]

**Mrs L.M. HARVEY:** The second dot point on page 226 of budget paper No 2 refers to COVID-19 and the agency’s business in managing overseas workers et cetera. Can the Premier advise when he became aware that two Australians had disembarked the *Al Messilah*?

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**The CHAIR:** I do not think that is a budget-related question, Leader of the Opposition.

**Mrs L.M. HARVEY:** Are you ruling it out of order? It is about the management of workers coming in and out of the state during the COVID-19 pandemic, which is directly related to the second dot point.

**The CHAIR:** I will seek advice to provide more clarity on this. Premier, the question is not budget-related, but it is up to you whether you choose to answer it.

**Mr M. McGOWAN:** What is your ruling, Chair?

**The CHAIR:** You do not have to answer it.

**Mr M. McGOWAN:** Before I get to the question, I have advice on the issue. The Leader of the Opposition asked me about the second dot point. The COVID-19 pandemic has had an ongoing impact on the agency's business. To date, international and interstate travel restrictions have impacted access to export markets, particularly through airfreight and access to primary industry workers. There were dramatic impacts on some industries early on due to COVID-19. The state government has worked cooperatively with the commonwealth government to resolve those issues.

In relation to the sheep export trade, obviously it has been difficult. Issues arose earlier this year with the *Al Kuwait* around trying to deal with affected crew members on board. We then found out about the *Al Messilah* on the weekend, and there were significant issues on that ship with affected crew members. Sheep ships these days often have Australians on board. A vet and someone to monitor the health and welfare of the animals are often on board. Two Australians were on board that ship. I became aware on Sunday that those people had left the ship and that measures were being put in place to test their health. The measures have worked. The people were required to quarantine, and testing found them to be negative. The Western Australian woman who went to Busselton has gone into hotel quarantine. Our measures have worked. Ships around the world change crew over at a far greater rate than they did before. Basically, the crews of ships all over the world are changing over and going home. A lot of them have been on board for a year. Being on board a ship and not getting off for a year would be a difficult experience for many crew members around the world. They are now changing out and going home. The shipping companies are not doing as much as they should to check whether the crew members getting on board are COVID-free. We have called on the federal government to take international action on these matters. That is what is happening. The good thing is that our systems have worked. The people involved have been tested and are COVID-free. The Western Australian involved is certainly in hotel quarantine as an additional precaution.

**Mrs L.M. HARVEY:** I have a further question.

**The CHAIR:** Is this about what that question was on, because that question was not a relevant question and the Premier chose to respond. If you are going to ask a question, it needs to be related to the budget.

**Mrs L.M. HARVEY:** It is with respect to the Premier's answer. I want to get some clarification on his answer. Perhaps I can ask the question and then you can rule it in or out of order, Chair. The Premier said that those individuals had been tested. Can he please advise where they were tested? Did they present at a COVID clinic or were they tested through another means?

**Mr M. McGOWAN:** I can comment on the Western Australian. She was going into home quarantine, which many people do. I do not have the exact details, but I think she was tested at her home by a public health team. The system has worked. The people are not COVID positive. But we are putting in place additional precautions for Australians coming off ships. There is not a huge number of Australians who work in this way, but there are some, and we are putting in place additional precautions to ensure that they quarantine in hotels. I expect that some of the individuals involved will not be happy with this and I expect that some of the shipping companies will not be happy with this. We will send the bill to the companies. The individuals who might have spent months at sea will now have to spend another two weeks in hotel quarantine, which they probably will not be happy with. However, in the environment in which lots of ships have changed over their crews, we have to ensure that we put in place the appropriate precautions.

**Mrs L.M. HARVEY:** I have a further question.

**The CHAIR:** Once again, Leader of the Opposition, the question is not budget-related, so you can ask it and the Premier does not have to respond to it.

**Mrs L.M. HARVEY:** Thank you for your advice, Chair. I appreciate the Premier responding to the question. Just to be clear, did either of those two individuals present at any of our hospitals, or were they privately tested at home? Can the Premier clarify whether they are in hotel quarantine or are both quarantining at home?

**Mr M. McGOWAN:** I have answered that, but I will answer it again. The Western Australian woman was quarantining at home in accordance with the direction she was given and in accordance with the protocols that existed at the time. I understand that a public health team tested her at her home in Busselton, but I would need to get more clarification

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around that. Her test came back negative. Therefore, the advice of the Chief Health Officer is that there was no risk and there was never any risk. In order to add to those precautions, she has gone into hotel quarantine. On top of that, the government is now ensuring that Australians returning from those ships in that way will also go into hotel quarantine.

**Ms M.J. DAVIES:** Premier, I refer to the same page, page 226, under “Significant Issues Impacting the Agency”, the second dot point, and probably the third as well, and the work out yonder campaign. Do I have that name right?

**Mr M. McGOWAN:** Is this the same number, page 226, the second dot point?

**Ms M.J. DAVIES:** Yes, the reliance on overseas workforce and workforce shortages. I am trying to think of the name of the program. Is it work out yonder?

**Mr M. McGOWAN:** Work and Wander Out Yonder.

**Ms M.J. DAVIES:** Can the Premier confirm that that campaign was in response to the fact that the agricultural sector required 7 000 people for its seasonal harvest work in both the broadacre and horticultural sectors, so it was in response to the fact that there is a shortfall of around 7 000 positions that need to be filled?

[11.40 am]

**Mr M. McGOWAN:** I cannot confirm that. My memory of the advice I have received is that around 7 000 people are needed across the agricultural sector, whether for horticulture, agriculture or harvest, all over Western Australia, as the member knows, from the very north to the very south and from the very east to the very west, but a number of those 7 000 people are already here. A whole range of backpackers, tourists, travellers and seasonal workers are already here; they have not left and they are available. However, there is still a shortfall. Although, from memory, the total number needed is around 7 000 people, a number of those 7 000 people are already here and prepared to do that work. That is why we ran the Work and Wander Out Yonder campaign, with incentive payments of up to \$4 000 per person, and why we called on the federal government to do more in this regard. It is obviously an issue. We are not opening our international borders to allow in people from Sweden, Germany, Italy or other places who normally do this work, for obvious reasons, so there is obviously an issue. I think it is a verifiable fact that this state government has done more than any other state government to get people out there to do this work within the levers that we have.

**Ms M.J. DAVIES:** When the Premier set up this Work and Wander Out Yonder program, how many of those 7 000 positions was he aiming to fill? What is the number and how was that budgeted for?

**Mr M. McGOWAN:** Obviously, we want to fill as many of the positions as possible. We want to maximise the number. If we came up with an exact number of 1 000, 2 000, 500 or whatever it might be, people would say it is too low or too high. We want to maximise the number of people out there. That is why the Work and Wander Out Yonder campaign and the payments we are making are very important. We estimate that there is half the usual number of overseas workers available; therefore, we need to attract Western Australians into this field. We made an announcement last week to allow for greater exemptions from the east—in particular, for some of those seasonal workers who might have come from Vanuatu and who have been working in the Northern Territory to move across into Western Australia to undertake this work. At any given time, there are already a number of workers here. I have been advised by the Minister for Agriculture and Food that a number of East Timorese workers are currently here and are undertaking this work. A number of backpackers are still here. I was at a tourism venue recently and met an Italian backpacker who has been here all year since COVID hit; he is still here. All these people are still here, but the advice I have is that it is less than half the number of overseas workers that we would ordinarily expect. That is why we are doing our best to get Western Australians out there to do these roles.

**Ms M.J. DAVIES:** On the same line, there must have been some modelling done when the program was set up. All I am trying to get to is: how many workers was the government targeting? I appreciate the Premier says that it is as many as possible, but a finite figure must be attached to that because a finite amount of money must be set aside in the budget. How much is attached to the program, and how many people did the department advise would be targeted to fill those jobs through that program?

**Mr M. McGOWAN:** I think I have answered the member's question as best as I can. I want to give her a bit of further advice about it. More than 50 000 people have visited the Work and Wander Out Yonder campaign websites. The advertisements on Seek have had 80 000 views. We have connected more than 500 job seekers to employers through Studium—another website that is predominantly for university students. We have had almost 600 pre-registrations for our incentive scheme; 86 people have submitted their first claim, which they can do only after the first two weeks of work—we do not want people to claim, do one day's work, and then decide that it is too hard and go home—and 156 additional people have started an application. We had hoped that the commonwealth government would do more to incentivise people on JobSeeker to work in agriculture. The federal budget included some relocation assistance, which we welcome, but we have not seen huge action from the commonwealth in this regard. We want to enable

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Western Australian growers to access the seasonal workers who are available in other states, especially those currently in the Northern Territory. There are currently 300 seasonal workers from Vanuatu in the Northern Territory who are either working or going through a quarantine period there. As they complete their work in the Northern Territory—the harvest may well finish earlier there—there is an opportunity for them to come to parts of Western Australia. We are working with other states to get people in as best we can.

I have answered the member's questions about this numerous times in question time. I cannot bring down the international border. The international border is the main problem, but I support the international border. Although we get a lot of criticism from various people about the measures we have taken, I have supported the commonwealth in what it has done, and although it has created some difficulties for some people and businesses across the state, the alternative scenario of having COVID-19 running rampant throughout our state, destroying our economy and destroying lives, is not acceptable.

**Ms M.J. DAVIES:** Just to clarify, because it was in a big long list of things that the Premier read out, less than a hundred people have accessed that Work and Wander Out Yonder program to date.

**Mr M. McGOWAN:** We have had 600 pre-registrations for our incentive scheme; 86 people have submitted their first claim, which they can do only after two weeks of work on a farm; and a further 156 people have started an application.

**Ms M.J. DAVIES:** Was that 156?

**Mr M. McGOWAN:** I will read it out again. We have had 600 pre-registrations for our incentive scheme; 86 people have submitted their first claim, which they can do only after two weeks of work; and a further 156 people have started their application.

**Ms M.J. DAVIES:** Thank you.

**Dr A.D. BUTI:** I refer the Premier to pages 224 and 225 of budget paper No 2 and the heading “COVID-19 WA Recovery Plan”, and specifically the line item “Residential Facility for Martu Students (Newman)”, which I think is a great initiative. Can the Premier please tell us what are the hopeful benefits of having a residential facility for Martu students?

[11.50 am]

**Mr M. McGOWAN:** I thank the member for the question. The residential facility for Martu students is about a quarter of the way down the page. It is a significant investment by the state. We are putting in \$4 million. I know that the Minister for Regional Development has been working very hard on this. I went to Newman and had a look at the proposed facility with the local school people and some of the local elders. We put \$4 million into this project. It is in partnership with the Western Desert Lands Aboriginal Corporation and the Martu Schools Alliance representing remote Martu schools. The project involves the conversion of three houses to provide separate accommodation for male and female students and a common administration and meeting place. The houses are owned by BHP and will be leased to the Western Desert Lands Aboriginal Corporation. Martu elders have expressed a desire for their young people to be educated both in Martu law and in the modern Australian curriculum.

The Martu student residential facility will significantly support young Martu people to access a broader suite of secondary and vocational learning opportunities while staying connected with family, having the chance to walk in both worlds. The new facility is expected to be ready to house up to 12 students from early 2021. As I said, I visited the facility, the school, some elders and BHP. The houses have been converted so the students can come and stay and attend Newman Senior High School, as I recall, so it has some significant benefits for students who might not otherwise have the opportunity for more traditional education while remaining connected to their families, their culture and their country. It is a very exciting project. Hopefully, it makes a significant difference to Martu students' academic and educational outcomes. These facilities in other parts of the state, particularly the one in Broome, have made a big difference, so, hopefully, the new one in Newman will make a big difference as well. Obviously, \$4 million is a lot of money and I think, from memory, we inserted that money as part of our recovery plan.

**Mrs L.M. HARVEY:** Page 226, paragraph 8, refers to some biosecurity incidents and some pest and disease incursions. Can the Premier please explain or outline to us what is being done about the emerging prevalence, from May this year, of ehrlichiosis in dogs, which has come in through the Kimberley? I understand that it is now as far south as the Gascoyne and Pilbara region. I am interested to know whether there is any prospect of eradication of this bacterial disease and what has been allocated from the department about dealing with it?

**The CHAIR:** Thank you, Leader of the Opposition. But, Premier, this is one of those ones that is actually in service 6, even though it is tucked into the tail of this part.

**Mr M. McGOWAN:** I will say what I can, if you like, Mr Chair.

**The CHAIR:** Yes, Premier.



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**Mr M. McGOWAN:** Ehrlichiosis in dogs was first detected in the East Kimberley in May 2020. Surveillance has confirmed that the disease is established in dog populations in the Kimberley, with small numbers in the Pilbara, Gascoyne and goldfields region. Further surveillance will determine the limit of the infection. Ehrlichiosis is transmitted by brown dog ticks, which are prevalent in northern Australia. DPIRD is working closely with private veterinarians to identify cases and manage them. DPIRD is actively engaging in a remote community engagement project to improve Indigenous dog welfare by reducing *E. canis* infections through better tick control and to reduce the spread of *E. canis* in the Pilbara. Tick treatments have been distributed to dogs in the East Pilbara by rangers. Infected dogs do not directly transmit the illness to people; however, in rare cases, infected ticks may transmit *E. canis* to people. DPIRD is conducting an emergency response program, including surveillance to delimit the distribution of *E. canis* in WA and control to reduce the establishment of *E. canis* in communities south of the Kimberley. The estimated budget for the response stands at \$222 000.

**Mrs L.M. HARVEY:** Premier, has the source of this outbreak been identified at this point in time?

**The CHAIR:** Premier—same preamble.

**Mr M. McGOWAN:** The member might have to ask this in agriculture.

**Mr D.C. NALDER:** Can I seek a point of clarification first because I do not want to trip over?

**The CHAIR:** Yes.

**Mr D.C. NALDER:** I understand that we are doing sections 1 to 5 and that later this afternoon we are doing sections 6 and 7. But referring to all the tables up the back of this section—cash flow statements, details of controlled grants and subsidies and the works in progress—how do we determine which are for now and which are for later this afternoon?

**The CHAIR:** If the question is related to fisheries, agriculture or biosecurity, it is later this afternoon, even though it is contained within the information within these section.

**Mr D.C. NALDER:** Can I have a go at one, then, and you can tell me whether I am on the wrong track, Mr Chair?

**The CHAIR:** Yes.

**Mr D.C. NALDER:** If I refer to page 237, under “New Works”, “Industry Attraction and Development Fund—Collie”, is that now?

**The CHAIR:** Yes.

**Mr D.C. NALDER:** Thanks.

My question on this is to do with a couple of things. When I looked at this line and I compared it with last year's budget, it has been reduced significantly. The Premier obviously does not have last year's budget but he may refer to the director general. The spend for this has been decreased from \$30.1 million in last year's budget for this year down to \$11 245 000 and for 2021–22, last year's budget had \$12 008 000 and now it is \$10 632 000. Can the Premier please explain why it has been dropped from an overall spend of just over \$42 million to just over \$21.5 million?

**Mr M. McGOWAN:** The member will be pleased to know there is a very, very positive answer here. The industry attraction and development fund has been designed to attract industry to Collie. Funding for the program is administered by the department through the Minister for Regional Development. The fund aims to attract substantial new industry initiatives to Collie to promote economic diversity, job creation and sustainability. In the period that the member refers to, the following projects have had money allocated to them: Collie emergency services vehicle manufacturing project; Collie regional processing centre project; Collie delivery unit; Collie adventure trails; Collie tourism readiness and economic stimulation project, which is three separate projects; Wellington Dam mural and Collie art trail; Lake Kepwari, stage 2; and Koolinup Emergency Services Centre, based in Collie. All those projects have had that money allocated to them, which explains the reduction in the amount.

**Mr D.C. NALDER:** Given this was a significant change in spending, why was it not listed in the major spending changes on page 94 of budget paper No 3 for the department?

**Mr M. McGOWAN:** The page that the member refers to here is recurrent spend, whereas budget paper No 3 refers to capital. But there are some great projects there. The vehicle manufacturing facility, which I turned the sod on a few months ago, will be terrific.

**Mr D.C. NALDER:** Sorry, I will clarify that question. I refer to page 143 of budget paper No 3 on the major spending changes. Given this is a significant change in major spending, why is it not listed in the capital expenditure changes for the department?

**Mr M. McGOWAN:** Because, as I just said to the member, this is recurrent and budget paper No 3 refers to capital.

[12.00 noon]

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**Mr D.C. NALDER:** No, that is not true, Premier. Page 89 of budget paper No 3 refers to recurrent expenditure, but it is not listed there, and page 143 refers to the Department of Primary Industries and Regional Development's capital expenditure, so budget paper No 3 has both recurrent and capital expenditure and it is not listed on either page.

**Mr M. McGOWAN:** The advice I have is that Treasury prepares the significant items and did not include the Collie spend, if you like, for whatever reason. The answer is there and I outlined it to the member. I have been to Collie numerous times this year to announce or open these projects, so that is where the spend has gone.

**Mr K.M. O'DONNELL:** I refer to the table of outcomes and key effectiveness indicators on page 229. The third outcome is "Regional Western Australia has the skills and knowledge to grow and create jobs" and the indicator states, "Percentage of clients satisfied with Department's capability initiatives". It is budgeted to be 70 per cent. To improve that, surely the budget should not be reduced by up to 30 per cent over the forward estimates, as referred to in the service summary at the bottom of page 228, which indicates that the budget will go from \$22.5 million down to \$17 million, and then down to \$16 million and then to \$15 million. To improve that satisfaction rate —

**Mr M. McGOWAN:** The member is mixing two items together. What is the other line item?

**Mr K.M. O'DONNELL:** It is mainly about how to improve the percentage rate. I referred to line item 4 in the service summary, which indicates that the budget is being reduced over the forward estimates. I apologise for the mixed question.

**Mr M. McGOWAN:** I will let the director general comment on the member's question.

**Mr D. Addis:** Again, one of the complexities with the cost allocations for our services is that in the initial couple of years of the department, the cost allocations were based on the best available information. We are getting more accurate as we go, so they are becoming more accurate. The other complicating factor is that, as I described earlier, during the course of last year we completed the restructure, which meant that the base for the service costings changed. That is the primary explanation for the change in trends. They are becoming more accurate against what we do now. It should not be interpreted as a backing off of effort in those services.

**Mr K.M. O'DONNELL:** How can we improve that 70 per cent rate? In other areas, we have rates of 80 and 90 per cent, but a satisfaction rate around the 70 to 75 per cent mark for the department's skills and knowledge is unacceptable. How can we try to improve that?

**Mr M. McGOWAN:** I will hand to the director general.

**Mr D. Addis:** Did the member say that it is unacceptable?

**Mr M. McGOWAN:** How can we improve it?

**Mr K.M. O'DONNELL:** How can we improve that? It has been around the 70 to 75 per cent mark over the last four years, whereas other rates are 80 or 90 per cent. How can we improve that, or is a 70 per cent satisfaction rate with the department's skills and knowledge acceptable?

**Mr D. Addis:** I am not sure that I have a well-considered answer to that. Dr Sweetingham or Mr Grazia?

**Mr M. McGOWAN:** I will hand to Mr Grazia.

**Mr N. Grazia:** The only thing I would add that is consistent with the director general's comment about getting more accuracy in the figures is that the key performance indicators are relatively new. We develop our KPIs in consultation with our internal auditors and the Office of the Auditor General in terms of whether they are appropriate. There has been some discussion about what sits within the ranges of satisfied and very satisfied for what is reasonable, and the target that is there reflects those consultations. I cannot explain why 80 per cent is satisfactory for one area but 77 per cent is satisfactory for the other; I am sorry, but I do not have that with me. Those KPIs are carefully constructed in consultation with the subject matter experts.

**Mr M. McGOWAN:** KPIs exist across the entire budget and have done for the entire time I have been in Parliament. Agencies work on their best estimate of what they can achieve and hopefully improve over time. They are a very broad tool, as far as I can tell.

**Ms M.J. DAVIES:** I refer to the royalties for regions expenditure outlined on page 176 of the *Economic and Fiscal Outlook*. I assume that the country water pricing subsidy is the subsidy that is being paid to the Water Corporation for the community service obligation that it has historically received directly from consolidated revenue. Can the Premier confirm that that line item shows \$1 billion of royalties for regions going directly to the Water Corporation to fund the community service obligation?

**Mr M. McGOWAN:** The country water pricing subsidy is provided to support the ongoing commitment to provide water for country residential users at the same cost as it is for metropolitan residents, despite the significantly higher

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cost of providing the service in regional Western Australia. As the member can see, we are ensuring that that program continues and that country water prices continue to be subsidised.

**Ms M.J. DAVIES:** Can the Premier confirm that that CSO has historically been paid for from consolidated revenue? He says that the government is guaranteeing that it will continue to be paid. Is there any risk that it would not be paid if royalties for regions funds were not being used?

**Mr M. McGOWAN:** I think the major risk of it not being paid would be if there were a change of government.

**Ms M.J. DAVIES:** Can the Premier please confirm that the CSO has been historically paid for from consolidated revenue prior to him coming to government?

**Mr M. McGOWAN:** A range of things in the royalties for regions program that were funded from the consolidated account were funded through royalties for regions. They have moved around over time. As I outlined to the member the other day during question time, under the previous government, a whole range of things that were historically considered to be part of the consolidated account were pushed into the royalties for regions program, and the reverse has happened under this government. We are putting far more effort into capital works for schools, hospitals and roads funded from the consolidated account than the previous government did. These things move around, but I can guarantee for regional Western Australians that the country water subsidy will continue and that the cost of water will continue to be subsidised so that residential customers in regional WA pay the same price as those in the metropolitan area.

[12.10 pm]

**Ms M.J. DAVIES:** I still did not get an answer whether the Premier can confirm that it has been paid historically from consolidated revenue. Does the Premier agree that using royalties for regions to fund that \$1 billion will allow the government to spend \$1 billion from consolidated revenue free of the restrictions that the Royalties for Regions Act provides for? The government essentially is freeing up \$1 billion to spend across other budget areas without the restrictions that are imposed by the Royalties for Regions Act—that is, having to spend that money in regional WA.

**Mr M. McGOWAN:** I cannot confirm that, but I can confirm that under this budget there is a record spend on infrastructure in regional WA.

**Mr D.T. PUNCH:** I refer to page 170 of budget paper No 3. How will the \$852 million for the Bunbury Outer Ring Road create local jobs?

**Mr M. McGOWAN:** An amount of \$852 billion will be spent on the Bunbury Outer Ring Road. That very significant project is expected to create 4 500 jobs. Construction is anticipated to begin in January 2021, and we have managed to bring it forward as a COVID-19-response initiative. The member for Bunbury might recall that we have also done some work on Bussell Highway, which was talked about forever. We secured funding for that. We did part of the initial works on a little bit of a build-it-and-they-will-come plan, and it has worked. The Bunbury Outer Ring Road is the biggest infrastructure project ever to be undertaken in Western Australia's south west. It will be constructed by a consortium comprising Acciona, NRW Contracting, MACA Civil—the Australian company with the best name ever!—AECOM and Aurecon, which has been named the South West Gateway Alliance. Local employment and business opportunities are the priorities, with a target spend of \$300 million to maximise local south west industry participation. Promoting and maximising Aboriginal participation is also a priority for the project. There is a \$20 million target spend for Aboriginal businesses and an employment target equivalent to 60 full-time Aboriginal people engaged in the project over its three-year construction period. Investment in well-planned transport projects will keep the greater Bunbury region moving and boost its status as a major economic regional centre, while providing better road infrastructure for locals and visitors. The project will deliver significant benefits for the economy both during its construction and once in operation, unlocking thousands of local jobs. Once complete, new connections on Forrest Highway to Bussell Highway and South Western Highway will greatly improve freight capacity, efficiency and productivity across the region. It will also mean that tourists heading south will save up to 15 minutes' travel time and, I might add, it will make it significantly safer.

The \$852 million Bunbury Outer Ring Road project is jointly funded, with the Australian government contributing 80 per cent, or \$681 million, and the state government contributing 20 per cent, or \$170.4 million. I want to thank the commonwealth government for its contribution. I want to thank the Minister for Transport for pushing it. I want to thank the members for Bunbury, Murray–Wellington and Collie–Preston for their efforts in securing this project. Obviously, as there always is with these projects, there has been some controversy around it. The reservation for the road was put in place decades ago. The direction of the road is in accordance with the existing reservation that was put in place, from memory, back in the 1990s. I have to say that I cannot recall a bigger single infrastructure project in regional WA by the state than this one. Obviously, some oil and gas projects and mining projects have been bigger, but I cannot recall a state project of greater scale and greater employment opportunity than this one. It is very important. We are very happy that we are able to deliver it.

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**Mr D.C. NALDER:** I am surprised that came under here rather than under Transport. I could not find it in the royalties for regions spending. I do not know what it has to do with this.

**Mr M. McGOWAN:** It is in budget paper No 3.

**The CHAIR:** Question, member for Bateman?

**Mr D.C. NALDER:** My next question relates to page 237 of budget paper No 2 and the north west Aboriginal housing initiative. It is just three items below the line item “Industry Attraction and Development Fund—Collie”. There are significant reductions in expenditure in this budget compared with last year’s budget. Last year, for this current year and next year, there was a total of just over \$35.5 million, and now it is just over \$15.5 million. This, again, is another major change. I would like to understand the reasons for the significant reduction this and next financial year?

**Mr M. McGOWAN:** I spotted the Collie one—which line item was it?

**Mr D.C. NALDER:** It is about three below that—the north west Aboriginal housing initiative. There are the amounts of \$7 774 000 this year and \$7 774 000 next year. According to last year’s budget, there was going to be \$21.448 million for this year and \$14.186 million for next year. This is a massive reduction and I would like to understand why it has dropped in priority.

**Mr M. McGOWAN:** I think in my answer to the first question I outlined that some of that project was pushed sideways as part of our COVID-19 response because it was not particularly ready for construction. As part of our COVID-19 response we looked for money that was sitting in projects that were not shovel-ready, so this item has been pushed sideways on that basis. I do note, however, that this significantly enhanced spend is part of our Aboriginal housing response to backfill the gap that has occurred from the commonwealth withdrawing hundreds of millions of dollars.

**Mr D.C. NALDER:** Can the Premier say that last bit again?

**Mr M. McGOWAN:** The member will recall that the federal government, under Tony Abbott, withdrew hundreds of millions of dollars. That was brought to a final conclusion, I think, under Malcolm Turnbull, but maybe under Scott Morrison. The commonwealth withdrew its funding from remote Aboriginal housing. The state has had to backfill that spend.

**Mr D.C. NALDER:** Further to that, and on the same principle, this is another major change in spending but it is not listed in the capital expenditure programs on page 143 of budget paper No 3 under “Major spending changes since the 2019–20 Mid-year Review”.

**Mr M. McGOWAN:** As I outlined before, this document is prepared by Treasury, and Treasury sets the priorities as to what is listed here.

**Mr D.C. NALDER:** Would the Premier admit that it is most unusual to have major changes to the allocation of spending but Treasury does not provide an explanation?

**Mr M. McGOWAN:** The member is the shadow Treasurer so he can ask that question during the Treasury estimates. My expectation is that that will be changes in spending in all sorts of agencies and all sorts of programs on an annual basis, in the hundreds if not thousands —

**Mr D.C. NALDER:** This is millions.

**Mr M. McGOWAN:** If I can just finish my answer. The member might want to ask Treasury about that, but I suspect that if it were to list every single change in spending, we would need another volume of the budget.

**Mr K.M. O'DONNELL:** I refer to page 173 of budget paper No 3 and the line item “Regional Events Program—Larger Events”. Funding for that stopped after 2018–19, when it was allocated \$10 million. Since then, nothing has been budgeted for that. Can any funding for that be found anywhere else or has funding for that completely stopped and there is nothing in the forward estimates at all?

**Mr M. McGOWAN:** The advice I have is that the project had a name change and that it continues under the heading “Brand WA—Event Tourism” as a regional events program. That is another program. As I recall, these events are funded all over the state. The total funding for the Brand WA event tourism regional events program is \$25 million. It is designed to attract visitors to spend in regional Western Australia, maximise job creation, improve career opportunities and provide services to regional WA. Ten events have been approved for 2020–21. To date, only one event has been held—Shinju Matsuri in Broome. Four events have been cancelled due to the COVID-19 pandemic. A Trolls World Tour event was going to be held in Dawesville but, unfortunately, we had a problem getting the people from overseas who were part of that event; I think they were from Denmark. The Busselton Festival of Triathlon that was scheduled for 2019–20 has been rescheduled to 2020–21. Obviously, COVID has disrupted a range of these events but we are doing our best to put them on. I suspect that we are holding more events, per capita at least, than any other state in Australia.

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[12.20 pm]

**Mr K.M. O'DONNELL:** I am so glad that it was not a dead program. What has the line item “Regional Events Program—Larger Events” been rebranded as now, Premier?

**Mr M. McGOWAN:** The regional events program?

**Mr K.M. O'DONNELL:** Yes.

**Mr M. McGOWAN:** It is on page 172 and the sixth line item, “Brand WA—Event Tourism”.

**Mr K.M. O'DONNELL:** Thank you very much.

**Mr D.C. NALDER:** Last year, the line item “Global Provision” had a funding expense for this year of —

**Mr M. McGOWAN:** Sorry, on what page?

**Mr D.C. NALDER:** It was the line item “Global Provision” on page 214 of the previous year’s budget paper No 2, volume 1.

**Mr M. McGOWAN:** In last year’s budget?

**Mr D.C. NALDER:** I know that the Premier does not have last year’s budget, but I am just about to get to the question. The line item was allocated \$16 million to spend this year and another \$9 million to spend in 2021–22. It was described as —

Funding mainly for election commitments where further planning is required to deliver the proposals.

That line item has disappeared from this budget. Can the Premier please explain where that expenditure has gone?

**Mr M. McGOWAN:** I answered this in response to the first question that I received this morning. The global provision for what was termed government strategic priorities has gone into the COVID-19 response.

**Mr D.C. NALDER:** I beg your pardon?

**Mr M. McGOWAN:** I was asked about these matters in the first question this morning that was asked by, I think, the Leader of the National Party. The provision for government strategic priorities, which is a global provision, was not specifically allocated to any particular project. It has gone into funding the COVID response. The COVID response is more about getting projects out the door that are shovel ready or ready to be implemented. Some of the COVID response projects that that money has gone towards include the Aboriginal pastoral training program; the Bunbury Port inner harbour access bridge; the remote Aboriginal communities COVID-19 emergency relief fund; the roadhouse assistance package; the Trolls event—there are a few problems with that one; the “Transforming Bunbury’s Waterfront” project, which is obviously shovel ready; the Royal Agricultural Society of Western Australia to backfill its expenses because the royal show could not be held this year; and regional accommodation for seasonal primary workers.

**Dr A.D. BUTI:** I refer the Premier to page 225 and the third line item “Help Grain Growers to Better Manage Risk (e-Connected Grainbelt)”. Can the Premier provide an update on the progress of the highly successful e-connected program in providing critical weather data to farmers, travellers and emergency service workers in regional Western Australia?

**Mr M. McGOWAN:** The government is investing \$8.1 million over the next—can the member tell me where it is on the page exactly?

**Dr A.D. BUTI:** It is the third line item on page 225.

**Mr M. McGOWAN:** Yes, I have got it. The government is investing \$8.1 million over the next four years to continue the successful e-connected program that underpins essential digital information of weather data supplied to Western Australian primary industries, emergency services, academia and the regions. The funding will secure the program’s digital platform, which provides state departments and commercial app and software developers with access to data sources to develop a range of online tools, models, programs and decision-making aids. The funding also includes an allocation to upgrade and maintain the state’s network of 187 automated weather stations on which farmers, travellers and emergency services have become increasingly reliant. Digital data and real-time weather information is a crucial component of modern agribusiness and essential to make accurate, timely data-driven decisions, while emergency services use the resources to improve response to firestorms and sea rescues. The automated weather stations have become an integral resource, with more than 11 000 visits per month to the department’s weather website. The platform processed more than 92.2 million data requests in 2019, more than double that of the previous year, reflecting the hunger for digital data by primary industry enterprises to improve business performance. The ongoing commitment of the e-connected program will enable further work with industry and public and private partners to adapt and develop new technologies that boost agribusiness capability and capacity, which drives regional economic growth and jobs. These programs are very heavily appreciated by regional communities and in particular by farmers—I have seen them in operation—who use the technology to improve productivity and reduce costs.

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**Ms M.J. DAVIES:** I refer to page 241 and the line item “Regional Telecommunications Project”. It is found in the table “Details of Controlled Grants and Subsidies” and it is about two-thirds of the way down the page. Can the Premier outline what the priorities will be under this program and what is happening beyond 2020–21? There does not seem to be any funding for that project in the out years.

**Mr M. McGOWAN:** The regional telecommunications project is delivering improved telecommunications coverage across the regions and closing the digital divide between urban and regional WA. The RTP continues to leverage co-contributions from the commonwealth and the telecommunications industry. It is about appropriate mobile telecommunication services in regional WA. The project will improve telecommunication coverage in WA through the establishment of mobile telephone towers within small communities and at strategic locations across regional WA. Funding of \$11.345 million in grants and subsidies has been allocated in 2020–21 for the completion of the project. Further details can be found in the royalties for regions almanac report. The project is delivering 348 new or improved infrastructure sites; I do not have that list. A total of 264 new and improved mobile base stations have been established in partnership with the commonwealth, Telstra, Optus and Vodafone. These projects have significantly reduced the mobile black spots and improved mobile coverage across the community. The project has also provided support to the pilot Tjuntjuntjara community wi-fi project completed in May 2019, providing connectivity over the entire community. That project is rolling out around the state. It is amazing how many of these towers or base stations can be provided for the amount of money that we are putting in.

[12.30 pm]

**Ms M.J. DAVIES:** The Premier said he did not have the list of the sites. Is it possible for that list to be provided to us on notice?

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

**Ms M.J. DAVIES:** Thank you.

**Mr M. McGOWAN:** I will provide a list of the 348 new or improved infrastructure sites.

**The CHAIR:** That is on the condition that the Premier can provide that information.

[*Supplementary Information No A2.*]

**Ms M.J. DAVIES:** We stand next to them and put a big sign on them when they are open, so I am pretty sure it is okay. We can see them from the road; it is all good.

What is the royalties for regions almanac the Premier referred to?

**Mr M. McGOWAN:** It is a document held by the department outlining all the royalties for regions projects.

**Ms M.J. DAVIES:** Is that something that can be made public? The Premier referred to it in answer to a question.

**Mr M. McGOWAN:** It has been around since royalties for regions has been around, but apparently it has not been released.

**Ms M.J. DAVIES:** Can I confirm that the Premier referred to something in answer to a question during estimates, but he cannot provide that information to us?

**Mr M. McGOWAN:** It contains a number of commercial-in-confidence information about partners and so forth, which is why I assume the last government did not release it.

**Mr K.M. O'DONNELL:** I refer to “Aboriginal Youth Transitions” on the last line of page 175 of budget paper No. 3. The amount of \$200 000 was allocated in 2018–19 but there is nothing since, and there is nothing in the forward estimates. Has that been re-branded under another program, or has it stopped?

**Mr M. McGOWAN:** The project is now complete. It was to improve employment opportunities for the Aboriginal help-keeper project. A total investment of \$987 000 was aimed at improving the rate of post-school transitions in further education training or employment for Aboriginal students. The funding is aimed at addressing service gaps and expanding services to the goldfields and south west regions. As the member knows, these projects are sometimes time limited and the government puts effort into other projects that might achieve better outcomes.

**Ms E. HAMILTON:** I refer to page 172 of budget paper No. 3. Can the Premier provide an update on how the highly successful digital farm program has been able to bridge the digital divide and deliver high-speed broadband right across the grain belt to help our farmers stay competitive?

**Mr M. McGOWAN:** Thank you. The digital farm grants project has been a success. High-speed broadband right across the grain belt is helping our farmers stay competitive. For the first two rounds of the program, \$7 million has been invested across 15 projects. It has rolled out broadband services to more than 1 400 farm businesses across 65 000 square kilometres, from the Kimberley to the great southern. The third round of the digital farm grants is currently open, with an additional \$7 million available to boost broadband in priority areas across the central south

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east and Esperance grain belt areas. Areas targeted under this third funding round face highly variable bandwidths, download limits and service quality. The failing of the NBN Sky Muster service is holding back these regions. The program has had great success in attracting commercial investment to deliver fast, reliable, affordable and scalable broadband to new areas. I went to the opening of the one in Chapman Valley, or at least had a look, and announced some funding there. I saw some of the work and assistance it provides to some of the businesses there, particularly the use of remote cameras to determine what herds are doing and the water levels in dams where cattle feed and the like. It is remarkable in allowing farmers to operate from their lounge room as opposed to driving all over the farm all day. It is an amazing program.

**Mr D.C. NALDER:** I refer to the footnote on page 239 of budget paper No. 2 and the changes in FTE. I see that the department is budgeting a growth of 70 FTE over the current year. It is a reasonable increase. Given the government has just finished a redundancy program, I would like an explanation for why these additional staff are required—the basis for the increase.

**Mr M. McGOWAN:** I will let the director general comment, but, more broadly, sometimes voluntary targeted separation schemes reduce the numbers across the public sector. Often the people who leave have been in roles that might change; hence people to fill different roles are employed in the future. It also means that if 3 000 had not taken the voluntary targeted separation scheme, there would be 3 000 more in the public sector than are currently there.

**Mr D. Addis:** I make the point at the outset that future estimates of FTE numbers are very much based on average salaries. It is not a precise science. I make the point also that that variation is about a 4.5 per cent shift in the FTE base, if that is the way it actually turns out, which is relatively modest in terms of the overall workforce. There are some additional FTEs for some of the COVID recovery work that we will be doing over the next year or two, and that is likely to explain some of it. My advice is that it will be mostly in the ups and downs of the estimation method we use. The member will see that the total employee benefits cost is pretty stable throughout that period.

**Mr D.C. NALDER:** The footnote refers to the full-time equivalents for 2018–19 and 2019–20, and the budget estimate for 2020–21. The number has increased from 1 540 to 1 574 and will grow to 1 644. It is not an over and under; it is the budget. The number of full-time equivalents for the department will be 70 positions higher than it was last year, which was higher than it was the year before. I did not ask why it had increased the year before. It shows a continual increase as does pretty much every department, which is up by 8 500. It would be up by 11 500 if there had not been a \$300 million redundancy program. An increase of that much begs the question about the value of the redundancy program. I am trying to understand the reason for the additional 70 staff. How many will be used for the COVID program and what are the others required for in the department? The figure is 70 extra FTE.

[12.40 pm]

**Mr M. McGOWAN:** I will let the director general explain again.

**Mr D. Addis:** I again make the point that essentially we work to salary budget rather than to numbers of people, which I think is a more appropriate method of managing our resources. The member will note that the actual last year were \$202 million. This year we are budgeting up a couple of hundred thousand dollars, and it is stable for the next two or three years. In terms of dollars spent on staff, it is a very stable base.

**Mr M. McGOWAN:** The employee benefits at the top of the page show that the figure climbs reasonably slowly across the forward estimates. Often, when people at a higher level leave, more people can be employed at a lower level, particularly if graduates or whatever it might be are employed. The other thing is that we have put a big effort into agriculture. More people are getting back into the agriculture component of the budget. As the member knows, there was significant concern across industry and significant cuts, so we have reinstated the base for the agriculture part of the department.

**Mr D.C. NALDER:** If the Premier runs the argument that people on a higher salary are leaving and they are being replaced with more people on a lower salary, is this not creating a future potential problem by which everybody's salaries are being increased? There is \$1 000 limit on salaries, but there are now more people, so a future problem with salary increases will be created because ultimately there will be more people.

**Mr D. Addis:** I suppose the member could make that argument, but if we run the numbers, 70 people at \$1 000 is \$70 000, which is a very minor fraction in the overall scheme of the salary budget of \$202 million.

**Mr D.C. NALDER:** My point here is that when that is looked at individually, it might be able to be justified, but when the same practice is applied across every agency in every department within the state government, it becomes a very big number. Total salaries account for 43 per cent of the total spend of state government, so full-time equivalent management is a critical component. I have not had an explanation other than it is overs and unders, yet every year it goes up. I do not see it coming down, so I am concerned about why there are an extra 70 FTEs here. I find it inappropriate for that to be explained away as being because cheaper people can be employed when people in higher salaries have left.

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**Mr M. McGOWAN:** I do not know why the member would find that inappropriate, but just to explain a few things, firstly, when people on higher salaries who have been employed for a long time leave, graduates are often employed and perhaps more people can be employed; secondly, we have had a conversion-to-permanency program put in place across the entire public sector. We have allowed lots of people who had their annual positions renewed for years to be converted to permanent employees. The reason for that is that it was obviously very debilitating for those individuals and for agencies having to go through that churn every year of re-employing people who were on fixed-term contracts of one year. As I have said a number of times, I have met numerous public servants who have had 20 years of fixed-term contracts on an annual basis, and that is not exactly the best thing for people's mental health or the stability of agencies. We have deliberately provided more people with fixed-term employment if they meet certain criteria. The criteria were, firstly, that their position had to be funded across the forward estimates—secure funding; secondly, they had to have been employed for two years; thirdly, they could not have had any employment issues or issues related to performance were they to be employed permanently. They go through an application process. This happened in every agency across government. It was predominantly in health and education where lots of people were renewed on an annual basis, and it was not a great way of working—many employers do things that way, actually—so we deliberately did that. That has meant that thousands of people who before were just on a rolling contract on an annual basis have a permanent job. No doubt, that happening across the entire public sector has explained some of these increases.

**Mr D.C. NALDER:** Further to that —

**The CHAIR:** Member for Bateman, you have asked the question and it has been answered a number of times.

**Mr D.C. NALDER:** The Premier just made a statement and I would like to ask a question on the statement, if I may, please. Is the Premier saying that somewhere we will see a reduction in contracted staff for the state?

**Mr M. McGOWAN:** That is across the board. It is not just contracted staff; it is also part-time employees and casuals.

**Mr D.C. NALDER:** No, the Premier said that the contractors had moved to permanent employment, so we would see a reduction in contracted staff.

**Mr M. McGOWAN:** I have said that thousands of people were on fixed-term rolling contracts on an annual basis.

**Mr D.C. NALDER:** The government has made them permanent FTEs.

**Mr M. McGOWAN:** The member for Bateman can say what he wants to say.

**Mr D.C. NALDER:** The Premier is saying that they have been shifted from rolling contracts and then made full-time equivalent staff, so I am asking whether there is a reduction in contract staff across the state.

**Mr M. McGOWAN:** The member's question is probably better directed to when I deal with the Public Sector Commission this afternoon. I am explaining a broad point of what the government has done to provide more security of employment for thousands of people.

**Ms M.J. DAVIES:** I refer to regional school bus services under royalties for regions expenditure on page 175 of budget paper No 3, *Economic and Fiscal Outlook*. Can the Premier confirm for me that that is ongoing operational funding being paid to the Public Transport Authority within the Department of Transport for school bus services and the running of the regional school bus network in regional Western Australia?

**Mr M. McGOWAN:** The point of this is to ensure that regional school bus travel continues to be provided free to students to travel between their home and school. The funding is obviously significant, but this guarantees the service for regional WA.

**Ms M.J. DAVIES:** Is this something that the state government has always provided?

**Mr M. McGOWAN:** Under the last government, this was partly funded out of royalties for regions. Obviously, that principle is being applied here.

**Ms M.J. DAVIES:** Is this something that the government has always provided? Is it correct that there have always been free school bus services to regional students?

**Mr M. McGOWAN:** That is not what I said. I said under the last government —

**Ms M.J. DAVIES:** I am asking the question, Premier.

**Mr M. McGOWAN:** The member can say what she wants.

**Ms M.J. DAVIES:** I asked the question. The question is: has the government always provided free travel on school buses for schoolchildren in regional Western Australia on its own school bus network?

**Mr M. McGOWAN:** I do not know whether the government has always done that, but certainly under this government that is what is happening.



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**Mr K.M. O'DONNELL:** I refer to page 178 of budget paper No 3. The sixth line item down is “Regional Community Childcare Development Fund”. I notice there is no funding in this budget or in the forward estimates. Is there any funding whatsoever for regional community childcare centres or even to continue the development fund? I have looked through and have not been able to find any.

**Mr M. McGOWAN:** Stage 2 of the regional community childcare development fund supports the implementation of strategies in the education care services plan for regional WA via a grants program that enables customised responses to specific needs of a particular regional or statewide issue. That is the way the program worked. The program was for a fixed time. Eleven projects across nine regions were provided with funding. Six of them were targeted at addressing the sector’s engagement with Aboriginal families. It is an issue. I picked up the other day when I was in Kalgoorlie that some people cannot get to work. As the member knows, spare positions are available in Kalgoorlie. Some people, especially women, cannot get to work because of the cost or the lack of child care available, so we put a program in place. It has reached its expiry, but I think there are enormous opportunities for people who want to set up childcare centres in some parts of the state.

[12.50 pm]

**Ms M.J. DAVIES:** I refer to page 175 of budget paper No 3 and the line item “Vocational Education Regional Subsidies”. I understand that \$181 million will go to TAFE for regional students. Can the Premier confirm what the funding in that line item will be used for across the forward estimates?

**Mr M. McGOWAN:** The TAFE loadings are provided to recognise the additional cost of providing training services in the regions. A range of factors make up those additional costs, such as base costs, salary awards, class sizes, housing and consumables—all of those things that are potentially more expensive. The North Regional TAFE and Central Regional TAFE receive up to 80 per cent of these loadings and South Regional TAFE makes up the remaining 20 per cent. These subsidies have assisted in supporting approximately 37 500 training places, which is almost 7.5 million training hours. The cost of dealing with all those things is predominantly met from the consolidated account. The government has significantly boosted TAFE and significantly dropped fees all over the state. The cost to the state of providing TAFE services and the consequent increase in enrolments has gone up significantly. Over the past three years, TAFE has been a marvellous success across Western Australia and other states look with interest to see how we have managed to drop fees, increase enrolments and increase infrastructure. It has been a marvellous success and regional WA is benefiting.

**Ms M.J. DAVIES:** The first part of the Premier’s answer sounded as though it was funding going to TAFE lecturers, so actual salaries, and at the end it sounded as though he was talking about subsidies for TAFE fees. Can he clarify —

**Mr M. McGOWAN:** It is the overall cost of TAFE. The overall cost of providing TAFE services in regional Western Australia per student, per person, per employee, is higher than in the city, particularly the further away from the city and the further north people go. The overall reduction in fee revenue across the state has a significant impact on the budget. That is a fact. The state has improved the availability of TAFE across the state and reduced the cost of TAFE. Obviously, the state has to bear the cost of that.

**Ms M.J. DAVIES:** Can the Premier confirm that this funding is being used to subsidise or pay direct salaries to TAFE lecturers and staff?

**Mr M. McGOWAN:** No, I cannot confirm that. I can confirm that we subsidise TAFE across regional WA to a far greater —

**Ms M.J. DAVIES:** How does the Premier make up that cost? Itemise it for me.

**The CHAIR:** Is that a further question?

**Ms M.J. DAVIES:** Yes.

**Mr M. McGOWAN:** I did not understand the question. Does the member want to ask the question?

**Ms M.J. DAVIES:** The Premier says it is costlier to deliver TAFE in regional areas, so a cost structure has to be involved with that. I would like to get an understanding of what it is and where that funding is going.

**Mr M. McGOWAN:** The member’s question is difficult to understand, but the cost of TAFE across regional WA is significantly higher than in the city, so obviously the state has to pick up that cost. I do not really know how else to express it. Most of the additional cost is borne by the consolidated account.

**Ms M.J. DAVIES:** All I am trying to find out is whether royalties for regions is being used to pay TAFE lecturers. If the Premier says that it costs more to pay TAFE lecturers in regional Western Australia, are royalties for regions funds being used to pay the wages and salaries of people working in regional WA at the TAFE facilities?

**Mr M. McGOWAN:** It helps to fund the TAFE system, which has been remarkably successful across the state.

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**Ms M.J. DAVIES:** That is the gold standard of transparency there, Premier!

**Mr D.T. PUNCH:** I refer to page 165 of budget paper No 3. Can the Premier provide an update on the transformative job-creating Spoilbank Marina project in Port Hedland?

**Mr M. McGOWAN:** As the member knows, this project has been talked about for many years. Spoilbank is an exciting project. I was there the week before last to look at the site. It will improve access and safety for the boating community and tourists in Port Hedland while creating a fantastic new amenity for the town. In June this year the government announced a final design for the \$136.5 million project. It includes a four-lane boat ramp; a 21-pen marina with capacity to expand to 80 pens in the future; a separate entrance channel to the main shipping channel; trailer parking for 200 vehicles; a maintenance hardstand; publicly accessible breakwaters with pedestrian path; public recreation and event space and public amenities; a public fishing jetty; shade structures at the swimming beach; a waterfront promenade to reflect the Yintha Kariyarra creation serpent story; public art; and a cultural gathering space. It will be incredible. As I said, it will be a great gathering area for locals and tourists alike.

We launched the Pilbara business register to allow local businesses to register their interest for contract opportunities out of this. We estimate that construction of the Spoilbank Marina will create 221 direct jobs during its two-year build. The government released the tender for bulk earthworks in September. I understand that tenders recently closed and are currently being assessed. Early works are scheduled to commence next month. It has obviously taken a while to get to this point with the environmental issues, the port, the location and consulting the local communities. It has been quite an ordeal to get to this point but the great thing is that it will be underway shortly. I expect that when it is finished, there will be huge excitement in Hedland that a state-of-the-art marina, a wonderful tourism facility and a great piece of fun will be available for the community that does so much for the country.

**Ms M.J. DAVIES:** I know that there is an underspend of royalties for regions. There used to be an over-programming element in there. I cannot find it in this budget, but there was always a line that showed where the over-programming was. Can the Premier direct me to where that is and then explain from where the underspend has come?

**Mr M. McGOWAN:** I await the answer from the adviser. The underspends were significant over each year of the program. In 2011–12 it was 45 per cent of the entire budget. In 2010–11 it was 43 per cent and in 2009–10 it was 60 per cent of the entire budget. In each of the years of the last government it was significant.

**Ms M.J. DAVIES:** I am glad the Premier has our figures. Does he have his own?

**Mr M. McGOWAN:** The advice I have is that it is at the bottom of the royalties for regions budget on page 180.

**The appropriation was recommended.**

*Meeting suspended from 1.00 to 2.00 pm*