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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE B

Thursday, 22 October 2020

Legislative Assembly

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ESTIMATES COMMITTEE B

The meeting commenced at 9.00 am.

Division 11: Registrar, Western Australian Industrial Relations Commission, \$11 966 000 —

The appropriation was recommended.

Division 17: Mines, Industry Regulation and Safety — Services 1 to 3, Mines and Petroleum; Industrial Relations, \$287 493 000 —

Ms M.M. Quirk, Chair.

Mr W.J. Johnston, Minister for Mines and Petroleum; Industrial Relations.

Mr D. Smith, Director General.

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

Mr I. Munns, Deputy Director General, Safety Regulation.

Mr R. De Giorgio, Chief Finance Officer.

Ms M. Haasnoot, Executive Director, Corporate Services.

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

Ms C. Bam, General Manager, Service Delivery Support.

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

Mr D. Alexander, Principal Policy Adviser.

Miss K. McKenzie, Principal Policy Adviser.

Mr J. Welch, Senior Policy Adviser.

Mr P. Meyerkort, Senior Policy Adviser.

Miss Y. Lucas, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

I give the call to the member for Nedlands.

Mr W.R. MARMION: Thank you, Chair. I refer to the first page of division 17, which is on page 248, in part 4 of the *Budget Statements*. Under "Delivery of Services", the second line item is "Services to Industry Component (Mining Tenement Rentals)". Can the minister just explain the difference? The actual in 2018–19 was \$10.7 million and it has gone up to \$15.9 million in 2019–20.

The CHAIR: Member, can I just stop you? What is the member referring to on page 248?

Mr W.R. MARMION: On the second line.

The CHAIR: Okay; Under "Service Appropriation".

Mr W.R. MARMION: I am on page 248. The second line under "Service Appropriation" is "Services to Industry Component (Mining Tenement Rentals)".

The CHAIR: Thank you.

Mr W.R. MARMION: The figure is \$10.7 million for the 2018–19 actual, and for the 2019–20 budget it has gone up to \$15.9 million; in fact, right through to the out years. Can the minister explain what that increase is for?

Mr W.J. JOHNSTON: This is not the total of the mine tenement rentals, it is the allocation of money from the mine tenement rentals. Two budgets ago, the amount allocated to the exploration incentive scheme was increased from \$5 million to \$10 million and there have been other increases for reform in environmental regulation. To make it clear; that is an expenditure item, not an income item, so it is not showing the income from those totals but, rather, the expenditure.

Mr W.R. MARMION: Is the minister saying that this is the appropriation to the industry, rather than the actual revenue collected, which is in another table?

Mr W.J. JOHNSTON: That is correct, it is not the revenue. As the member knows, the revenue did not go up 50 per cent but, rather, this is the allocation of the revenue that is collected elsewhere and shown under the revenue section of the budget paper, rather than the expenditure section. This is the expenditure part of that.

Mr W.R. MARMION: An extra \$10 million is collected from industry. What is going back in terms of the industry component for services appropriated is that additional amount, which is less than \$10 million?

Mr W.J. JOHNSTON: No; that is not correct. As I said to the member, the decision to change the way the EIS was funded was not made in last year's budget, it was made in the budget the year before that. There is already \$5 million allocated in the 2018–19 budget, and then that \$5 million went up to \$10 million in the 2019–20 budget. In the 2020–21 budget, there is no further increase. That is why it flatlines. It is not quite the way the member puts it. It is not a \$10 million increase. There is no increase in this year's budget. There was a \$5 million increase in last year's budget and a \$5 million increase in the budget the year before that.

Mr W.R. MARMION: Is the minister saying that all of the \$10 million that has been collected through the EIS is going back through the services to industry component? Is all the money going to a co-funded drilling program?

Mr W.J. JOHNSTON: No, it is going to the EIS, because the EIS includes \$5 million for Dr Gorey's people, which obviously is just as valuable. There is a suspicion that the Winu project, for example—though I cannot confirm this—used the publicly available geophysical information to target that massive discovery. As the member knows, the original targeting of the drillhole for the Gruyere project was done through pretty competitive geophysical information. There is a whole range, so it does not all go to co-funding. Of course, in this year's budget there is an additional \$5 million for the EIS, half for pre-competitive data acquisition and half for co-funded drilling. Even though it was of course Norman Moore's invention, it is something that I have very, very strongly supported. I have taken the EIS from being an addition that was done on the side of the department to now it being part of the regular function of the department. That has actually allowed us to convert a number of contract positions to permanent public servants, and that allows multi-year planning for the Geological Survey. In fact, I would invite Dr Gorey to explain the benefits of having the long-term planning aspect of the pre-competitive component included in the budget.

Dr P. Gorey: One of the challenges with collecting pre-competitive data is that Western Australia is a very big state, being 2.5 million square kilometres. The collection of survey information such as airborne electromagnetic survey, which is a great program that we are working on with the federal government, takes a long time to both procure and plan for and does actually require quite a bit of expenditure. By having a certainty around forward expenditure in the program, what we are able to do is actually plan for some of those very large purchases and smooth out some of the other acquisitions, both data acquisitions and analysis. One of the things that Western Australia, particularly the Geological Survey, is often credited for is the interpretation of the data, which allows companies to de-risk their exploration and investment here.

[9.10 am]

Mr W.R. MARMION: Thank you for that explanation.

Can the minister give me an outline of what percentage of Geological Survey's operational costs are funded by the component that comes from the EIS?

Mr W.J. JOHNSTON: I am not sure that that is readily available. I have asked my advisers to look at that. But I just make the point that we have protected the existing budget—there has been no reduction in GSWA's budget. When the Department of Mines, Industry Regulation and Safety was formed, the internal arrangements were changed and thought was given to removing the name GSWA. I was lobbied very strongly by people in the industry because they wanted to retain the name GSWA, and we absolutely have. A number of officials at the GSWA have thanked me for that because, obviously, it is a very historic name. There has been no change. We have not cut the budget for the GSWA separate from this. It is not as though we have added with one hand and taken away with the other. That has not occurred. That is why it is hard for us to find the figure because we have not cut —

Mr D. Smith: The figure we have in the budget paper for the resource is advice and regulation service as a total cost budget of around \$100 million, or a little bit over that, of which the GSWA is a component. As the minister has explained, GSWA is one component of that whole group. We do not separate that figure from that total service.

Mr W.J. JOHNSTON: To summarise it, it is part of that service. There has been no cut to that service. The EIS money is in addition.

Mr W.R. MARMION: I will confirm what the minister just said. I am a big supporter of the Geological Survey —

Mr W.J. JOHNSTON: I know the member is.

Mr W.R. MARMION: I would be happy for it to increase. But to clarify: the extra money from EIS has been added. The money going into Geological Survey is equivalent to the amount of money the EIS is adding to it.

Mr W.J. JOHNSTON: Absolutely, there is no question. That is right.

Mr W.R. MARMION: Can we get a copy of the figures to show that?

Mr D. Smith: I believe it is indicated by the service summary table on page 253, which shows an increase of \$5 million in 2020–21. As the minister just said, the figures in the out years reflect past decisions to include the EIS funding, so that is flatlined, and we have got the extra \$5 million reflected in the figures going into that service.

Mr W.R. MARMION: I know, but that includes a lot of other expenditure. Could the minister tell us the break-out of the Geological Survey?

Mr W.J. JOHNSTON: It is a bit hard, because the department has been restructured. There has been no diminution of effort in respect of the GSWA. In fact, the EIS money is in addition to the ongoing funding that we have always had for the GSWA, and there has been no reduction.

Mr W.R. MARMION: Good financial management means that that can be seen. We will go onto other topics later. Slippage can occur. For example, travel supplies can go from one section to the other. Is the Geological Survey a specific cost centre or can the minister not actually define it as a cost centre to get the data; is that what the minister is saying?

Mr W.J. JOHNSTON: Yes, that is correct. I will invite Dr Phil to explain—sorry, Dr Gorey.

Dr M.D. NAHAN: Are you on the TV?

Mr W.R. MARMION: I have got a bit of chest pain, Phil!

The CHAIR: Wrong sort of Dr Phil!

Mr W.J. JOHNSTON: That is right. If you are looking to understand the underground flows of water, Dr Gorey is your man! If you are looking to explain how your heart works, he is probably not the best!

Dr Gorey is in charge of that division and I will invite him to make comment.

Dr P. Gorey: The structure that we have implemented within the department is: Geological Survey of Western Australia is a brand that has been around for 130 years; it just recently celebrated that. It is one of the oldest Geological Surveys in Australia. A number of years ago, with changes within the department, one of the opportunities we took was to put the Geological Survey and the specialists in that area together with some of our other groups of people, such as our resource policy people. That means that those who are advising the government and those who are advising the department and minister have a very close affiliation with those who clearly understand the geology—geomorphology of Western Australia. We very much look at the Geological Survey as a sustaining brand. The organisational structure and the way that we structure our budgets within the department is that we do not have a cost centre for Geological Survey. The way it is managed within the department is that it is part of the process for sustainable resource development in Western Australia, and part of holistic regulation. It is the front end. It is an important component of the access to land and exploration, and it is also an important component to the mining and then closure of land. In summary, the indication on page 253 is probably the entire part of the resource stream I just talked about, but we do not have a cost centre that we could readily pool for the Geological Survey.

Mr D.T. REDMAN: I refer the minister to page 250 of budget paper No 2. The first sentence of paragraph 6 states —

The resources centre continued to be a strong contributor to the Western Australian economy, —

We all know that —

successfully navigating and continuing to operate throughout the COVID-19 pandemic ...

I assume the agency will be monitoring pretty closely the impact of the pandemic on activities in the resource sector. One of the bits of feedback that I have had is that in a number of cases some of the facilities or sites are deferring the normal maintenance processes of shutdowns. I am wondering whether the department keeps information about that and whether the minister can give me any understanding about the impact that that is having on maintenance and, by extension, safety.

Mr W.J. JOHNSTON: No; it is a commercial decision of operators what they do for their maintenance, and we do not supervise their commercial decisions. In respect of safety operations for those facilities that have licensing, obviously there is a regime to maintain the safety oversight. For example, there would be specific regulations for a dangerous goods warehouse or an explosives facility. If I just take Gorgon as an example, because it has been controversial in the newspaper, there is a whole process that is done through the safety regulation group of the department to maintain oversight of the safety operations of each of the facilities. Each set of safety conditions will be relevant to that facility. That is the whole idea of the safety case approach. In terms of more generally, we do not send a WorkSafe inspector into workplaces to examine safety records because it is an employer's obligation to maintain a safe workplace. If there was to be a negative outcome, the employer would have to be able to demonstrate that they were complying with their obligations. The safety risk in the mining industry is high, and I think that most companies address that.

[9.20 am]

Mr D.T. REDMAN: Is the minister aware of actual deferrals of shutdown procedures or not?

Mr W.J. JOHNSTON: No, I am not. I have heard the same stories around the industry. People keep saying that so-and-so is deferring their shutdown; but no, I have not had any such activity. As the shareholding minister for three energy companies, the shutdown program has been maintained. It has been difficult because just like people in the resource sector more generally, the three government trading enterprises have had to bring specialist staff into the state and we have had to go through the exact same challenges as others in having to get staff in.

Mr D.T. REDMAN: Have companies made representation to the minister about the constraints that the hard border has on their capacity to manage such issues, which obviously are fairly significant to their operations?

Mr W.J. JOHNSTON: That is a great question. Yes; during the first part of the pandemic, basically from March to the end of June, every week I would ring Paul Everingham from the Chamber of Minerals and Energy, Claire Wilkinson from the Australian Petroleum Production and Exploration Association, and Warren Pearce from the Association of Mining and Exploration Companies. I would try to do it on a Wednesday. That way, they had their formal processes of engagement with government on these matters, but I wanted to make sure that industry had a direct line to me. It is fair to say that they did raise these issues during that very difficult period, particularly APPEA, to be honest. There were a range of challenges. We also said to people in the resource sector, and indeed in the energy sector, that if they had a specific worker that they were having difficulty with—not a general complaint, but a specific thing—they should ring me or my chief of staff. I believe a number of them did during that period to get assistance. Obviously, it is the police that made the decision, not government; people often did not understand that. Decisions about who gets into the state is made independent of government; it is made by the police. We would make sure that that process was properly looked at. So far as I am aware sitting here, honestly, I do not believe anybody has had a project held back because of the unavailability of workers. I know the Chamber of Minerals and Energy published a document that said it needed 8 000 workers and was worried about where it would get them from. We looked at that document, and that 8 000 was an 18-month surge workforce, so it was not a permanent workforce. We continue to believe that the CME will be able to find the skills that it needs domestically. Remember, 6 000 resource workers and their families moved to WA in that first phase. Workers continue to move to Western Australia through the hard border, but after quarantining.

Mr D.T. REDMAN: It is probably fair to say that the resource sector was well ahead of the curve in terms of its work during the pandemic. It had a lot at risk; it was a commercial risk. Obviously, it would have pursued that vigorously. Having the borders opened without any warning also runs a risk to the sector because it has everything prepared for a closed border and it needs to respond to that. Has any representation been made to the minister about getting some visibility on forward planning dates? I would have thought that would incur significant costs to many of those companies.

Mr W.J. JOHNSTON: No. Now that we are in a steady state, while I continue to talk to those three organisations, I do not do it on a regular basis; I did during the height of the pandemic challenge. I am not saying the pandemic is over, but I am referring to that challenging period we all recognise—that March to June period. I am not saying they do not raise the question of the border with me, but I am just saying that they have not raised the particular issue the member has raised. They may have raised it with other parts of government.

Mr D.T. REDMAN: The minister is not aware whether they are pursuing some certainty in terms of what the future looks like?

Mr W.J. JOHNSTON: No; but remember that I do not have any direct line into that. I am not on the state emergency subcommittee of cabinet, so I am not involved in those day-to-day decisions.

Mr D.T. REDMAN: It is something that is significantly affecting the area the minister is responsible for.

Mr W.J. JOHNSTON: Yes, I know, but the point is that the member has asked me about representation from others. I am saying that nobody has raised the specific issue that the member has put to me, but I am not saying they have not raised questions around the border with me, and that is well known.

Mr D.T. REDMAN: Do you believe there is a significant concern for the sector in not having any visibility or certainty going forward?

Mr W.J. JOHNSTON: I think every Western Australian, including people in the resource sector, is very pleased with the strong and stable leadership from Mark McGowan. That has given this state an ability to provide a framework for reopening. The fact that work sites have now been able to relax some of their COVID-safe practices is saving enormous amounts of money. It has also meant that workers have been able to return to more family-friendly roster patterns. One of the biggest challenges for the sector was actually moving away from family-friendly roster patterns at the start of the pandemic. So I think people in the industry would be very, very pleased by the way that the state has been handled—managed the COVID challenge has been managed in this state. I think they would be pleased to have a Premier who is prepared to make decisions for the long-term interests of the state.

Mr D.T. REDMAN: Has the agency done any work on the cost of the hard borders to the resource sector?

Mr W.J. JOHNSTON: No. But the good news is that, as the member pointed out in paragraph 6 on page 250, there was a \$21 billion increase in sales last year. As it says there, that was largely the result of improved iron ore prices and the higher iron ore sales volumes.

Mr D.T. REDMAN: I assume that was directly related to government policy, minister!

Mr W.J. JOHNSTON: As I pointed out to people at the Diggers and Dealers Mining Forum last week, if they track the gold price from the time I came to office until now, it has only gone in one direction.

Mr D.T. REDMAN: You are getting slightly ahead of yourself!

Mr W.J. JOHNSTON: That is clearly because of the high-quality minister! But of course if the price falls tomorrow, that is global economics at work!

Mr W.R. MARMION: The minister mentioned Gorgon, which is an important project. It has three trains and the minister mentioned it had to bring in specialised welders. Can the minister give a bit of an idea how many welders were brought in and whether they had to quarantine?

Mr W.J. JOHNSTON: No, I cannot answer that. I am sure the regulator has information. The regulator does not provide that type of granular information to me, and I am not asking it to because I do not think it should. On the number of occasions that I have spoken to Chevron, I was told it was using the workforce that it already had on the island to do the work, but has kept them working for longer rather than bringing in another workforce. The good news is that because they are Australian workers, they will be able to do a high-quality job. One of the challenges here is that this work was done in Korea and imported whole, and, clearly, the good news is that when work is done by Australians, it might cost a little bit more up-front, but at least we know it will work. There are so many other examples of that across the state, such as the Matagarup Bridge, which was another example of Western Australian workers getting things done.

Dr M.D. NAHAN: In summary, minister, there have been a lot of unexpected changes to the business environment. We have been very effective in maintaining the mining sector at a very good time. Let us be clear that it has saved not only the state's income, but also the nation's income—not only iron ore but others. There has been a lot of shock to the system. There has been the locking down of international borders and whatnot, and we have had a very global workforce working in that industry. Is the minister undertaking any liaisons with industry, or undertaking studies, to make sure we have an adequate supply of labour particularly for one-offs; let us say, repair and maintenance, construction and whatnot? Does the minister see any problems with labour supply in the medium to long term for the resource sector in Western Australia?

[9.30 am]

Mr W.J. JOHNSTON: That was another good question. There is always going to be specific skills that need to be imported. Everybody talks about our hard border with the east coast of Australia, but of course the federal government is running a hard border with the rest of the world. I have not heard the federal government making any suggestion that it is going to bring down its hard border. It is a challenge to get skilled labour for those highly specialist positions. One bit of good news is that the government is aware of the need to invest in skills, which is why there has been a range of investments into the TAFE system; the bit of the skills matrix that we are responsible for. We would love the commonwealth government to step up to the mark and fund universities as generously as we are funding the TAFE system. That is the bit it is responsible for and we are disappointed that it is not taking up the challenge in that space the way that we are in the TAFE system. Of course, we have made an unprecedented investment in schools; using this as an opportunity. In my own area, \$18.3 million has gone to for Lynwood Senior High School.

Dr M.D. NAHAN: About time, minister.

Mr W.J. JOHNSTON: About time, yes; it was left behind by your lot!

Dr M.D. NAHAN: You were the member.

Mr W.J. JOHNSTON: It was in your electorate for four years!

Dr M.D. NAHAN: Then it went to yours.

The CHAIR: Members!

Mr W.R. MARMION: Back on to mining: I refer to the income statement on page 259. I draw the minister's attention to the line item "Other", which is the fourth item after "Income". Even though the 2019–20 budget was \$94.508 million, only \$80.072 million was received. Can the minister please explain the \$14 million difference?

Mr W.J. JOHNSTON: Yes, it is the waiver of licence fees. The member will remember that at the start of the pandemic we announced that all those occupational licences and other business licences would be waived. There are a few in the Mines and Petroleum area, but they are generally in the Commerce space. There is some in the health and safety space as well. We waived those, so obviously the income went down.

Mr W.R. MARMION: Is it possible to get a breakdown of what "Other" means? The \$94 million figure is a large figure. Can the minister provide a breakdown of what comes from mining exploration licences and what comes from mining leases? Can we get a breakdown of what is connected in that?

Mr W.J. JOHNSTON: Mine tenement rentals are not in this figure. Seriously, particularly in Commerce, as a former commerce minister, there are hundreds and hundreds of different fees because a lot of its regulatory framework is self-funded. Most of those fees are in the Commerce space. There are a small number of fees in the Mining and Petroleum space, but of the ones under my responsibility, most of them are in the safety space, including pipelines and major hazard facilities. I can get Mr Munns to come forward and provide information.

Mr W.R. MARMION: I think the minister has explained what is on page 264, under "Details of Administered Transactions". That table refers to the income received from mining tenement rentals. Presumably that income goes into the consolidated account and then Treasury gives the department an allocation; is that correct?

Mr W.J. JOHNSTON: Yes, that is correct. It is interesting that the member raises that because of course I did not realise that in the 2016–17 budget, there had been an allocation for mine tenement rentals for administrative purposes at the time. I cannot remember, was the member for Nedlands the minister at that time or was that one of his colleagues?

Dr M.D. NAHAN: It was the member for Churchlands.

Mr W.J. JOHNSTON: Anyway, the point I make is that, yes, we allocated that money to the EIS at that time. There were already allocations out of mining tenement rentals for the administration of the department.

Mr W.R. MARMION: In relation to the income collected from mining tenement rentals, the budget figure for 2019–20 was \$89 million and the actual collected was \$99 million.

Mr W.J. JOHNSTON: Yes.

Mr W.R. MARMION: Can you explain that, please?

The CHAIR: Member, if you are going to stray from one item number on one page to another, it is actually going to mean a new question. I will let you off this time, but do not think I am not noticing.

Mr W.J. JOHNSTON: The mining industry in Western Australia has had a golden year. It has just been extraordinary. In February–March, we were talking to the industry about how we were going to put them into hibernation. We thought the global pandemic was going to come into Western Australia, and not just destroy the mining industry but destroy every industry. We took administrative action to forgive everybody in their obligations to work the ground. I will refer to exploration as an example. I think it was a \$175 million gift back to industry by forgiving them their obligation to work their exploration licences. The mining industry went boom and we have had one of the best 12 months ever—July 2020 and August 2020 were the two record months for programs of work. That was extraordinary. The income went up because the number of tenements went up. There was a small inflation-linked increase in the underlying tenement rentals, but the actual increase was because the industry went boom. It is testament to the good management of Mark McGowan as Premier that he has been able to manage the COVID infection here in Western Australia and has allowed the state to continue to operate. As the member for Riverton pointed out, it has carried not just Western Australia, it has carried the country.

Mr W.R. MARMION: I know that the figure will expand in the future, but I am interested in the minister's view of the way that accounts are presented. Cleverly, Treasury give back an appropriation and this figure is almost hidden. The department of mines is actually doing a really good job getting all this income in, and it is hidden away from the people who look at the table who think that it balances. In terms of good financial management, would it not be good policy to combine the income that comes into the department with the costs rather than money going straight to Treasury and then Treasury advising the department what it gets back? Unless we look at three different tables, we cannot actually get a good view of what is going on. I am interested in the minister's comment. I actually tried to get this changed when I was the minister, but Treasury put up a great big fight every three years that I raised it. It promised it would look at it. In fact, in the last term I thought I had Treasury across the line, but there was a change of government.

Mr W.J. JOHNSTON: Excellent. No, I do not agree with the member. It is absolutely critical to proper budget management that there is a single source of approval. The former Treasurer is sitting there nodding at me. As a member of the Expenditure Review Committee, I can assure the member that we do not allow multiple budget processes; it has to be one. It does not matter where the money comes from; it is government. Every bit of government is still government. We have to have central control. No, I do not agree.

I think 11 guys and women—“guys” is a pejorative term—collect the royalty income for the state. They have to be the most efficient tax collectors in the world!

Dr M.D. NAHAN: They are very good.

Mr W.J. JOHNSTON: Look at the money they are collecting—billions and billions of dollars—and there is just a bunch of them. They were the people who found the discrepancy that was argued with BHP, which led to a settlement. That was an extraordinary job on behalf of the people of Western Australia.

[9.40 am]

Dr M.D. NAHAN: Page 264, details of administrative transaction, second group, Koolyanobbing mine financial assistance program. I notice it has grown; page 97 of budget paper No 3 shows that it has \$29.1 million extra. When we add up those sums, that is \$229 million of assistance to that mine. It peters out, and I have a couple of questions around that. It stops in 2023–24, with no further subsidy. Why is that? Why are we subsidising an iron ore mine during periods of the highest profitability of the mining sector ever experienced in modern history?

Mr W.J. JOHNSTON: This assistance peters out because it is limited.

Dr M.D. NAHAN: Time limited?

Mr W.J. JOHNSTON: It is time and tonnage.

Dr M.D. NAHAN: Tonnage, too?

Mr W.J. JOHNSTON: It is limited to a specific amount of tonnes. This is one of these things: Cliffs Asia Pacific Iron Ore Pty Ltd stiffed the people of Western Australia. They said, “We are going to close the mine at Christmas.” Then in March, they said, “We are going to close it in June.” So we had to make some rapid decisions. At that time the iron ore price was relatively low and, as it happens, because my department is very efficient, they had actually already written out the future revenue for the Koolyanobbing operation. So the future value of the royalties from Koolyanobbing was actually zero in our accounts. That meant when the Expenditure Review Committee was considering the relief package, the actual cost to budget of giving the royalty relief was zero. So there was relief given at the port and relief given from the royalties, but the cost to budget was zero because that is how much it was budgeted for. Of course, had we known that the iron ore price was going to go boom, we probably would not have been as generous.

Dr M.D. NAHAN: In past assistance to the iron ore sector—Atlas I think and others—there was a cap on the iron ore price. My memory was \$A80 to \$A90.

Mr D.T. REDMAN: It was \$90; it was a loan, was it not?

Dr M.D. NAHAN: Yes, but that is different. They put a cap on assistance. I think it was a longstanding policy of the department of mines to try not to give any assistance to specific mines. I do not want to put words in the minister’s mouth, but I think the minister will agree with that. They also put a cap on the payments, if it is necessary in an emergency situation. I accept that the government needed to do something with Koolyanobbing. I hope it has paid off, at least to the owners of it—clearly it has.

Mr W.J. JOHNSTON: And the workforce.

Dr M.D. NAHAN: And the workforce there, and in Esperance. But this illustrates an error of not capping the benefits. We had a debate in Parliament at that time.

Mr W.J. JOHNSTON: Yes. I understand the position the member is putting, but, of course, there was no cap on the assistance given to the magnetite sector, so we both are guilty of the same crime. If it was a crime, then we are both guilty.

Dr M.D. NAHAN: I am not saying crime, that is a bit exaggerated. Magnetite is an exploratory loss-making industry; hematite is the most profitable industry in Australian history at this time.

Mr W.J. JOHNSTON: Yes. It is interesting that the member for Riverton says that, but at the time we came to government there had never been a request to see the financials of the magnetite operators. In fact, the last iteration of the magnetite royalty relief was the first time they had to provide financials to us. So, the minister should be careful with what he says because he is speculating.

Dr M.D. NAHAN: That they were loss-making?

Mr W.J. JOHNSTON: I am just making the point that the member is not necessarily fully aware of every issue that he is talking about, because we were the first government to actually examine the need to provide royalty relief to

the magnetite sector. Do not forget that at the time the member for Riverton was Treasurer, the royalty rate analysis recommended that the royalty be higher than the royalty we were charging. So, we had a royalty but we were not charging it, yet it was recommended by the royalty rate analysis.

Dr M.D. NAHAN: Could the minister provide as supplementary information the tonnages that underpin this assistance to Koolyanobbing? What was the tonnage of production expected each year from 2018–19 through to 2022–23?

Mr W.J. JOHNSTON: No. Member, we do not release individual tonnages from any taxpayer. This is unusual because one company is getting a benefit, and therefore it is printed there and someone could sit down with a calculator and work it out. They might be getting discounts, so who knows what is happening for their tonnage? That would then expose commercially sensitive information. There is a longstanding practice, which is not new to this government; we do not provide mine-by-mine or company-by-company detail.

Dr M.D. NAHAN: Could the minister provide the cap of tonnage? The minister said there is a time limit and a tonnage limit; that is, we provide a subsidy up to a certain amount of tonnage produced. Could the minister provide information on what that cap is?

Mr W.R. MARMION: I know what it is, so the minister might as well give it!

Mr W.J. JOHNSTON: It is publicly available information.

Dr M.D. NAHAN: What is it?

Mr W.J. JOHNSTON: I am sorry, I do not have it in front of me, I apologise for that.

Dr M.D. NAHAN: I am sure the director general would have it.

Mr W.J. JOHNSTON: I am pretty sure it was in the original media release. It is not like it is secret. I do not have the information to hand.

Dr M.D. NAHAN: Is it 30 million tonne?

Mr D. Smith: It is a five-year limit.

Dr M.D. NAHAN: I see that. It is a five-year limit, but I cannot remember the tonnage.

Mr D. Smith: I would need to confirm whether that was a tonnage limit.

Dr M.D. NAHAN: Could the minister confirm whether there is a tonnage limit; and, if so, what it is?

The CHAIR: Is that not something that could be put on notice, member?

Dr M.D. NAHAN: Yes; it could be put on notice.

The CHAIR: Okay, we will leave it at that, then. The next question is from the member for Morley.

Ms A. SANDERSON: Thank you. My question relates to page 249, note 3, where the note outlines an allocation of additional funding to allow for 21 additional WorkSafe inspectors. Is the minister able to provide an update on that increased complement of inspectors?

Mr W.J. JOHNSTON: This a really important issue because last night the upper house finally approved the work health and safety legislation in an amended form. It now has to come back to us at our next sitting for final confirmation, which means a 10-year journey to reform the work health and safety laws here in Western Australia will be nearly complete; we still have to get the regulations done and the act implemented. The Premier was very strongly of the view that we should allocate additional staff to WorkSafe, so we are in the process of finalising the last of the recruitment. The good news here is that we have a family liaison officer, which is a specific role inside WorkSafe to deal directly with bereaved families of workers who are killed on site or through workplace injuries. That is a really good step forward. That person has been engaged. There were 140 applications for that one job. I think the need to improve that critical liaison role touches everybody across the state.

The other thing we have done with those 21 additional staff is to hire specialist investigators. In the past, the investigators were often just drawn from the ranks of the inspectors. Now, I am not criticising the inspectors in any way, but they are not necessarily ideally suited to doing a complex investigation. The WorkSafe Western Australia Commissioner and Mr Munns, the deputy director general in charge of the safety regulation group, have worked together to identify these specialist investigators and they are finalising the selection. Either they have been hired or there is a couple that I understand are still to come on. That is really good news because that means, when there is a workplace fatality, we now have that additional capacity to get to the heart of the circumstance.

The tragedy in workplace deaths and serious injuries is that often we understand the mechanical cause, but not who has been responsible. So this is a really, really good step forward in making sure we increase accountability for workplace deaths. I know that with the member's background, he is deeply committed to this, and I am sure the other Labor members here share his deep commitment to this area. We are very pleased that we have now been able to get the number of staff at WorkSafe up to the national average, not only with these 21 additional frontline staff, but additional support for WorkSafe as well, including one extra lawyer, which is obviously very critical because there is a little team of legal support as well.

[9.50 am]

The CHAIR: No scheme is perfect, minister!

Mr W.J. JOHNSTON: No scheme is perfect; that is right. Only one! We should have had more.

The CHAIR: Yes.

Mr W.J. JOHNSTON: We can never have too many lawyers.

The CHAIR: I would have probably said the opposite.

Mr W.J. JOHNSTON: I have three lawyers in my office, so it is a start. What is two lawyers at the bottom of the ocean? A good start! No, no.

This is a very important change to the nature of WorkSafe, and I am really pleased that existing and new staff are working together with Darren Kavanagh, the independent WorkSafe commissioner, and Mr Munns, the deputy director general, to really change the culture of this organisation and to get it to better engage with families and with work. We are ready now for the WHS bill and we have the resources we need to implement it.

The CHAIR: Member for Warren–Blackwood.

Mr D.T. REDMAN: Thank you, Chair. Minister, I refer to page 250. The last sentence in the sixth dot point refers to \$129 billion worth of resource projects in the pipeline—a hell of a big number. I remember during one of the former government’s budgets we had \$70 billion to \$80 billion or something in the pipeline. I understand this includes projects such as the Scarborough development, which means it is deferred or put on hold for the time being. But a big part of the Premier’s rhetoric has been how significant the resource sector is for Western Australia and also the nation. I would have thought that there would have been a response from the minister’s agency in respect to arming itself ready for approvals and all the regulatory processes attached to that; yet there is no significant shift in the budget in the service summary on page 253. Can the minister comment on how well-armed and ready the government is to take on the challenge of the regulatory processes with that, because it is going to be significant?

Mr W.J. JOHNSTON: Thank you. I might get Dr Gorey to make some comments as well, but we are aware of the challenges, and we have, of course, shortened the time lines for approvals for the POWs, and we are currently achieving those time lines but it is becoming difficult. Because of the COVID-19 situation, we have had challenges around native title clearances, so there is a backlog. We do understand that challenges are coming. We are deeply engaged with the resource sector about what response we might look to. We also have the Streamline WA steering committee, which David Smith co-chairs with Mike Rowe from Department of Water and Environmental Regulation, which is looking for regulatory reform. We have a strong agenda in the regulatory reform area to make processes simpler, without reducing standards, because this is obviously critical. My big criticism of the Productivity Commission report that came down a little while ago is that it did not pay attention to the demands of the community. We cannot leave behind the demands of the community in making sure that we have the speedy approvals.

The final thing I will say before I throw to Dr Gorey relates to the Fraser Institute “2019 Annual Report”, which was published in February this year. I make the point about the Fraser Institute that it is Canada’s equivalent of the Institute of Public Affairs.

Dr M.D. NAHAN: I was involved in setting up that report.

Mr W.J. JOHNSTON: There you go.

Dr M.D. NAHAN: It is an excellent report.

Mr W.J. JOHNSTON: It is an interesting report; it is a perceptions report. The good news about that perceptions report, firstly, is that it rates Western Australia as number one in the world; and, secondly, 100 per cent of the respondents to the most recent survey said that they could get their project approved in Western Australia, even if it was delayed. We are the only jurisdiction in the world that said 100 per cent of proponents thought that they could get their project approved, even if it took a little bit longer than they wanted. The other thing, of course, is that we are an extraordinarily fast jurisdiction for getting projects done. There is nowhere else in the world that gets project approvals done as quickly we do. Just look at Pilbara Minerals, which took four years from discovery to me cutting the ribbon. That is pretty extraordinary. I will ask Dr Gorey to comment.

Dr P. Gorey: So, I might just cover off on a couple of things. The planning and the reporting of projects in the pipeline uses a methodology for working with some of the other departments in government for those types of projects which are actively under consideration or planning. The effort and demand that has on the department sometimes does not shift too much, depending on where they sit. For some of these projects where the public statements might be around construction not occurring for many years, the Department of Mines, Industry Regulation and Safety, as well as some of the other departments, still have a role in engaging with these proponents in their preparatory works as they scope up their projects. Although that number might shift around a bit and, as the member just said, is quite a large number, even those projects that are little bit further towards the horizon still have a demand impact on the department.

We have recently released our approvals time frames and the performance of the department for last financial year. The department across the year achieved, essentially, all of its approval target time frames. That is during the challenges of COVID for both the industry as well as the administering agency. It is also on the basis that we had quite a substantial increase in the number of applications coming in both land access for tenure applications, as well as post-tenure applications.

The department took a position in consultation with other parts of government to pause some of its native title notifications right after the commencement of the COVID pandemic to provide some relief to applicants, but also those who are involved in the native title process. That will have an impact on the backlog for mining tenement applications, so we see that as a challenge that we are dealing with at the moment.

Mr D.T. REDMAN: That was COVID related?

Dr P. Gorey: I will just clarify. The native title negotiation process for tenement grants requires a notification, then engagement with traditional owners. There was a pause to that notification to give relief, given that quite a few of the parties were naturally focused on other things. But as those applications sit, the time continues to tick and so the backlog does increase. A focus for us this financial year is to turn that around in a way that still protects all the parties.

In answer to the member's question, we are particularly pleased around how well the department is prepared and what the department is doing; and, as the minister said, the target time frame for exploration applications was halved from 1 July from 30 business days to 15. That is the first time in 10 years that any of the target time frames have been reduced, and it is quite a substantial reduction. We get hundreds of these applications a month. As the minister said, that period from June to July in particular had very, very high numbers of applications coming through.

That ability to change has a direct impact on applications—on companies. It means that three months into the financial year, three months into the new time frame, well over 1 000 people are getting their applications processed in half the time, which means they can get on to land in half the time, which means they can employ people and hopefully discover some minerals for further development. We are seeing that probably the focus will continue to be some of the short-term administrative changes, working with other departments for those, particularly around notifications, and some systems changes.

The last point is, as mentioned by the minister, the engagement we have with other parts of government, those other regulators, is where we will deliver and try and address some of those approval time frame hurdles we have at the moment.

[10.00 am]

The CHAIR: Minister.

Mr W.J. JOHNSTON: Chair, I will just finish by saying there are two other points I would make as well. The first is that many people think that the native title process is a regulatory action, it is not; it is a property right. It is about examining the property right of the Indigenous community and assessing how they want to act with that property right. That is not a regulatory activity. The second thing I would say is that sometimes some of the companies would do themselves a service by paying careful attention to the quality of the submissions they make. Sometimes delays are caused because of inadequate amounts of information. We are trying to harmonise datasets with the other departments and commonwealth. We know that work is still to be done on that; we know we are not finished and still have more work to do. But, equally, if applicants thought carefully about the presentation of their information, it would be of assistance to us, particularly noting the Forrest & Forrest Pty Ltd decision requires strict compliance.

Mr D.T. REDMAN: Further question, Chair.

The CHAIR: Further question, member for Warren–Blackwood.

Mr D.T. REDMAN: The minister did mention a whole range of challenges in meeting regulatory requirements. Without wanting to downplay in any way the significance of the Juukan Gorge disaster, a number of the resource sector players have raised the issue of the challenge of the Heritage Bill. Is the department directly engaged with that in any way, through the agencies, with the likely impact that is going to have on the resource sector, and therefore giving feedback back to the minister, who is obviously keen to close the gap between the traditional owners, who have a very strong view about it, and the resource sector, which is also expressing some views.

Mr W.J. JOHNSTON: Firstly, I can say that the department has had careful engagement on the process that has led to the bill. Again, I want to pivot straightaway to the Productivity Commission report. I think the commentary in that report around Aboriginal heritage was absolutely disappointing. I thought its commentary around native title simply misunderstood the nature of native title, and I do not think it served the industry at all well. Firstly, it was beyond the scope of the terms of reference of the report; but, secondly, it misunderstood the nature of Aboriginal heritage legislation. Aboriginal heritage legislation is not regulating the mining industry; it is the regulation of the destruction of Aboriginal heritage. It just happens to be that mining companies want to go to spots where there is lots of Aboriginal heritage.

I noted recently that one of the extensions of the light rail in Sydney found an Aboriginal heritage site somewhere in Parramatta. It has to be understood that this is an important issue. We have less disturbance in Western Australia, therefore, we have more Aboriginal heritage. I do engage with the industry. I listen very carefully, and I am not dismissive. I am not trying to say that the industry does not have challenges; it does. But we have to see what Aboriginal heritage legislation is doing. It is about protecting Aboriginal heritage; it is not regulating the mining industry. In the same way as native title is not a regulation in respect of the mining industry; it is the recognition of the title of the Indigenous people. I want to make the point: mining companies need to think about title more than anyone else, because the government is giving them a title that allows them to have a mine. Title is absolutely fundamental to their business interests, so they should do nothing to undermine other people's title, otherwise what they are doing is arguing that their title also should not be secure.

Here in Western Australia, the reason we are the number one jurisdiction in the world for the resource sector is because we provide title. So, yes, it can take a little while to get their title, but once they have it, they can exploit it. For example, when they get their approvals, they get on with business, and so long as they comply with the conditions, they can do what they need to do to make money. But in some other parts of the world, they do not get a strong title, they have a sell down, there are restrictions on dividends, and they get chaos in other parts of the world. They never get final approval. Look at the operations of Lynas Corporation in Malaysia. Every five years it has to get fresh approvals. They should have come here and built their facility here in 2011. It would have made more money if it had done that, despite the additional capital cost up-front. So, yes, sometimes it is slower than people want; but, firstly, it is faster than anywhere else in the world, and, secondly, it gives them solid title and we do not undermine them later on.

The CHAIR: Member for Nedlands.

Mr W.R. MARMION: Thank you, Chair, just a wrap-up question from me. I refer to page 267 of budget paper No 3.

Mr W.J. JOHNSTON: I actually do not have budget paper No 3.

Mr W.R. MARMION: Anyway, it is related to the gold royalty rate and the minister is right across it.

Mr W.J. JOHNSTON: I was not briefed on budget paper No 3 because that is the Treasurer's.

Mr W.R. MARMION: I know the minister is right across this.

Mr W.J. JOHNSTON: We will find out.

Mr W.R. MARMION: On page 267 under "Mining Royalties", there are two items on gold. One is the subsidised gold royalty rate for which the estimated actual for 2019–20 was \$189 million and also a gold royalty-free threshold that is basically a subsidy to the industry of \$7.1 million. I refer the minister to 2018, when the Treasurer made the comment in his budget speech that while he was not seeking to reintroduce the royalty increase in that year's budget, he believed an increase in the rate remained justified. Does the minister believe a rate increase is justified?

Mr W.J. JOHNSTON: I cannot answer anything about appendix 9 of budget paper No 3 because that is a matter for Treasury, and I am not briefed on any of the issues in respect of appendix 9 of budget paper No 3. The statement read by the Chair at the start of the meeting outlined what my responsibilities to the committee were, and if the member could address me to anything in budget paper No 2, related to a vote in respect of my department, I am happy to answer it.

Mr W.R. MARMION: In relation to the royalty rates that the department collects, which is in the table to do with administered transactions on page 264 in budget paper No 2, can the minister explain what the gold-free threshold calculation is currently?

Mr W.J. JOHNSTON: It is 2 500 ounces. Basically, it is for our friends in the goldfields who run small operations. In fact, I met with the Eastern Goldfields Prospectors Association when I was in Kalgoorlie for the Diggers and Dealers Mining Forum last week and we had a conversation. That line item is one aimed at that. When the Liberal Party first introduced the gold royalty in Western Australia, it provided for a 2 500-ounce threshold.

The CHAIR: All right. Member for Riverton.

Dr M.D. NAHAN: Yes. On page 264 of budget paper No 2, income, royalties, petroleum. I am using that as a touchpoint to ask a question about the Premier's policy on onshore gas. Does the minister have any involvement?

Mr W.J. JOHNSTON: No, that is Department of State Development. Obviously, I know about it and I talk to people, but I am not over it.

Dr M.D. NAHAN: Can the minister brief us on what it is?

Mr W.J. JOHNSTON: No, because it is state development. I am Minister for Mines and Petroleum.

Dr M.D. NAHAN: Has it been published anywhere?

Mr W.J. JOHNSTON: So far as I am aware it has been, yes. I saw a media release. The member would have to ask the Minister for State Development, Jobs and Trade.

[10.10 am]

Dr M.D. NAHAN: On page 250, paragraph 6 refers to the previous \$129 billion worth of resource projects. Again, this might not be in the minister's area—I accept that. What is the prospect, particularly with lower oil prices—low oil prices and lowered oil prices—for the Scarborough and Browse LNG developments, which makes up most of this \$129 billion?

Mr W.J. JOHNSTON: I do not know whether it makes up most of the \$129 billion, but I cannot speculate on corporate decision-making.

Dr M.D. NAHAN: No. Has there been any —

Mr W.J. JOHNSTON: The member is asking me questions that I cannot answer because I am engaged with the companies. I am a decision-maker in respect of the titles. As the member for Nedlands would be able to remind the member, it is called a joint authority so it is done between the commonwealth and the state. I am a decision-maker and I do not want to give any suggestion that I have made a decision related to any of those matters.

Dr M.D. NAHAN: We heard in the media and in Parliament that decisions, particularly with Scarborough and Browse were imminent this year sometime.

Mr W.J. JOHNSTON: The member will have to ask the resource operators or the Minister for State Development, Jobs and Trade. I am a regulator. It is very difficult for me to answer a question about matters on which I am briefed on a confidential basis in respect of my regulatory functions.

Dr M.D. NAHAN: Yes. We have some investments in new infrastructure at Curtin University.

Mr W.J. JOHNSTON: Yes, the microprobe—my favourite toy!

Dr M.D. NAHAN: Could the minister tell me what a microprobe is?

Mr W.J. JOHNSTON: I would love to tell the member what a microprobe is.

The CHAIR: And where to put it, minister?

Mr W.J. JOHNSTON: It is a big thing! It has lasers and it does stuff! If the member wants, I can get Dr Gorey to comment. I have seen the existing one. This is actually a critical piece of infrastructure in Western Australia; there are only three of this new generation in the world. It keeps us at the leading edge of geomorphology. I am not a geomorphologist, but I am told that it is really critical to keeping us at the head as the most attractive jurisdiction in the world for exploration. It is working out how the minerals came to be in the places they are. Obviously, if someone has a better understanding of that, then they can target their activities, and Chalice Gold is an example of that. I would invite Dr Gorey to make some comments.

Dr P. Gorey: Thank you, Madam Chair. This is a longstanding relationship, through Geological Survey of Western Australia, that the department has with the John de Laeter Centre at Curtin University. Like the minister, I was fortunate enough to look through the site just recently with the director general. Technology and analysis in the last couple of decades has moved a bit more from simply trying to identify the association of minerals as they exist in the environment to understanding how the landscape was formed and how those minerals were formed.

What we are seeing—where the John de Laeter Centre in Western Australia is able to stand out—is investment in both technology and people to understand how minerals evolve and where they came from. We have world-class experts such as Michael Wingate, who is within our department and who has a very strong connection at the John de Laeter Centre, understanding the origin of zircons and their age and where they exist in the environment. The geologists and geomorphologists can then use that information to understand where those minerals came from, in what environments did they form, and where they have moved through the landscape.

A lot of the minerals still available in Western Australia are under cover—they are deep under regolith; under sand and gravel and rocks—and cannot be viewed, so understanding the mechanisms and forces that happened over billions of years is really important in targeting particular areas for exploration. We know that certain minerals will be concentrated in the environment, depending on very deep flows beneath the Earth's crust. Those fluid flows will affect some of these minerals differently. Zircons are very, very resilient and do not decompose very quickly, so they exist for a very long time. People can use those types of minerals to understand what behaviours have happened. That is important because things like gold and poly-metallic deposits will actually arise from those types of environments.

What is really important, I think also why Western Australia has been able to corner this market essentially in Australia is this microprobe supports a number of other very specialised pieces of equipment out there at the John de Laeter Centre. In simplest form, this thing generates a laser through some inert gas and that will fire at very, very small particles of minerals, and as the laser impacts on the minerals and bounces off, it will actually tell us the exact composition of the minerals, and also things like the isotopic composition, because that will also tell us the way that that mineral was processed in the environment as well. It replaces a very old piece of equipment, but it is something that will be very much sought after for probably at least the next decade. It will be one of the leading-edge pieces of equipment in the southern hemisphere, actually.

Mr W.J. JOHNSTON: I should acknowledge the commonwealth government's contribution to it as well. This is a partnership between the commonwealth, the state and Curtin University to continue to keep us at the leading edge of research in understanding of minerals systems.

The CHAIR: Member for Warren–Blackwood.

Mr D.T. REDMAN: Thank you. I refer the minister to page 255 and I guess the headline figure there for “Safety and Labour Relations Advice and Regulations”, and the provision of advice and regulatory services to Western Australian community in the area of workplace safety and labour relations, as my touchpoint.

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: Does the minister or his agency have any role in the dust monitoring issue in Port Hedland's west end? Zero—no input?

Mr W.J. JOHNSTON: No, that is Department of Water and Environmental Regulation. No. This is about workplace health and safety.

Mr D.T. REDMAN: I thought there might have been some engagement on that front, that is all.

The CHAIR: Members, it looks like we are running out of steam on division 17. Anything else? No.

The appropriation was recommended.

Meeting suspended from 10.18 to 10.24 am

Division 21: Energy Policy WA, \$17 647 000 —

Ms M.M. Quirk, Chair.

Mr W.J. Johnston, Minister for Energy.

Ms K. Ryan, Executive Director.

Mr J. Thomas, Program Director, Energy Transformation.

Mr R. Gracias, Chief Finance Officer.

Mr N. Roberts, Chief of Staff, Minister for Energy.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. I will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

I give the call to the member for Bateman.

Mr D.C. NALDER: Thank you. Minister, I was looking at page 290 in budget paper No 2, volume 1, the total appropriations. I noticed a sizeable underspend last year of around 15 per cent, but budget to budget, it is about a 25 per cent drop in expenses. Is the minister able to share what the underspend was and why, and what is creating such a large drop in expenses moving forward?

Mr W.J. JOHNSTON: It is the Energy Transformation Taskforce; it is only funded for two years.

The CHAIR: Further question.

Mr D.C. NALDER: If I refer to income statement on page 295, I notice a very large drop in grants and subsidies, and down the bottom of page 295 is “Western Power State Underground Power System”.

Mr W.J. JOHNSTON: Sorry, I am getting confused here, because I think we are on different issues.

Mr D.C. NALDER: Sorry.

The CHAIR: Before you came in, member, I did actually counsel people to try stay on the one program or line item on the one page and not jump around too much.

Mr D.C. NALDER: The first question was to do with total appropriations.

The CHAIR: Yes, and now you are going into something else.

Mr D.C. NALDER: Well, it is more the specifics on the feed into total appropriations, which is the income.

Mr W.J. JOHNSTON: So why not just the ask: what is happening to the state underground power project?

Mr D.C. NALDER: That is where I am going to go.

Mr W.J. JOHNSTON: Okay. If the member asks that, I can answer it.

Mr D.C. NALDER: The minister gave me an answer for total appropriations that does not match that, so I am now asking the minister specifically: what is happening with the Western Power state underground power system?

Mr W.J. JOHNSTON: Certainly. The former Minister for Energy, the member for Riverton, gave a four-year approval for the state underground power project, so all the allocations were made by the former government, and that is the working out of those allocations.

Mr D.C. NALDER: Further to that.

The CHAIR: Further question, member.

Mr D.C. NALDER: In the budget of 19–20, \$6.5 million allocated —

The CHAIR: Nineteen twenty—we are not going that far back! Oh, the year 2019–20.

Mr D.C. NALDER: I am talking about the line item and how this impacts going forward. The minister just gave an answer —

The CHAIR: Sorry, I am just being glib. I apologise.

Mr W.J. JOHNSTON: She was making a joke about 1920 instead of 2019–20. I got the joke. It is all right.

Mr D.C. NALDER: Sorry, I missed the joke, I apologise. On the 2019–20 budget of \$6.5 million, only \$2.8 million was spent, and the minister said it is running out, so there is a major underspend?

Mr W.J. JOHNSTON: As I say, if the member wants to ask me about the state underground power project, I am very happy to explain. There have been some problems with that, and that is COVID-19. Western Power allowed all the councils to put their projects on hold because nobody knew what was going to happen with COVID-19, so Western Power has been given approval by government to continue to spend money of its own to keep those projects going if the councils are still going to proceed with them. Obviously, if the council does not want it, we are not going to give these things away for free, so if councils withdraw their consent, the project stops. We have allowed councils to effectively defer their expenditure by a year. That is going to lead to re-cashflowing of the state underground power project because this is the subsidy, the government bit.

Let me make it clear: I am not criticising the former government's decision; I am just explaining what happened. Councils were effectively allowed to bid for the work, and that meant that if they bid more, they were more likely to get their project supported. In the past, it was one-third, one-third, one-third—one-third Western Power, one-third the government, one-third from the council, which it obviously passed on to its ratepayers—but the member for Riverton changed the way the project worked. This is not a criticism. I am not saying that was a bad decision; I am just explaining what the decision was. Councils could then bid on higher than that one-third contribution, so some bid one-half, some bid 60 per cent, and obviously they then set up the program. When it came to COVID, everybody said they did not know what would happen, so we allowed Western Power to carry the costs of the works on its own balance sheet while the councils delayed their part being implemented—as in the money coming out of ratepayers' pockets. Therefore, because our moneys depended on the councils' money, there could be cash flow changes. We have made no announcement about renewal of the state underground power project, and Western Power has made an announcement, which I support, about changing the nature of undergrounding, because it is now getting to the point at which in certain circumstances it can actually be cheaper to underground than to renew overhead, so it is not clear whether we will need the existing underground power process to continue. The member for Riverton will tell the member for Bateman that sometimes these things are controversial. I can tell the member that, because in 2008 when I first got elected to Parliament, the suburb of Wilson had one of these projects. It had 70 per cent opposition during implementation. Interestingly, it had 70 per cent support when it was complete.

[10.30 am]

Dr M.D. NAHAN: Parkwood did, too.

Mr W.J. JOHNSTON: That was in the member's area at the time, now it is mine. Shelley is currently being —

Dr M.D. NAHAN: Shelley east and west are okay.

Mr W.J. JOHNSTON: I have had people write to me to complain about it, so we get these complaints. They are not straightforward. Some of the councils are getting nervous about how they interact. The classic example is Menora in the City of Stirling, where the bid was very high. The council said everybody would take two-thirds of the cost, and it did that without telling, so when the ratepayers got the bill, they kicked up. The council then asked me, "How are you allowing this price to go up so high?" It was because that was the price it had set. Some of the councils are now reviewing what they are doing, and Western Power can continue with the project but only if the council

remains committed. Generally speaking, they are. I think there is one project with maybe a bit of wobble. Basically, they are all proceeding but they might be delayed by 12 months. Having said that, it is cheaper for Western Power to continue the work because it has already mobilised, so it will be spending on its own tick.

Dr M.D. NAHAN: Just to get confirmation. Has the government not committed to continuing the next wave of underground power?

Mr W.J. JOHNSTON: No, I think is round 6. We have not committed to round 7. Western Power is now doing St James and somewhere down near Fremantle, I forget. When we get to Western Power the member can ask. It is doing three suburbs, as trials, of self-funded undergrounding.

Dr M.D. NAHAN: Yes, it has always done that, and has been expanding capacity to do so, but there are areas that it simply will not do.

Mr W.J. JOHNSTON: It is saying that where overhead is 40 years old, it can be cheaper just to underground. Underground is more expensive up-front, but reduces operational expenditure. In some parts of the state where the overhead is old, everybody goes, “I have a 20-year-old overhead, will you underground it for me?” That is not value for money, but if it is older, it is value for money.

Dr M.D. NAHAN: So the government’s position now is that it has made no decision on, let us say, round 7 —

Mr W.J. JOHNSTON: That is right.

Dr M.D. NAHAN: — and has an expectation for Western Power to increase its undergrounding of existing facilities as part of its capex policy.

Mr W.J. JOHNSTON: Yes, we are examining whether that is possible. Before we move off this topic I have to thank the member for Riverton because he approved the undergrounding of my own suburb, and I make the point that Kate Ryan from the agency is handling all aspects of that, so my office does not get involved and I do not get involved and there is no conflict of interest. But it was the member’s decision to underground my street.

Dr M.D. NAHAN: I was hoping that the minister would have to pay top dollar!

Mr D.T. REDMAN: I refer the minister to page 291 on budget paper No 2 and the sixth significant issue impacting the agency under “Key government reforms”. It talks about the distributing energy resources road map, which I support. I am interested in any comments the minister has. There is a number of reforms happening and time-lined in the progress of that work. I am interested in the minister’s comments on government policy as it applies to the extent of private sector involvement in this transition. The government clearly has a position on the sale of Western Power, that was a commitment, but there are a lot of opportunities starting to emerge on grid-related matters, and I am just interested in the extent of the where the line in the sand is on private sector involvement?

Mr W.J. JOHNSTON: It is a great question. Obviously, we are not selling Western Power, we are not selling Synergy and we are not selling Horizon. The private sector needs to identify the opportunities for it. Western Power is being required to produce a network opportunities map. This is a map of the challenges coming up because of distributed energy resources across the network for Western Power. The private sector can then tender for a solution. Obviously, Western Power has private sector partners, as does Synergy, that deliver much of the engineering outcomes. Sometimes people say that it is not fair that the government is letting Synergy or Western Power put a battery in somewhere, but they do not get to do it. The only reason that Western Power is able to put that battery in is that it might be able to get 50 or 60 per cent of the cost of the battery included in the regulated asset base. We have to fund the balance, and given that Synergy pays between \$70 and \$30 a megawatt hour for every megawatt of solar energy that comes off people’s roofs, it is its electricity and it has to do something with it. At the moment Synergy generally sells it into the balancing market at negative \$1 000 a megawatt. It has paid \$70 for it but is it at minus \$1 000. That does not make any sense, so it is putting the electricity into batteries, and that is what Kwinana will do as well. If the private sector can work out how it can make money out of network augmentation, if it can work out how it can make money out of DER, it should come up with a plan, because I am not against it, but it cannot expect me to have Synergy pay for its costs and to have Western Power do an uncommercial arrangement. I will give an example in the member’s electorate. The Margaret River community battery that has gone in there through Western Power is a behind-the-meter battery, so Western Power’s partner is not Synergy, it is the Shire of Augusta–Margaret River. That is an example. Okay, the shire is still a “.gov” organisation, it is part of the broader government, but it is not a state government instrumentality in the same way that Synergy is. It is not that we are not prepared to partner with non-government organisations; it is just that nobody has worked out how they are going to make money out of it. The big part of the money is the installation. The private sector does that bit.

Mr D.T. REDMAN: In terms of private sector engagement, the member talked about, in this case, Western Power is offering up weak points in the system and therefore seeking private sector engagement to see if it can provide a solution. Is Western Power prepared to offer any parts of its network for the private sector to take over as a part of that solution?

Mr W.J. JOHNSTON: No.

Mr D.T. REDMAN: Is the minister not aware of any engagement by Western Power to consider taking over any parts of the network as a strategy to provide a solution?

Mr W.J. JOHNSTON: I understand there is a bunch of guys who want to come and see me because they want to take over two bits in the northern wheatbelt. I do not know whether the member has seen that brief. They have written to me saying that they have got a solution for a couple of spots outside Geraldton. It will be interesting to see what they say. A lot of people have a lot of solutions that require other people to pay for them. In terms of actually getting one that makes economic sense, it will be interesting to see how that goes.

[10.40 am]

Mr D.T. REDMAN: Will the legislation passed recently allowing Western Power to offer up standalone power systems as a strategy to offset upon replacement be an area in which the private sector could participate? It is actually not a part of the network; they are Western Power customers.

Mr W.J. JOHNSTON: There is no restriction on the supply of standalone power systems. Any private sector organisation can go to anybody and offer a standalone power system. Anybody can disconnect from the network if they want. Of course, if they take that solution, they do not get the uniform tariff policy. The reason that farmers, generally speaking, do not do that is that if they take the Western Power solution, they pay Synergy for their energy, and therefore their energy is supplied at the grid price, which is probably 10 per cent of the actual cost of the supply. The member has seen the heat map. I think it is 14 times between the top and the bottom cost of supply. The reason the private sector cannot deliver is that it does not get the subsidy. Of course, Western Power and Horizon, in its area, have private sector partners that actually build the kit, and 100 per cent of that is built here in WA, and the private sector partners do the installations, but the relationship with the customer is through Synergy and the maintenance of the equipment through Western Power, because otherwise they do not get the subsidy. Anybody can disconnect tomorrow. There is no restriction on that.

Mr D.T. REDMAN: Part of the minister's earlier response talked about Western Power making a submission to get a battery, for example, included on its RAB, and he said that it might only get part included?

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: Can the minister just walk me through how the threshold of the business case still makes the case for Western Power to be able to make that investment?

Mr W.J. JOHNSTON: At the moment these are trials and there are 10 of them. We are seeing what happens. There is an expectation that the cost of the batteries will come down over time, and it is fair to say Synergy is still trying to work out exactly what the price points are going to be. There has been quite a high churn of the customers who took the virtual battery space down in Meadow Springs, so clearly, the product being offered at the minute does not meet the customer expectations. That may be because the customers have an unrealistic expectation or because we have not yet settled on the appropriate pricing structure. The expectation is that the other uses of the battery for the energy trading, energy arbitrage, will provide the future. These are trials and we are not completely set yet.

Mr D.T. REDMAN: Nevertheless, there is a direct investment from Western Power that is not RAB approved.

Mr W.J. JOHNSTON: Yes, that is correct, and therefore, that comes at government expense, if you like, because it means a lower dividend.

Mr D.T. REDMAN: Did the minister say that the beneficiary could well be Synergy?

Mr W.J. JOHNSTON: Synergy is paid \$70 a megawatt hour for the energy that goes into the battery.

Mr D.T. REDMAN: Is that part of the decision on Western Power's part? Is that part of the business case?

Mr W.J. JOHNSTON: It is part of the business case.

Mr D.T. REDMAN: It is part of a trial business case, but it does not work for Western Power's books, does it?

Mr J. Thomas: Ultimately, Western Power will have that network services portion included in the RAB, and the balance can be recovered through other means. In this case there is an arrangement with Synergy for the customer service offering that allows that revenue stream to flow between Western Power and Synergy and help recover the portion.

Mr D.T. REDMAN: To be clear, in the examples of the batteries, and most of these are in metropolitan Perth, there has been an investment, part of which have been able to get RAB approval. The other part is a direct investment by Western Power, which is off its balance sheet and affects its dividends back to government. Outside of that, there is an arrangement with Synergy in order to make a broader case that is not within the remit of Western Power's activities.

Mr W.J. JOHNSTON: That's correct. The first round of standalone power systems, which were done by the member for Riverton when he was the minister, were done on the exact same basis. It is not that we are favouring the metropolitan area over the country area; it is just that we are trialling this and if it works, we can roll it out. The member cannot expect us to get everything 100 per cent right from the get go. Western Australia has more challenges in the electricity space than any other western country in the world because we are islanded. They say that Hawaii is the

same. I am sure the member would be happy for me to go and visit Hawaii to see what solutions it is putting forward! I am not doing that. We are experimenting and they seem to be working. If the price of batteries falls over time, which is the expectation, that will sort that problem out. In the meantime, we are trying to work out what to do with the gap, remembering that the non-RAB approved part of these 10 batteries is not a significant contribution from Western Power. We are not talking about sheep stations at this stage. If we can get the customer-facing element from Synergy right, we can roll them out everywhere, so every time there is a network challenge, we can put the battery in, solve the network challenge and create this other benefit for customers at the same time.

Mr D.T. REDMAN: The minister said he was not playing favourites here, but the large proportion of those batteries are in metropolitan Perth. The minister has just acknowledged there is a direct investment from Western Power that is not on its RAB. Yet, in regional Western Australia 10 locations have been identified by Western Power as hot spots in terms of reliability and Western Power has chosen to go to the market directly, not choosing to make any investments directly out of its portfolio, similar to what has been done in metropolitan Perth.

Mr W.J. JOHNSTON: Really, this a Western Power question, but I am happy to answer it.

Mr D.T. REDMAN: I will pick it up in Western Power if that is the case.

Mr W.J. JOHNSTON: It is a misunderstanding of the challenges. This is not a reliability challenge; this is a network investment challenge. If we do not put the battery in, we have to upgrade the transformer. The problem is that the bi-directional flow of the electricity is overwhelming the transformer and if we do not do this, we have to replace the transformer. It is not an analogous situation. The reliability challenges in the country areas are about the long feeders. We have put a battery in Perenjori, we are doing the microgrid in Kalbarri, we are examining a microgrid for Mullewa and down the member's way there is an innovative solution being looked at, but they are different challenges. That is the reliability challenge. If we do not put the battery in, we have to replace the transformer.

Mr D.T. REDMAN: It is nevertheless a direct investment that Western Power is making against what its remit is, so it is making decisions and picking winners.

Mr W.J. JOHNSTON: No, the member is misunderstanding.

Mr D.T. REDMAN: The minister has just made it clear. He said there were direct investments outside of the RAB.

The CHAIR: Member, standing orders suggest that we do not engage in argumentative questions, and it is verging on that. Minister, you can choose to answer.

Mr W.J. JOHNSTON: Let us say a battery costs a quarter of a million dollars, and the alternative solution costs \$180 000. The problem for a long feeder is tens of millions of dollars. It is not the same. Now, I do not get how come the member does not understand that. It is exactly the same as the non-financial investment made—which I agreed with; I am not criticising it. When the member for Riverton was in my seat, he made a non-commercial decision to invest in the standalone power systems in the wheatbelt and in Horizon's area of coverage, which Horizon could recover, but Western Power could not recover one cent of that investment. It was absolutely the right decision, and we have now changed the act to let it be done. Does the member see what I mean? It was no bigger an experiment. We have to fix the challenge in front of us. The challenge of overwhelming an individual transformer in some suburb because everybody has rooftop solar is completely different to the challenge of long thin feeders in rural zones. To argue that the two things are the same is simply to misunderstand the nature of the electricity system.

Mr D.T. REDMAN: I understand the point that the minister is making. I do not agree with it. There has been a decision to make a direct investment against a challenge outside the remit of Western Power under a trial model in Perth. In regional Western Australia the government has chosen not to make any investment, even though some of the technology —

The CHAIR: That is an inference, member.

[10.50 am]

Mr W.J. JOHNSTON: That is not correct. We should be doing this debate under Western Power, rather than Energy Policy WA, but Western Power put the genset at Mullewa. That is not an approved expenditure from the Economic Regulation Authority; that is just using its money to do a sensible outcome. There is an experiment that Western Power wants to trial—again, let us talk about it when it is here—down the member's way. It is doing a range of innovations. The Kalbarri microgrid carries risks for Western Power. That was a great decision made by the member for Riverton. It is just not correct to say Western Power is only doing these experiments in the metropolitan area; it is wrong.

The CHAIR: Further question on this, member for Riverton?

Dr M.D. NAHAN: Perhaps.

The CHAIR: Well, if it is not I am going to —

Dr M.D. NAHAN: I think it is. On page 291—which dot point was member for Warren–Blackwood going for?

Mr D.T. REDMAN: The distributing energy resources road map—the sixth one.

Dr M.D. NAHAN: One of the problems when changing is that our grid is based largely on coal-fired power stations and the location of large generating units. They are concentrated in the Collie area to a large extent, but outside. Now that we are going to change from that—that is not a question, that is where it is going—the necessary pattern of the transmission system will be changed. In the road map, is the government taking into consideration that our system now is not priced properly? It is kind of averaged and it is concentrated in a certain area. One challenge the government has is moving from this status quo where it has all the networks, to something that is going to be different. How is that priced? It is very important to give signals to the players to develop new infrastructure.

Ms J.J. SHAW: There was an inquiry on that.

Mr W.J. JOHNSTON: Yes, Kate Ryan was behind it. My point absolutely goes to the question that the member for Warren–Blackwood was asking. We do not charge regional customers the cost of delivering electricity to them. If we did, they would pay up to 10 times higher than what they currently pay. It is actually the reverse of what the member for Warren–Blackwood was arguing. We are subsidising regional electricity consumers. We do not apologise; that is not a bad thing. We agree with that cross-subsidy. We do not think cross-subsidies are a bad thing; we think cross-subsidies are a good thing. Of course, the more we expose them, the better. We will come to that in a minute when we get into Synergy, and I will explain what we are doing with cross-subsidies in Synergy. It is fundamental; there is a transfer of costs in the electricity system. People who live in Perth pay more for their electricity so that people in Warren–Blackwood can pay less. If we did not have that cross-subsidy —

Mr D.T. REDMAN: This is not a leverage argument.

The CHAIR: Member!

Mr W.J. JOHNSTON: No, it is just a fact. This argument that somehow we are favouring the metropolitan consumers is silly.

Ms J.J. SHAW: Minister, I refer to page 291 of budget paper No 2, volume 1. I ask whether, as has been reported for the eastern states, the main grid in Western Australia has experienced a shift in electricity consumption from business customers to households as a result of the COVID-19 pandemic.

Mr W.J. JOHNSTON: That is a very interesting question.

Mr D.T. REDMAN: Which point are we referring to?

Ms J.J. SHAW: Page 291 of budget paper No 2, volume 1.

Mr D.T. REDMAN: That is the page, so have we a point?

Ms J.J. SHAW: Yes, the third and fourth significant issue impacting the agency.

Mr W.J. JOHNSTON: It is the COVID pandemic. To save time, I might just ask Kate Ryan to address the committee.

Ms K. Ryan: Obviously, the COVID-19 pandemic has had a pretty profound effect on both health and the economy in WA and around the world. Western Australia, fortunately, has not been as hard hit in terms of cases, but also in terms of the economic impact. The interesting period is during the second quarter of 2020, when we were in the sort of shutdown period in Western Australia. From a whole-of-system perspective, Western Australia did not see any significant impact in demand on its main electricity grid here in the south west, but we did experience some shift, with a reduction in consumption by commercial customers, less than 10 per cent, and around about 7.3 per cent down by larger industrial customers, offset in large part by an increase in consumption by the residential customer base. That is the 8.2 per cent up figure. That has no longer persisted as economic activity has more or less returned to normal, as has demand on the grid, and the market operator now is reporting no significant deviation compared with this time last year. By contrast, of course, in the eastern states we have seen bigger swings, particularly in Victoria, in energy consumption between different customer classes and over a much longer duration. In Victoria, I understand that the residential customer base has increased its consumption by up to 30 per cent, which is obviously a significant shift, largely offsetting a fall in the commercial customer space of 10 per cent or thereabouts.

Ms J.J. SHAW: I would appreciate an understanding of the impact on liquid fuels.

Mr W.J. JOHNSTON: Again, I will throw to Ms Ryan in a moment. I also make the point that during COVID we stood up a weekly online conversation with the Australian Energy Market Operator, Western Power, my office and EPWA. In Italy and elsewhere in the world there were great challenges in managing the electricity system. Because we had COVID coming up in autumn, it was very difficult for us in managing low loads, so we stood up a weekly meeting to make sure that we were addressing all the challenges around keeping the system operating. I will invite Ms Ryan to make a comment about liquid fuels.

Ms K. Ryan: In my role as coordinator of energy, I am the hazard management agency for an energy supply disruption, be it liquid fuel, electricity or gas. As the minister has just mentioned, we initially set up weekly meetings—they have now become monthly—with the sector, not just in the electricity sector but also broadly across the energy sector. We have had an operational group meeting on a regular basis to keep track of the supply situation in all those areas. Liquid fuel, of course, has been an interesting one during the pandemic, with the restrictions in travel. We certainly saw a reduction in demand across Western Australia. Fortunately, there has always been adequate supply.

The interesting period has probably been actually as the restrictions have been relaxed and demand has increased again, to make sure that supply has been able to flex again to meet demand. Fortunately, in Western Australia that has continued to be the case right the way through the pandemic. As travel has increased, we have seen petrol and diesel supplies growing to meet demand. We thought there might be some localised short-term interruptions, but we did not find any evidence of any, so that was great. Of course, aviation fuel demand is still down and will remain for some time.

Dr M.D. NAHAN: Before we get into Synergy, is the energy policy group looking at fine-tuning alteration or review of the operations of the Western Australian energy market, particularly in the south west interconnected system? Clearly, there are some issues that arise. If so, what are the principles? Could the minister particularly address the issue of pricing intermittency as part of an ancillary service or in that way?

Mr W.J. JOHNSTON: Great question. The Energy Transformation Taskforce is working on all those issues, and I will ask Kate Ryan to make a comment.

Ms K. Ryan: We are looking at some significant reforms to the wholesale electricity market, the capacity mechanism, the energy market and what we are now calling the essential system services, which are those additional services that facilities provide to keep the systems stable. A key principle of the essential system services is a causer-pays approach, which sends a signal to those parties that caused the problems on the power system, including intermittency, to bear some of the cost of that challenge. Through the reserve capacity mechanism as well we have factored in constraints in the system, which sends another price signal to generators not to locate in areas of the grid where they will not be able to get their output at all times, so they need to be aware of that.

The appropriation was recommended.

[11.00 am]

Synergy —

Ms M.M. Quirk, Chair.

Mr W.J. Johnston, Minister for Energy.

Mr J. Waters, Chief Executive Officer.

Mr J. Cowper, General Manager, Finance and Business Services.

Mr N. Roberts, Chief of Staff, Minister for Energy.

Miss K. McKenzie, Principal Policy Adviser.

Miss Y. Lucas, Senior Policy Adviser.

Mr P. Meyerkort, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. I will ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to the answer.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided and I will then allocate a reference number. Supplementary information should be provided 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.

Dr M.D. NAHAN: I refer to budget paper No 3. It deals with Synergy's financial viability subsidy. There is a table there, and it appears to be a new phenomenon to some extent. The policy of the previous energy minister appeared to be to drive down the subsidies—not all the subsidies, but most of them—the main subsidy. It appears that there was a change in policy. I think it could be described as “mugged by the reality of the market”. Could the minister describe where the government is going with this? What is driving it? Then I will follow up with some more detailed questions.

Mr W.J. JOHNSTON: Yes. I actually was actually watching the member talk to the Treasurer and the Under Treasurer yesterday on this topic. I have had a look at that. We are changing. In the past, during the previous government, there was just a subsidy paid to Synergy to make up the gap between its costs and its income. That was actually stopped for one year and, effectively, it had to borrow its losses. That is obviously unsustainable.

Dr M.D. NAHAN: It always was unsustainable.

Mr W.J. JOHNSTON: Yes. It was never intended to be a permanent solution, borrowing money without getting a subsidy.

Dr M.D. NAHAN: The hope was that the need for the subsidy would go to zero.

Mr W.J. JOHNSTON: Sure. But what I have done is worked with the leadership of Synergy—the board and the senior management—to change the nature of what we are doing. Treasury has supported me in this, and I am very pleased about that. I do not know the page number, but it is in a table with Synergy in budget paper No 3. I am sorry, I do not have budget paper No 3 with me, but it is on the page with all the subsidies.

What we are doing is asking Synergy, “What are the non-commercial things that you are doing?” There is the renewable energy buyback scheme. Synergy is paying 7¢ for electricity that is worth about 3¢. We are subsidising the gap between the 7¢ and the 3¢. There is a small subsidy for the distributed energy buyback scheme because the new DEB scheme has reduced the subsidy, but it is very, very small. Basically, it is not quite cost reflective. We are covering the last of the feed-in tariff and we are covering a range of small fees that Synergy pays when it waives the full cost to consumers. Then we are also making good its tariff equalisation contribution. When we think about that, there are other subsidies that have always been in place: the air-conditioning allowance, the dependent child rebate and WA government energy assistance. They have always been there. But in respect of the gap between revenue and expenses, we are only covering the non-commercial aspects. So, now we are saying to Synergy, “You go and be a commercial business because we are not going to subsidise you for your commercial operations”, and that has changed the nature of Synergy’s operation. The Treasurer was correct. The aim to reduce the costs in Synergy started when the member was Treasurer and energy minister, but we have continued that, and we are driving out costs from the business. We are making it into a new business, if you like.

Dr M.D. NAHAN: Yes. Minister, I accept the intent. Some of those costs that have been included in those subsidies as non-commercial activities were treated as separate line items before, but let us not argue about that.

There are some structural problems in the industry that Synergy faces, I believe, that make it inherently non-commercial. It is very hard to change. For instance, its generation has dropped by, I do not know, 30 per cent, just looking at these numbers, but it has to maintain its fleet—that is, it is ageing, and repair maintenance costs would be very high. It has to pick up, currently, a large cost of the intermittency inefficiently by running clapped-out coal-fired power stations as backup. Is the minister working on the inherent market, not the firm-based but the market-based problems that Synergy, as the dominant player, has to pick up the costs of?

Mr W.J. JOHNSTON: Yes. As Kate Ryan outlined, the new essential system services market deals with a number of those issues that the member has raised. To be generous, the former government closed Kwinana; that was a good decision. We are now having to spend tens of millions of dollars rehabilitating it, but somebody had to!

Dr M.D. NAHAN: The government will have to do that with Muja C.

Mr W.J. JOHNSTON: Yes. My friend the Treasurer, when he was Minister for Energy, closed Muja AB. I have announced the closure of Muja C. So, we are actually dealing with the overhang of—what was the term the member used?—clapped-out coal-fired power stations. I am just adopting the member’s language; I am not saying —

Dr M.D. NAHAN: I was the minister of Muja A and B. If there was nothing clapped-out, that was!

Mr W.J. JOHNSTON: Indeed.

Dr M.D. NAHAN: As the man sitting next to you would attest!

Mr W.J. JOHNSTON: No, we blame Verve! Who was the CEO at the time?

Dr M.D. NAHAN: I do not know.

Mr W.J. JOHNSTON: Anyway, we had the same joke, I can assure you!

Anyway, we are addressing the underlying challenges there. The whole system plan, despite it being misreported, has also outlined the future generation profile, and that is renewable. That is why we are looking at the Kwinana big battery. I can let the member in on a secret: lithium-ion, so Li-ion, its internal nickname was “Project Simba”. Project Simba is about moving into that space. I understand the member for Bateman does not want to do Project Simba, but we see it as essential to the future of the energy system and to the future business model for Synergy because we want to create a new Synergy. We want to leave the past behind and create a new business, and that includes a new customer engagement process—I am sure we will talk about that further—and a new generation profile. That is why we have announced the Muja C closure. Future coal closure will be for a future date; we have no current plans to do that and that will be dealt with at the time. The big battery in Kwinana is part of that new approach, as is the school virtual power plant and the work with smart energy social housing.

Dr M.D. NAHAN: Is the minister confident that he can restrain the growth and the effect of subsidies, particularly the tariff equalisation contribution, going forward according to the forward estimates?

Mr W.J. JOHNSTON: It is expected that Synergy will remain operationally cash flow positive over the forward estimates. That is not to say it is not a challenged business. I get that it is a challenged business. When we about it, if this was a private company, the new CEO would have come in and written down all the assets, created a new business plan and then injected new capital into the business. Guess what? We wrote down the old assets. We told the member in the estimates last year we were going to do that and then we announced it in the annual report. We created the new business model internally. Western Power’s board and senior management created the new business model, and the member will hear about that further. We need to inject a little bit of money, and that is what we have done here.

[11.10 am]

Mr D.T. REDMAN: There has been some referral to the big battery in Kwinana. That is in Synergy's portfolio.

Mr W.J. JOHNSTON: That is correct.

Mr D.T. REDMAN: The minister commented in a media statement that that will keep the lights of 260 000 houses on for two hours.

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: Is it intended to keep lights on or was that simply a statement to refer to the size of the battery?

Mr W.J. JOHNSTON: It reflects the size of the battery, but it will have two purposes—all batteries will. The first purpose is as an essential system service and the second is as energy arbitrage. Remember, Synergy is the only utility that buys rooftop solar. It is paying \$70 a megawatt hour for energy that it currently is selling at negative \$1 000. It pays \$70, and sells it for minus \$1 000, so it can look to do a bit of energy arbitrage. But it will serve.

Mr D.T. REDMAN: It will provide system services, but will Synergy get a financial benefit for those system services?

Mr W.J. JOHNSTON: Yes; absolutely.

Mr D.T. REDMAN: It is not in place now, I did not think, the mechanism for that.

Mr W.J. JOHNSTON: No. Industry often says that having the Minister for Energy being both the regulator and the owner is a challenge, but there are actually Chinese walls. Everybody in the sector knows that the Energy Transformation Taskforce is working on the new essential system services market. That has been well engaged with the private sector and everybody knows about that. Synergy is included in that. So in looking forward, Synergy believes that this battery is a good business proposition. The government as the owner agrees, and we are moving down that pathway. Synergy's estimate of the ESS revenue is its commercial decision. What the market finally looks like, we will see very soon, because, as the member knows, the market participants are all engaged. The consultation level by the Energy Transformation Taskforce is extraordinary.

Mr D.T. REDMAN: What will be the ultimate ownership structure, because I thought the government was going to market?

Mr W.J. JOHNSTON: Yes. We are going to market to see; however, it is essential that Synergy retains control of the battery, regardless of the ownership structure.

Mr D.T. REDMAN: So is it 51 per cent, Synergy?

Mr W.J. JOHNSTON: No. It is management control; it is not a question of ownership.

Dr M.D. NAHAN: It is operational.

Mr W.J. JOHNSTON: Yes, it is operational control. We are very pleased that the commonwealth government is putting in a \$15 million grant contribution to the battery.

Mr D.T. REDMAN: That means it could be a long-term lease or something. What is the nature of the arrangement?

Mr W.J. JOHNSTON: We are currently out to market. Dozens and dozens of people are talking to Synergy about what the project might look like. Because of the accounting standards, doing things off balance sheet is not as big a deal as it was in the past, because we now have to count lease obligations. The trick is that it is not valuable to Synergy if it does not have operational control of the battery.

Mr D.C. NALDER: The minister made a statement that I was against batteries; I am not against batteries.

Mr W.J. JOHNSTON: Well, you came out and —

Mr D.C. NALDER: The concern I raised —

Mr W.J. JOHNSTON: —said you would not do it.

Mr D.C. NALDER: The concern I raised on this issue was about the growing subsidisation of Synergy and, therefore, the growing cost base and the impact on taxpayers. We have an increasing gap on cost reflectivity, so my concern was about the increase in costs and how this was impacting costs, which ultimately flow through to taxpayers or consumers. That was the concern I was raising—that we did not have any transparency on that.

The CHAIR: That is not a question.

Mr D.C. NALDER: Yes. Just on that question, can the minister comment on the increased cost base of Synergy and the gap that is widening around cost reflectivity?

The CHAIR: That is probably a further question.

Mr W.J. JOHNSTON: Cost reflectivity is not widening; it is narrowing. The average subsidy for the eight years of the Liberal government was \$286.4 million. The average subsidy over our first four years plus the forward

estimates is \$120.7 million. In 2020–21, the subsidy is \$164.7 million, which is reflected in the table that the member referred to, so we actually have halved the subsidy. As I say, I recognise the work done by the member for Riverton in starting the process of driving out costs, but it simply is not correct.

Mr D.C. NALDER: It is not tipping back up again now?

Mr W.J. JOHNSTON: No. The member can see that on the Synergy table that the member for Riverton referred to in budget paper No 3. It shows that the viability payments are \$164.7 million in 2020–21, \$135 million in 2021–22, \$134.3 million in 2022–23 and \$134.8 million in 2023–24. Understand that they are the subsidy payments for non-economic activity. Synergy's underlying cost base actually will fall over that period, and there will be even further advances as certain high-cost arrangements in the market end beyond the forward estimates.

Dr M.D. NAHAN: Is the minister assuming that is the Bluewaters transaction, which runs out, I believe, in 2025?

Mr W.J. JOHNSTON: Yes. As it happens, that is when it runs out. Synergy has a range of high-cost arrangements for fuel and energy. I want to congratulate the management of Synergy in settling the price renegotiation for their gas, which significantly reduced its cost. It has also resettled its contract for gas transportation, which has obviously also been to its advantage. It has resettled its coal supply agreement, which, although it does not reduce their costs, creates flexibility for the future.

Dr M.D. NAHAN: Is that the Premier Coal contract?

Mr W.J. JOHNSTON: Yes. It has settled that. It does not reduce costs, but it gives Synergy more flexibility.

Dr M.D. NAHAN: Does it not increase costs?

Mr W.J. JOHNSTON: I think it might increase in the short term. It goes up, but goes down over time because it has more flexibility. Then in 2025, other contracts will come to market as well.

Dr M.D. NAHAN: Minister, the market is transforming and Synergy, as the dominant player, has to transform.

Mr W.J. JOHNSTON: Yes; that is correct.

Dr M.D. NAHAN: The minister announced that Kwinana and Muja C are shutting down, and Muja A and B are shutting down. Traditionally, when that baseload capacity is shut down, it would be replaced with other baseload. I assume that it would be replaced with gas baseload, particularly in the traditional sense, unless the policy is changing, particularly to back up the intermittence that is growing in the industry. Does the government have any plans to allow the market, if it thought it was needed, to build a gas-fired baseload power station?

Mr W.J. JOHNSTON: “Baseload” is an interesting word. People say “baseload” when they mean “dispatchable”. In the old days, baseload was whatever the minimum demand was, and the coal was built up to the minimum demand and then there was flexibility up and down. But the problem for us now is that that minimum demand might be negative, so how do we build for minimum demand if it is negative? We have to build an intelligent grid. That is what the transformation strategy is about. I am not sure that anybody would be able to bank a gas-fired power station at this stage. If one came to market, I imagine it would replace an existing older gas unit because the dominant future supply of electricity is going to be rooftop solar plus wind. Rooftop solar, despite the fact that Synergy is currently paying \$70 a megawatt hour for it and in future will be paying \$30 a megawatt hour for it, is free to build because the consumers are paying for it. There has been 280 megawatts of additional solar in the last 12 months. That is extraordinary.

Dr M.D. NAHAN: Was that 280 megawatts?

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: What is the total number now?

Mr W.J. JOHNSTON: It is 1.3 gigawatts or something like that.

Mr D.T. REDMAN: Is that just the Western Power network?

Mr W.J. JOHNSTON: Yes. That is the Western Power network.

Dr M.D. NAHAN: What is the installed capacity of wind and what does the minister expect it to be in four years?

Mr W.J. JOHNSTON: I am sorry; it is in the “Whole of System Plan”.

Dr M.D. NAHAN: That is growing very rapidly, too, is it not?

Mr W.J. JOHNSTON: Funnily enough, the only wind power that Synergy owns is in the Horizon network, in Esperance and Denham.

The CHAIR: We are ranging fairly widely. I know we are off budget —

Dr M.D. NAHAN: Is the minister of the view that —

The CHAIR: Member.

[11.20 am]

Dr M.D. NAHAN: Yes.

The CHAIR: I just said that we are ranging a bit far and wide. Can we keep it all to the one vague subject area?

Dr M.D. NAHAN: I am going right back to what we dealt with, just to get a summary from the minister on a comment that he made.

The CHAIR: All right. Further question.

Dr M.D. NAHAN: Is it the minister's expectation that a large, additional gas-fired power station will not be built?

Mr W.J. JOHNSTON: None of the four scenarios run in the "Whole of System Plan" are predictions of the future; they are scenarios. Two of those scenarios are high-demand scenarios, and one of them predicted no coal closures and potentially gas firming. Is that a realistic prediction? I do not think so. I always say that I am dealing with the problems of today. In five years' time, whoever is the minister can deal with the problems then. The next revolution in Western Australia is export hydrogen, because if we get three or four massive 30-gigawatt export hydrogen projects, Western Australia's domestic energy needs will become a margin—it is like our domestic gas supply; it is just supplied by the exporters and they do not even care—because the margin cost of our total demand is so low if we have 120 gigawatts of export hydrogen. Am I saying that there is going to be 120 gigawatts of export hydrogen? Who knows, but it will be interesting. We have run the scenarios. We have made the predictions. We have set ourselves some benchmarks that we can make, which are described as "no regrets" decisions, a bit of augmentation for the network out around the goldfields and encouraging future generators to build in the south. That will give a different wind resource and will remove the need for network augmentation. I do not think we are going to end up with demand for additional gas generation other than to replace the existing generators. Would Synergy come to me with a business case for that? I doubt it.

Dr M.D. NAHAN: In Synergy, is the minister still implementing the caps on generating capacity?

Mr W.J. JOHNSTON: The cap is in place; yes.

Dr M.D. NAHAN: Is the minister reducing them?

Mr W.J. JOHNSTON: Yes. As they retire, the plant cap is reduced. Remember that Bright Energy Investments is not Synergy's. Synergy owns 19.9 per cent of Bright, so that is not Synergy's. It is building through virtual power plants and other things, a small amount of generation.

Dr M.D. NAHAN: Yes, but as Muja is retired, the cap will come down. Is the policy, therefore, to increase competition?

Mr W.J. JOHNSTON: I do not know that that is the case.

Dr M.D. NAHAN: That is why the caps were put there.

Mr W.J. JOHNSTON: That is what the cap was for, but I do not think it serves that purpose anymore, because I think that the market is so different now, it is no longer relevant. The future generation is wind; that is the big growth. Warradarge through Bright and Yandin through Alinta are going to come on, and they will be the dominant players. I expect that they will be the price setters in the future.

Mr M.J. FOLKARD: I refer to page 760, budget paper No 2, volume 2. How has Synergy improved its case for management of customers in hardship? I am referring to paragraph 1.2.

Mr W.J. JOHNSTON: That is a really good question.

The CHAIR: It was worth the wait, was it not?

Mr W.J. JOHNSTON: It was worth the wait.

Mr M.J. FOLKARD: I thought so!

Mr W.J. JOHNSTON: Last year, Synergy and I had a conversation about its relationship with its customers. I challenged Synergy to improve, and I think it is great that it has. I just want to read—I wish I could table it, but I am not allowed to—a letter that was sent to me at the beginning of September from the Financial Counsellors' Association of WA —

I am writing on behalf of the ... (FCAWA) to highlight our appreciation to Synergy for all the hard work and effort undertaken to provide the new 'Financial Counsellor portal'.

It then states —

Synergy have dedicated their resource in order to provide this service acknowledging the valuable work done by Financial Counsellors across the state and the importance of being able to help vulnerable people and how challenging this can be.

It goes on —

FCAWA would like to acknowledge the work Synergy has done to change attitudes and consumer perception and the ongoing positive relationship between Synergy and the Association is a testament to this.

I would like to invite Mr Waters to explain what is going on inside Synergy, which is a really exciting change to the business.

Mr J. Waters: Yes, the minister is correct. He did challenge us last year in regard to how we can lift the bar in handling, particularly, customers who are confronting hardship. We dedicated a team to that and spent a bit of time speaking to people, speaking to hardship customers directly and speaking to financial counsellors, and considering the different options and what can we really do with the resource we have to improve the way we operate. There are probably two things that would come out of that that I would like to highlight.

One is that for the first time, we implemented a concept known as case management for customers facing hardship. As opposed to the traditional means of ringing our contact centre and then getting whoever answers the phone and then having to explain their situation to them and go through the challenge of that and getting the response, we have now dedicated staff trained with the special skills needed to deal with customers who are facing hardship. That is still in its infancy. We have four case managers currently and we are looking to expand that number to about 15 soon, so we will be creating 15 new jobs for people who are specialised in supporting people in hardship. That has been a great initiative.

The second one to come out of that work, though, was the financial counsellors' portal. One of the challenges we have is that when someone confronts us with significant hardship problems, we refer them to a financial counsellor through which they can gain additional support through the hardship utility grant and various other schemes, but the privacy provisions that we have in place require the customer to provide their authority for the financial counsellor to access their information. That needs to be done through a contact centre. They would ring up like anybody else and there was often a long delay and quite a bit of frustration because the customer would have to be there to provide the authority. We would then provide the information the counsellor needed, and if any further information was required, they would often have to ring back to get a little bit more information on that customer to help them. Instead, we have now designed a digital portal through which financial counsellors can access our customer information system directly. The privacy matters are overcome through a secure PIN arrangement that is sent to the customer. The customer can then provide authority directly to their financial counsellor and the counsellor can access the customer's information on their behalf and see all the information that is relevant to them: the historical usage, the billing, the premises that they hold, the history with us and whatever history of support they have received. There is significantly more information. That has led to much better outcomes. It makes the financial counsellor's work more efficient; shortens the time and duration for us; reduces calls into our contact centre; saves us money; and, most importantly, customers in the hardship space are getting better and more complete support more quickly without the frustration of the to and fro between Synergy and the financial counsellors.

I am thrilled with the work the team did. It is really innovative and it is different. I think it is a new sort of paradigm of operation for us and for other utilities to consider about how we deal with customers in hardship through a slightly different approach. So, yes, thank you for the question.

Mr D.T. REDMAN: I understand the points made about those who cannot pay their bill and, therefore, the challenges with HUGS and all those other processes, and the one Mr Waters just described as strategies for dealing with that.

One of the other groups that emerged from the inquiry that I was involved in—I acknowledge the Chair of the Economics and Industry Standing Committee, who is here—was that rooftop photovoltaics are open to those who can afford to put them in. It is a blind Freddy argument—put it up and it will be paid for in no time. There is a group of people out there who cannot afford rooftop PV. Can the minister expand on what strategies might be deployed to support that group of people who are not necessarily nonpayers, but who are not able to get the benefits that many others in the community do?

Mr W.J. JOHNSTON: I will ask Mr Waters to make some comments, because obviously we have a program that is exactly that.

Mr D.T. REDMAN: Is the minister talking about social housing?

Mr W.J. JOHNSTON: Yes. The easiest thing in the world to do is to throw a set of solar panels on somebody's roof, but that, of course, then contributes to the challenge in the broader system, and we are not doing that. So, Synergy is working with the Department of Communities as one of the line items in the state recovery plan to put 500 houses that belong to the Department of Communities into this program. We are just finalising the business plan at the minute, but the idea is to bring a change to the way in which energy is provided in the social housing space. I invite Mr Waters to make some comments.

[11.30 am]

Mr J. Waters: Thank you for the question. It is a very good one because we certainly see that separation between people who can always buy their way out of the energy market through large solar systems, and those who cannot. The smart energy for social housing project is an excellent example of that. What we will be doing there is combining controllable solar with electric hot water into the community housing stock that will become, in effect, assets of Synergy that we will then maintain over their full life cycle. What I am particularly interested in with electric hot

water combined with its storage capability is that it is a significant component of the overall distributed energy resources road map that people do not think about too much. When we think about the DER, we tend to think of batteries and panels and all the kind of stuff that immediately comes to mind, but electric hot water —

Mr D.T. REDMAN: Are you talking about heat pumps?

Mr J. Waters: Absolutely. Combined with insulated storage, the ability for that to be controlled initially within the home to heat the water when solar production is at its peak and the system may not need exported energy, deals with two issues within the home: first, it has the benefit of the solar being there and it avoids the direct spill into the system that creates some of the other concerns that no doubt members will be aware of; and, second, it also shifts a second major household bill, which is around the supply of hot water, and it does it at a time of day that is efficient and in sync. Ultimately, I think, looking further down the track when we talk about orchestration under the DER road map, electric hot water will become a major part of what ultimately will become part of the controllable asset suite within those homes. So I think that is a great one.

The second matter that I would not mind mentioning, if I could, is that I was with the minister earlier this week when we opened the affordability experiment home in Bennett Springs, which is a project between Synergy, Keystart, Mirvac and Terrace Homes, as part of BGC. That project is looking at ways of putting affordable housing into the market, inclusive of significantly improved building standards around sustainability and efficiency, and includes panels and batteries in those homes. We are a part of the initial roll out of that. We are working with the tenants of those homes over the first two years to work out exactly how efficient these homes can be. We are not talking about homes at this price point that are extremely expensive; these are almost entry-level homes in some cases. I think that is another initiative where we want to see this technology being made available to people who would otherwise, in the traditional sense, perhaps not be able to afford the initial cost of \$5 000, \$10 000 or \$20 000, if we are including a battery. The question is: how do we make that work?

Mr D.T. REDMAN: The solar panel heat pumps are for social housing. That is not outside social housing, so those who have some financial challenges to start with.

Mr J. Waters: Yes.

Mr D.T. REDMAN: Do those systems have the communications technology to have centralised control? Mr Waters mentioned having control of the solar panels. Is that a central control, as in a virtual power plant-type arrangement?

Mr W.J. JOHNSTON: VPPs are interesting, but they are for the future at this stage. They are controllable because we do not want to have uncontrolled spill. The energy system is complicated, as I keep saying to people, so we do not want to add to the challenges that we already have. In the future, all solar panels will need to be controllable, so we are doing that with the Synergy ones. If somebody said, “Let’s run a government program to throw more solar panels on”, I would not be supportive of that. We have got to have something that is innovative. It has to be new and different.

Mr D.T. REDMAN: Such as running some batteries, minister?

Mr W.J. JOHNSTON: We are all laughing because Neil has put batteries in his brand-new house, so he is our demonstration. He will get his phone out and show us in a minute!

Dr M.D. NAHAN: You overpay him!

Mr N. Roberts: Sorry?

Dr M.D. NAHAN: You are overpaid!

Mr N. Roberts: I knew that!

Mr W.J. JOHNSTON: Anyway, the pay-off for batteries is crossing over. It is probably just not in the money at the minute because people have to be able to pay them back before their warranty expires, so batteries are a bit challenged at the minute, but when the price of batteries come down, they will be in the money. I think about 2 300 people in the south west interconnected system have home batteries. If we think about that, we are probably about where we were at with solar panels in 2003, so they are probably 10 years away from having a big influence on the system. We want to have everything right for when they arrive. It is like electric cars. I always say that I do not want to plan for the first 1 000 electric cars; I want to plan for the first 100 000 electric cars, and it is the same here.

We have a number of projects that arise from the DER road map, one of which is Project Symphony, which is the virtual power plant that we are seeking funding for from the Australian Renewable Energy Agency. Synergy is a participant in that with Western Power and the Australian Energy Market Operator. We do not currently have ARENA’s approval. It was hoped that the approval would have been given in July, but it changed its board, which pushed the decision out a little bit, but we hope that perhaps for Christmas the commonwealth government’s agency will tick off on that and that will allow us then to do a large-scale trial of a VPP like the one that is being done in Adelaide with ARENA funding. So this is not, of itself, a VPP, but when VPPs are around in the future, it can be plugged into the VPP.

Mr D.T. REDMAN: This question is related to the first one, but I need to refer to a point in the budget papers, so I refer to the COVID WA recovery plan on page 760 in budget paper No 2. I am assuming that the line item “Renewable Energy for Social Housing” is what Mr Waters just talked about.

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: The line item just above that is “Community Energy Exchange”.

Mr W.J. JOHNSTON: Yes, that was changed —

Mr D.T. REDMAN: Has that been involved in any of the conversations the minister has had or not?

Mr W.J. JOHNSTON: This was Synergy’s original name for the project and then it went to Treasury and got included in the budget, but we actually changed the name before we announced it. It is the school VPP.

Mr D.T. REDMAN: Okay.

Mr D.C. NALDER: A minute ago the minister talked about wind power and the growing reliance on it, particularly with Warradarge wind farm and Alinta’s Yandin wind farm. I just want to refer back to the intermittency issue, and I understand the need to stabilise the grid with rooftop solar. Moving forward, if we are going to have this growing reliance, is the intermittency going to be the problem of the state or is the minister considering putting more pressure on the suppliers to provide a more stable or quasi-baseload instead of having an intermittent supply?

Mr W.J. JOHNSTON: That is really a question for Energy Policy WA, but as Kate Ryan said, Energy Policy WA is looking to a “causer-pays” approach. So if someone causes the problem, they need to cover the cost. One of the things that I have talked about as minister right from the start is about how we make people do the right thing. We could simply specify that all generation must be firm and then it would be the generator’s problem to create that and whether they did it through a bilateral contract or through some other mechanism would be up to them. That was the challenge that I put out, but when I went out to the Energy Transformation Taskforce, the sector said that it preferred to have an essential system services market. Some of those ESS obligations will be purchased by AEMO and, clearly, Synergy is in a good position to sell those because it has coal-fired plants and gas plants, but, of course, there are other operators who have equipment that can support the system. As I said, the battery is in two parts: one part is the ESS component and the other part is an arbitrage component. I imagine that there will be other companies—there is only one currently, and therefore I will not name it—but only one that has ever spoken to me about putting a battery in the SWIS, but I imagine there are people talking to others about putting batteries into the SWIS. I have certainly had competitors to Synergy talking about putting batteries behind the meter in their generating facility—either a wind farm or a solar farm—to smooth out their intermittency.

Dr M.D. NAHAN: If the government charges for intermittency, or however it does it—it is a big issue—will the government back cast to past investments on intermittence?

Mr W.J. JOHNSTON: No. This is Synergy’s whinge—sorry—Synergy’s complaint, that —

The CHAIR: Its representations, I think you mean, minister.

Mr W.J. JOHNSTON: Yes, its very strong representations are that it is absorbing the essential system services costs but not being rewarded for those, so Synergy is desperate for us to get the market. All of its competitors say, “What are they talking about? They get all this other revenue.” Everybody in the market defends their own position.

Dr M.D. NAHAN: Yes, of course.

Mr W.J. JOHNSTON: Our aim is to make sure that the costs are transparent and driven down. The good news is that the “Whole of System Plan” shows that in those four scenarios, the costs either remain the same or go down by up to 50 per cent over the time of the forecasts.

[11.40 am]

Dr M.D. NAHAN: Just to follow up on that point, if we price for intermittency only on new entrants to the market, that is going to increase the cost for new entrants.

Mr W.J. JOHNSTON: Yes, that is why we are not doing that.

Dr M.D. NAHAN: So how is the minister going to deal with the —

Mr W.J. JOHNSTON: We do not, because the system has to be in balance; therefore, those that are contributing to the imbalance have to pay for that.

Dr M.D. NAHAN: Going back to my point, if existing wind or solar was purchased under a different pricing regime four or five years ago, is the government going to charge for the intermittency?

Mr W.J. JOHNSTON: Yes, but there are three revenue sources. The first revenue source is the capacity market, and that makes us unique in Australia. Most revenue actually comes from the capacity market. The second element is the energy cost, but, of course, the intermittent generators are driving down the energy costs. That is why the wholesale balancing price has fallen and will continue to fall. The third element is the ESS costs. At the moment, there is some transparency on some elements of the ancillary services, but the more mature essential system services will expose the costs and price them appropriately.

Mr D.T. REDMAN: At a household level, there will be a lot of batteries behind the meter, either driven by the price and/or any other incentive that might be there. Communications technology will tend to manage that as a unit. How much will that contribute to the collective issues that Synergy has with its load? It is the issue of system services and the like. How much is that being factored into the future?

Mr W.J. JOHNSTON: There are two separate things there. The first is the question of the impact of those things on Synergy, and the second is the impact of those things on the system. In respect of the system, that is what the DER road map sets out. It sets out the series of technical, administrative and rules changes that need to be made. There are 39 actions with specific people responsible and that is already being implemented. That is about making the system work with high levels of DER. The separate issue is how Synergy makes money. Does the member see that they are not related to each other?

Mr D.T. REDMAN: But there must be some understanding of just how much that is going to contribute to all the things we have just been talking about, which is intermittency and managing all those services.

Mr W.J. JOHNSTON: Yes, that is true, but they themselves do not directly impact Synergy. The impact on Synergy is that nobody wants to buy electricity anymore.

Mr D.T. REDMAN: I remember sitting around the table with my colleague here talking about a \$13 million program of putting rooftop solar panels on houses.

Mr W.J. JOHNSTON: Yes, I am not going to do that.

Mr D.T. REDMAN: It very quickly turned into something else.

Mr W.J. JOHNSTON: Yes, because as I say —

Mr D.T. REDMAN: So I guess that is —

Mr W.J. JOHNSTON: Dumb solar on roofs is not the solution to our future.

Mr D.T. REDMAN: I know.

Mr W.J. JOHNSTON: It is controllable solar combined with batteries.

Mr D.T. REDMAN: But we have got another beast out there, and that is batteries, which is going to move out of the government's control.

Mr W.J. JOHNSTON: Okay, but that is the question of the impact of batteries on the system. Synergy wants to play in that space, and that is why it is looking to see what we can do with VPPs. That is why the school VPP trial, SESH and Project Symphony are so important to us. But they are separate issues because Synergy does not run the grid. That is for AEMO, EPWA and Western Power. A range of benefits come with controlled solar. It provides benefits as well as challenges, and that is what the VPP and Project Symphony are all about.

Mr D.T. REDMAN: The load and intermittency issues are important to Synergy because if behind-the-meter batteries and VPP technology bring that on as a significant player in the mix, it will be very directly related to Synergy.

Mr W.J. JOHNSTON: Yes. So, there is a business case to be made for getting into VPP, and guess what? Synergy is talking to me about that.

Mr D.T. REDMAN: I guess my question goes to just how much Synergy is factoring that in.

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: Is it significant or is it small?

Mr W.J. JOHNSTON: Yes, it is significant—absolutely. If we go from having one-third of houses to one-half of houses having rooftop solar, that is going to have a massive impact on Synergy. The Member for Riverton can assure the member that the revision of the estimates of future cash flow for Synergy is a major worry for the budget. If we looked four years ago at what Synergy thought its revenue would be in 2019–20, we would see that none of those figures have come true because the demand is falling.

As I keep saying, there are two separate issues. There is the issue of what the government is doing to plan for the future to make sure that the lights stay on. That is EPWA, Western Power and AEMO working together through the energy transformation strategy. How that impacts on Synergy is a separate question that really goes to the heart of the questions that the members for Bateman and Riverton asked about subsidies and driving costs out of the business. The other challenge is what Synergy will look like in the future. As I said, we have worked together with management and the board to create a vision for the future of Synergy, and I am sure they will talk about that, not today, but very soon.

Dr M.D. NAHAN: Let us talk about the asset investment program and Bright Energy. If the minister needs a flag, it is the asset investment program on page 234 of budget paper No 3 under “Utilities”. Synergy's bases go from stationary to declining slightly.

Mr W.J. JOHNSTON: Sorry, I do not have a copy of BP3 in front of me. I am not trying to be unhelpful.

Dr M.D. NAHAN: It is \$58 million in 2020–21 going down to \$42 million over the forward estimates. The government is not investing very much either in new kit or, in fact, existing kit. Is that because Bright Energy is going to be the vehicle for Synergy meeting its energy expansion?

Mr W.J. JOHNSTON: The asset investment program for Synergy that the member referred to is, of course, repeated on page 760 of budget paper No 2. The member can see the breakout there of all the specific expenditure that makes up that asset investment program. The member can see what the different elements of the AIP are.

Synergy would probably like to spend more on its AIP, but we are very, very cautious about that because it is a business—a government trading enterprise—not a government department, and therefore this money comes from its customers, so we need to keep Synergy focused on keeping its costs down.

Dr M.D. NAHAN: One of the challenges that Synergy has in this market has basically been the balancing mechanism in a market increasingly dominated by intermittence. Synergy has some really nice diagrams here showing us the pattern from 10 years ago to today. Synergy is using coal-fired power stations to balance the load. I have looked at some of the utilisation of the coal-fired power stations, and it is going up. They are being used for balancing when they are not meant to be used for that, and that would lead to high repair and maintenance costs, I am told, by the experts.

Mr W.J. JOHNSTON: Yes.

Dr M.D. NAHAN: Is there a risk of a large capital blowout if some of this old kit is being used for balancing purposes when it was not designed to do so, and that results in high repair and maintenance costs? To be specific, this is a very thin capital works program for a very capital intensive industry.

Mr W.J. JOHNSTON: I am happy to ask Jason Waters to make some comments, but I will just front up and say that this is what has led to the decision to close Muja C. We have given notice that we are closing Muja C on the time line that we have expressed, not because we do not like coal but because it is harder to fit that facility into the very issue that the member is raising. I will ask Mr Waters to speak.

[11.50 am]

Mr J. Waters: The member is correct. There is definitely stress and strain on the fleet as a result of the shift in requirements to meet the intermittency of the market, but we are, I guess, the beneficiaries of the fact that we have seen it coming for a decade or so as well, and so we have started to, I guess, come to grips with that progressively. The asset investment program that is reflected in the budget papers certainly includes provisions for what we believe are those wear-and-tear items that we will need to replace. As an example, we have just completed a major overhaul of Collie power station in the last financial year. That captured a significant scope of work that is related to what we believe will be its operating duty into the future. We are certainly on a pathway now to reducing incremental capital investment on Muja C, as would be expected with its imminent retirement. In the current year, we are completing major overhauls on the two stage D units at Muja, where we again found wear and tear with the shift-of-duty factor. The member is quite right; that is reflective of the challenges and the change. Certainly, one of the watching briefs that we maintain as a management team right through to the board is ensuring the process safety associated with those machines that are being operated differently from the way they were designed. They are high-temperature, high-pressure and high-voltage pieces of equipment, so we have to make sure that we are absolutely squeaky clean from a process safety perspective. We have put a lot of effort into that.

The other thing I would say is that in terms of investing for the future, really what is contained within that program does include a lot of reform associated with the market changes the minister has spoken about on a couple of occasions. We are investing in our systems and we also have system enhancements coming up related to the advanced metering infrastructure rollout and some investments around our retail platforms. We are certainly investing for the future in ways that we think will be interacting with our customers in a very different way. It is going to be data driven and more technology based. When we are talking about VPPs in the future, we are possibly talking about a situation in which we are actually connecting other people's assets with software to enable them to be aggregated and then dispatched as a power station.

Another key investment for the future for us will be Simba, the big battery, which is also going to alleviate pressures on some of those coal plants and some of those older fleet matters as well by levelling that load. I am comfortable with that plan. I think it contains the provisions that we need to safely maintain our future, and transition and deal with the market as it is changing and evolving around us.

Mr D.T. REDMAN: Mr Waters mentioned Simba providing some ancillary services. Does the battery provide the full scope of essential services as the synchronous generators do? I did not think that it did.

Mr W.J. JOHNSTON: I am very happy for Mr Waters to answer.

Mr J. Waters: No, it will not. Certain services, like inertia-based services, actually require connected synchronous generation. It will reduce the amount that needs to be connected, and particularly the amount that will need to be started at peak periods heading into when the sun sets and the PVs start to wind back. Effectively, we will have a couple of hours of battery supply at that peak to alleviate those ramp rates and that stress and strain, but it certainly will not replace the full suite of services that synchronised generation can provide.

Dr M.D. NAHAN: Mr Waters and the minister talked about connecting solar to the grid. I agree strongly with the position that we should not just bung it on there anymore; we should never have done that. Will the government allow competition for that interconnection with Synergy? Synergy has a position and it has history, but that provides, I think, the basis for a virtual power network in the future, which is interesting, and has incentives for households to participate in.

Mr W.J. JOHNSTON: Yes. The DER road map sets out that competition will be permitted. At the moment, of course, only Synergy buys the electricity off the rooftops. I recently had a call with different people in the sector who were saying to me they did not think the 10¢ rate for the buyback at peak times under the new distributed energy buyback scheme was sufficient. I told them that if they wanted to offer the market a rate above DEBS, I would be very happy to look at that. I am still waiting for the call back.

At the moment, there is not a lot of value coming off the roof because the technology that will create the VPP is yet to be demonstrated. We know that it will work because it is a technological problem and there are a lot of clever people around. Interestingly, Audrey Zibelman from AEMO has gone to work for X, which is the Google Hail Mary future lab. Clearly, her role will be something to do with VPP. I imagine that when Google gets onto it, it is going to solve it. This is a technological software problem, and when it is overcome, then people will be able to play in the market.

Dr M.D. NAHAN: I asked a question about Bright Energy. What is the outlook for that? The government owns nearly 20 per cent of the asset.

Mr W.J. JOHNSTON: The government is a 19.9 per cent junior shareholder in it. It is principally owned by Dutch Infrastructure Fund and Cbus. We have a series of commercial arrangements with it that underpins the needs for Synergy to meet its obligations.

Dr M.D. NAHAN: Will most of Synergy's obligations for building renewable energy be put through Bright Energy?

Mr W.J. JOHNSTON: Bright Energy is intended to meet an overwhelming majority of its large-scale renewable energy out to 2030.

Dr M.D. NAHAN: What is the outlook over the forward estimates or beyond for Synergy's need to invest in new renewable capacity?

Mr W.J. JOHNSTON: That is a really interesting question, but really the answer is that we are creating a new business that will look very different in the future. We will not necessarily see traditional generation as part of it. Synergy will continue to own traditional generation, but the electricity system will be different and Synergy will be different.

Dr M.D. NAHAN: But it currently has regulatory requirements under the commonwealth to build so much to meet —

Mr W.J. JOHNSTON: No, it has regulatory obligations to have large-scale generation, and there is a whole range of ways that it can meet those obligations. Synergy is confident that it will meet those right out to 2030.

The CHAIR: All right. So it looks as though, ironically, we are running out of steam. Are there any further questions?

Dr M.D. NAHAN: Yes. The minister is on the record as flagging—I think it was more of a thought bubble—that the government would reduce the 50-megawatt cap, to provide competition.

Mr W.J. JOHNSTON: It is not a thought bubble, but it does not relate to Synergy; this question should have been asked when we considered Energy Policy WA.

Yes, we are working on reducing the cap for small businesses, but if I am going to do that, I want to make sure that all small businesses on the SWIS benefit. A significant number of small businesses pay exorbitant fees for their electricity. The example that I will give is a business in my electorate. The business owner owns three McDonald's restaurants. For two of them, he buys electricity from received from a company other than Synergy, and for the third one he has to buy electricity from his landlord. He tells me—whether it is true or not—that his electricity costs for the one he has to buy from his landlord is three times higher than for the ones that he buys in the market. So, if we are going to move further down this small business deregulation space, which I think is fine, I want to do it for everybody. Energy Policy WA had started work on this when COVID kicked off and then it stopped but it is now back on to it. I know there was a rumour around a little while ago that in six weeks' time I would make the announcement. That is not going to happen. This is a complicated regulatory framework that involves not just the electricity sector.

Dr M.D. NAHAN: I just indicate that a lot of the higher price for one year is an example that the recipient's landlord is actually operating in the competitive market and he was just not passing on the benefits.

Mr W.J. JOHNSTON: I understand that. That is why I do not think it is fair.

The CHAIR: That completes the examination of Synergy, and I will now vacate the chair.

Meeting suspended from 11.59 to 12.02 pm

Western Power —

Mr S.J. Price, Chair.

Mr W.J. Johnston, Minister for Energy.

Mr E. Kalajzic, Chief Executive Officer.

Ms J. Hall, Chief Financial Officer.

Mr S. Barbaro, Executive Manager, Asset Operations.

Mr N. Roberts, Chief of Staff, Minister for Energy.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. The Chair will ensure that as many questions as possible are asked, and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided, and then I will allocate a reference number. Supplementary information should be provided 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 question system.

Member for Warren–Blackwood.

Mr D.T. REDMAN: Thank you. I refer the minister to page 236 of budget paper No 3, which is the net accruals of all the public corporations, which, of course, includes Western Power. Significantly, the interim dividend was held back. I wonder whether the minister can give us an outline of the reasons and the basis for that. In his response yesterday, the Treasurer talked about Western Power needing to borrow to pay its way before the close of the last financial year.

The CHAIR: Minister, sorry; I should have mentioned that we have only 30 minutes allocated for this.

Mr W.J. JOHNSTON: It was a decision of government based on the needs of Western Power and the government.

Mr D.T. REDMAN: Can either the minister or the agency confirm that in fact the intent would have been to borrow funds, had Western Power committed to its dividend payment to government?

Mr W.J. JOHNSTON: Yes, it is true that if it had paid the dividend at that time, it would have had to borrow the funds. Because remember that its profit and loss is based on its asset position. When it gets gifted assets—the member of Riverton will explain this as well—a lot of its income is not cash, but in kind, and it is added to its regulated asset base. But it is still an accounting profit, and it still has to pay dividends on that.

Mr D.T. REDMAN: That would have been the position right up until 30 June. Knowing when the budget papers closed off, it would have been a March decision. Is it the case that right the way though, Western Power would have been in the position of having to borrow funds to pay its dividend?

Mr W.J. JOHNSTON: Yes, it would have borrowed money to pay its dividend, which is not unusual. That has happened on a number of occasions; it is not new.

Mr D.T. REDMAN: Typically, would Western Power go to Western Australian Treasury Corporation for that?

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: But not all of Western Power's borrowings are Treasury Corp, are they?

Mr W.J. JOHNSTON: Yes, they are all Treasury Corp.

Dr M.D. NAHAN: Further, what are Western Power's cash balances? How much cash does Western Power maintain? I am exploring the dividend. In the budget for 2019–20, Western Power expected to pay that dividend. The postponement was of an interim dividend. I assume the interim dividend was going to be paid towards the last quarter of the year. I assume that; the minister can confirm that. What was Western Power's cash balance during the last quarter of 2019–20?

Mr W.J. JOHNSTON: Page 48 of the annual report has the cash and cash equivalents at \$28 million as at the end of the last financial year. Mr Kalajzic tells me that the target is a \$25 million cash balance.

Dr M.D. NAHAN: The assumption in that budget would be that Western Power would have had moneys sitting aside to make the interim dividend in the last quarter of 2019–20.

Mr W.J. JOHNSTON: This is the annual report, which reflects what actually happened; it did not make the interim dividend at that time.

Dr M.D. NAHAN: Did the minister give a direction to Western Power to postpone the dividend?

Mr W.J. JOHNSTON: Under the act, a minister has to direct the level of the interim dividend, so I exercised —

Dr M.D. NAHAN: It is the minister, not the Treasurer?

Mr W.J. JOHNSTON: I think it is with the concurrence of the Treasurer. But the interim dividend is only paid when I direct it to be paid. Remember, this is actually the bit the member changed when he was the minister—he introduced the provision.

Dr M.D. NAHAN: I know.

Mr W.J. JOHNSTON: It says that Western Power can pay an interim dividend when it is directed to, and obviously I gave the direction not to.

Mr D.T. REDMAN: What was the interim dividend liability?

Dr M.D. NAHAN: It is fixed.

Mr W.J. JOHNSTON: It was \$215 million.

Dr M.D. NAHAN: The government has a new regulatory regime coming up.

Ms J.J. SHAW: Access arrangement.

Dr M.D. NAHAN: A new access arrangement, yes. When does that come up? What are some of the issues that the government is going to look into? In particular, are there any changes in methodologies that the regulator is considering?

Mr W.J. JOHNSTON: Well, I do not know what the regulator is considering; the member could ask it. But obviously there is a challenge about the weighted average capital cost because of the falling interest rates. I do not know what they are doing on the east coast; it must be a nightmare. I am glad the Australian Energy Regulator is not making the decisions, because I think it would get it wrong. There is a range of parameter variations and a whole range of technical issues regarding the fifth access arrangement that are keeping the board and management of Western Power up at night. In budget paper No 3, there is a financial risk for AA5. That is one of the risks that Treasury called out.

Dr M.D. NAHAN: The Australian Energy Market Operator was looking at a whole range of changes, and particularly in the fringe of grid inclusions, or exclusions—different treatments like that—to allow Western Power to perhaps include generation capacity in its RAB, or regulatory asset base. Other things have been considered in the eastern states. My knowledge of this is a bit dated. Has the regulator contacted Western Power asking it to include considerations of these changes when it provides information to the regulator?

[12.10 pm]

Mr W.J. JOHNSTON: We changed the act to allow Western Power to do the standalone power systems and to include standalone power systems in its WACC, in its RAB. Certainly through the transformation strategy there are a range of issues that are going to be dealt with, and then there are a whole range of other issues that regardless would need to be dealt with in AA5. It is a very, very complicated issue; that is why it is called out as a risk. Interestingly, of course, about half the downside risk for Western Power is an upside risk for Synergy. That is because one of the biggest clients of Western Power is Synergy. If its WACC and other charges are pushed down, that benefits Synergy. We had that big debate about how much the subsidy is. Well, those two things cross over. But there is no question that AA5 is a risk.

Dr M.D. NAHAN: On the issue of the WACC, that is a very significant risk right now. It happened before in the global financial crisis, if the minister remembers. Debt went down significantly, and it got locked into a couple of WACCs around the place. It took a whack out of industries. What directions has the minister had? This is an interim issue, hopefully.

Mr W.J. JOHNSTON: My control is limited, because the Economic Regulation Authority is independent. We can deal with the underlying rules around the market rules, and we are examining those, but I cannot control what the ERA does. It would be ridiculous for the ERA to set a weighted average cost to capital that is lower than the cost of borrowing. Because remember, it is not the government rate of borrowings; it is the government rate of borrowings plus that fee the member brought in. Was it 0.7 per cent? Yes, it is 70 basis points. It used to be 0.5 and the member put it up to 0.7 when he was Treasurer.

Dr M.D. NAHAN: It met it.

Mr W.J. JOHNSTON: Yes, it did, and it continues to do so. I am just making the point that if the ERA were to set the WACC on the basis of long-term government bond, but it is paying 0.7 above that, it would be going backwards. It cannot have a WACC that is lower than its actual cost to capital. Interestingly, Neil and I were talking just yesterday about the fact that the long-term bond rate might effectively be zero, if you want to call it that, but I am still getting four or five per cent on my super. Maybe they should really benchmark against super funds, rather than against the government bond. But this will all be submissions, and I can assure the member that Jacqui Hall has already briefed me about Western Power's strategy for dealing with AA5.

Ms J.J. SHAW: Minister, I refer to page 762 of budget paper No 2, volume 2. My electorate has about 1 200 to 1 300 square kilometres of fringe-of-grid areas. I am very interested to understand the impact of climate change on Western Power's performance in rural areas and fringe-of-grid areas.

Mr D.T. REDMAN: Chair, do we got a particular point on that page?

Mr W.J. JOHNSTON: It does not need one because it is Western Power and it is an off-budget agency. The member was just pointing that out. I will ask Mr Kalajzic to talk about this as well. There is no question that climate change is impacting on the business enormously. One of the challenges we have in maintaining these long, thin regional feeders is the impact of bushfires. If we have an outage—that is, a line goes out—it is automatically tested. If it fails the automatic test, there needs to be a physical inspection of the line. It cannot be re-energised, because if it is re-energised and there is a fault, it will potentially cause a bushfire. The problem is that because we have so many more bushfire days, we cannot patrol the lines using a vehicle, because we cannot move across the ground and have the vehicle start the fire. I think the number of those days is now three times higher than it was two years ago. That means that the outages are getting longer. The number of outages is the same, but their duration is going up, and that is obviously leading to angst amongst communities. I absolutely understand that, but it is a function of climate change, because it is leading to more of these bushfire days. I invite Mr Kalajzic to make some comments about the challenge that is being found.

Mr E. Kalajzic: I think 2019–20 was probably the most challenging year in terms of weather events. If members recall, we had an amazingly hot December, which is when we had all those total fire ban days. To support what the minister just said, we had 148 TFB events in 2019–20. To put that in context, we had 90 in the previous year and we had 53 in the year before that. It was a hot December, and I think anyone who had been out in the bush would have really have experienced that. It was just an incredible year. I have been at Western Power for only 12 months, and it has been really interesting. One of my first questions after a few months was, "Is this normal?", because we were just having such a high number of them. Remember that once we rolled out of December, we went into that January–March period when we had some absolutely super storms, the likes of which we have never seen before. In March, we had 500 000 lightning strikes in one week. Obviously that is complicated for anyone who is operating in the electricity industry. Then in May, which was actually my first weekend as CEO, the mega storm came through, with the strong winds all through the south west. I actually remember being in the call centre on the Sunday and seeing how the call centre operates, and also Sam's operation team being under pressure.

In terms of climate change, is there a change? I think the scientists will always make the exact comment on that. I grew up in the bush. I think anyone who has been out there will know that it has changed and it is certainly different and they are dealing with multiple events. From a Western Power point of view, we want to keep investing in the network; it is what we do. When we look at what is in the budget for this year, we see we have \$202 million to replace the 920 kilometres of conductor that we need to replace, and 27 000 wooden pole either replacements or reinforcement. Obviously we are still working on undergrounding, in terms of \$34 million. We are also starting to move into one of the earlier things raised around those standalone power systems in rural areas. That obviously has a very strong correlation with climate change, because they have fewer poles and wires and thus greater reliability for people in that fringe-of-grid area going forward. I actually think it is an exciting time. Although it is a challenge, I think we have a lot of initiatives in place that are helping to address it.

Ms J.J. SHAW: I have a further question that may be rather technical. I understand that the changing risks around network operations have caused Western Power to have a bit of a look into protection settings on the network particularly. That comes up for me quite a bit with my constituents. Could the minister perhaps provide an overview of the way in which Western Power now operates the network, particularly relevant to protection settings, because that often has an impact on line outages in the fringe-of-grid areas of my electorate?

Mr W.J. JOHNSTON: I will ask Mr Kalajzic to answer.

Mr E. Kalajzic: That is a very relevant question. Obviously we have different settings depending on the time of the year, and it is about those re-closers. If we have an event when something goes onto the conductors or power lines, then obviously during winter there is less risk of something arcing and creating a fire, and then they will re-close again, and when whatever caused that accident has moved away, we will have the power put back through. During summer, it is a very different story in terms of how that happens. We only do that once, and then obviously we have to inspect it, whereas during winter we can open and close and open and close, and then inspect if there still continues to be a fault. I think it is a really important security and safety part of the network, particularly when we have those total fire ban days.

Ms J.J. SHAW: Is it fair to say that because of the much higher safety risk during summer, the network is far more sensitive in the way that it operates, and that is a public safety bushfire mitigation and management function?

Mr E. Kalajzic: Yes, absolutely. We had our board meeting a couple of weeks ago, and one of the things we spoke about with the board was our preparedness for the fire season coming forward. I think it is always front of mind at Western Power. It is what happens, particularly out in those rural areas where they might get those weather events. Absolutely it is about safety. If we have an event, it is always about safety first, to make it safe, and then we have to work out how we can get in there and repair when we can.

[12.20 pm]

Mr D.T. REDMAN: Further to that question, in terms of responding to those risk areas, I understand that with the summer bushfire season and the demand that places on some of the network, Western Power has located a number of diesel generators to some weak spots. The minister referred to one in Mullewa. Can the minister provide any information on where the diesel generators have been located in response to preventing risks?

Mr W.J. JOHNSTON: Yes. I will invite Mr Kalajzic to comment in a minute, but I make the point that Western Power has a need for generators to facilitate outages and maintenance. What Western Power did in Mullewa was locate one of the generators that it had there anyway, rather than keep it in the warehouse. It is taking advantage of the need to have this equipment available.

Mr E. Kalajzic: I probably could not give the member the exact location of where they are right now, but obviously the number of units is about preparedness, and we have been investing in more units to make us ready for the summer.

Mr D.T. REDMAN: Can the minister provide by way of further information the location of diesel generators in parts of the Western Power network? I think it is a very relevant question.

Mr W.J. JOHNSTON: The challenge is that they are mobile.

Mr D.T. REDMAN: I absolutely understand that. I am interested in the locations for set-up for summer.

Mr W.J. JOHNSTON: I will write to the member and let him know what I am able to tell him.

Mr D.T. REDMAN: The minister cannot tell me the locations of diesel generators? I think that is pretty basic information, minister.

Mr W.J. JOHNSTON: No. The point I am making to the member for Warren–Blackwood is that these gen sets are used for specific purposes. That is why Western Power has them. They are not actually there for network support; they are there for other challenges. However, given that, the gen set that went to Mullewa is available because Western Power does not do the same level of work in summer as it does in winter; therefore, it would otherwise sit in the warehouse. There are no spare generators sitting around on the ground, they all have a purpose.

Mr D.T. REDMAN: Minister, I understand that. However, with the caveats that the minister provided, I am simply asking for basic information—the location of the generators that Western Power has deployed; they are not sitting in a warehouse, but Western Power has chosen to put somewhere. Can the minister provide me with that information?

Mr W.J. JOHNSTON: I can provide the information today, but what will I do tomorrow, because they will move? That is the whole point. That is what I am trying to get at.

Mr D.T. REDMAN: Just the information for today will be fine, minister.

Mr W.J. JOHNSTON: Okay. I will send the member a letter and let him know.

Mr D.T. REDMAN: What is the minister's committed timing on that?

Mr W.J. JOHNSTON: As soon as I can.

Mr D.T. REDMAN: Minister, in the last division, we talked about a number of locations at which Western Power is putting in some effort. I think there are some 10 regional locations for which it has gone to market on reliability matters around the Western Power network. Could the minister let us know where that is at, and the nature of the request from the private sector to try to provide a reliability solution?

Mr W.J. JOHNSTON: What I said to the member is that I get comments from the private sector. I gave the example of a particular company that had written to me saying that it wanted to take over a microgrid.

Mr D.T. REDMAN: No. There are a number of locations for which Western Power has gone to market and said that there is like a reliability fund that can be paid to anyone who chooses to come in and offer up a solution to that. Western Power is seeking the private sector to —

Mr W.J. JOHNSTON: That was the discussion with Energy Policy WA, and the answer was about the network opportunities map.

Mr D.T. REDMAN: I understand what discussion happened before, and I had a discussion. I have it in writing that Western Power went to the private sector and said that there are a number of locations in its network that have reliability issues—one is in my electorate, in Augusta—and that a payment is attached to that if the private sector can come to the party.

The CHAIR: Does the member have a line item for that question?

Mr W.J. JOHNSTON: I think there is a misunderstanding. The network opportunities map has not yet been published. This is the answer to the regulatory challenge of lowest-cost solutions, and the private sector criticism.

Mr D.T. REDMAN: But there are private sector participants out there now responding to Western Power's request.

Mr W.J. JOHNSTON: Western Power might have asked for bids for particular pieces of work. Sam is here. He is in charge of network operations.

Mr D.T. REDMAN: Is the minister saying that it is not?

Mr W.J. JOHNSTON: Western Power has an innovation unit that is talking to a number of people, including one down the member's way, which is the potential for pumped hydro.

Mr D.T. REDMAN: I understand that one. That is the Walpole one. Seven out of the 10 locations that have been identified as weak spots in the system and that have significant reliability issues are in the member for Moore's electorate. I understand that Western Power has gone to the market to say, "Can you provide a solution to this?"

Mr W.J. JOHNSTON: I am happy for Mr Kalajzic to make any comment he wants.

Mr E. Kalajzic: I am not too sure that we are talking about the same thing, but one thing we have gone to the market for is around flexibility service arrangements.

Mr D.T. REDMAN: Is about what?

Mr E. Kalajzic: Flexibility service arrangements. It is part of a trial we have been doing to work with people in the market around how we can curtail their energy on weekends, when we may have a low-load issue. That is one thing I do know we have gone to market for.

Mr D.T. REDMAN: Is that location specific?

Mr E. Kalajzic: It just depends on where the customer is.

Mr D.T. REDMAN: Okay, yes. This has specific locations.

The CHAIR: The member has asked the question, and the minister has responded. We are running out of time and we have a couple of questions lined up. The member for Cottesloe.

Dr D.J. HONEY: Thank you very much. Minister, I refer to page 763, the first heading "COVID-19 WA Recovery Plan" in the expenditure table, and the line item "Growth—East Perth Power Station". Can the minister outline for what purpose that money will be spent?

Mr W.J. JOHNSTON: That is a really exciting project. It is de-constraining the East Perth power station site. It is a bringing forward of works to decommission the 66-kilovolt yard in East Perth. That work was always going to happen, but Treasury is funding Western Power to bring the works forward so that the site can be used by its new owners.

Dr D.J. HONEY: Was there any thought that the proponents of the project might contribute? I see in this budget that about \$85 million of government money has been allocated to that site, including these works.

Mr W.J. JOHNSTON: The site is not worth anything. That is the problem. No, with all due respect, whoever buys it has to preserve the power station.

Dr D.J. HONEY: Sure.

Mr W.J. JOHNSTON: If we could make money off this, we would. When the Liberal Party was in government, if it had been able to make money off it, it would have. It was for sale by the former government and nobody wanted to buy it. No-one will buy constrained land, because it is not worth anything. Western Power is not funding the bringing forward—that is being funded by Treasury—because obviously Western Power has to act commercially. The 66-kilovolt yard was always going to be decommissioned. It had a long-term plan to do that, but it would have been done in 005, not in 004. Treasury has provided funding to allow us to decommission it. The land then goes to DevelopmentWA, which sells it. Western Power is not selling the land to the private sector. It is selling the land to another government agency.

Dr M.D. NAHAN: The \$16.9 million for the East Perth power station is funded to Western Power from Treasury?

Mr W.J. JOHNSTON: Yes.

Dr M.D. NAHAN: So the money comes in. It is in the budget somewhere?

Mr W.J. JOHNSTON: Yes.

Dr M.D. NAHAN: Is that part of that \$30, \$40 or \$50 million?

Mr W.J. JOHNSTON: Yes. A range of activities came out of COVID that were all approved. It is all CRF funding.

Dr M.D. NAHAN: What does it have to do with COVID?

Mr W.J. JOHNSTON: We just happened to include it in the COVID funding, because it is all about de-constraining work. This is a bringing forward of work that we would otherwise do, which is exactly what we are trying to do in COVID. We are trying to get work that would have been done later done now so that we can fill the gap that is left by the private sector.

The CHAIR: Thank you, minister. That completes the examination of Western Power.

[12.30 pm]

Horizon Power —

Mr S.J. Price, Chair.

Mr W.J. Johnston, Minister for Energy.

Ms S. Unwin, Chief Executive Officer.

Mr M. Houlahan, Chief Financial Officer.

Mr N. Roberts, Chief of Staff.

Miss K. McKenzie, Principal Policy Adviser.

Miss Y. Lucas, Senior Policy Adviser.

Mr J. Welch, Senior Policy Adviser.

Mr P. Meyerkort, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

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

Mr D.T. REDMAN: Thank you. I refer the minister to page 243 of budget paper No 3 and expenses from the general government sector. One of those relates to remote communities and essential services. I wonder whether the minister could update me on how many remote communities Horizon provides services to.

Mr W.J. JOHNSTON: Yes. This is an exciting project to continue the regularisation of more of these remote communities, and we are also pleased that the commonwealth government is going to make a contribution to other ones on top of these ones here. I will ask Ms Unwin to comment.

Ms S. Unwin: We have just over 50 communities that we already service as remote communities.

Mr D.T. REDMAN: How many?

Ms S. Unwin: It is around 50 that we already service within our remit. This body of work relates to another 13. Essentially, their electrical infrastructure will be upgraded to provide that safe and reliable service that I guess we call town-based services.

Mr D.T. REDMAN: Was that part of the \$40 million that I think was announced, which was a fairly significant chunk?

Mr W.J. JOHNSTON: It was \$65 million, yes.

Mr D.T. REDMAN: That was the total.

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: I think \$40 million was for the remotes.

Mr W.J. JOHNSTON: I cannot remember what the figure is for the remotes, but it also includes the standalone power systems, Denham and a few other things.

Mr D.T. REDMAN: Was that going to be borrowings for Horizon?

Mr W.J. JOHNSTON: No. That was money from the consolidated revenue fund for Horizon. It was not borrowings. The recovery money is from the CRF, so it is a subsidy to —

Mr D.T. REDMAN: The government made a \$65 million announcement —

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: — of which I think the lion's share was going to remote community investment.

Mr W.J. JOHNSTON: No, this is —

Mr D.T. REDMAN: When I asked a question on notice, that source of funds was borrowings.

Mr W.J. JOHNSTON: It was not Horizon borrowings.

Mr D.T. REDMAN: I thought it was Horizon borrowings.

Mr W.J. JOHNSTON: No, because it is this year. It is the \$40.4 million and it is a capital contribution. The total on page 243 is the expenses from the general government sector of the public corporations. Horizon Power got \$40.4 million of payments from the general government sector. It includes the \$23.7 million for the electricity credit, and then the three COVID amounts are underneath that, which is for the recovery plans and solar and energy storage for Derby Hospital at \$3.7 million. Those ones are CRF funded and the other ones are then debt funded. That is why the member is getting me confused because he is referring to the page about the Treasury payments to Horizon, but then asking me about things that are not related. I apologise that I was confused, but I agree that I was confused.

Mr D.T. REDMAN: That is all right.

Dr D.J. HONEY: Minister, I am interested in the simplification of the network. I wondered whether it would be possible to give an estimate of the average net cost to connect customers to the Synergy network.

Mr W.J. JOHNSTON: Is that Horizon Power?

Dr D.J. HONEY: Horizon Power's network, I should say. What is the average cost to government?

Mr W.J. JOHNSTON: Of a new connection?

Dr D.J. HONEY: Yes, of customers. There are so many customers to network and there is a cost.

Mr W.J. JOHNSTON: As it happens, the annual report shows the number of people who are served by Horizon. If the member divides the total cost of service by the number of customers, that will give him the average cost.

Dr D.J. HONEY: Does the minister have that number? I am not trying to be smart. I am interested in the number.

Mr W.J. JOHNSTON: Well, it is here. Yes, I imagine it is pretty high. In some of the communities where people are burning diesel, the cost is extraordinarily high. There is not just a climate change advantage by reducing the amount of diesel that we burn; there is also a very significant cost saving. The decision by Horizon to enter its new agreement with Contract Power for the supply of electricity in Esperance is an example of that; there is a \$10 million a year saving in costs for Horizon. That goes back to the tariff equalisation contribution and therefore takes the cost pressures off Synergy, which we were talking about before. It is working very, very hard to both reduce carbon pollution and, at the same time, costs.

Dr D.J. HONEY: There is a buyback line item in the report or the summary here. What is the investment in terms of taking customers off the extended grid?

Mr W.J. JOHNSTON: What is the member discussing? I am sorry, I do not —

Dr D.J. HONEY: Do not worry. I will go onto another question and then come back to it. There is a particular line item, but I will find it and refer to it.

Mr W.J. JOHNSTON: That is okay.

Mr D.T. REDMAN: There was some legislation that supported the opening up of some of Horizon's network. Can the minister give me an update of the status of that now and the predicted impact that it is going to have on Horizon's business?

Mr W.J. JOHNSTON: Yes. I will invite Stephanie Unwin to make a comment, but I will just say first that, yes, the legislation is through. We have delayed the expected implementation date by another six months, out to 1 July next year, because of the COVID pandemic. The other partners in that reform process support that. Energy Policy WA is currently in consultation about the nature of the system operator, because it is not clear that we need a complete system operator for such a small network. The Australian Energy Market Operator is one choice, but the participants in the market up there might choose a different option and that is currently being consulted on. Obviously, there are cost impacts on Horizon for the preparation of moving to the new market, and then there will be challenges post the new market when customers start to be pinched by other people. I will invite Stephanie to make a comment.

Ms S. Unwin: There is a likely impact on Horizon Power's revenue as a result of the number of contestable customers that are then made available for competition. About 47 customers would fall into the threshold that is available, and over the forward period we are expecting about a \$25 million revenue impact if those customers were to change their arrangements and move into a competitive supply that is not with Horizon Power.

Mr W.J. JOHNSTON: Could I make a point about that? Because of the nature of the South Hedland power station arrangement, that is a direct loss to Horizon that it cannot recover because it has still got to pay for the high-cost contract with the South Hedland power station. Think about this: Horizon is marketing the unsold energy out of that power station, yet Alinta is building a new power station in Newman that is providing energy at a cheaper cost than the existing Horizon arrangement. That just shows the member exactly how out of the money that arrangement by the former government was.

[12.40 pm]

Mr D.T. REDMAN: I think that there is still a tariff adjustment payment there for Horizon, which has flatlined. I am not sure that it necessarily relates to this, but I know that the TEC offsets the uniform tariff.

Mr W.J. JOHNSTON: Yes. The TAP is the protection against the TEC.

Mr D.T. REDMAN: Yes. So what will be the impact on that of the 45 potential new customers, or whatever, coming in on the contestable space?

Mr W.J. JOHNSTON: The TAP is the charge that we are making to contestable customers.

Mr D.T. REDMAN: That is right; that is being referred to them.

Mr W.J. JOHNSTON: It is a charge collected by Treasury and then allocated back to —

Mr D.T. REDMAN: Yes, I forgot that piece.

Mr W.J. JOHNSTON: Yes. That is so that we do not have to increase the TEC. It is effectively funding the losses from inside that market. Understand this, member—this shows how bad it is—even if we add 10¢ a kilowatt hour to the competitors to Horizon, they will still be able to undercut Horizon.

Mr D.T. REDMAN: Is the TAP that we are seeing in the budget is paid by those that come into the network?

Mr W.J. JOHNSTON: That is correct. It is collected by Treasury and paid to Horizon to offset some of its losses.

Dr M.D. NAHAN: I will not go into that issue, but I am sure that Alinta's power station is having an impact on the competition.

I refer to page 767 and energy storage in regional towns, which is a substantial investment. Can the minister describe that program?

Mr W.J. JOHNSTON: I will invite Ms Unwin to make a comment. That program is rolling out these batteries across these towns because these are high-costs towns. The batteries basically pay for themselves in short order, because the cost of the diesel supply is so high. I will invite Ms Unwin to explain.

Ms S. Unwin: Nine battery energy storage systems will be rolled out under this program, the biggest of which is in Broome, but a range of towns across our regions will benefit from this. It does two things. The battery releases hosting capacity. As we know, it is really important in the regional towns that more rooftop solar can come on for our customers so that they can effectively self-generate and reduce their consumption. One of the added benefits will be about 12.5 megawatts of additional hosting capacity across those towns with the nine batteries that will go in.

Dr M.D. NAHAN: On this issue, I can remember, minister, that Horizon had huge renewable energy buyback prices.

Mr W.J. JOHNSTON: Yes.

Dr M.D. NAHAN: I assume with this that the minister has lowered those, or how does that work?

Mr W.J. JOHNSTON: Earlier this year, the government moved from the old renewable energy buyback scheme to the new distributed energy buyback scheme, and Horizon is included in the DEBS. I think it was either the member or it might have been Hon Peter Collier who, under the old REB scheme, paid Horizon a higher rate for those high-cost-to-serve communities. Horizon continues to have that option. For those communities where it is of value for Horizon, it can make that offer. I will invite Ms Unwin to speak further.

Ms S. Unwin: For each of the towns, the DEBS rate has been set based on the benefit to us of procuring that energy. That amount varies town by town, based on the cost to serve that particular town.

Dr M.D. NAHAN: One of the problems in many of these towns is the lack of ownership of the building. There is a large number of rentals and intermittence mining, if you wish, and, therefore, the landlord or the people in those buildings did not have a desire to put on capital in the form of solar cells. Does the minister have a program to facilitate that?

Mr W.J. JOHNSTON: I will invite Ms Unwin to respond, but we are not in that business at this stage.

Ms S. Unwin: Yes, it is a very evident problem in our regions. It is kind of the reverse situation to the south west interconnected system, in which about 70 per cent of rooftops are not owned by our customers. One thing that is quite possible, and we are looking at this from a product base, is whether a community battery, for example, or a community solar farm can effectively give our customers the opportunity to participate in an equitable way, as if they had their own rooftop. We do not have a product rolled out yet, but it is something that we have asked our team to look so that we can provide the equity of renewables in the regions.

Mr W.J. JOHNSTON: Could I just add that because of the high cost to serve these towns and the fact that they are using diesel, renewable solutions are usually the best outcome. Horizon has an ambition to be diesel free by —

Ms S. Unwin: By 2025—no new diesel by 2025.

Mr W.J. JOHNSTON: Yes, so no new diesel by 2025.

Dr M.D. NAHAN: Yes. In fact, the differential is huge.

Ms J.J. SHAW: Minister, I refer to page 768 of budget paper 2, volume 2. What challenges has Horizon Power faced in supplying electricity to customers during COVID-19 and how has the government responded?

Mr W.J. JOHNSTON: That is a good question. COVID has had a big impact on all of us, and that includes Horizon. I will invite Ms Unwin to speak further, but one of the interesting things was its effect on even the control centre and the fact that Horizon was able to work out a method to keep the control centre running if its staff needed to work from home. I invite Ms Unwin to explain some of the challenges, particularly because of the internal borders that were going on for a while.

Ms S. Unwin: It was a very challenging time for our own business as well as our customer base. I guess the first thing we did was try to make safe our own people, particularly around working from home arrangements, the control centre that we talked about just then. We managed to stand up two separate control centres so that we could have rotating crews. They did not interact, so if one crew effectively went down, the other crew could then keep all our systems going. We also had communication so that we could do that work effectively at home. Other changes we had to make were sort of quite unusual things, like not enabling two workers to be in one elevated bucket in order to do live work—so low voltage or high voltage work—and then trying to think about the safety protocols that that change introduced. We quite quickly restricted access to our customers from interfacing with us in our depots, and then we installed as quickly as we could perspex screens and the like—things that we now see as pretty standard. They were some of the small things we saw.

Through the work that the government did with the energy assistance payment and the offset payment, we were also able to outbound many calls and touch base with our customers one on one and we heard some fairly dramatic stories of hardship across the regions, which were in some areas quite exacerbated, particularly in the Kununurra area. A lot of that feedback we were able to put back into the coordinating group in Perth so that it could get a sense of some of the different issues that were facing those customers. We also implemented the disconnection moratorium and a number of web chat and other technical ways to contact our customers so that they could give us feedback. When people are in financial distress, often web chat is actually a better facility and people are more open to talk about that and prepayment arrangements. They were some of the things that we had to implement.

With the intrastate borders, it was quite difficult to get out and about, but thankfully they came down reasonably quickly so that we were able to interact with our crews again during that period.

Mr D.T. REDMAN: A fairly strong rollout action was mentioned before in the remote communities and others in terms of battery solar solutions set to replace the diesel. I think that when I asked a question on notice when the announcement was made about the procurement process for the provision of those systems, part of it was in the future purchases—so it was work being done—but part of it was off a bunch of preferred suppliers. Can the minister just talk me through the procurement process for those services? Is it simply a list of specs and asking them to provide that, neutral to what the TEC might be, and/or how often does the government renew its preferred supplier arrangement?

Mr W.J. JOHNSTON: This is a really interesting topic. I want to congratulate Horizon Power on its ambitions for supporting Western Australia manufacturing. Like Western Power, which buys all its standalone power systems from manufacturers in Perth, Horizon has an ambition to ensure that that continues. We are the global-leading jurisdiction for the implementation of standalone power systems and we want to continue to make the most of that. I will invite Ms Unwin to say whatever she thinks is appropriate.

[12.50 pm]

Ms S. Unwin: There are two categories of batteries, I guess, in this discussion. The standalone power system arrangement is a compilation of the solar, the battery, the inverter and, at the moment, the backup diesel. We are certainly working with a Western Australian company for the compilation of those units and then the deployment of those into the field.

We have five batteries in situ across our regions, which I think were in the question on notice that the member referred to, and various technology. I think LG and Samsung are the predominant ones that are both lithium ion technology. We do not currently have vanadium flow, although it is something that I would actually really like us to investigate. There is quite a limited offering for vanadium flow at the moment, but something that would be quite useful to understand how it works because it is very good in hot climates and it will provide that medium to longer term storage, which is pretty important in our regional areas.

But with regard to the current procurement process that the member referred to, we leveraged really strongly the work that Western Power had done. It ran a very extensive procurement process in which it shortlisted three preferred suppliers of batteries. We have worked with that list to see whether we could speed up the procurement so we could achieve the stimulus outcomes in the 18-month period to get it on the ground. Our team then looked at those specifications and the work that came out of that and determined that we could source from the same battery suppliers.

Mr W.J. JOHNSTON: I want to make a comment here, too, that one of the innovations or changes that I made when I became minister—obviously, ministers always have a monthly catch-up with their government trading enterprises—is that we now have a catch-up once a quarter with all three GTEs plus EPWA and Treasury. This is to make sure that we have as much alignment as we can on these types of issues, and there is much hope and discussion. People say that Western Power and Synergy have not got on this well since they were separated at birth. I will let Horizon speak, but I think it will say that it is getting on pretty well with Western Power as well. We have gone out of our way to try to coordinate across the GTEs as much as possible.

Mr D.T. REDMAN: In terms of utilising Western Power's preferred procurement schedule, does the minister know when that was established? The number of people in this market is moving very quickly. If it is an old bit of work, then it is going to be out of date. A number of people have reflected to me that they have not be able to play in the game because of it. I understand the time frame for that, and the minister has just articulated the reasons why, but that equity in the marketplace is significant.

Mr W.J. JOHNSTON: Look, there is a range of companies that have a range of complaints. They come and see me, too. Western Power has a set of rules that it applies, and some people say that the rules are unfair. They may or may not be unfair, but they are the rules that Western Power is applying. Western Power is constantly going back to market to examine what the options are. Ms Unwin mentioned vanadium flow batteries. I am the minister for the future battery industry strategy. I can tell the member that if we could get somebody to provide a cost-effective vanadium option, I would love to stand in front of that one because that would be very, very good for Western Australia. But, at the moment, there is only a limited number of technologies. One of the amusing things is that Tesla, the world's most famous battery company, does not make any batteries. There is a limited numbers of suppliers actually in these spaces, but we are trying to support the Western Australian industry to the extent that we can.

Dr D.J. HONEY: I refer to page 766 and paragraph 16, which is about the Denham hydrogen project. Can the minister outline a little detail on what is intended with that project?

Mr W.J. JOHNSTON: Yes. This is an exciting opportunity to demonstrate the practicality of using hydrogen and renewables to provide dispatchable power. It is a demonstration project; this is the state government investment in it. We are looking for other money. I will invite Ms Unwin to explain further.

Ms S. Unwin: The Denham project is a hydrogen microgrid in a regional setting. It will take about \$9.3 million all told to put the full solution on the ground. That solution is a combination of a direct current solar farm, a battery, an electrolyser, the compression and storage and a fuel cell. That fuel cell will support about 260 kilograms of storage of the hydrogen. It is a very exciting project for us. It is the first in Australia to see a hydrogen microgrid in a regional setting. It is a learning project for us that we hope will give us enough learnings and intelligence to start to deploy hydrogen more readily across our systems.

As I mentioned in the battery discussion earlier, one of our key issues is that for renewables to work in a 24/7 baseload capacity, we need to have some storage. The batteries that we talk about provide between two and four hours of deployable time. That long-term storage—it is called deep or medium storage—is the thing that has to be solved and hydrogen looks like the very best solution for that. The technology is actually mature, but the combination of it all is the learning that has to be gathered, and then the cost savings have to come in because we are talking about \$2 a kilogram to make it competitive. Ours can be higher because we are competing against diesel as opposed to, say, a metropolitan grid-based price, but it is still quite a significant number. We have to drop the cost of the electrolyser, the fuel cell componentry, in order to get to something that is competitive in the microgrids. But we are very excited to have the support of the state for this project because we think that it heralds in a technology that will be a game changer for not just our regional communities, but also—I think out of the Pilbara, for example—Australia's competitiveness in this space.

Dr D.J. HONEY: Is there any sort of dimension that I could understand in terms of capacity per day, kilograms of hydrogen or the capacity of the unit itself?

Ms S. Unwin: The storage capacity is 260 kilograms. That will then enable us to deploy that in service of the grid. When the sun is down and we want to utilise renewables rather than any backup gas, we can deploy that 260 kilograms. We think that will service around 100 houses. So, we are not talking about an enormous scale, but we are talking about a demonstrable microgrid that will tell us whether this can work, how quickly we can deploy into the grid and bring it out of the fuel cell effectively to utilise.

Dr D.J. HONEY: Is there any thought that that might be also linked to the potential supply of hydrogen for vehicles or is it going to stick very much to the grid stability?

Mr W.J. JOHNSTON: No. This is just to demonstrate the capacity to do it in this circumstance. But we all know that hydrogen is an exciting opportunity to replace carbon-intensive fuels in other applications. I am sure that the member is aware of the number of mining companies that are not far away from Denham that want to examine the deployment of hydrogen to replace diesel in their trucks.

Dr M.D. NAHAN: Under my watch, but I think following on from that, Horizon Power introduced an experimental pricing arrangement in Broome. What is the progress of that?

Mr W.J. JOHNSTON: We are very excited about it. I will ask Ms Unwin to talk further.

Ms S. Unwin: MyPower has been really strongly supported. As the member will be well aware, given his time in government, the Broome project has been greatly taken up by the community in Broome. About 1 200 of our customers are on it at the moment. Last year, they saved about \$1.8 million based on, effectively, the time of use or an opportunity to utilise the peak load at a lower rate by the number of units that they have been allocated. That has been quite strongly supported with those great customer outcomes. In order to roll it out further, we have a fair amount of work to do on the back office. It is often the case that the integration of our back office systems in order to do a large-scale deployment requires quite a bit of investment. The system that we had at the time was for a trial rather than a large-scale deployment. But we are now working on a range of products to suit our customers and we are getting their input into what might work for them. Interestingly, in places like Esperance, our customers are keener on a yearly payment, for example, to work in with the seasonal harvest. So one of the things that is very important for us to do is listen to our customers in each of the areas to construct the right product for them.

Mr W.J. JOHNSTON: Can I just say that the distributed energy resources road map recommended tariff trials. They were endorsed by cabinet. They were delayed in the Synergy footprint during COVID because we could not recruit. But we are actively recruiting customers for two trials. One of them is a MyPower-style capacity charge, and the other one is a load-following charge that rewards a customer for using electricity during the day.

The CHAIR: Thank you, minister. The time has expired, so that completes the examination of Horizon Power. I will now vacate the chair until 2.00 pm.

Meeting suspended from 1.00 to 2.00 pm

Division 6: Western Australian Electoral Commission, \$30 886 000 —

Ms S.E. Winton, Chair.

Mr R.R. Whitby, Parliamentary Secretary representing the Minister for Electoral Affairs.

Mr R.L. Kennedy, Electoral Commissioner.

Mr C.N. Avent, Deputy Electoral Commissioner.

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

Mrs L. Holding, Chief of Staff, Minister for Electoral Affairs.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

Any questions, members?

Mr R.S. LOVE: I have one. Parliamentary secretary, I refer to page 100, significant issues impacting the agency and the second paragraph that refers to planning for the state election and the impact of COVID. It talks about the additional costs associated with personal hygiene and physical distancing requirements in the booths. I am wondering whether there has also been any planning or thought given to the social distancing requirements outside the polling booth in regard to political parties offering how-to-vote cards et cetera. Is that a consideration that is being undertaken by the commission at the moment and when will the commissioner be likely to be able to provide some advice about any changes around those types of arrangements?

Mr R.R. WHITBY: I anticipated a bit of interest in the Western Australian Electoral Commission in this particular budget estimates for obvious reasons. The member has raised a very good point: COVID is an issue to be considered, given the nature of people gathering to cast their ballots. But given this is the Western Australian Electoral Commission I would prefer to hand over to the commissioner to answer that question, and, indeed, I think probably most of the questions that might come up today with the commission. Commissioner, if you will.

Mr R. Kennedy: Yes, it is a significant issue on our radar. It is something we are concerned about and we will probably get some feedback from electors about that as well. Unfortunately, my influence in the matter is somewhat limited under the legislation, other than up to 100 metres outside a polling place where I can prevent people

undertaking exit surveys or those kinds of things. I do not have any powers once we go past the six metre mark at a polling place. People are not allowed to campaign within that six metres of the entrance to a polling place; beyond that, I do not have any authority or jurisdiction to control what happens. However, recognising that it is going to be an issue for electors and parties as well, in terms of the best approach to take, our plan is to sit down with the parties, and we are starting some meetings shortly with party secretaries that will run through November. Once we have a better idea in January of where we hope we are sitting in terms of the pandemic, we will have further sessions with the parties then about those sorts of things. It is not within my jurisdiction to be able to say, “No campaigning and there will be no how-to-vote cards”, and that sort of thing. The way I would like to approach it is a joint discussion with the parties. Hopefully, we can come to a commonsense solution that serves everyone’s needs.

Mr R.S. LOVE: I think the commissioner mentioned January, but would the parliamentary secretary be able to put some sort of a time line? Is there some sort of further advice he could provide to people about when these matters will be known? Obviously, people have to make arrangements and they will be well in train well before January, I would have thought.

Mr R.R. WHITBY: If the commissioner would like to respond.

Mr R. Kennedy: I cannot give any firm dates other than what I have already indicated, that we will be having that consultation period throughout November. That will give us the opportunity to get some feedback from the parties about the issues as they see it, and give us an opportunity to present the issues as we see them. Hopefully, we will then work through those issues over the December period and start locking things in in January. I suspect that this election is going to be unlike any other Western Australia has had in the past, and my concern, the thing that keeps me up at night, is community transmission in that January–February period and then potentially all bets are off for campaigning and the established processes that everyone is used to. No, I cannot give the member a certain date, but we will do our best to keep the communication channels open with the parties.

Mr R.S. LOVE: While we are talking about the provisions of the polling booths, has any consultation or advice taken place between the commission and the Department of Water and Environmental Regulation concerning the use of plastics at polling stations?

Mr R.R. WHITBY: I am not aware of any. The member is talking about in terms of the government’s initiatives to reduce plastic waste?

Mr R.S. LOVE: Yes.

Mr R.R. WHITBY: Okay. Is there a particular item in the budget the member is referring to in relation to that?

Mr R.S. LOVE: I am referring to the item that refers to the state election, which is the expenditures under the first “Service Summary” on page 100 and the budget estimates this year of \$32 million to carry out the state election. I am asking that question as a matter pertaining to the state election.

Mr R.R. WHITBY: I will refer it to the commissioner. I am not aware of any engagement about the use of plastics, but maybe the commissioner has had a discussion and he might like to let us know.

Mr R. Kennedy: I do not have a specific date, but we were contacted a couple of months ago, I think, by the Department of Water and Environmental Regulation. I believe it was doing a general ring around to find out who was responsible for the placement and who regulated that kind of thing. We made it clear that it was beyond our jurisdiction, so that is the extent of our conversation with it.

Dr M.D. NAHAN: Further, is the commission going to alter the number of voting places or encourage pre-polls? During this period, some other countries have encouraged pre-polls or postal votes, really, to avoid the contact. Does the parliamentary secretary have the powers to change any of this?

Mr R.R. WHITBY: I will refer to the commissioner in a minute, but I think the member is right. It is an increasing trend, is it not, to have early voting and pre-polling. The commissioner can enlighten us, but we are anticipating a large proportion of voters to have already cast their vote before election day.

Dr M.D. NAHAN: What percentage does the parliamentary secretary think it will be?

Mr R.R. WHITBY: The commissioner can give us more of a precise idea, but it is certainly heading up to 50 per cent or more. Indeed, there are issues this year. There would probably be more of an inclination for voters to want to get out early and to seek out that quiet time so they know they are not going to be in queues on election day.

Dr M.D. NAHAN: To throw out a terrible government.

Ms C.M. ROWE: Point of order. This does not even relate to a budget item.

Dr M.D. NAHAN: Yes, it does.

Ms C.M. ROWE: Which one?

The CHAIR: Thank you, members. Members, I will hear the point of order, not you. Thank you, member for Belmont.

[2.10 pm]

Mr R.R. WHITBY: Chair, I am happy with the gratuitous comment because I can respond, but maybe —

The CHAIR: No, sorry. Member for Belmont, at the moment if the parliamentary secretary would like to continue with the questions and answering them. I will allow that.

Mr R.R. WHITBY: Apart from the very last comment by the outgoing member for Riverton, it was a good question. People will be keen to vote, to vote early and to avoid election day rushes. I think the commission is very aware of this, and, in fact, apart from there being extra opportunities and extra locations, I think we are going to see some extra time in the final weeks. The commissioner can elaborate on that, but certainly, we are aware of that issue.

Mr R. Kennedy: We are a little bit lucky in Western Australia in that we are coming at the tail-end of some other electoral events throughout Australia and New Zealand; so, I have had the benefit of being able to observe and talk to my colleagues in other jurisdictions. The key strategy that they have employed and the key strategy that we will employ next year will be, to use a rather well-worn phrase, to smooth the curve and move people away from the 70 per cent who voted on polling day in 2017 and spread that out over the pre-poll period, the early voting period, which will commence on 24 February. From 24 February through to the night before—six o'clock on 12 March—will be early voting. On polling day, we plan on having the usual number of polling places open. We are just hoping that they do not see the usual number of voters coming through. In terms of the early voting period, we expect to be open for longer hours, particularly in that last week before polling. We will be looking at going until seven or eight at night to allow people who are not able to get there during the day. We will also have more early voting centres than we have previously had in past elections. At the moment we are working roughly; we are still out in the field looking at potential centres. We are looking at probably more than 60 at this stage in terms of early voting centres.

The CHAIR: Further questions?

Mr Z.R.F. KIRKUP: Further question on pre-poll, Chair.

The CHAIR: Yes, we are still on the same question.

Mr Z.R.F. KIRKUP: That is great. It is fantastic how the estimates process works. Will the commission add in more pre-poll venues in that case, or is it likely that it will just continue with the work that was done in the 2017 election and consolidate those venues where they were?

Mr R. Kennedy: No, we are planning on expending. We are keeping, where we can, and where the feedback was positive about retaining the existing early voting centres, but we are also looking at adding more, particularly in the metropolitan area.

Dr M.D. NAHAN: Will the parliamentary secretary disclose those additional ones? It is a resourcing issue for parties. We have to get volunteers to man the pre-polls. Would he commit to letting us and all parties know well in advance?

Mr R.R. WHITBY: We will certainly commit to informing most parties. Of course I am sure there will be a bipartisan approach by the commissioners; there always is.

The CHAIR: Further question, member for Dawesville. You are getting a bit excited there. It is election time, I can tell.

Mr Z.R.F. KIRKUP: Always, when it comes to campaigns and when you are the Chair, member for Wanneroo.

Parliamentary secretary, is there a goal about how many additional pre-polling locations the commission will seek to open in advance of the 2021 election? Do we have an understanding about where there is a short fall or a gap that was identified of some number, and that is the number he is trying to now fulfil as we head to 2021?

Mr R.R. WHITBY: I think the case is just making it easier for the electorate every year and trying to expand on what was available at the last election. Of course, the commissioner can correct me, but I think there is also an issue of finding appropriate locations. It cannot always be sure of securing venues that might have been used last time or getting extra venues, but the commissioner can elaborate.

Mr R. Kennedy: Yes. In terms of early voting, there is not a specific number that we are working towards. It is a bit of an evolving process at this point in time as we work through areas that we would like to have. We look at the distribution of electors across various districts where our centres were last time, where the pressure points were last time and where the growth has been since then. But, as the parliamentary secretary said, early voting centres prove quite difficult for us to find and, more importantly, to secure, simply because we are only interested in them principally for that 12-day period and most landlords are not that interested in giving us a lease for that short period. As the member will be well aware, we do not have access to schools because they are being used during the week. I should have said earlier that one of the other changes that we are doing this time around with early voting is that the Saturday prior to polling day, on 6 March, we will be open on that Saturday all day as well.

Dr M.D. NAHAN: What will be open?

Mr R. Kennedy: Early voting only.

Mr R.S. LOVE: When there is a polling booth in an area that may be a service area for another electorate, so to speak, and as happens in my case certainly, what measures are taken to ensure that there are adequate materials for those other electorates? I had a circumstance during one of the elections, it might have been the last one, when the crew at Northam took to writing out ballot papers for the electorate I represent, and erroneously reported me as a Liberal, therefore robbing me of votes.

Mr Z.R.F. KIRKUP: Or perhaps gaining, member for Moore.

Mr R.R. WHITBY: I am sure that was very damaging to the member.

Mr R.S. LOVE: It was very damaging.

Mr R. Kennedy: I might, if I can, ask the deputy to elaborate on that. He has a better understanding of the technicalities of the early voting ballot distribution process.

Mr C. Avent: Certainly, we will be significantly increasing our ballot paper production this time in order to ensure there are significant quantities of buddy districts or neighbouring districts in all early voting centres and polling places. It is likely that because of a significant level of pre-poll voting, we will have to increase our volume of ballot paper production because we will still distribute to polling places at the same level or above what we did last time.

Mr Z.R.F. KIRKUP: Does the commission give consideration at all to the behaviour of electors in terms of where it places any pre-poll locations? I realise and appreciate it is very difficult to find short-term leases and a secure location and the like. I will use my district as an example, because it is the one I am probably more familiar with. We had a pre-poll location in Eastlake Church, I think it was, in the district of Mandurah. Three districts fed into that: Mandurah, Murray–Wellington and Dawesville. Behaviourally, it makes a lot of sense for people from Pinjarra, for example, in addition to Murray–Wellington and, for argument’s sake, Falcon, in my district, to go towards Mandurah as their location. It has been there for a number of years, so it is an established routine, particularly for the older members in my district. My electorate has some of the oldest community in Western Australia. I am just keen to understand whether the commission looks at that behavioural impact or where people have traditionally gone to vote. Is that a consideration? Certainly, I would welcome any comments the commissioner has with respect to any pre-poll locations in my district.

Mr R. Kennedy: It is interesting that the member raised this. I cannot say with any certainty that we are able to predict voter behaviour. We were having an interesting discussion in-house the other day when we were looking at early voting centres in terms of trying to predict groups of habitation and where they might end up going. It is not an exact science, shall we say, so there were debates amongst some staff who, when we were looking at north of the river early voting centres, the question was raised, “Why wouldn’t someone go and vote over there”, until it was explained to them by someone who lives north of the river that, they just do not go over that particular street or, I think at one point it was, “Well, you don’t go over the Canning River if you are going there”. As I say, there is no exact science about it. We try to predict based on our ordinary polling places where the large numbers are and where we can accommodate extra early voting centres around those areas. But, yes, we try our best to predict elector behaviour, but it is very difficult to do. As members will know, when it comes to polling day, we get a rush of electors at 8.00 am when the poll opens, and then by 10.30 am it is potentially quite quiet and it might get busy again later in the day. Those are the sorts of issues that, as an organisation, we are trying to work our way through, particularly with early voting. What we do not want to do is shift entirely the curve from 13 March through to the first day of early voting, which will just create the same issues we are trying to avoid. Communications is key.

[2.20 pm]

Mr R.S. LOVE: I refer, again, to the total cost of service for the budget year on page 102, about the provision of independent, impartial and efficient electoral services. The line item for total cost of service is \$32 724 000, but in the explanation of significant movements it describes the total cost of service as being \$7.6 million, not \$32 million. I am wondering whether that is the underlying cost of service, the rest being the cost of delivery of the election this year, in which case we have a figure for the election of around about \$25 million. How does that compare to the cost for the last general election, and is it significantly affected by the current COVID situation?

Mr R.R. WHITBY: I believe there are extra costs this time because of COVID, and I think part of it also relates to the provision of single-use pencils, so that they are not being re-used, but I will let the commissioner elaborate on that cost breakdown.

Mr R. Kennedy: In essence, the answer to the member’s question is: yes, that is essentially the difference between our normal appropriation that we get. The appropriation that we have had for the last three elections is approximately \$18.5 million. I think I am right in saying it includes the public funding money that we pay out after the election on top of the \$18.5 million. In terms of the extra costs that we are anticipating for the election, we have not quantified those yet, and they would not be represented in that figure of \$32 million at this point.

Mr R.S. LOVE: Just to get an understanding, the real budget cost that the commission probably expects is actually higher than the figure that the budget has. Is that what the commissioner is saying?

Mr R. Kennedy: Yes, potentially. We have not given government an estimate yet of what we expect the election will cost in 2021.

Mrs L.M. O'MALLEY: I refer to “Outcome and Key Effectiveness Indicators” on page 101. Can the parliamentary secretary please explain to the committee how the Electoral Commission intends to reach its goal of 86.6 per cent of enrolled electors to vote in the state general election?

Mr R.R. WHITBY: I think it is appropriate that the commissioner respond to WA Electoral Commission issues by and large, because it is obviously a unique situation with administering an election, so I will defer to the commissioner.

Mr R. Kennedy: We are currently enjoying an almost all-time high in terms of enrolment figures for Western Australia, which has largely arisen from our joint role agreement with the commonwealth and Australian Electoral Commission. However, in terms of translating high enrolment into what we effectively refer to as turnout at the election is quite a challenge for the commission. It will be a challenge in the coming election, when we add the COVID element into it at the same time. It is a conservative figure based on previous elections. I think the last figure was slightly higher, but not very much higher. We were being conservative in setting that target. That was basically based on our concerns around not knowing the full impact of COVID in terms of voter turnout and what sort of impact that would have on elector behaviour. But as I have said in answer to some of the earlier questions, our strategy is to follow what has happened in the other jurisdictions where turnout has been marginally lower than in previous elections for them. I think the worst affected one was the Queensland local government elections, but they copped their COVID hit right in the middle of the election, so they had a considerably lower turnout than they were hoping for. As I said, our strategy will aim to encourage people to vote, because it is very important that people get out there and have their say in the democratic process, but assuring them that they can do that in a safe and convenient way, and that is, as I explained earlier, through early voting and postal voting options for individuals. We will be making sure that people are aware that they can apply. We are a little hamstrung by the legislation in terms of postal voting, because it is a two-stage process. We cannot simply respond to people who say, “I want a postal vote”. They have to apply to us using a form. We have simplified that process this time around to allow it to happen online, but that still is a process that takes quite an amount of time. We will be advising people that they can apply for a postal vote from the day the writs are issued, so they do not have to wait until close of nominations, for example, and once we have ballot papers ready to go, we can start getting the postal votes out to those people. Finding the different ways for people to feel comfortable voting at the next election will be the primary aim of the commission.

If I can, just while I am talking about providing reassurance to electors when they are casting their votes, they will obviously face the same sorts of situation that they will now when they go into any shop or any particular environment. There will be social distancing, sanitising of hands and that sort of thing. We are also employing an extra staff member in most of the larger polling places throughout the state. That officer, in conjunction with other officers, will take turns simply moving around the polling place and wiping down key contact surfaces, door handles and those sorts of things. We have had to adjust our design of our voting compartment, which as most members would be aware is a recyclable cardboard material that does not respond well to being sprayed with liquid substances. We have come up with a plastic insert that is going to sit inside that voting compartment so that that can be wiped down as well on a regular basis. As I say, the aim we are going for is to allow people to be comfortable and hopefully that will allow us to meet the target that is represented in the budget.

Mrs L.M. O'MALLEY: What additional measures are being taken for vulnerable cohorts, in particular, aged-care residents?

Mr R. Kennedy: It is quite a concern to us. I think we have to be sensible that a lot of vulnerable members of our community may not want to turn up in person to vote. At the moment, particularly with the aged-care sector, we are writing to every aged-care provider and facility that we can identify and we are using some health department data to help us out with that—working quite closely with the health department on that—writing to those facilities and encouraging anyone who is a resident and who qualifies to become what we call a general early voter. That is a process whereby they can register once and it is locked in forever that they will receive a postal vote so they do not have to worry about turning up in person. There are certain qualifications, but essentially anyone aged over 70 years can apply to become a general early voter. We are hoping that that will help deal with the aged-care situation. As I said, we are working quite closely with the health department. I have had some meetings with it recently, and communications are continuing in terms of monitoring the pandemic situation and whether we will be able to conduct our normal, what we call mobile polling of institutions. Some jurisdictions simply stopped doing that on advice from the public health authorities and we will take a similar approach come January in terms of whether we are proceeding with that sort of thing.

[2.30 pm]

Mr Z.R.F. KIRKUP: With respect to the additional support that is been given as part of the preparation for the upcoming election that we have spoken about here, I note that the government gave circa \$300 000, I think it was, to help with Aboriginal enfranchisement and ensuring that there could be greater accessibility for Aboriginal communities to vote. I think it was about \$300 000. I am just keen to understand whether there was a breakdown of what that relates to in terms of boots on the ground, where they might be stationed, noting that obviously remote and regional Aboriginal communities are also vulnerable communities similar to the aged-care sector, and what their role will be in guiding those people in the Aboriginal communities to vote.

Mr R.R. WHITBY: Certainly, it is always a consideration and a focus to ensure people in remote communities and Aboriginal communities get to vote, and there will be a focus again this year, but the commissioner can elaborate.

Mr R. Kennedy: Yes, \$310 000 was made available in the budget for this year for us to work on increasing not only enrolment, but also turnout of Aboriginal people, particularly in remote communities. We do not have a breakdown at this point of how we are spending that money. We are working through that at the moment, but I can advise the member that the focus will be on extra staff and the costs that go with that: accommodation, travel allowance and those sorts of things. Whether we might be able to also eke out a few more remote community visits than we have done in the past is something that we are giving some consideration to. One of the messages we have heard in the past loud and clear is that it is very important for us to have a good relationship with key people in those remote communities. Often, certainly my colleagues in other jurisdictions have advised me, particularly those with significant Aboriginal populations, we could turn up for remote polling one day and through a lack of communication be there on the entirely wrong day when the community is closed for traditional business or everyone has gone to another community for traditional business—that sort of thing. We are working very hard at the moment to get the right names of who we need to contact and who we need to deal with, and we are hoping that we can have someone potentially in the north west area who can help us coordinate those remote polling arrangements so that we can increase Aboriginal voting at the time.

Mr Z.R.F. KIRKUP: The idea of whether we might not be able to enter into aged-care facilities because there is an outbreak is entirely understandable. In the same way, what are the contingency plans for those remote Aboriginal communities if we have a similar zone that was set up together with the commonwealth during the peak of the pandemic? What does that look like in terms of making sure we continue to get those communities able to vote, in terms of the process, I suppose? Is that what this person would also be helping with?

Mr R. Kennedy: Yes, that is one of the things, and we are doing a bit of scenario planning at the moment. If we do go back into a community transmission environment and those communities are locked down, what are our options? At this point it essentially revolves around postal voting as effectively the most sensible solution. It is not entirely sensible, given Australia Post's delivery standards for some of those remote communities, but those are the kinds of things that we are working through now, about how we might be able to find some alternatives, maybe even working with Australia Post to get those votes into those communities without us having to get in there, and get the votes back out again in a safe and secure way, to give those people the opportunity. There is currently an unresolved issue around the technology-assisted voting options that are available under the act. For those who are aware, the act provides for technology-assisted voting for those people who cannot vote without assistance, who have visual impairment, literacy impairment or are otherwise incapacitated. The legal issues around "otherwise incapacitated" are being investigated at the moment to see whether that is an option that may be open to us if we end up in that situation in which we just cannot get into those places.

Mr R.S. LOVE: I refer to page 108, under "Net Appropriation Determination" and last year's actual figures for line item "Local Government Recoup" of \$5.75 million. What does that reflect in terms of cost? Is it simply a full cost recovery, or does the commission recoup in excess on the actual cost of provision of those local government services?

Mr R. Kennedy: When we conduct local government elections, and we do not conduct them for all local governments, but for those that we do, we operate on a full cost recovery basis.

Mr R.S. LOVE: Just to be clear, there is no excess to the actual cost that is part of that charge? It is simply reflective of the cost?

Mr R.R. WHITBY: Yes.

Mr R.S. LOVE: I refer to budget paper No 3 on page 91. There are some comments about issues affecting the commission with a figure of \$444 000 to implement the disclosure system that comes about under the legislation currently in front of Parliament, which is also referred to in these budget documents as part of one of the significant issues impacting the agency. I am wondering whether that money has already hit the ground. Has the government already started to put in place those measures, given that the legislation went to committee and still has not gone through the four stages of Parliament yet? What happens to the arrangements of the commission if that bill is delayed or does not come to fruition with the ability to put in place those provisions and enact the necessary procedures to enable the parties to make the disclosure? In fact, I think the disclosure periods have already commenced under that bill, even though it has not been passed. It gets a bit tricky, I think.

Mr R.R. WHITBY: As the member is aware, the bill passed the Assembly, but it has been referred to a committee in the upper house. There is no passage of the bill, and as a result it is not law and no allocation has been made.

Mr R.S. LOVE: So volume 3 of the document is incorrect when it says that an allocation has been made?

Mr R.R. WHITBY: I can let the commissioner elaborate, but there has been no movement of money. There is a provision in the budget for that allocation to be made, if the law is passed.

Mr R. Kennedy: As the parliamentary secretary said, this allocation is in the budget for some money, but we have not actually seen the physical money hit the commission yet. The agreement we have with Treasury is that once the bill passes, those funds will be available.

Mr R.S. LOVE: The first part of my question is whether the commission has commenced any work that would have been funded by this allocation using other resources to begin to implement that disclosure system?

Mr R.R. WHITBY: The commissioner is happy to respond to that.

Mr R. Kennedy: Yes, we have produced some materials that we know we will need to get out the door pretty quickly when the legislation passes, so we have been working on that using existing resources. The additional resources will be used to do the liaison. They will join our funding and disclosure branch and will have a major role in helping parties negotiate the new requirements.

[2.40 pm]

Mr R.S. LOVE: Is there a cut-off time in the mind of the parliamentary secretary or the commissioner as to when it would be too late to implement that full disclosure system for this election?

Mr R.R. WHITBY: It depends on the passage and the fate of the bill.

Mr R.S. LOVE: That is exactly what I am asking. Is there a cut-off time beyond which it would not be practical to introduce this measure?

Mr R.R. WHITBY: I am happy to refer that to the commissioner.

Mr R. Kennedy: We do not have a particular drop-dead date after which it will not be done. We are in the hands of Parliament. We will do whatever the Parliament asks us to do in terms of the final bill. It will obviously get more difficult for us the closer we get to the election, simply because we will be busy with other matters related to the election.

The appropriation was recommended.

Division 36: Communities—Services 10 and 11, Disability Services, \$431 407 000 —

Ms S.E. Winton, Chair.

Mr R.R. Whitby, Parliamentary Secretary representing the Minister for Disability Services.

Ms M. Andrews, Director General.

Mrs R. Green, Deputy Director General, Community Services.

Ms M. Hailes-MacDonald, Assistant Director General.

Mr N. Wijayadasa, Chief Finance Officer.

Mr M. Richardson, Director, Management Accounting and Financial Analysis.

Mrs L. Holding, Chief of Staff, Minister for Disability Services.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

Member for Carine.

Mr A. KRSTICEVIC: I refer to the nineteenth bullet point under significant issues impacting the agency on page 521. It refers to a functional review of the department. I want to get an understanding of whether that review has been completed.

Mr R.R. WHITBY: The department has a number of agencies and responsibilities. That is not directly connected to the matters before us today. The review is underway, but if we could stick to issues under this division, that will be helpful.

Mr A. KRSTICEVIC: Is the parliamentary secretary saying that there is no review currently going on for disability services?

Mr R.R. WHITBY: There is a functional review of disability services going on, but that is with cabinet and there is a cabinet-in-confidence situation with that at the moment.

Mr A. KRSTICEVIC: Is the parliamentary secretary saying that the review has not started yet; or that the review has finished and the report is with cabinet? What decision point is it at? I am not asking for the details.

Mr R.R. WHITBY: I can give the member some elementary information. There is a phase 1 involvement assessment of the disability services and functions that were to be provided and funded by Communities in 2019–20. Further, the future role of the state government and Communities in administering disability services was considered, given the transition of a lot of services to the National Disability Insurance Scheme. Further, there was the development of a submission to the Expenditure Review Committee outlining recommendations for services based on the findings of the independent expert report and the state government's response. The submission was considered earlier this year by the ERC, and the outcome of that is still very much pending before cabinet.

Mr A. KRSTICEVIC: Will the outcome of the review be made public at some time in the future? Is that the intention?
[2.50 pm]

Mr R.R. WHITBY: It is still before cabinet so I cannot sit here and give the member a date. It will depend on cabinet's progress on this matter and when the minister decides that it is timely to make an announcement. I am sorry, but I would only be guessing or taking shots in the dark on that.

Mr A. KRSTICEVIC: Can the parliamentary secretary tell me who was consulted as part of the review process?

Mr R.R. WHITBY: Again, I have to reiterate that cabinet in confidence applies here. It is before the cabinet, and I think we have to respect that process.

Mr A. KRSTICEVIC: Is the parliamentary secretary saying it is cabinet in confidence to know which members of the disability services community sector were spoken to prior to the review being put together and the outcomes of the review being written and given to cabinet? Can we not even know who the government spoke to?

Mr R.R. WHITBY: The process is that things go before cabinet and issues are put to the community, and there is a lot of transparency around that. We are not at that point in the process at the moment.

Mr A. KRSTICEVIC: I do not want to know what has gone to cabinet. I do not care what the report is or what the submission is. All I want to know is who was spoken into the disability services sector before anything was put together as part of this review? I am not asking what they said or what parts of what they said made it into the final document that has gone to cabinet. I am just asking whether the government spoke to anybody and who it spoke to? I do not want to know anything that is cabinet in confidence and I do not want to know anything about the review. I just want to know: did the government consult with people and who did it consult with?

Mr R.R. WHITBY: There was consultation, but it is before the cabinet.

Mr A. KRSTICEVIC: Is it cabinet in confidence to know who the government spoke to before it wrote the document and before it put anything together? Is that cabinet in confidence information?

Mr R.R. WHITBY: The decision to have a functional review came out of the ERC process, which is part of the cabinet process; therefore, this matter is still very much in cabinet. The normal provisions apply.

Mr A. KRSTICEVIC: Does that mean that there is some government legislation or restrictions on the people who were consulted? Are they allowed to talk to people in the sector? Are they allowed to talk to other people and say "We were consulted as part of this review" or have they been sworn to secrecy as part of this cabinet process? Are they not allowed to say that they have spoken to government?

The CHAIR: Member for Carine, I think your questions are really starting to get repetitive.

Mr A. KRSTICEVIC: This is the last question.

The CHAIR: I understand where you are trying to go, but I think the parliamentary secretary is giving you the same answer each time, I do not think you are going to get anything different. I am just giving you the heads-up.

Mr A. KRSTICEVIC: Have they signed a confidentiality agreement or something to say they are not able to speak to anybody?

Mr R.R. WHITBY: Member, we are not in the business of making people swear secrecy agreements. This is a process that has happened many times before. Matters before cabinet are confidential so that there can be a fair and reasonable assessment of policy and legislation. I am sure that this is no different from any other process that occurred in cabinet during the previous government. This government is very much interested in transparency and consultation with stakeholders, and that will always be the case. There will be a point when cabinet makes a decision. Until cabinet makes a decision, there is not a policy to put to stakeholders down the track. There has been some input, but there will be full and thorough consultation in the future at an appropriate time once cabinet has reached a decision.

Mr A. KRSTICEVIC: Okay.

Dr D.J. HONEY: I refer to the full-time equivalent employees on page 532. I understand that is decreasing because of the NDIS. What roles will be still carried out by the department with the implementation of the NDIS? It looks like a fairly substantial reduction.

Mr R.R. WHITBY: What is the member referring to?

Dr D.J. HONEY: I am referring to “Supporting People with Disability to Access Services and Participate in Their Community”.

Mr R.R. WHITBY: So we are on page 532?

Dr D.J. HONEY: Yes.

Mr R.R. WHITBY: Which table is it?

Dr D.J. HONEY: There is only one table on that page, and it is the full-time equivalents.

Mr R.R. WHITBY: Right. That is the employee numbers.

Dr D.J. HONEY: Yes.

Mr R.R. WHITBY: Is the member talking about the out years or this year? What is the member’s main concern?

Dr D.J. HONEY: In 2020–21, the budget target was 162, versus 234 in 2019–20. I am just wondering what those resources are required for, given that a large amount of the work is transferring to the NDIS?

Mr R.R. WHITBY: The state will certainly still have residual responsibilities. We will not walk away from disability services. The vast majority of Western Australians with a disability will not be part of the NDIS. A range of people will still need to seek services, and the state is very keen and interested to provide a whole range of services, including advocacy for people with a disability. The member will notice a reduction, which is, as he pointed out, is part of the transition process to the NDIS. However, it is also the case that we are not going to walk away from the sector entirely. Not everyone will be captured by or be part of the NDIS process; therefore, they will still require services and attention from the state.

Dr D.J. HONEY: What budget will be devoted to providing services to people who are not covered by the National Disability Insurance Scheme?

Mr R.R. WHITBY: There will still be a budget for disability services. If the member looks at page 532 and 533, he will see that there is a budget in the spending table for 2021–22 of \$90 million. Going forward to the next financial year it will be \$80 million. In the subsequent year, it will be another \$80 million. That will be the budget for the residual disability services that the state will still have responsibility for.

Mr R.S. LOVE: The member has raised the issue of the transition situation. I wonder whether the parliamentary secretary could outline for the known clients at the moment who the department has access to, how far does the department think the transition is through in terms of the percentage of potential persons; and when does it think the transition of existing clients to the NDIS will be complete?

Mr R.R. WHITBY: What would be the total and how far down the track are we?

Mr R.S. LOVE: Yes, what percentage are we at now in terms of the transitional process?

[3.00 pm]

Mr R.R. WHITBY: This will give the member an idea of how we are progressing. As of January 2020, 7 537 participants had transferred to the NDIS in WA from the WA NDIS, and as at 15 September 2020, 14 357 people with a disability known to the Department of Communities have now transitioned in total to the NDIS. A further 1 500 potentially eligible people have yet to transition.

Mr R.S. LOVE: Are there not many left?

Mr R.R. WHITBY: No, there are not many. A total of 35 145 participants in WA have an approved NDIS plan, which includes new participants who are funded for the first time.

Mr R.S. LOVE: Could you repeat that figure, please?

Mr R.R. WHITBY: 35 145 participants in WA have been approved an NDIS plan. That is as of 15 September.

Mr R.S. LOVE: That would indicate that there are a considerable number of cases that were not known to the Western Australian sector who have signed on, given that the department thinks there are only 1 500 known cases left and about 22 000 have already signed up. By my guesstimate, 11 000 or 12 000 extra people have come forward for some sort of support, which I am sure is a good outcome. Does the department have any idea of how long a person is typically waiting now if they are, let us say, a young person who is new to the service and needs it? How long do they typically have to wait before they can access NDIS services? Did the government always anticipate providing some sort of transition program? Does the government think that will become unnecessary as time goes by because the great bulk of the approvals will have been done under the other program so the approval system was much quicker?

Mr R.R. WHITBY: I think we might have conflated a few figures earlier. I will set the record straight and answer the member’s subsequent question. He made a point about new people entering the system who are younger. They

will always be provided for; there is no doubt about that. I think I will refer the member to the deputy director for some clarification on those figures, what will happen with new entrants in the future and whether they will go straight into the NDIS or whether there is a transitional period for them as well.

Ms M. Hailes-MacDonald: The people who are new to the system have to prove their access and their eligibility. The time frame is set by the National Disability Insurance Agency. The state has no lever over the time between access met, eligibility and the approval of a plan?

Mr R.S. LOVE: We are funding the scheme, so I guess we have a fair bit of discussion with the NDIA and a good understanding of how it works. The department must have an idea of what the expectation is for how long NDIA approvals take.

Mr R.R. WHITBY: Deputy director.

Ms M. Hailes-MacDonald: Figures are provided. I would have to take the actual figure for today on notice. They are for a point in time and they are held by the NDIA. At this stage, I am unable to comment, but we can provide the member with that information. It is on the National Disability Insurance Scheme's website and they provide all their numbers on there.

Mr R.R. WHITBY: Perhaps I can assist as well. The operation of the NDIS is a federal government responsibility so we are not in a position to respond. If the member really wanted to get into the detail of that, it would probably be more appropriate that he approach the NDIA.

Mr R.S. LOVE: The point of the question is the need for the state government to continue to have some footprint in the area. The department will have to plan expenditures to provide some sort of level of service to these people while they are waiting. The department must have an expectation of how long that period will be because that will directly affect the operations of the agency. That is why I am asking.

Mr R.R. WHITBY: It is also pertinent that the NDIS is quite transformational. It has opened up assistance to people who did not fit into any disability services that were previously there at the state level. That is a good thing because it means that Western Australians can get services that were not there previously. Anyone in need certainly will be catered for and we are very cognisant of providing services to people with disability. There will always be a level of involvement in the disability sector at the state level. However, I think the member should know that it is broadening the spectrum for people who never received anything previously and are now going to get something.

Mr R.S. LOVE: I think I pointed out that a considerable number of people appear to have come onto the scheme, so I am aware of that. I wonder what effect that will have on the cost of the state's contribution to the NDIS, given that the known cases were at a certain level of persons, and now there are more. Does that mean that at some point the contributions will have to increase commensurate with the numbers of persons receiving a service through the NDIA?

Mr R.R. WHITBY: We are paying less as a state than was forecast because the federal government estimate of what the requirement would be in WA was less than in reality. I am going to pass the member on to Mr Richardson to give him some details on that.

Mr M. Richardson: I thank the member for the question. Just to expand on what the parliamentary secretary said, during the first phase of transition, the way the payment relation worked with the NDIS was that the state government paid on the number of people who were supposed to join the scheme. It is probably also worth clarifying at the start that although we classify those people who were not getting a service from the former disability services commission as new, it is not as though there was not an expectation or a forecast. In many cases they were receiving support from other government agencies such as the Department of Health—medical equipment or some assistive aids—so those numbers were factored in. Even though they are technically called “new”, they were not unknown, or not receiving any service. For the last three years, as I said, we have been paying on the actual number, because of delays incurred by the National Disability Insurance Agency in bringing people on board with the scheme. We were paying less than we had budgeted because they had fewer people in their scheme than we thought they would. On the contrary side, we paid more on our state ledger to maintain services to people before they transitioned. When we reach the end on the transition period, there will be a chance to negotiate a new agreement with the commonwealth and that would be the one we would work out how much would be paid for each year in an ongoing way.

Mr R.S. LOVE: One of the questions I think I started off the discussion with was when that transition period will come to an end. When will the transition period end?

Mr R.R. WHITBY: The initial bilateral agreement for the transition period expires in 2023. As Mr Richardson has explained, there will need to be a new bilateral agreement to negotiate a set contribution by the state.

Mr R.S. LOVE: Thank you.

[3.10 pm]

Ms C.M. ROWE: My question relates to the fifteenth dot point on page 521. It refers to the \$23 million investment that the state government has made into the sector transition fund. I seek clarification from the parliamentary secretary on the status of that funding program.

Mr R.R. WHITBY: The government has, as the member said, invested \$23 million into the sector transition fund. I think it is very important to know that the sector needs support as we transition to the NDIS. The NDIS has dramatically broadened the scope of the disability sector in Western Australia. The member has heard me say before that a lot more services are being provided than existed previously, so there is that opportunity for local providers to get involved in that as a business and to get those opportunities. We want to ensure that Western Australian companies are very much there. Those services have to be delivered locally and it is important that we get it right. In some parts of the state, such as remote parts of Western Australia, we have a very thin market where there is some difficulty in finding service providers, so we have discussed with the federal government about how much funding can be allocated for those services, which are more expensive to provide in remote parts of Western Australia, compared with inner Sydney, for instance.

Last month, the Minister for Disability Services announced \$14 million to continue assisting the WA disability services sector to move to the NDIS operating environment. In the 2020–21 financial year, \$14 million was invested, with a further \$9 million in 2021–22, totalling that \$23 million figure. It is designed to safeguard the sustainability of the Western Australian disability sector and the success of the national disability service scheme in WA because we need providers to provide those services as part of the packages that everyone who is eligible receives. We have had some positive feedback from the sector about the government's support, which is good to hear. Over the past few weeks there have been a number of sector consultation forums, so we are getting out there to let providers know how they can benefit from this funding, and also to determine priority areas for this funding round. Prior consultation with the sector has identified a number of key focus areas to ensure sustainable growth of the market while promoting choice and control for people with disability, their family and their carers. The outcomes of the recent forums will help direct funding as we continue to look at the successful transition. I know that in my own electorate there is a service provider called Maxima, which has just started. It is very keen to engage with people with disability in the local area around Rockingham and Baldivis and down to Mandurah.

Ms C.M. ROWE: I think I have one in my electorate as well.

Mr R.R. WHITBY: Yes, I think it is a national organisation, but it is certainly operating locally. It is an employer itself. Whether it is in Baldivis or Belmont, it is good to see another local business. It is important to get the message out there, because quite often people with a disability do not realise that this service is available to them and that it is not a service that is charged to the client. It is able to help find employment.

This scheme is about providing the range of jobs that we can find in the disability sector. Obviously, there are a lot of roles for carers and many others that provide services. It is an area of growth and one that we should embrace because we want to have a broader job market in Western Australia. We want diversity of jobs, and it is important to provide a real quality of life for people who live with disability. I think the \$23 million over the two financial years is very well spent and will be returned to the state in terms of having successful service provider businesses flourishing in Western Australia.

Dr D.J. HONEY: In relation to that, one of the criticisms that has been made to me by people is that people with very high needs are happier with the NDIS service, but people who have very moderate needs are not. I have been given the example of a pensioner or retiree who lives home and has someone help them with their garden. Under the old home and community care scheme a local person would assist. It was very low cost—they paid \$12—and the person would come in and do the gardening and get paid. Now, if someone lives in a regional town such as Harvey, all of a sudden that service has to be delivered from Bunbury. It is more difficult to obtain and it has been put to me that under this scheme it is far worse than it was for people with low needs for assistance to help them live at home. Has the government looked at that; and is it dealing with it? I understand that it is still an ongoing issue.

Mr R.R. WHITBY: I am not sure that it is something that has been impacted at all by the NDIS. The HACC scheme is administered under the Department of Health, and, as I understand it, still continues. It is a program for people over 65 to receive additional support at home. It does not really fit in with the disability sector in terms of what previously would have been covered by disability services or what would be covered by the NDIS. It is a very worthwhile scheme, but it is something that, as an item in the budget, is in the health department's area of responsibility.

Dr D.J. HONEY: I am always happy to be educated, but my understanding is that people who were receiving that support were directed to the NDIS to obtain support for services and, in fact, went through an extensive application period and the previous service was taken away.

Mr R.R. WHITBY: It depends on what age group the member is talking about. If someone is over 65 years, they are part of the aged-care system. Those people would possibly be making use of the HACC system. If someone is under 65, that is where the eligibility goes up.

Mr A. KRSTICEVIC: It goes up at 65 years.

Mr R.R. WHITBY: It goes up at age 65, for the NDIS.

Mr A. KRSTICEVIC: Can the parliamentary secretary tell me whether the department keeps a record of the number of homeless people with disabilities; and how it keeps them engaged in the system with this funding support? Does the department have a special register for them?

Mr R.R. WHITBY: It is an interesting question and I am sorry that there is not a simple and straightforward answer. The issue of homelessness obviously sits elsewhere in terms of a different division and another minister's responsibility. Is the member asking whether we can narrow down who is receiving NDIS support and is also homeless?

Mr A. KRSTICEVIC: More importantly, who is not on NDIS support but should be, and is homeless; and how does the department get them onto the system?

[3.20 pm]

Mr R.R. WHITBY: The question about who would be receiving NDIS support and is homeless is something that we as a state would not be able to answer because we do not administer the NDIS; that is a federal government responsibility. If someone is in need of NDIS support, they are either eligible or they are not. They have to be in the right age group and meet the other criteria. I do not know that there is any way we could have that number of people who are not eligible and then also fall into the category of homelessness, because, as I say, that is a responsibility for other agencies. The member is asking the wrong estimates session. I am not sure that there is an easy answer, or, indeed, whether the member is asking the question of the right government.

Mr A. KRSTICEVIC: What supports does the state government provide to people in this space who have disabilities? If it is all the federal government, why does the state department even exist if it does not actually do anything?

Mr R.R. WHITBY: I do not want to be misquoted. Of course we have a responsibility to people with disability and we continue to provide many services. The state government provides services in a range of ways to a range of people with a range of needs.

Mr A. KRSTICEVIC: Yes.

Mr R.R. WHITBY: If someone has a disability and does not meet the NDIS eligibility criteria so requires assistance at a state level, they will receive that. If they are homeless, they will be seeking support from other agencies of government. I do not have a computer to magically cross-reference everyone and spit out a number for the member, but that is not to say that services are not being provided to people who are in need, given their circumstances.

Mr A. KRSTICEVIC: Did the parliamentary secretary indicate that the homeless do not get disability services?

Ms C.M. ROWE: I have a point of order, Madam Chair.

The CHAIR: Member for Belmont.

Ms C.M. ROWE: I think that this line of questioning is related to a different portfolio.

Mr A. KRSTICEVIC: It is disability services.

Ms C.M. ROWE: Thank you, and there is no specific budget line item that is being referred to any of the member for Carine's questions.

The CHAIR: Thank you, member for Belmont. Member for North West Central, member for Carine, I am sorry, the point of order is to me, not to you two; I am in the chair. It is not a point of order, but I would ask the parliamentary secretary to continue with the answer, and I would I tend to agree that it is not in this division.

Mr A. KRSTICEVIC: Can I just reframe that?

The CHAIR: Sorry, I am just going to give the call from the parliamentary secretary and he can proceed.

Mr R.R. WHITBY: I am going to be very lenient with, and understanding towards, my friend from the opposition and give him an opportunity to ask one last question.

Mr A. KRSTICEVIC: Parliamentary secretary, can I just clarify what I mean?

The CHAIR: No, the member cannot clarify; he can just ask. Sorry; have another crack at it.

Mr A. KRSTICEVIC: There are people out there with disabilities who are homeless. They are in the streets and we see them all the time. I want to know how the ones in the system and the ones out of the system are being looked after. If I go to the street now and I see someone with a disability and say, "Are you being supported by the state in this disability area", and they say, "No, and I do not know how to do it", who is helping them engage in the service? I am not criticising the parliamentary secretary; I am just trying to understand. Who is helping those who cannot help themselves to take advantage of the services that the parliamentary secretary is offering and/or take advantage of the commonwealth government services? That is really my point.

Mr R.R. WHITBY: That is a fair question.

The CHAIR: I think the member has asked a number of times; I think he will get the same response, but let us see how it goes.

Mr A. KRSTICEVIC: Nobody. The response is nobody.

Mr R.R. WHITBY: Member, for people in that position, the state funds a number of service providers who provide wraparound help and link up people with the services they require. It can be problematic, because, as the member

knows, people who are homeless are facing all sorts of challenges, and often disengage. But if they are eligible for NDIS, they are eligible for NDIS; it is as simple as that. If they are eligible for state services, they are eligible for state services. We need to always ensure that people who are in that unfortunate circumstance of being homeless are also going to get their needs met. To say that they simply miss out is just not correct. But that is not to say that it is always easy to connect with these people and have them engage. But, certainly, there are service providers out there that are funded by the state that are there to help people through that process. We engage with them often, and the services are there. Do we have a magic wand to connect everyone up automatically and, indeed, encourage people to connect when sometimes they do not even wish to do that? I do not have that and it is a difficult thing. We are dealing with complex matters and with people who often suffer mental health issues. We know how people can be helped, but sometimes it is very difficult; nevertheless, the services are out there, and I think I have been pretty lenient, given that these areas are outside this portfolio. But I think the member also knows the answer. He knows the answer. The services are there. We do as much as we can to connect with people. If the member happens to know someone in need, I am sure we will respond.

Mr A. KRSTICEVIC: Or maybe service providers need more funding.

Mr R.R. WHITBY: Well —

The CHAIR: Thank you, member for Carine.

Mr A. KRSTICEVIC: Yes, new question.

The CHAIR: I have the member down for a new one. I am looking forward to it.

Mr A. KRSTICEVIC: I refer to page 522, paragraph 21. At the top of the page there, reference is made to a new centre of excellence called the Office of Disability. Can the parliamentary secretary tell me what the new structure of this Office of Disability will look like?

Mr R.R. WHITBY: Certainly. I have two files and they are often difficult to navigate, so bear with me.

Mr A. KRSTICEVIC: While he is at it, to make it easier, how many staff will be employed as well?

Mr R.R. WHITBY: Okay. Member, a lot of what we are talking about today is around the transition to the NDIS and how the landscape will look as we get fully embedded with that service and what is left of the state responsibilities. The government has decided that it will establish an Office of Disability to provide a more strategic overview of the disability sector in Western Australia. The office will work to improve services across government. We were just speaking about that, were we not?

This is a way to be strategic and look at how services across government can ensure that people with disability have their voices heard. There is also that advocacy element of making sure that people with a disability have not only their physical needs met, but also their desire to be active members of the community met. We want to promote more inclusion and have a more equitable society in which people with disability exercise their rights the same as any other member of the Western Australian community. We have had some engagement sessions, which looked at how this new role would exist or would be made up. A number of sessions have been held across WA and written submissions have been provided. Communities staff have travelled the length and breadth of the state to look at community input in this, and there have been a couple of thousand individual comments or pieces of data obtained during the consultation process.

The feedback is currently being looked at, but we anticipate the office being established in 2021. I think this is something that might exist in other states, but it will be quite a positive for this state. The office will have a strategic view of what is needed across government for people with disability and it will look at their full needs, including advocacy, and how they are engaged with, and included in, Western Australian society.

[3.30 pm]

Mr A. KRSTICEVIC: Am I to gather from that that up to this point none of what the parliamentary secretary just said has been happening and a need has been identified to set up this new structure because the current Department of Communities was not able to achieve any of those objectives?

Ms C.M. ROWE: I have a point of order, Madam Chair. Looking at the notes here, the member's question does not relate to any line item, budget line item, again.

Mr A. KRSTICEVIC: I am talking about the Office of Disability.

The CHAIR: Member for Carine, again, I am the Chair, so I will discuss it with the member for Belmont, if that is okay with you. Member for Belmont, that is not a point of order. I will ask the parliamentary secretary to continue.

Mr R.R. WHITBY: The member is always keen to try and score one, are you not?

Mr A. KRSTICEVIC: Not at all. I just want to know where we have been failing.

Mr R.R. WHITBY: With the greatest of respect, what a puerile question. To suggest that that has not been front and centre of the mind of this government and previous governments is just ridiculous. As I said, we are entering

a very different world with the NDIS and it is a better world for people with disability. As generations continue, we get better at things; we improve things. Why not, as we transition into this new world with the NDIS, have a fresh look of how that is all going to settle in and embed. To suggest that these things that the office might want to achieve have simply been ignored in the past is a bit silly.

Mr A. KRSTICEVIC: That is what the parliamentary secretary said. He said it was going to do all these things.

Mr R.R. WHITBY: Yes, I said —

Mr A. KRSTICEVIC: I assumed that was all happening already.

Mr R.R. WHITBY: Well, to assume that those things did not happen —

Mr A. KRSTICEVIC: The parliamentary secretary was saying that it was going to start happening.

Mr R.R. WHITBY: — I think it is a bit silly.

The CHAIR: Okay, thank you.

Mr A. KRSTICEVIC: I have a further question.

The CHAIR: Just before you do, I think the member for Cottesloe had a further question.

Dr D.J. HONEY: No, I have a question for a new section, Madam Chair.

Mr A. KRSTICEVIC: I have one further question.

The CHAIR: Thank you. We are looking forward to afternoon tea.

Mr A. KRSTICEVIC: The machinery-of-government changes obviously brought the department together and was about breaking down silos. Obviously, by setting up these different centres, the government is now creating silos again. How will the government make sure that the different areas of excellence actually communicate with each other and we are not going back to what we had before?

Mr R.R. WHITBY: I am happy for the member to raise the fact that the McGowan government has dramatically cut down the number of government departments in Western Australia. I think we have more than halved it and we have broken down silos.

Mr A. KRSTICEVIC: The parliamentary secretary can ask the Auditor General how well that went.

The CHAIR: Member for Carine.

Mr R.R. WHITBY: It has led to efficiencies.

Mr V.A. CATANIA: Not in estimates.

Mr R.R. WHITBY: In terms of the office, as I have discussed before, we are not building a monolith. It is not an empire; it is an office. The resourcing of this office, is it someone on a laptop?

Mr A. KRSTICEVIC: I did ask, actually, how many staff were going to be in there.

Mr R.R. WHITBY: Okay.

The CHAIR: Member for Carine—sorry, parliamentary secretary, next time I will call you. We are just starting to get a bit sloppy. Let us be polite.

Mr A. KRSTICEVIC: I am just asking questions.

The CHAIR: Member for Carine, you can ask all the questions you like, through me.

Mr R.R. WHITBY: Member, the office is certainly not going to be a monolith or an empire. It will sit within the agency itself. But I would like to call on, if I can, the director general to elaborate on how the machinery-of-government reform has had positive outcomes so that the member can be disavowed of any fear of ever returning to what existed under our previous government.

Ms M. Andrews: It relates to a really important and really fundamental principle underpinning some organisational redesign we have been implementing this year. For us, it is a maturing of the Department of Communities that helps deliver on what was the original intention of the machinery-of-government change. Some of the member's questions around homelessness and disability speaks to that. In the organisational redesign we are implementing this year on the frontline of our services that we deliver, and in fact the broader frontline, the organisations we commission, we want to see better integration of those services, which is exactly the example the member was talking about—homelessness and disabilities and so on. Therefore, the power of this department is how we better integrate on that frontline.

But within the department, supporting that frontline, we do need to maintain, and in fact strengthen and mature, those centres of excellence around some of those core functions—child protection being one of those, and disabilities, housing and homelessness. The information provided in the *Budget Statements* was signalling that change, that maturing of the Department of Communities, to establish those new centres of excellence. We have been going

through really extensive consultation around those centres, what functions should be in them and what they should not be. It is not creating a new thing to sit alongside or to create silos—quite the opposite. We want to drive and facilitate better integration on the frontline, but also to look at other jurisdictions on best practice, to be a place where reviews are undertaken when they are needed when something happens and we want to learn what went wrong. What did we learn from this? How do we want to change the system to make it more effective?

It also needs to be a place that stakeholders—our peak bodies and our people with disabilities—go. It needs to be a place that they can go when they want to talk about their policy system issues and a place that they know is still advocating for their interests. Again, whether it is disabilities, my interests extend beyond that, of course, to homelessness and child protection. One of the important design principles around our department and the maturing of our department is for it to become even more effective than what was intended by the machinery-of-government change.

Mr A. KRSTICEVIC: Thank you. Very good answer.

The CHAIR: Members, any other questions? Is it a further question?

Dr D.J. HONEY: No, Chair, a new question.

The CHAIR: Are there many more to come, or we might go for a tea break now?

Dr D.J. HONEY: No, this is my last question.

The CHAIR: Sorry, member for Carine?

Mr A. KRSTICEVIC: Yes, I have more questions.

The CHAIR: I am going to suspend for five minutes or so to have a cup of tea.

Meeting suspended from 3.38 to 3.51 pm

The CHAIR: Thank you. We are still on division 36, and we have a question from the member for Cottesloe.

Dr D.J. HONEY: Thank you very much. Parliamentary secretary, I refer to page 537, income from state government, royalties for regions fund. There is a very substantial ramping up to almost \$125 million over the forward estimates. What does that ramp-up reflect? Is that simply a reflection of the progressive take-up of the NDIS in the regional areas or is it for some other reason?

Mr R.R. WHITBY: Member, this is about a construction of services in the housing portfolio, so it is not one —

Dr D.J. HONEY: It is not within the disability services?

The CHAIR: Sorry, do you have further question to that, member? No?

Dr D.J. HONEY: No, I do not.

Mr A. KRSTICEVIC: I refer to page 532, parliamentary secretary—fellow music lover.

Mr R.R. WHITBY: Yes!

Mr A. KRSTICEVIC: I refer to the tenth paragraph, accessing services and participating in the community. This service area is about assisting people with their personal goals and providing them with opportunities. I understand the department released the “People with Disability; Action Plan to Improve WA Public Sector Employment Outcomes 2020–2025”, with an aim to increase the public sector employment of people with disability to five per cent by the end of 2025. Can the parliamentary secretary tell me what actions have been taken to date to meet this plan?

Mr R.R. WHITBY: Thank you, member. That is part of the state disability strategy, which is still under development. At the moment, I cannot really give the member details on that because it is still being determined and developed.

Mr A. KRSTICEVIC: Does the parliamentary secretary know how many people with disabilities are currently employed in the public sector?

Mr R.R. WHITBY: That is a pertinent question, although technically it should be one going to the Public Sector Commissioner. Our understanding is that the rate of employment in the state public sector of people with a disability is currently at 1.9 per cent, and it is one that we recognise is far too low. For the past number of years, the government has been very active in wanting to increase that proportion. We have a target, an aim, an ambition, to get to five per cent of the public sector employing people with a disability by 2025. It is something that is very important to us, and we are lagging behind what would normally be expected.

There are a range of disabilities out there, and there are members of the public sector who may fit into a category of disability who do not identify as having a disability, so it can be a difficult figure to arrive at. Previously, one of the agencies put down people who were wearing glasses as a disability, so we need to refine our assessment of who has a disability, which we are doing. It no longer includes people wearing glasses.

But we are very keen to get that number up and we are involved at looking at the leaders. Sometimes, not always, people in the commercial sector are doing a lot better than we are. The Crown casino in the member for Belmont’s electorate has a project called *CROWNability*. It is very progressive in terms of employing people with a disability. I am sure if the member has been to Crown for a function, he might have seen people who are part of that program.

It is very successful, and I have personally had involvement with people behind that at Crown in terms of being inspired by their story. The current rate of employment of 1.9 per cent is far too low and we are very keen to get it, as an initial target, to five per cent by 2025.

Mr A. KRSTICEVIC: Parliamentary secretary, back in 2014, it was actually 2.4 per cent, so it has actually gone down quite considerably to 2020. Is the parliamentary secretary planning on making it mandatory for departments to reach that five per cent target by 2025?

Mr R.R. WHITBY: Member, I want to clarify what I said earlier. The 1.9 per cent was in relation to Communities, it is not the global public sector figure, so that might account for some of the variation that the member is talking about. But to be more accurate, the member would need to go to the Public Sector Commissioner to seek out what the global figure is for the state public sector.

Mr A. KRSTICEVIC: It is 1.5 per cent. That is okay.

Mr R.R. WHITBY: But having said that, 1.5 per cent or 1.9 per cent are both too low and we need to get it better. That number has been falling for a number of years, predating the current government, so we are very keen to get it up there.

Mr V.A. CATANIA: I had this discussion last night with the Minister for Seniors and Ageing. I asked him questions about whether aged-care facilities did testing for COVID-19 and he was not aware that they did, and I thought: hang on a second; he is the Minister for Seniors and Ageing. You are the Parliamentary Secretary to the Minister for Disability Services. What ways are being looked at to increase the number of people who have disabilities to be in the public sector? I note that yes, the Public Sector Commissioner or the public sector is responsible for it, but, surely, a portfolio holder is the one who drives the goal of five per cent by 2030, so therefore —

Mr R.R. WHITBY: It is 2025.

Mr V.A. CATANIA: It is 2025. What are the programs or procedures or policies that are being put in place to reach that target, given that that is the parliamentary secretary's portfolio area?

[4.00 pm]

Mr R.R. WHITBY: The Premier is responsible for the Department of Premier and Cabinet and the Public Sector Commissioner, so we are talking about a global public sector issue. The actual driving is coming from the Public Sector Commissioner, sitting in the Department of the Premier and Cabinet. But yes, we are certainly very keen to see those numbers get up there. We are very mindful of what we can do with agencies and I am sure there will be advice for various agencies from this agency in terms of how they can do that.

One program that is part of that process is the disability confident recruiter program, which applies to the public sector and private businesses. Last month, the Minister for Disability Services announced that the Department of Communities had joined the Department of Biodiversity, Conservation and Attractions as being recognised as an agency as part of the disability confident recruiter program. That is through the Australian Network of Disability. That achievement will help the department increase the number of people with disability working through the agency.

Communities undertook a disability confident recruiter process to identify and implement improvements, to ensure its practices were accessible to people with disability and to remove barriers so applicants can fully participate in the application and interview process. It is about being able to get people with a disability through the door for an interview. There are all sorts of reasons that someone with a disability might not be able to easily apply for a job. It might be as simple as not being able to type on a keyboard, so there are other ways that those people can apply and get in the door for an interview. WA's largest employer is the state government; it is leading by example so we can give people with a disability the same opportunity as others in the community. But I will defer to the deputy director to elaborate.

I have an update. The Department of Communities is part of the disability confident recruiter program. As I said, the Department of Biodiversity, Conservation and Attractions is also part of it, and the Department of Water and Environmental Regulation is about to join them. Those three agencies of government have stepped through a significant process to ensure that they are able to employ more people with a disability. For the detail of that, I might get the director general, Marion Hailes-MacDonald, to elaborate.

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

Ms M. Hailes-MacDonald: The disability confident recruiter program has and is being promoted through the public sector. The Department of Communities has worked with National Disability Services, which is a peak body, to work with the Public Sector Commission to increase both the awareness of and the need for public sector employment, to develop a range of tools to assist organisations with the recruitment practice, to increase awareness about modifications and grants that are available to support that employment and to inform on the cultural changes needed to recognise the abilities of people with disabilities as they come to be employees. The state disability strategy, which is currently in development, will also have a number of strategies rolled out and promoted through developing the Office of Disability.

The CHAIR: Before the member for North West Central continues, member for Carine, are you staying or going?

Mr A. KRSTICEVIC: I will stay a little bit longer and then I will sign myself out again, after I have signed myself in.

Mr V.A. CATANIA: That is great that the Department of Communities is pushing to try to employ many people who have a disability, but it is quite concerning that the response is that the public sector is pushing for agencies to employ more people with disabilities, yet only three agencies out of the state government have signed up to this way of increasing the number people with disabilities to work for those departments. The parliamentary secretary said there were just three agencies, I think. The member for Carine clearly outlined that there has been a decline over the years in the number of people who are disabled and are employed by government. Clearly, the policies do not seem to be working.

Ms C.M. ROWE: Mr Chair, I have a point of order. This is either a very lengthy preamble or is not really a question.

Mr V.A. CATANIA: It is actually quite a serious issue that I am trying to get to the bottom of.

Ms C.M. ROWE: There is no line item that is being addressed here.

The CHAIR: Thank you, member for Belmont. The member for North West Central is about to get to his point.

Mr V.A. CATANIA: That may be inexperience, but the member for Belmont will learn it once she is in opposition.

Ms C.M. ROWE: Thank you, member, for the gratuitous mansplaining there.

Mr V.A. CATANIA: I am concerned that what is in place at the moment is clearly not working because we are not seeing that number increase. I suppose that is the point I am trying to make. How will the parliamentary secretary try to engage the rest of the departments to participate? I do not know how many departments there are, but there are a fair few. If they were to participate, I am sure the government would quickly move towards meeting those targets.

Mr R.R. WHITBY: We have to remember that we are at the start of this process, not at the end, so we should not look at what exists now and then make a judgement call on its success or failure. The drive for this is coming through the Public Sector Commissioner, who is sitting with the Premier. They are driving it, so I have no doubt that agencies across government will take this up. We have mentioned the three departments in this portfolio, but that is the start of the process. The member is right; there has been a decline in numbers in recent years. But when we came to government, Minister Dawson made it an issue to pursue, and we are addressing this at a level that has not been seen in the past.

I will defer to the deputy director in a moment, but I want the member to appreciate the fact that we have come to government; we have seen a situation; we have already begun the process of addressing it; and that process is now beginning. The start of the journey will see, I am sure, many other agencies join, and the time to look at whether we have been successful will be in four or five-years' time when we have reached that target of five per cent. I hope we exceed it. If we fall short, we fall short, but I am very confident that it will be a significantly larger number than we have today. The deputy director will elaborate on that and talk about other agencies. I am sure we have not closed the door in terms of letting other agencies being part of that process.

Ms M. Hailes-MacDonald: To be a disability confident recruiter, a department has to go through a process of proving various things. Although three organisations or agencies have been awarded disability confident recruiter status, I am aware of a number of agencies that are currently in the process of doing that and we will be seeking to build on that process. At last count, eight organisations were going through the process at the moment but have not yet achieved the award —

Mr V.A. CATANIA: Through the Chair, does the deputy director mean departments when she says “organisations”?

Ms M. Hailes-MacDonald: When I say “agencies”, yes, I mean departments.

[4.10 pm]

Mr A. KRSTICEVIC: I want to clarify, because the parliamentary secretary gave a couple of examples there. One was a global target under the Department of the Premier and Cabinet and then —

Mr R.R. WHITBY: No; there is one target for the whole of government.

Mr A. KRSTICEVIC: Will the Department of Communities achieve that target of five per cent minimum by 2025?

Mr R.R. WHITBY: That is a target that applies across government, member.

Mr A. KRSTICEVIC: Will the Department of Communities achieve that target?

Mr R.R. WHITBY: The department is committed to that figure as well, but it is a figure across government, and the director general will be able to elaborate more. I will talk about how this government is grappling with and addressing this issue. The member is trying to characterise a situation as if there has been a failure. We have been in government three years. We have arrived at a situation in which the number is very low, and for the first time we have a target. For the first time we have actually sat down, assessed the problem, assessed what needs to be done and are moving to do something about it. We are at the beginning of the process. I will mention the Containers for Change deposit scheme that was introduced at the beginning of this month, which will come up in another division

shortly. About 680 jobs have been created through that scheme and 40 per cent of the 680 are people with a disability, are long-term unemployed or are Aboriginal people. Therefore, the commitment of the minister cannot be doubted in this regard. He is absolutely passionate in achieving gains for people with a disability to get them involved in our community.

Mr V.A. CATANIA: Is the 40 per cent a breakdown of Aboriginal people —

Mr R.R. WHITBY: Let me clarify: 680 jobs have been created under Containers for Change and 40 per cent of those jobs are either people with a disability, the long-term unemployed, or Aboriginal people.

Mr V.A. CATANIA: I find putting Aboriginal people in that 40 per cent quite offensive.

Mr R.R. WHITBY: I would not be offended if I am trying to assist a group of people who have been historically disadvantaged for many years and who have high rates of unemployment.

Mr V.A. CATANIA: What is the breakdown of that 40 per cent, then?

Mr R.R. WHITBY: Let us be honest about this. It is a good thing to pursue inclusion and employment for all people. The member is making a cheap shot here. But we know Aboriginal people have had a rough deal and continue to have a rough deal in this country.

Mr V.A. CATANIA: What is the breakdown of that 40 per cent, then?

The CHAIR: Member for North West Central, you will get the chance to ask your question. Let the parliamentary secretary finish because the member for Carine is the one who asked the question.

Mr R.R. WHITBY: Come on; that is a bit of a cheap and silly shot. It is a good thing to provide employment for Aboriginal people, who quite often struggle to be employed because of their circumstances. We know that the rate of Aboriginal unemployment is higher than that for the general population, so if we can redress that, that is a positive and it is part of the positive responses we have seen out of the Containers for Change legislation. It is a great scheme. It is employing people at a time when we need to create employment. It is employing people who have found it difficult to find employment or who have more obstacles to employment than perhaps other people.

Mr V.A. CATANIA: I want to get some clarification, since the parliamentary secretary brought it up. What is the breakdown of that 40 per cent? My disappointment is that the parliamentary secretary is categorising Aboriginal people with unemployed people and people with a disability. How about separating that 40 per cent and saying that we have X number of Aboriginal people employed and X number of unemployed people who are taking up these roles and X number of people employed who have a disability? Lumping everyone into the one basket means that that 40 per cent figure means nothing because it could mean that one per cent Aboriginal and one per cent disability are in that 40 per cent. Therefore, can the parliamentary secretary breakdown that 40 per cent for me? I think they need to be separate, rather than being lumped together. That is my point.

Mr R.R. WHITBY: Yes. I do not take issue with that. That is a fair point. I can assure the member I am not trying to be tricky by knowing that one of those categories is one per cent and the rest are 38 per cent or whatever. To be honest, I just simply do not have the breakdown, but I would assume it would not be just one per cent of any particular category. I do not think that is reasonable to assume. But this is part of a future division. I am happy to go into this further after we have dealt with this issue.

Mr A. KRSTICEVIC: I understand the department is going to release a state disability strategy and I was just wondering when will this strategy be released?

Mr R.R. WHITBY: The state disability strategy will be released by the end of the year.

Mr A. KRSTICEVIC: By the end of the year—what, 31 December?

Mr R.R. WHITBY: By the end of the year.

Mr A. KRSTICEVIC: Can the parliamentary secretary tell me, unless it is cabinet-in-confidence, who was actually consulted as part of this strategy?

Mr R.R. WHITBY: The government undertook wide consultation on the state disability strategy to create a vision of an inclusive Western Australia over the next 10 years for the people with disability. It involved significant consultation across five stages with input from a range of stakeholders and included workshops with individuals, service providers, businesses and local and state government agencies on the themes of housing, health, rights and justice; transport, support services, employment, education and local community. There was individual consultation with groups of people including Aboriginal communities, people from cultural and linguistically diverse backgrounds, people with specific needs, families and their siblings, the state disability strategy reference group with members from the Ministerial Advisory Council on Disability, and the Disability Services Commission board contributed and provided guidance on the development of the strategy. There is also ongoing input and contributions formally from the Disability Services Commission board and MACD.

Mr A. KRSTICEVIC: Is their feedback going to be available for us to access and review?

Mr R.R. WHITBY: This is a big consultation process and it will lead to the release of the strategy. I think this is sort of the process for similar types of strategy documents. The member just heard me talk about the consultation and the input; I do not think it could have been wider, and that is not done for no reason, it is done to inform the strategy and to get the best document we can. That will be part of the final strategy.

[4.20 pm]

Mr A. KRSTICEVIC: The parliamentary secretary actually has not answered my question about whether or not the feedback will be available. So if we think about other strategies that were put together, whether it was local government and the feedback that came from that, through the sector, through individuals, that was available for us to look at online, available to the broader public and MPs; likewise, with puppy farming, all of that was available online so that people could access the feedback and commentary that people were doing. I am not sure why disability is all of a sudden being discriminated against by not being available for individuals, the public and members of Parliament, to have a look at that feedback. I was just re-emphasising that when we did the local government review, the feedback and the input from the community and the sector was available online for everybody to look at. When we did puppy farming, there were thousands and thousands of submissions. Again, we could see those submissions and we knew what submissions the different stakeholders had submitted. I am just wondering why with the disability strategy the information is being held back in terms of the input from the sector and/or individuals and why that is not being made available as well. The parliamentary secretary has avoided the question.

Mr R.R. WHITBY: I think we are dealing with different types of issues.

Mr A. KRSTICEVIC: Of course we are. These are very serious issues.

Mr R.R. WHITBY: We are dealing with review. This is a strategy document; it is not a public review or an inquiry where that might occur. I do not think a strategy document is the type of document in which we would see individual names and comments mentioned. It is a document to drive a policy and a strategy over 10 years. We are trying to compare apples with pears here.

Mr A. KRSTICEVIC: So if nobody can see the commentary and feedback from the sector and from the stakeholders and from people with disabilities, how do we have confidence in knowing that the strategy is reflective of the potentially thousands of comments that have been received?

Ms C.M. ROWE: This is just a general statement, Chair.

The CHAIR: Parliamentary secretary.

Mr R.R. WHITBY: I will take the question again, but this is about a strategy setting out a direction for government for 10 years. Of course the government is going to be mindful of community input. But the document is very deliberate in its intent to be driving policy and strategy, so it is not the same kind of process that may have commentary or input mentioned.

Mr A. KRSTICEVIC: Fair enough. The last strategy we saw from the Department of Communities was the homelessness strategy. It had no funding attached to it per se. That required two action plans to then be developed, of which one has been developed which had no funding mentioned in it. So this document is not the beginning of action, it is just the beginning of words in terms of where we are heading? Because obviously the strategy is where we are going, but then we need money attached to the strategy, we need a plan, a process, everything else. How long will it take for this strategy to start being implemented and how much money is going to be attached to this strategy to actually achieve its outcomes?

Mr R.R. WHITBY: Having a strategy as a document is better than not having one, okay? We need a long-term plan, vision; we need to know where we want to head over a 10-year period. I might refer the idea of the strategy and how it will help guide the government to the assistant director general, if I can, but to suggest that talking about a strategy is about admitting failure and that we are not going anywhere —

Mr A. KRSTICEVIC: It is a good starting point.

Mr R.R. WHITBY: It is a starting point.

Mr A. KRSTICEVIC: But it needs some money attached to it and some action.

Ms M. Hailes-MacDonald: The disability strategy is about an inclusive Western Australia so it is about everybody being involved in developing an inclusive Western Australia. Hence, the actions will not all be the remit of the Department of Communities, it is everybody's responsibility, so other departments as well. Throughout the development of a disability strategy has been that it will have action plans associated with it, with the intention that there will be two-year building blocks of action plans to actually reach 10-year outcomes. So it is the intention that the disability strategy, when launched, will have the first action plan associated with it, which will identify across different departments and different commitments how that will be the foundation to build on the outcomes that are expected over the next 10 years.

Mr A. KRSTICEVIC: Thank you very much. That is a very good answer.

The appropriation was recommended.

Division 42: Water and Environmental Regulation — Services 4 to 9, Environment, \$99 083 000 —

Mr S.J. Price, Chair.

Mr R.R. Whitby, Parliamentary Secretary representing the Minister for Environment.

Mr M.C. Rowe, Director General.

Mr A. Sutton, Executive Director, EPA Services Division.

Mr P.H. Brown, Executive Director, Regional Delivery.

Mr P.J. Stewart, Acting Executive Director, Corporate Services.

Dr N.E.F. Goyal, Executive Director, Science and Planning.

Ms S. McEvoy, Executive Director, Strategic Policy.

Mr P.J. Hawker, Acting Chief Finance Officer.

Mr D. Forster, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

Member for North West Central.

[4.30 pm]

Mr V.A. CATANIA: I refer to page 649 of budget paper No 2. I have a question mark here. Of course, with the history of Carnegie Clean Energy, we have to question the funds that are being put here. The clean energy future fund has an allocation of \$2 million in the 2020–21 budget and a further \$8 million in the subsequent budgets. One of the new initiatives is the clean energy future fund, which is allocated \$2 million in 2020–21, and another \$7.28 million in the forward estimates. Are they the same funds or are they different funds that have the same name?

Mr R.R. WHITBY: The spending changes table under “New initiatives” is the funding that was pre-COVID, then of course COVID came along and at the top of that table is the list of appropriations to boost spending. So it is actually additional money that has been allocated as part of the COVID WA recovery plan.

Mr V.A. CATANIA: So the \$680 000 extra is the top-up money or is it \$10 million new money?

Mr R.R. WHITBY: The \$10 million is the additional money.

Mr V.A. CATANIA: I just want to clarify this so I have it right: under new initiatives, clean energy future fund, is \$7.28 million of existing money, and then there is the COVID-19 WA recovery plan with the same name, clean energy future fund, where there is \$10 million of new money, so it is \$17.28 million?

Mr R.R. WHITBY: That is correct. Those were boosted as part of the WA COVID recovery plan.

Mr V.A. CATANIA: Can the parliamentary secretary please tell me what the \$17.28 million is allocated for? Like I said, concerning after what happened with Carnegie Wave Energy and the waste of taxpayers' money in Albany by the Minister for Regional Development, Alannah MacTiernan, we are all a bit sceptical when the government announces these global figures of clean energy future fund, so can the parliamentary secretary please detail what the money is for?

Mr R.R. WHITBY: Certainly, member, I would be delighted to because it is a very important program and it will bring a lot of benefits and it will be very stimulatory to our economy. It will create jobs and be good for the economy. The fund supports Western Australia's low carbon transitioning by facilitating individual clean energy projects and accelerating technology innovation. These projects will contribute to the government's aspiration to achieve net zero greenhouse gas emissions by 2050. As I said, the \$10 million is in addition under the COVID-19 recovery plan. Clean energy operators can apply for funding of between \$250 000 and \$2 million for each clean energy project. Successful applicants for the first round of funding is expected to be announced shortly. The projects are supported by the fund to contribute to significant cost effective reduction in greenhouse gas emissions. The

priority projects are facilities that are at the fringe of and not connected to the south west interconnected system or the north west interconnected system and significant facilities under the national greenhouse and energy reporting act. So it is \$10 million extra funding to support Western Australia's economic recovery while reducing emissions. It is about innovation, and it is about supporting alternative sources of energy. As I say, it is about stimulating and kickstarting our economy and given the location of these projects it should be welcomed by people who represent regional Western Australia, I would have thought.

Mr V.A. CATANIA: Although the parliamentary secretary says there is \$4 million in this 2020–21 budget, obviously that is not a huge amount of money when dealing with the grid issues. Kalbarri is one of those towns that suffers from the edge of grid issues on the SWIS. Would that be one town that the government is prioritising to ensure that it is reliable and sustainable power, especially when we have all these tourists who are wandering out yonder because they have nowhere else to go. It puts a huge amount of pressure on the power supply in Kalbarri and often leads to power going down, costing small businesses a huge amount of money when they have food and beverage in their fridges and freezers to cater for this influx. Will this money support towns like Kalbarri?

Mr R.R. WHITBY: The process for the money to be allocated is a competitive process so the government itself cannot determine who will be the particular winners out of this. They have to put up, obviously, an appropriate case, but certainly this project is targeting towns like Kalbarri and towns that the member suggests need this assistance. That is where we are hoping that the money will go, but we are not going to allocate it in a way that is not competitive and fair to every applicant.

Dr D.J. HONEY: Just to be clear, this total amount of money, the \$17.28 million, is purely to go towards projects that are yet to be applied for, and none of that money has been allocated to other clean energy future projects?

Mr R.R. WHITBY: The advice I have is that the application process has already been opened and has concluded for, the first round, and those applicants will be assessed and hopefully we should be hearing about who will be receiving funds by the end of the year.

Dr D.J. HONEY: Just to be clear, there are no government initiated initiatives here; this is waiting for other groups to come from the outside and apply for the funding?

Mr R.R. WHITBY: Yes, this is allocating to the private sector.

Mr V.A. CATANIA: Does the parliamentary secretary want to clarify that because it is actually quite important.

Mr R.R. WHITBY: Just a point of clarification, it is non-government agencies—I think that was the issue the member was raising—but it is certainly open to not-for-profits and local government.

Mr V.A. CATANIA: Kalbarri's service is government operated, or contracted out. It will not be able to access these funds. As the parliamentary secretary pointed out in his first response, where the north west interconnected grid fails, Kalbarri is on the edge of the grid. Will they be able to apply —

Mr R.R. WHITBY: Sorry, who is "they"?

Mr V.A. CATANIA: It is not Horizon, it is Western Power that has Kalbarri under the NWIS system, but I think there is potentially a private company that may run it. Will Kalbarri, which has a problem with power, be able to access these funds to ensure that they have regular power supply?

Mr R.R. WHITBY: I would not be quick to write off any particular town as benefiting from this. It really depends on which agencies—when I say "agencies" it could be a not-for-profit, it could be a local government, it could be a commercial concern, it could be an Aboriginal community. So without knowing who is interested, and I certainly do not know, it is open to all those types of entities. I would have thought that every town would be in the same situation in terms of —

[4.40 pm]

Mr V.A. CATANIA: I am not going through it, but edge of grid stuff is the edge of grid of the south west interconnected system, which is Western Power, and then you have the edge of grid of the northern interconnected system, so it is those towns at the end of that system that miss out on power going all the way from the start to the finish. The finish, the end, gets less power.

Mr R.R. WHITBY: So the member is talking about towns that are actually within the system —

Mr V.A. CATANIA: Yes.

Mr R.R. WHITBY: — within the grid, but because they are at the end of the line they have issues?

Mr V.A. CATANIA: Yes, which is what the definition is for those funds, that is all.

Mr R.R. WHITBY: The point is, it is funding for facilities that are at the fringe of or not connected to, so I guess it will be covered in that example, potentially.

Mr W.R. MARMION: Just following on, the selection process for these projects: first of all, how much is allocated for round 1? Who is on the selection panel and do they recommend to the minister? How does the process work?

Mr R.R. WHITBY: I might refer this to my counsel, director general.

Mr M. Rowe: And I might refer it to the relevant executive, who will be Sarah McEvoy.

Ms S. McEvoy: Yes, a range of government agencies are on a panel recommending to the relevant ministers the programs or the proposals that would be funded. As the parliamentary secretary said, that still under way. That includes people with technical expertise in energy as well as policy advisers and the process is also able to access specialist expertise if required.

Mr W.R. MARMION: My other question is: does that panel make a recommendation to a minister or the director general? What is the final sign off and if it goes to the minister, does the minister take it to cabinet?

Ms S. McEvoy: It is a joint decision not dissimilar to the way it was for the low emissions energy development fund. It is a joint decision by the ministers for environment and energy.

Dr D.J. HONEY: I refer to the table at the top of page 650 headed “Ongoing Initiatives” and to the resourcing of the Port Hedland dust program, which sees it going up to a bit over half a million a year. One, can the parliamentary secretary tell me what that program comprises; and, two, if it is monitoring, why is that not being paid for by industry?

Mr R.R. WHITBY: I will go to the second point of the question first, because I have forgotten the first part! The immediate future is for the state to take control of monitoring, to establish the integrity of the monitoring process. We need a head power to negotiate, and we need to negotiate with the private sector up there and the mining companies involved to agree to take on the monitoring and pay for the monitoring. So initially we will be taking that on and establishing that rigorous process. But the intent is to move that responsibility for cost to the sector itself. What was the first part?

Dr D.J. HONEY: The first part was what was the extent of that program.

Mr R.R. WHITBY: Okay. I will refer to the director general.

Mr M. Rowe: Thank you very much. So the program consists of a number of elements. Post the government response to the Port Hedland dust task force, there were a number of commitments given in relation our department’s responsibilities in that area. One was to produce best practice dust guidelines and so that is one of the activities we are doing as an organisation. The consultants who are working on that are on the ground in Port Hedland this week. The other one, as the parliamentary secretary said, is to resume responsibility for the monitoring in Port Hedland. The tender process will commence in November and should conclude in the first quarter of next year and then as the parliamentary secretary has indicated, in time, industry will be responsible for the cost of that part of it. We are also reviewing all the licences up there with the expectation that industry will have no net increase in dust emissions even though they may want to increase their exports from the port, so there are a variety of elements to that program for which that funding is directed.

Mr V.A. CATANIA: Who is responsible for the maintenance of the dust monitors?

Mr M. Rowe: So at the moment it is, I guess—how would you describe it? A conglomerate of the companies are represented through the Port Hedland Industries Council, so the industries up there, the various mining companies that export through the port are part of the Port Hedland Industries Council. As we said, in time, as part of the government’s response to the task force, my agency will become responsible for dust monitoring in Port Hedland, so we will assume responsibility for the nine existing sites that are there. We have already been up and done an audit of those sites, and the tender process will determine how best to actually resource the monitoring going forward in that space. Currently PHIC is responsible for the monitoring. It publishes the monitoring data and information. In time that will become my department’s responsibility to do that.

Mr V.A. CATANIA: Can the parliamentary secretary confirm that at least one of those monitors was not working for approximately eight months? How can that happen?

The CHAIR: Member for North West Central, it is not related to this, so I will give the parliamentary secretary the option whether he wants to answer it specifically.

Mr V.A. CATANIA: It is a very, very important question.

Ms C.M. ROWE: It does not matter; it is still not —

The CHAIR: Member for Belmont, thank you.

Ms C.M. ROWE: Sorry.

Mr R.R. WHITBY: I am not sure if it sits in budget estimates, but I am happy for the director general to respond.

Mr M. Rowe: So, yes, it is correct to say that one of those monitors was not operating correctly for a period of time. The department was advised by PHIC some time after they had their first suspicions that that was the case. That did not please me greatly—the member might have read about that in the news—because it did potentially call into question the integrity of the dust monitoring program. So from my perspective, it just adds to the importance of the government resuming responsibility for that effort in order to ensure the community, industry and other stakeholders, of the integrity of that monitoring network. Having said that, the monitoring, the particular piece of

equipment was corrected, it was tested, as we understand it, and is now operating correctly to the best of my knowledge. So industry identified that issue. They probably should have told us earlier; nevertheless, the issue is now corrected and we understand that the dust monitoring network is operating effectively now. We are still very keen to resume responsibility for that as soon as possible.

Mr W.R. MARMION: On the same line item, is the resourcing sufficient so that the department can actually analyse the data—I wonder if this is being done—and monitor when the ships are being loaded and also incorporate ambient dust so it can do a proper analysis, maybe an algorithm around how the dust changes, depending on the volume of ships, where they are loading, where the wind is coming from? It is quite a complicated analysis but I was wondering whether that is going to be part of the resourcing.

The CHAIR: Once again, we are on the edge of what we are discussing.

Mr W.R. MARMION: Yes, it is to do with resourcing.

The CHAIR: I appreciate that, but once again it is discretion. Director general.

[4.50 pm]

Mr M. Rowe: As I said, in time this exercise will be paid for by industry, so that is important to bear in mind. We have used a variety of techniques in the past to understand what is going on with dust in Port Hedland, and the member might be familiar with Lidar monitoring that was done for a period of time up there. Now, of course, Lidar has its own limitations as well, because in some cases marine aerosols can be confused with dust and other things, nevertheless, it does give us an indication of indicative dust sources which is important. The member would also be aware that in Port Hedland the matter is complicated by the fact it is a pretty dusty town in any event. It has background and ambient dust that exists in addition to the dust that is created as a result of the industry that occurs in that area. So I think the question is: do we have sufficient resourcing for our monitoring to be able to distinguish that clearly going forward? I do not know that I can answer that question in all honesty. I am not the expert in that space and I am not sure we have the relevant people with us this afternoon who may be able to answer that question.

Dr D.J. HONEY: I turn to the “Waste Avoidance and Resource Recovery Strategy 2030” at the bottom of page 650. I had some reasonably extensive correspondence from a company that is involved in taking waste materials and recycling them and they were greatly concerned that sham operators were taking large volumes of waste, declaring that waste as recyclable material, but in fact only a very small percentage of that waste was actually recyclable, and then they were dumping that waste. Their assertion was, and this is a reputable company, that this is a common practice that is undermining reputable operators in that space. I did actually raise that specific issue with the minister, and he looked into it. I have had further information that whilst that has occurred it has not actually changed. I will give an example. For example, a company is taking waste at \$26 a cubic metre. It is landfilled. They are not paying the landfill levy for that because it was taken as recyclable waste. I wondered about the extent of enforcement, and if there have been any detection of levy avoidance and if there have been any prosecutions for levy avoidance in the last 12 months?

Mr R.R. WHITBY: Are we straying a bit away from budget estimates on this one, because the member has raised it with the minister directly?

Dr D.J. HONEY: Well, it is to do with the waste avoidance resource recovery strategy because the assertion is that it is being avoided. This is the only place I can see that I can raise this.

Mr R.R. WHITBY: I would ask Mr Cowie, perhaps, to respond who may be able to offer some insight, but if there is a specific issue that is recurring, I suggest that the member write to the minister.

Dr D.J. HONEY: I have done that.

Mr R.R. WHITBY: Or let the minister know again.

Mr S. Cowie: The landfill levy is payable on waste that is generated in the metropolitan area, and when it is disposed to landfill, so if it is recyclable waste and it is being recycled, there is no levy payable on that. But once it is disposed to landfill, the levy is payable. If it is taken to a landfill site outside the metropolitan area, that levy is still payable and there are a number of landfill sites that do receive metropolitan waste and pay the levy. There are significant penalties, including daily interest for failing to pay the levy, for companies who take waste and do not declare the levy. We undertake a number of compliance inspections and investigations to determine if there are people who are not paying the levy. The levy is payable by the person who landfills that material, so it is the landfill that is responsible for paying for the levy. In the 2019–20 year of the budget, the previous year, we undertook 74 inspections of landfill premises and 52 inspections of other prescribed premises used for the purpose of processing waste, to target compliance with the landfill levy to ensure that the waste was recorded correctly. We also undertake a number of investigations, both overt and covert, to determine whether the levy is being paid. At the moment there are several investigations ongoing to look at whether levy is being paid. To answer the member’s question, there were no prosecutions this year for non-payment of levy, but there are some investigations which are continuing.

Mr V.A. CATANIA: I refer to page 651 and the native vegetation policy and the suggestion that it will be reviewed and implementation change to this policy made. Will that require any regulatory or statutory changes?

Mr R.R. WHITBY: The answer is no.

Mr V.A. CATANIA: There will be no regulatory or statutory changes. Does this mean that the rule for clearing of native title vegetation, for which farmland is exempt, will be maintained?

Mr R.R. WHITBY: Can I clarify: did the member say “native title” or “vegetation”?

Mr V.A. CATANIA: Native vegetation; sorry. I have “native title” in my head. I am continuing on from last night!

Mr R.R. WHITBY: Thank you, member. There is no proposal for any changes to that.

Dr D.J. HONEY: In relation to native vegetation, the parliamentary secretary may be aware that CSIRO published a study, I think it was actually two years ago now, on the loss of tree canopy in the metropolitan area, and it was in the order of around 70 000 hectares, I think, over 10 years. Is any work being done to look at that issue? The parliamentary secretary might know that it is an issue I am passionate about, as much as anything else, for the impact on Carnaby’s black-cockatoos and other cockatoos, which seem to me to be forced into smaller and smaller bush areas in the metropolitan area. Is there any policy or any work being done to protect the native vegetation, in particular the tree canopy in the metropolitan areas?

Mr R.R. WHITBY: Thanks, member. The member has actually hit on something that I think is really important. I think I might have said at previous estimates hearings that this is one of my pet concerns about urban development. An amount of tree canopy and native vegetation is lost with development, so I really think we need to look at this area and to preserve as much as we can. As the member knows, there are obvious advantages for having urban canopy; not only is the visual aspect significant, but also the canopy cools the environment in which residences are built and provides an environment for native wildlife. Some developers already do it very well; others, much less so. I think we are getting into another portfolio area. Certainly, the planning portfolio is looking at how we can retain more urban canopy in residential development, so this really comes under its bailiwick. I will refer to the director general, who will be able to speak as far as we can in terms of this portfolio area about this issue.

Mr M. Rowe: Thank you very much. As part of the development of the policy, we are very conscious of the fact that we live in a very diverse state, for a start, and what might work in the Kimberley may not necessarily work in the south coast or even metropolitan Perth, so understanding that it is probably appropriate to take a bioregional approach to thinking about native vegetation makes a bit of sense in a state like ours. Obviously, as the parliamentary secretary has said, in the metropolitan setting, a lot of the decisions around native vegetation arise out of subdivision approvals that happen through the planning system, and they do not necessarily fall under the Environmental Protection Act in that sense, so they are exempted by virtue of the way that the two pieces of legislation work. Having said that, from time to time there will be some native vegetation clearing proposals in metropolitan Perth that come under the Environmental Protection Act, whether that is under part 4 for significant assessments by the EPA or under part 5 if it is a native vegetation clearing application. One thing that the policy focused on through the discussion process was the need to better understand the extent of clearing. It is true to say that because clearing is authorised under a multitude of portfolios and different statutory frameworks, we do not have a good collective understanding of the extent of clearing that is occurring, and that has been a key consideration for the minister and the parliamentary secretary in asking us to think about how we can have a better whole-of-government approach to understanding what is actually going on when it comes to clearing in the metropolitan area.

The parliamentary secretary also mentioned the work that the planning portfolio is doing on the urban tree canopy. That department has done some urban tree canopy strategy work in conjunction with the Western Australian Local Government Association and other local governments. Some work is happening at multiple levels both in the strategic sense about what can be done to preserve the urban tree canopy and in a policy sense about what we collectively need to do to better understand the extent of clearing, and what that might mean in a bioregional context.

[5.00 pm]

Mr W.R. MARMION: My first question is on page 651 and the Waterwise Perth action plan. I would like some clarification on the wording in the seventh point, which states that “Perth’s reliance on groundwater cannot continue”, and outlines a plan to reduce groundwater use by 10 per cent. How does that relate to the recharging that is being done by Water Corp? My understanding is that the recharging quantity that goes into the groundwater has approval to be outsourced. Can the parliamentary secretary please clarify that?

Mr R.R. WHITBY: That is an issue under the water portfolio and Minister Kelly. This is the environmental portfolio. We should leave it to the right area.

Mr W.R. MARMION: Yes; that is fair enough.

Mr V.A. CATANIA: Parliamentary secretary, I refer to page 654, “Explanation of Significant Movements”, and the fifth point, which states —

... it is likely that industry has engaged in more stockpiling of C&D waste in lieu of disposal which has contributed to the decrease in the quantity of C&D disposed of to landfill thus increasing the overall diversion rate.

It is suggested that potentially, there may be stockpiling due to the prohibitive costs of the waste levy itself. Does the parliamentary secretary think that that is causing these stockpiles to occur?

Mr R.R. WHITBY: Thanks, member. Shortly, I will refer the member to an adviser who can give him a clearer picture and explanation of that point, but I want to make one point about construction and demolition waste. We are actually moving to a much better process of recycling a lot of that, so, in a way, this issue will dissipate over time. That is the good news. If the member is familiar with Kwinana Freeway, as I am, and the recent widening of that freeway, I think all the road base in that was recycled C and D waste, and I think that was the first time that we have actually used that material as a road base. This makes absolute sense in terms of savings to the taxpayer, and it is actually a quality product for use as road base. Although there might be an issue here, I think the good news broadly is that we are heading in new directions with recycling and better management of waste in terms of the recycling and the circular economy. One of the big good-news stories has been the use of C and D waste in building and road bases and I think in other infrastructure, too. Local governments are starting to use it for car parks. Of course, it means that we are not mining finite resources, whether sand or limestone, so there are some good savings there. I will get Sarah McEvoy to comment on the particular point that the member raised.

Ms S. McEvoy: I will try to remember all of it. The levy is intended as an economic lever to discourage landfilling. That is one of its primary purposes. Currently, the regulatory and legislative framework does not give any time frame as to how long someone can stockpile material. There is a relationship between demand and when someone can actually re-use material. One of the other things is that there has been a bit of a reduction in the amount of construction and demolition waste that has been generated in the last five years or so, primarily as a result of a downturn in construction, as shown by the Australian Bureau of Statistics. When recyclers stockpile material, they are either going to re-use it, as the parliamentary secretary said, for things like civil construction for roads and so forth, or, if they are unable to find any market for it, they will have to at some point dispose of it to landfill, and then the levy would become due. A number of consultations have been out this last year, particularly one called “Closing the Loop”, which is all around how to encourage the recycling of that material in a more efficient way. Because what those people are doing with stockpiling is lawful, there is nothing in the legislative framework that prevents that, but obviously, from a departmental point of view, we would want to encourage the use of that material in a timely way.

Mr V.A. CATANIA: Is the parliamentary secretary concerned that there might be some illegal dumping of this waste occurring because people are trying to avoid that levy, and is that being monitored?

Mr R.R. WHITBY: I would be concerned, obviously; I think we would all be concerned if that was happening. But I think, as Ms McEvoy has explained, there is often stockpiling while there is a search for a market for the material, and I think what we are seeing with the new regulations that allow the use of this material in civil construction and road base et cetera means that it is more likely that that material is going to find a market. The fact that it is sitting there being stockpiled does not necessarily mean that it will not find its way to a market. As a state government, the more we can do to encourage recycling will mean that there will be a greater chance for that market to be found and for that stockpiled material to be used.

Mr V.A. CATANIA: Has the parliamentary secretary or his department heard of any reports of illegal dumping in regional areas to avoid the waste levy, particularly in rural areas at landfill sites?

The CHAIR: Once again, member, you are pushing the boundaries on the questions, but it is up to the parliamentary secretary if he wants to respond.

Mr R.R. WHITBY: My response would be that the agency does actively investigate illegal dumping.

Dr D.J. HONEY: Parliamentary secretary, I refer to page 652 and the table of government goals, desired outcomes and services. That states “Compliance with Ministerial statement implementation conditions are monitored effectively”, and it is “Compliance Monitoring Services”. I was told that there was an issue at Woodman Point.

Mr R.R. WHITBY: Sorry; can the member just restate the page he is referring to?

Dr D.J. HONEY: It is page 652. It is the table with “Government Goal”, “Desired Outcomes” and “Services”. At the bottom, service 9 is “Compliance Monitoring Services to the Minister”, and that is also in the service summary table below, under the ninth expense. I was told that there has been an ongoing issue that Woodman Point has not been complying with its odour emission levels. Is that, in fact, the case; has the parliamentary secretary’s department been made aware of that; and has there had been any investigation of that?

[5.10 pm]

The CHAIR: Once again, member, the questions are not quite on target; however, I will let the parliamentary secretary have the discretion.

Mr R.R. WHITBY: The line item that the member referred to does not refer to the Woodman Point issue. I will refer to the director general to explain.

Mr M. Rowe: Thank you. Service 9 is about compliance monitoring that the department does on ministerial statements recommended by the Environmental Protection Authority and approved by the minister. There is a compliance effort that revolves around those ministerial statements. Obviously, the department also does compliance effort around other parts of the Environmental Protection Act, including part 5 of the Environmental Protection Act, and I think Woodman Point its authorised under part 5 for its operations. That is Water Corporation’s operations at Woodman Point.

Dr D.J. HONEY: Okay; Water Corp is later tonight.

Mr W.R. MARMION: My question relates to page 660, “Environmental Impact Assessment Services to the EPA”, the seventh point. I will make a general comment before I ask a specific question, which relates to the mining industry. I get a lot of grizzles about the time it takes for approvals to go through the department, and I have been quite surprised. Native title was the issue that people used to grizzle about, but it seems that in recent times they have raised environment and water as an issue. I notice that the table shows an increase in employees, and there is a note that explains that the figures include temporary agency staff, but there has been a suggestion from the mining industry that maybe the department needs more staff. This table refers to cost per standardised unit—I am not sure what that is; the parliamentary secretary might explain that—but it is not necessarily about the cost to the department. The timing is the issue for the mining industry. It would like more certainty about the time it takes to get approval.

Mr R.R. WHITBY: Thank you, member. It is a very pertinent issue, particularly in this time of COVID, when we want to see more projects get off the ground. I know from sitting in meetings with the minister and his staff that the minister has been keen to progress this issue, and extra resources, including money and staff, have been invested to speed up the processes. The government is providing additional funding of \$3.3 million to the Department of Water and Environmental Regulation to help tackle the steep increase in the state’s significant proposals that require assessment by the EPA. The funding has provided an additional 14 full-time equivalent positions on a fixed-term basis to support the EPA and the Appeals Convenor so that we can get some timely advice to inform those assessments. Over \$2 million has been identified in the budget estimates of 2020–21 as being allocated to ensure this work continues, but it is a priority of the government—it was before COVID, quite frankly—to make a speedier process with less red tape, to have a more transparent system and to get projects off the ground as soon as we can. I am happy to let the director general give the member a bit more information on that.

Mr M. Rowe: Thank you very much. Since the department was established to be the one-stop shop for environmental and water approvals in the state, we have tried to create an environment whereby companies come and talk to us what we describe as “early and often” about their approvals requirements so that we are clear about the sort of requirements they have and we can try to match our resources to their time frames as best we can, recognising that often these companies are operating in quite a dynamic commercial environment as well, so some of their priorities change from time to time, depending on what the market conditions might be. We do that firstly to try to create a very good working relationship with all companies and we encourage companies of all shapes and sizes to talk to us regularly about their requirements. In some instances, companies will change their own priorities internally, and that will help us meet their requirements. The EPA services division, which supports the EPA, does tremendous work, often with very complex issues that it is required to deal with. I think it has delivered 40 major assessments in the last year, which is a significant increase on the numbers that have been dealt with in previous years, so those additional resources are really making a difference. Of course, mining companies and industry generally are probably never satisfied with the timeliness of what we do, but the EPA team in particular sets out the time frame that it agrees to provide, and on the vast majority of occasions it will meet that time frame as agreed with the companies. That is a really good outcome. In addition, we are working hard to try to improve the timeliness of our approvals across all parts of our business, which extend to part 5 approvals under the Environmental Protection Act as well as water licensing. Ostensibly, we are there to be the one-stop shop. We can probably always do better. We have a range of things in train to try to improve our effectiveness and efficiency over time. We are very open to dealing with companies should they have particular concerns about our timeliness.

Mr W.R. MARMION: I thank the director general for that answer, parliamentary secretary. One of the challenges for the director general—I have had some 24 years’ experience in government department agencies—is that one can give a department more money and one can actually then analyse things in more detail. I am not really encouraged by the data that is presented in the table that says the cost per standardised unit has gone up. I do not know what a standardised unit is, but that cost has gone up from \$30 000 to \$39 000. That is an indicator to me that the department is spending more resources in analysing how to handle a project perhaps than it would have done. The parliamentary secretary might want to comment on that, but I just suggest it as a note of caution for the department to keep an eye on that.

The CHAIR: Parliamentary secretary, noted?

Ms C.M. ROWE: It was not really a question. Take it as a comment.

Mr W.R. MARMION: He can comment if he would like to.

Mr R.R. WHITBY: Thanks, member. That is possibly a trap, but, again, I go back to my personal experience. The minister is very demanding of KPIs. He wants results. He absolutely wants results, and those results are monitored. He gets updated on the reduction in the time to approve and reach various approval stages. I can assure you that this is not about analysing or increasing the hurdle; it is about getting projects out the door as soon as we can.

Mr V.A. CATANIA: I refer to page 666 and the Keep Australia Beautiful Council WA. There is an allocation of \$112 000 in 2019–20, but I cannot see any other allocation to the Keep Australia Beautiful Council in the forward estimates. With nothing going forward, does that mean that the Keep Australia Beautiful Council is finished?

Mr R.R. WHITBY: Thank you, member. I might get Sarah McEvoy to explain what is going on there. I am sure we have not abandoned the people there.

Ms S. McEvoy: The department provides services to the Keep Australia Beautiful Council and has done for quite a long time since it has been housed in the various predecessors of the current agency. Through a service level agreement, we provide a number of services free of charge, and for probably 20 years or so we have also provided \$112 000—it does not seem to have been indexed, in my memory—of funding to help the KABC with a lot of things that are outside of the service level agreement but still necessary for it to do. It does get other income from things like fines, and also from a grant from the Waste Authority WA from the waste avoidance and resource recovery account. There is no reason that that funding would not be provided going forward, but it is a grant from the department rather than from government, so I guess it is not something that the government has put in its own forward estimates.

[5.20 pm]

Mr V.A. CATANIA: Thank you for that answer, but, as the parliamentary secretary knows, if we look to budgets to be able to plan and go forward, it is clearly saying that the Keep Australia Beautiful Council WA is not receiving a cent after this year's budget. Not even this year's budget; it has finished.

Mr R.R. WHITBY: No, member; I think that is very misleading.

Mr V.A. CATANIA: It is here in black and white.

Mr R.R. WHITBY: The member has just heard Sarah McEvoy explain that there is ongoing support from the agency and government, and all sorts of financial support. It has been acknowledged that a grant was paid previously. The Keep Australia Beautiful Council is very much supported by the government and will continue to be.

Mr V.A. CATANIA: But not financially.

Mr R.R. WHITBY: Of course. No; the member heard—I might get Sarah McEvoy to repeat what she just said.

Mr V.A. CATANIA: I am looking at it in black and white.

Mr R.R. WHITBY: The member is referring to one grant, which is not the totality of the financial support that goes to the Keep Australia Beautiful Council.

Mr V.A. CATANIA: Can the parliamentary secretary explain the financial support in dollar terms?

Mr R.R. WHITBY: Maybe I will get Ms McEvoy back to the podium to explain the financial support, and perhaps the member can listen, rather than prepare his supplementary.

Ms S. McEvoy: The grant from the WARR account is around \$825 000 annually, and there are also services free of charge, which I think come to around \$200 000. I would probably need the CFO to confirm the exact figure, but it is a substantial amount of money.

Mr V.A. CATANIA: Can the parliamentary secretary confirm that the funding for the Keep Australia Beautiful Council WA has been cut by \$112 000 by his department under this government?

Mr R.R. WHITBY: Thanks, member. We do not know—rather, the member does not know—because there could be another grant. The member has already heard that the organisation receives a lot more funding than that from the state government. I think it was a cash equivalence of over \$1 million.

Ms S. McEvoy: That is right.

Mr R.R. WHITBY: I would not have thought that an organisation that is getting \$1 million annually from the government is not getting a cent from the government. That does not make sense.

Mr V.A. CATANIA: I asked a specific question. I realise that the Keep Australia Beautiful Council gets money from other sources than government, which has not changed. But this line item through the department here says to me and to anyone reading the *Budget Statements* and the forward estimates that there has now been a cut of \$112 000 to the Keep Australia Beautiful Council WA.

Ms C.M. ROWE: Point of order, Chair.

The CHAIR: Member for North West Central, we have a point of order. Member for Belmont.

Ms C.M. ROWE: I believe that the question is repetitive. The member has asked this question and it has been answered on three occasions.

Mr V.A. CATANIA: That is not a point of order.

The CHAIR: Thank you, member for North West Central. Thank you, member for Belmont.

Mr V.A. CATANIA: Clearly there is a cut of \$112 000 —

The CHAIR: Member for North West Central, you have tried to reshape this question in multiple ways.

A member: And you are failing.

The CHAIR: You are getting the same response every single time, so make this the last attempt, please.

Mr V.A. CATANIA: No, Keep Australia Beautiful is failing by losing \$112 000.

The CHAIR: Do you have a question or not?

Ms C.M. ROWE: The parliamentary secretary has addressed this a few times.

The CHAIR: Do you have a question?

Ms C.M. ROWE: Yes, I do have a question. I am delighted to ask this question on the container deposit scheme, which has been touted for decades and decades. We finally introduced it on 1 October. It is a fantastic initiative.

Mr V.A. CATANIA: That is a preamble.

Ms C.M. ROWE: It is a preamble. We let the member have many preambles. I would really like to ask the parliamentary secretary about the benefits to the community under this scheme. I am particularly interested in this from a waste point of view.

Mr V.A. CATANIA: Which budget paper No is this?

Ms C.M. ROWE: I can tell the member which budget paper it is. It is page 650, member for North West Central. It is page 650 for those who are interested. I am very interested in this because it is redirecting waste from landfill, and I have a number of facilities in my community. It is a great scheme and I would really like to hear how it is going in our community and how it is going to be benefiting not only the environment, but also many not-for-profit groups in our communities right across the state. Thank you, parliamentary secretary.

Mr R.R. WHITBY: Thank you, member. This is something that I think all members, whether in government or opposition, would want to hear about because it has such a powerful impact on all our electorates.

Ms C.M. ROWE: That is right.

Mr R.R. WHITBY: All our local communities.

Mr V.A. Catania interjected.

The CHAIR: Member for North West Central, he is answering a question.

Mr R.R. WHITBY: All our communities are engaged in this, and only a very silly member of Parliament would not be supportive of and get involved with their communities on this. I can give members some breaking news. Between 1 October and close of business yesterday, 17.8 million containers have been refunded. We are at 22 October today, and 17.8 million containers have been refunded across Western Australia; we are going to get well over 20 million containers in the first month. This has been incredibly successful. We should all be able to tell our own stories about visiting container deposit locations in our electorates and elsewhere. We know that the scheme is key to reducing litter in our community and improving recycling, because the greater the quantity, the more economic it is for recycling handlers to be involved in that business. The scheme is important from an environmental reason. We want to be more sustainable; we do not want waste going to landfill. There is also the litter issue, which is very unsightly. We know that when we visit South Australia, which has had this system in place for many years, we do not see the roadside litter that we see in other states that do not have the container deposit scheme. I think regional members will be particularly supportive because containers will not get flung out the window during those long country drives; they will be retained in the car. We know that the scheme is supporting a range of local primary and high school P&Cs. It is creating great charity opportunities for local sports clubs and other community groups. I know that in my electorate, the local operator is Community Recycling WA, which was created out of the Peel Thunder Football Club. As a result, we had former champion Hayden Ballantyne at our pop-up recycle location. When the scheme started on 1 October, the very first person to seek her refund at the Baldivis location was an 11-year-old girl named Bridie who goes to Settlers Primary School. Bridie handed over a bucket of empty containers. She had heard about the scheme and had been inspired to get some extra pocket money, and she got \$2.70. That is a modest number, but it was a start and not a bad boost to her pocket money, and I know that she has been back since to build on her savings. That has been replicated across Western Australia.

There are environmental benefits to this scheme. I have not gone into the economic benefits. There are charitable benefits. I think that even teaching kids about saving money—how they can to add their bank account and the effort that is required to earn a few dollars—is just as important as all these other advantages of the system. We have heard that the scheme has already created 680 jobs. I think that the creation of 680 jobs during the COVID pandemic is significant. As we discussed earlier, we know that people who have been unemployed for long periods or have a disability or come from a disadvantaged group have benefited from employment under the scheme. More than 1 250 community groups and charities have registered under the scheme ID process so that they can have money automatically deposited to their bank accounts. I am not sure whether members are aware of this process.

Mr V.A. CATANIA: Elaborate on that. It is actually quite good.

Mr R.R. WHITBY: It is; it is fantastic.

The CHAIR: Sorry; I did not quite hear you!

Mr V.A. CATANIA: I will say it again!

[5.30 pm]

Mr R.R. WHITBY: The process is that people can encourage their P&C or footy club, as the case may be, to register online; the organisation gets an ID number; then that number is given to the organisation's supporters or fan base or school members and, wherever they are in the state, a person can deposit their empty containers and that payment will automatically go to the bank account of that sporting club or school P&C organisation. It is going to revolutionise P&C and footy club fundraising efforts. I think we really do not appreciate how valuable and significant this scheme will be to all those small community groups that scratch around to have a lamington drive or something to earn some money. It is incredibly significant and will at least put an underlying amount of money in income for P&Cs and other small sporting clubs. It will give them a decent float in their kitty to operate.

I refer to the refunds that are paid out. This is going back to when we had 11.6 million containers returned in the first two weeks, so it would have increased significantly. About \$1.51 million has been paid out on those numbers, so well over \$2 million will have been paid out to kids in pocket money or to P&Cs et cetera. That is not even through the first month. We can imagine that flow of money across a whole year, then ongoing. Obviously, it is also a boost to a lot of operators who are starting small businesses. I know that one of the scrap metal merchants near my electorate has branched out into being a drive-through container deposit location. That business has invested in plant; it has taken the lease of another property and has employed people. Organisations have also had to deal with the issue of COVID, so a lot of them have had to do the COVID-safe training. It is really inspiring to see how these companies and organisations have embraced this new scheme.

Ms C.M. ROWE: Member, we were talking earlier about employment for people with disability, which is also a big part of the container deposit scheme.

Mr R.R. WHITBY: Absolutely, member.

Mr V.A. CATANIA: That is it; you just reminded me of a question.

Ms C.M. ROWE: That was not the point of it!

Mr R.R. WHITBY: We have seen people who have a disability or have been struggling to get employment who have actually got a new lease on life. I have visited the refund points and there is a real positive sense out there amongst the collectors. It is estimated that the scheme will recycle an additional 6.6 billion containers over the next 20 years. Without the scheme, it is estimated that almost 6 billion of these containers would have gone into landfill and hundreds of millions of containers would be littering our environment. This scheme has been a long time coming. Even as a kid, I can remember looking at my can of Coke and seeing that I could get 10¢ or 5¢ at the time in South Australia but not in WA, so what is going on with our state? This is different from the old bottles of drinks that were actually recycled, which the old bottle-oh would give you money for, because this is an industry-wide operation that is not for the actual re-use of containers but for the recycling of containers.

Dr D.J. HONEY: Point of order, Chair. I appreciate how good the scheme is, but this answer has gone on now for a very long time, I think about five minutes.

Ms C.M. ROWE: I do not think there is a time limit on answers.

Dr D.J. HONEY: Yes, they are supposed to be short.

The CHAIR: Thank you, members. I am sure the parliamentary secretary is just about finished.

Mr R.R. WHITBY: I am almost finished; I could speak longer. I note that government members have been very respectful in giving plenty of time to opposition questions. I think this is the first government question. To finalise, this is a scheme that has been embraced by the Western Australian community. It achieves lots of positive goals for the Western Australian community, and I implore all members and everyone in the community to get involved and be a part of it.

The CHAIR: Just before we go to further questions—the member for Cottesloe has a further question—I remind members that we still have a further division to go.

Mr V.A. CATANIA: I want to put on the record that I know the member for Perth doorknocks, he goes through a lot of bins and collects money and that is how he fundraises for his campaign.

The CHAIR: The question, please.

Mr J.N. CAREY: Seriously, Chair, he has just slighted me—it is regular slighting now!

Mr V.A. CATANIA: I want to put on record that it has worked extremely well when it comes to Exmouth. I was there a week ago and in the first two weeks they had 30 000 containers. The point that I do not think has been put out there enough is that by having that ID, everyone could have the idea that the money they get for every can they give back is money going to that organisation. I think that needs to be really harped on because that is really going to change supporting groups and community groups in that fundraising sense over time. I have to give credit where credit is due, so well done.

Mr R.R. WHITBY: Thanks, member.

Dr D.J. HONEY: Minister, I go back to page 653 and the percentage of commercial and industrial waste reported as diverted from recycling, which is still quite low. Above that it shows that the municipal solid waste diverted from landfill has reduced.

Mr R.R. WHITBY: How far down?

Dr D.J. HONEY: It is on page 653 in the middle of the table under the outcome on waste avoided. I was particularly interested in the industrial waste. As the parliamentary secretary's departmental heads will know, there is a fundamental issue that there is no regulatory framework as such for the re-use of secondary materials. That is a major barrier. In my previous life that was a major barrier to re-use of residue material, which I am assuming is included in the commercial and industrial waste category. I wonder if there is any work occurring to establish a regulatory framework to encourage the re-use particularly of industrial waste, or industrial material. In many cases it is not waste, but is treated as such.

Mr R.R. WHITBY: I might refer that to Mr Rowe, the director general.

Mr M. Rowe: Thank you very much for the question. Yes, the member has identified an issue. Our current legislative framework is not sufficient to adequately deal with the appropriate and safe re-use of certain materials, and certain industrial by-products fall into that category. We had thought previously that our existing statutory regime would accommodate that, but on the back of the decision commonly known as the Eclipse decision, where the Supreme Court reinterpreted what we understood "waste" to mean, it appears that our current legislation does not provide for the kind of flexibility around an end-of-waste framework that we would all like to see. We would all like to see the appropriate and safe re-use of certain materials that we just cannot currently authorise under our legislation. We have been doing a lot of policy work on that. A discussion paper has gone out this year around the opportunity that presents. We have examined other jurisdictions in Australia in terms of how a suitable regime might apply and we are looking to give advice to the government about what future amendments to waste legislation might provide for and environmental protection legislation, as the case may be, to really try to encourage the re-use of all sorts of materials that currently we just cannot authorise. If I understand the member correctly, the example he is referring to might be related to Alcoa and perhaps a by-product that Alcoa was producing. In that instance, it has been able to satisfy itself against the existing waste framework that the material can be re-used. It is therefore not impossible to do it now; it is just that the statutory framework is not perhaps as enabling as it could be. The department has been doing a lot of consultation and a lot of policy work on that with a view to recommending to the government an appropriate and contemporary end-of-waste re-use framework for consideration. It will require legislative amendments.

Dr D.J. HONEY: When was that discussion paper released, parliamentary secretary?

Mr R.R. WHITBY: Director general?

Mr M. Rowe: There is a discussion paper out at the moment, which closes on 15 November, I think. There have been previous discussion papers out about the same thing.

The CHAIR: Thank you. There are no further questions, so I will put the division.

The appropriation was recommended.

[5.40 pm]

Division 43: Biodiversity, Conservation and Attractions — Services 1 and 3 to 10, Environment, \$373 208 000 —

Mr S.J. Price, Chair.

Mr R.R. Whitby, Parliamentary Secretary representing the Minister for Environment.

Mr M. Webb, Director General.

Mr P. Dans, Deputy Director General.

Mrs A. Klenke, Chief Finance Officer.

Dr F. Stanley, Executive Director, Conservation and Ecosystem Management.

Ms W. Attenborough, Executive Director, Zoological Parks Authority.

Mr A. Barrett, Executive Director, Botanic Gardens and Parks Authority.

Dr M. Byrne, Executive Director, Biodiversity and Conservation Science.

Mr D. Forster, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer? The estimates committee's consideration of the estimates will be restricted to discussions 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, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

The CHAIR: I give the call to the member for North West Central.

Mr V.A. CATANIA: I refer to paragraph 2, on page 673 under “Significant Issues Impacting the Agency”, which states in part —

A new Fitzroy River National Park will be created and managed jointly by the Department and Traditional Owners to protect the environment and cultural heritage of the Fitzroy River.

What impact will this have on irrigation in the area, by having this newly created joint management by the department and traditional owners?

Mr R.R. WHITBY: Thanks for the question, member. The issue of irrigation is being examined. We are talking to stakeholders in the area. The state government is working to deliver a suite of additional election commitments and the Fitzroy River is very much part of this, so it is an election commitment to preserve the area and enhance it. It is about ensuring the health of the river, and it provides a basis for sustainable economic development in the catchment. We are opposed to having the Fitzroy dammed. There has been consultation with pastoralists who are direct neighbours, to ensure opportunities for their operations are not impacted by the national park. The proposed stage 1 does not include any acquisition of any pastoral leases. Other mutual benefits are being aligned with the national park to ensure that pastoral lease boundaries, where there are culturally and environmentally significant areas and other issues such as water access, bores, fencing and management approaches continue to be discussed.

Mr V.A. CATANIA: With that answer to that question, there clearly is no certainty over those pastoral leases that adjoin the Fitzroy River. Can the government provide any certainty that the next stages will not lead to acquisition of pastoral leases to be able to suit the government’s joint management with the traditional owners? Is there going to be an impact on our pastoral owners into the future moving along the first stage?

Ms C.M. ROWE: That does not relate to this point.

The CHAIR: Once again, there is a fair bit of leeway when it comes to talking about different services and the member for North West Central is following on from the previous answer. He is probably pushing the boundary once again, but I will give the parliamentary secretary the discretion.

Mr R.R. WHITBY: I can say this, Chair: Proposed stage 1 of the national park does not include any acquisition of any pastoral leases. Furthermore, there is consultation with stakeholders. We want to see pastoralists in the area succeed and we want to see the environment protected. However, we appreciate there are all sorts of pressures on that catchment area, including tourism, and the cultural rights of the traditional occupants of that area. The interests of pastoral leases will be very much part of the consultation process. The government has made it clear—this will give the member some clarity—that the Rights in Water and Irrigation Act 1914 will continue to apply for pastoralists whose leases are adjacent to the river, and includes the Fitzroy River National Park. Accordingly, they can access the river for water for the purposes of watering stock, for domestic purposes and for domestic gardens. A decision on whether the water can be accessed for other commercial purposes is the subject of consultation and will be part of the management plan.

Dr D.J. HONEY: In relation to the creation of the national park, it was stated, I think, that it would be completed by now. What is the anticipated date for the completion of the park?

Mr R.R. WHITBY: Thank you, member. We have had COVID which —

Dr D.J. HONEY: I appreciate that; I understand the reasons.

Mr R.R. WHITBY: Many of the meetings that were arranged have not happened, but we are hoping that stage 1 will be announced this year.

Mr W.R. MARMION: My question relates to the plan for our parks in paragraph 1 on page 673, under “Government Initiatives”. The parliamentary secretary might know the answer, as might the department people, whom I have asked a number of questions about every single national park in Western Australia and how many resources were allocated, but I did not get any answers. I am relating the question to resources. How many FTEs are engaged in the plan for our parks, which is covered by this spending budget estimate of nearly \$8 million for this year and then \$8.7 million the following year, \$6 million the following year, and then \$2.8 million the following year. Can the parliamentary secretary outline the resourcing of the plan for our parks?

Mr R.R. WHITBY: In terms of FTEs?

Mr W.R. MARMION: Yes, and anything else.

Mr R.R. WHITBY: Member, it is difficult to come up with a number because it involves a package of services across agencies that would not necessarily occupy a person full-time in each agency. It is therefore a very difficult number, and we just do not have a number before us in terms of full-time equivalents that we could attribute to that program.

[5.50 pm]

Mr W.R. MARMION: There must be some people in the department. Someone must be project managing and coordinating it and there must be an indication of how many staff there are. For expenditure of \$8 million, a lot of it would be for people power to get that. I know a lot of negotiation has to be done, but I would be interested to know. There must be even a division set up for such large expenditure.

Mr R.R. WHITBY: I can tell the member now that at the moment a dozen people have been applied to managing the project, but the end result of how many will be needed is unknown.

Mr W.R. MARMION: No, I am just after that figure, that is fine, that is all I am after. Thank you very much. Given there are 12 people there, the next bit might be harder to answer. There are 100 national parks and lots of other reserves. I think I have made a comment in the past that if I was the Minister for Environment, which I was, I would need to be a Minister for Environment for over 20 years to even visit half of them. There are 100 national parks for just the minister to visit, let alone departmental people, so there is a lot to manage. The plan for our parks is to increase the area by another five million hectares and most of the increase is by expanding the areas of the current parks. There are 12 FTE dedicated to planning on expanding the parks, so, roughly, how many are allocated to manage the existing parks?

Mr R.R. WHITBY: Sorry, member, how many are currently allocated?

Mr W.R. MARMION: Yes.

Mr R.R. WHITBY: For the totality of the national parks?

Mr V.A. CATANIA: Fair question.

Mr R.R. WHITBY: Thank you, member. I was hoping to hear more from the member for Nedlands about roads in the Pilbara —

Mr W.R. MARMION: No, I am after estimates about figures—dollars and figures.

Mr R.R. WHITBY: I am disappointed. I will seek some advice.

Mr V.A. CATANIA: He is happy to take it as a supplementary.

Mr R.R. WHITBY: I will seek some advice from the deputy director general on this.

Mr P. Dans: Thank you, member for Baldivis. The eventual number of FTEs is still to be determined because a lot of the detail about what the on-ground management arrangements will look like will be contingent on what the Indigenous land use agreements are actually agreed with our traditional owner partners' management partners for the parks. We have a fairly broad range we are working within and as we progress those ILUAs and we progress the management plans for the proposed parks, we will have a much clearer understanding of what ILUA benefits will look like. ILUA benefits will largely be around employment outcomes for Aboriginal traditional owners in jointly managing the parks with us. It is a bit open-ended at the moment; we cannot put a figure on it. It is very early days of the management planning process and very early days of the ILUA negotiation process. So it is a bit too early to start nailing in, but yes, there are something in the order of a dozen ILUA negotiators, management planners and people working on getting those discussions, negotiations and working arrangements with traditional owners going. It will take some time before we get to an agreed ILUA—probably 12 or 18 months.

Mr W.R. MARMION: Given that the national parks exist already, what is the benefit to the state of just increasing the areas by going through this massive process, which is costing a lot of money? What is going to be the benefit to Western Australia of having to manage more areas when it is very hard to know how many staff we have currently managing existing national parks?

Mr R.R. WHITBY: I would have thought the benefit was obvious, because it secures more of our natural environment for the conservation estate. I would have thought that it is a very good outcome for the people of Western Australia, and it is self-evident.

Mr W.R. MARMION: I think anything done for the mining industry has to go through the Environmental Protection Authority. The state's area is extensive. If the parliamentary secretary goes to these areas, as he probably has, he will see that the boundaries are in a straight line, so all the government is doing is moving a line. The government has already secured the environmental approval through the EPA. That is just a comment.

The CHAIR: Thank you, we will take that as a comment.

Dr D.J. HONEY: What is the anticipated increased ongoing cost in establishing those? I assume it will be based on what is going to be in large part a whole number of new rangers being appointed, which will be negotiated under ILUAs. What is the anticipated cost of that to the government?

Mr R.R. WHITBY: Thanks, member, the director general is happy to respond.

Mr M. Webb: As indicated earlier, there is about \$25 million allocated over the next four years to develop this suite of new parks, then the ongoing management of those will form part of our future submissions through the budget process.

Dr D.J. HONEY: Is the director general saying that he cannot provide an estimate now?

Mr M. Webb: I can provide only the estimate, which is in the forward estimates, which is \$25 million over the next four years.

Dr D.J. HONEY: My question refers to page 676, around the “Proportion of planned Priority 1 prescribed burns achieved”. I will say at the outset, and I have said this to the Minister for Emergency Services to his face and in Parliament, that I think one of the reasons our state did not suffer the enormous harm from bushfires that the eastern states suffered last year is that over consecutive governments there has been a refocusing on maintaining prescribed burns. I congratulated the minister for maintaining that: it has been a bipartisan policy that has saved hundreds of lives, and millions of hectares of land in this state from being devastated as it was in the eastern states. I was just intrigued by the proportion of planned priority 1 prescribed burns achieved. My understanding is that the state is achieving its target typically of around that 10 per cent of forest being burned every year in prescribed burns. I was just intrigued as to why we were hitting a target of around 50 per cent, if that is the case. So there was something I did—when I saw note 3, I really did not understand that. Where it said priority 1 prescribed burns cannot constitute more than one-third of planned prescribed burns. I thought: “Boy, that is a bit pyrrhic, isn’t it, planning when you know you can’t possibly achieve it.” Anyway, I was interested to understand the subtlety of that point, if someone could explain.

Mr R.R. WHITBY: The prescribed burning is very important and it is always problematic, obviously, with climatic conditions and balancing the concerns of wine growers, for instance, or beekeepers. This year we actually had the added complication of COVID, which actually presented an issue in terms of the location of staff who had to be in close proximity, to get into fire trucks and appliances to go out to the scene and take part in the prescribed burning. It is an inexact science; we can never know how many days we can take advantage of the situation. However, we are more than exceeding our goals in a global sense in terms of prescribed burning, where the target is to have 45 per cent of the south west forest region, less six years or younger in terms of the age since the last fire. I think we are at 47 per cent or 49 per cent even. So we are exceeding that. But in terms of the very specifics the member has asked, I might refer to the deputy director general, Peter Dans.

Mr P. Dans: We have an annual program that we aim for—something in the order of around 200 000 hectares in the south west region. To do that, each year we would plan something in the order of between maybe 500 000 and 700 000 hectares’ worth of burns, so we have a suite of burns to choose from when the conditions are right, given the nuances of fuel dryness and aspect and weather. We have a lot of burns in the program. We pick what we can get to on the prevailing conditions, and that is why it is not the best indicator.

Dr D.J. HONEY: Keep up the good work.

The appropriation was recommended.

Meeting suspended from 6.00 to 7.00 pm

Busselton Water Corporation —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Water.

Mr C. Elliott, Managing Director.

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

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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.

Dr D.J. HONEY: Minister, I refer to note 1, under “WA Recovery Plan”, where it states that Aqwest has supported customers by freezing water-related charges until 2021. Can the minister inform me on proposed increases in the forward estimates past the 2020–21 year?

Mr D.J. KELLY: As the member knows, increases are made on an annual basis in the budget process. So the decision on what the increase will be post next financial year will be made in the appropriate budget.

Dr D.J. HONEY: There is no particular proposal there. That is a clear answer.

Mr W.R. MARMION: Minister, when I was Minister for Water, Busselton Water had a few issues in terms of customers agreeing to putting chemicals in the water—chlorine and fluoridisation. Would the minister like to comment on whether the customers are happy with that water treatment process at the moment?

Mr D.J. KELLY: In general, I think the customers are very happy with Busselton Water. I think all the feedback I get when I visit Busselton is that the corporation is held in a very high regard. I have not had any representation from any constituents on that issue; not that I can remember, anyway. It might have been a controversial issue in the member for Nedlands' time, but it has certainly not been raised with me during my time.

Mr W.R. MARMION: It was controversial because they did not have any fluoridation, but they do now. It was a controversial thing with a certain segment of the community, that they thought they wanted to have fresh water, so I imagine the community sentiment has changed.

Mr D.J. KELLY: That is right; it has not been raised with me as an issue. I am sure that when the member was the minister, he handled that controversy well.

Mrs L.M. O'MALLEY: Can the minister outline the successful implementation of health and safety measures within Busselton Water?

Mr D.J. KELLY: That is an excellent question. One of the things I have been very pleased with is the corporation's determination to make its workplace as safe as possible. The corporation has recently been awarded platinum status in occupational health and safety. I will ask Mr Elliott to run us through the process that he went through in order to get the corporation on that journey and get to where it is.

Mr C. Elliott: Thank you. Yes, we are very proud of our safety performance. It has been 62 months since a lost-time injury occurred at Busselton Water, and that is a fantastic result for a water utility in our industry and sector. The secret to our success really has been continuous improvement. We identified safety as an essential centre piece of our forward strategy. It is good business; it is fundamental that we do not injure workers. We adopted the WA government WorkSafe framework. We self-audited for a few years and continuously improved. We finally got WorkSafe accredited auditors into the business in around 2016 and achieved a gold rating under the WorkSafe assessment criteria with scores across all the criteria in the high 70s. We continually improve further. In 2018 we scored in the high 80s, which reconfirmed gold accreditation, and just recently, for the 2020 audit, we have had a letter from the commissioner confirming that the audit result is in the 90s in scores, and that gives us the highest rating of platinum. We have only received a letter; we have not yet been presented with the platinum accreditation. We are looking forward to that.

Mr D.J. KELLY: Absolutely outstanding result, and I really want to commend management for taking it on, one, as an issue and, two, getting to where the corporation is at. An outstanding effort.

Dr D.J. HONEY: Just in relation to that, what is the all injury frequency rate for the corp?

Mr C. Elliott: It is zero.

Dr D.J. HONEY: So there are not lost-time injuries. What about the all injury frequency rate?

Mr C. Elliott: The all injury frequency rate is about 18.

Dr D.J. HONEY: So it is 18 per 200 000 working hours?

Mr D.J. KELLY: I am happy to let Mr Elliott answer that question, but I just remind the member that the question should come to me first.

Mr C. Elliott: Let me clarify that. The frequency rates are normally how many injuries per 100 000 man-hours, so the injury frequency rate for lost time injuries is zero. Given the size of our workforce, one injury of any kind per year equates to a frequency rate of about 20, and we are running at about one minor injury per year, close to 20 frequency rate.

Mr W.R. MARMION: I refer to page 774 and the "Asset Investment Program". Note 2.2 refers to the ICT solutions. With water technology, telemetry information can be used and there is no need to even read the meters. I was just wondering how far the corporation's ICT program has gone and how successful it is.

Mr C. Elliott: We are well advanced with intelligent water meters and meter reading. We have had radio frequency meters for about 10 years covering the whole customer base. That is unique. We read those meters through drive-by technology, and that has been a magnificent innovation because it saves the labour associated with regular meter reading. We also get more regular up-to-date information that helps detect leaks and provide advice to customers about water efficiency. It is an area where every water utility is striving to improve. We have been seeking to keep at the forefront of developments in this. We are staying very close to the technology. We have a range of trials running. We are testing new state-of-the-art digital meters in partnership with Telstra and other suppliers. We have had a range of trials over the years and they are continuing, and we are very excited about being able to eventually implement an intelligent water network with the best technology available.

Mr W.R. MARMION: What percentage of the network is on drive-by meter reading?

Mr D.J. KELLY: They all are.

Mr W.R. MARMION: The whole lot—100 per cent?

[7.10 pm]

Mr D.J. KELLY: Yes, that is right; they have been for 10 years.

Dr D.J. HONEY: Minister, what are the proposed tariff changes over the forward estimates?

Mr D.J. KELLY: I think the member has already asked me that question and I have already given him the answer.

Dr D.J. HONEY: No; the minister has not; he said year by year.

Mr D.J. KELLY: That is exactly what the answer is.

Dr D.J. HONEY: It is more than that. I asked about costs going forward, not tariffs, but that is okay.

Mr D.J. KELLY: The decision on prices are made each year in the budget process, as the member knows.

Dr D.J. HONEY: Cheers.

Mr W.R. MARMION: Just one on water monitoring, minister. Has the minister been involved in the testing for drugs or COVID in the water? Has that been part of the program this year for Busselton Water?

Mr C. Elliott: Is the member referring to testing with wastewater?

Mr W.R. MARMION: Yes.

Mr C. Elliott: Busselton Water does not have any wastewater services, so we are not involved.

Dr D.J. HONEY: I refer to page 774, point 2.5, the \$8.4 million for planned asset replacement and infrastructure upgrades. Is it possible to outline some detail on what those are, please?

Mr D.J. KELLY: Mr Elliott can deal with that.

Mr C. Elliott: A summary of the capital works investment, the asset program going forward, over the four years of estimates ahead of us, the bottom line is \$2.9 million, \$2.9 million, \$4.4 million, \$4.6 million, so it is a slightly increasing trend. I might add that, given the nature of our business, we are a one-town water supply and we have a bore field of eight bores and we have three treatment plants and a distribution network. Most of our program is just lots and lots of small projects. In the 2020–21 program, the figure is \$2.9 million. There are six categories and they relate to building land and land improvements; ICT, as has been mentioned already; new connections for new meters; water mains and services; plant and mobile plant et cetera; and water treatment plants. Water treatment plants is the biggest sub-program and the figure for 2020–21 is \$1.7 million. That follows through the four years, as similar numbers for the four years. If we broke that \$1.7 million in 2020–21 down, the biggest single project is \$416 000 in the current year for variable speed pumps or drives across all our system, so that we are targeting improved efficiency. I could go on with some other smaller projects, but that gives the flavour.

Dr D.J. HONEY: No, I was mainly interested in if there were any major lumpy projects. I assume the minister would be expecting a reduction in power charges for the corporation with the variable speed drives going in? Is there an estimate of the saving on energy?

Mr D.J. KELLY: The corporation has actually been doing a lot on renewable energy, so it has been actively trying to reduce their its power bill—solar panels and the like—but I do not have a figure for the projection over the next period.

Dr D.J. HONEY: This was about the variable speed drives reducing cost.

Mr C. Elliott: We have done the numbers. There will be a payback over time because the energy levels to maintain water pressures can be lowered. The variable speed drivers are going in this year. Within the forward estimates we are seeing a progressive improvement in the energy efficiency per kilolitre, and that is reflecting the gains we expect from variable speed drives combined with solar energy improvement. We are getting paybacks on those projects. I know the solar energy ones had a three and a half to four-year payback. Until we see the performance from the variable speed drives, we cannot be certain of the payback period, but we are monitoring that very closely. To give a feel for the scale, energy is quite a big cost item for Busselton Water. It is very flat, as most people know, and there are no hills. All the tanks are flat on the ground, so water is delivered to customers under pressure. Our energy bill is towards \$1 million in our total cost structure, so we are looking for savings in the order of \$50 000 to \$100 000 over time.

Dr D.J. HONEY: Minister, how much water does Busselton Water sell to other corporations or other towns outside of its normal retail customers?

Mr D.J. KELLY: Does the member mean other corporations?

Dr D.J. HONEY: Yes.

Mr D.J. KELLY: Yes, it does supply some. Chris might have a figure.

Mr C. Elliott: Busselton Water has a commercial agreement with Water Corporation to top up supplies to Dunsborough. Dunsborough is a neighbouring town to Busselton, and Water Corp runs the scheme for Dunsborough. The volume of water, if that helps, is in the order of 0.3 gegalitres per year. I think the existing source for Water Corporation at Dunsborough is in the order of 1.5 gegalitres, and that is the base supply for Dunsborough. As Dunsborough grows, I think it is using 1.8 or 1.9 gegalitres now, and the Busselton Water scheme is making up the growth. It is in the order of 0.3 gegalitres and growing.

Dr D.J. HONEY: What capacity does Busselton Water have to abstract and sell more water? What would be the limit of the capacity of Busselton Water to provide additional water to other users?

Mr D.J. KELLY: It all depends on the growth in Busselton itself. Busselton is one of the fastest growing areas of the state, so Busselton has an existing water licence for eight gigalitres. The advice is that that is sufficient for the foreseeable future to meet Busselton Water's requirements, as that will obviously come first. If the Water Corporation is looking for other water, it will consider every available source, and if it is commercially appropriate, it would purchase it from another corporation. But it is a bit of a crystal ball exercise. It all depends on population demand. It depends on obviously how hot it is. Places like Dunsborough and Busselton are highly seasonal towns; the population goes from zero to 100 in summer. It all depends on the weather, population growth and all those sorts of things, so it is a bit hard to give a hard figure.

Dr D.J. HONEY: What is the current water consumption in Busselton in gigalitres?

Mr D.J. KELLY: Per person?

Dr D.J. HONEY: No, total.

Mr D.J. KELLY: Total.

Dr D.J. HONEY: There is an eight-gigalitre licence, so I wonder how much of that is used.

Mr C. Elliott: We are currently using just over five gigalitres of an allocation of around eight gigalitres, and the five gigalitres is supplying Busselton, as well as the 0.3 gigalitres for Dunsborough. Another relevant fact is, as suggested by the minister, that there is more water in the groundwater system down in Busselton. We are fortunate. There is a public drinking water reserve, so as Busselton and Dunsborough grow, there is quite a good reserve backing us up for the future.

Dr D.J. HONEY: The Department of Water and Environmental Regulation—I know this is another hat of the minister—has been reviewing groundwater licences in light of a drying climate and looking at a reduction in the number of licences. Is the eight gigalitres for Busselton under threat of reduction or is that seen to be a sustainable long-term take?

Mr D.J. KELLY: I am not aware of any prospect of that being reduced, but the member can ask me that under the DWER segment if he likes. No, I have no advice in that regard.

Dr D.J. HONEY: Obviously, in Wanneroo there are changes.

The CHAIR: That completes the examination of the Busselton Water Corporation.

[7.20 pm]

Division 3: Premier and Cabinet — Service 5, Innovation and ICT, \$13 046 000 —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Innovation and ICT.

Ms R. Brown, Acting Director General.

Mr G. Italiano, Chief Government Information Officer.

Mr G. Meyers, Director, Corporate Services.

Mr P. Bouhlas, Chief Information Security Officer.

Mr J. Petersen, Chief Digital Officer.

Mr A. Degli Esposti, Chief Technology Officer.

Ms N. Arrowsmith, Chief of Staff.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

I give the call to the member for Roe.

Mr P.J. RUNDLE: I refer to the service summary on page 68, and service 5, “Government Policy Management—ICT”. The actual total of \$9.2 million in 2019–20 is going up to \$13 million, roughly. Can the minister just give some sort of indication of what the increase of \$4 million is attributed to?

Mr D.J. KELLY: It is increasing funding to the Office of Digital Government. The Office of Digital Government is a creation of this government. For the first time it got permanent funding of about \$34 million. Since that original funding, we have also provided additional money for cybersecurity. I might describe it as the flavour of the month, but it is certainly a heightened state of concern for governments around the world. Unfortunately, we are not immune from that, so in the last budget we had an increase of staff for cybersecurity, and that has been reflected again this time around. We want to make sure government agencies have their house in order, so for the first time the office has a cross-government responsibility. One of the things that I identified as a weakness when we came to government was that there was not an agency that had a clear mandate. Obviously, what the Office of Digital Government does not replace agencies’ cybersecurity preparedness. Agencies still have a responsibility to have their house in order, but the Office of Digital Government now plays a more enhanced role in providing advice and dealing with incidents. We made the announcement a few weeks ago about a cybersecurity operations centre, or a SOC, as they are called. For the first time, we will have real-time visibility of what goes on in agencies. As well as agencies’ own staff, there will be eyes in the Office of Digital Government who are monitoring traffic and identifying anything unusual. Often someone can be doing things on the network and they could be there for months before they actually reveal themselves. Often by the time that happen, the damage has already been done. My understanding is that the technology that the Office of Digital Government, through the SOC, will have is some of the best that is available. They are the major reasons for the increase in funding. It is unfortunate, but it is absolutely necessary.

Mr P.J. RUNDLE: It is about giving the public increased confidence in transacting with the government, so can the minister point out—obviously there is the operations centre et cetera—any other sort of methods of increasing that confidence? What are those particular items?

Mr D.J. KELLY: There are recommended industry standards around security controls—for example, requiring agencies to eliminate weak passwords from their network. That is something that agencies are required to do. We have introduced penetration testing for the first time; I will withdraw that. Individual agencies have been doing that. This is the first time within government that there has been an ability to do that sort of work, so that capacity is now in the Office of Digital Government. There is a range of things, member. A lot of it is also about culture. There was a time when cybersecurity was seen to be something that the IT department looked after—those funny people in the corner who did things that no-one really understood. Those days are gone. Cybersecurity preparedness is something that directors general have to be aware of and talking about and realising that that is their responsibility; they cannot rely on someone else to do it. I am really pleased with the way that this director general in particular has led that amongst other DGs. Yes, I have appreciated the response I have had at the most senior levels of government on this issue. But the member is right; it is all about giving people confidence. It is not just government; it is also private enterprise. When people deal with their bank or an airline, or when they hand over their credit card when they shop online, they have to have confidence that all their details will not end up for sale somewhere in a faraway place. It is all about confidence, but it is not just a government responsibility; private enterprise has the same responsibility. We all know what people reveal on Facebook and Google and those sorts of things, so it is everybody’s responsibility.

Mr W.R. MARMION: It is a very topical area at the moment. The minister mentioned that the cybersecurity operations centre now has extra capacity to monitor—that might not be the right word—other agencies. I wonder to what extent that would be. Will it be able to monitor in real-time threats to not only the Department of the Premier and Cabinet, but also all agencies initially, or gradually as they come on board?

[7.30 pm]

Mr D.J. KELLY: It is a gradual process, but it can have the ability to look at any agency. It is not intended that it will be just a Premier and Cabinet resource or capability. It is day one; we are not quite there, but we are certainly working to that end.

Mr W.R. MARMION: Is it located in the CBD? Where is the location? Is it physically located in a separate building or is it a virtual centre?

Mr D.J. KELLY: I do not think I am divulging any secrets because we had a media launch and we invited the television cameras up there. It is located in Dumas House. It is not as big as the member might think it might be. Some people from the media were expecting hundreds of people sitting behind hundreds of computers. It does not work like that.

Mr W.R. MARMION: Are all the staff who work in that centre located there or do other people come in online virtually?

Mr D.J. KELLY: There are staff located there, but we do have staff who will go out to other agencies and assist, so they are not all office bound. Part of it is very much working with other agencies on these issues, so we do let them out of the building occasionally!

Mr W.R. MARMION: I know that this may not be information that the minister wants to make public, but can he give us an indication of whether cyberthreats are increasing and whether any certain areas of government are

more vulnerable than others in terms of what has been monitored? As The minister has probably been to Edith Cowan University where everything can be seen happening in real-time. I imagine that this centre will be a similar sort of operation. I do not mean that I have the visually spectacular scenes that they have, but can the minister give us an idea of what threats are happening to government at the moment?

Mr D.J. KELLY: We very much work with the commonwealth on these matters, because, yes, we try not to do these things on our own. The commonwealth has a lot of capability that we do not, and state governments would not be expected to. All the advice we are getting from the commonwealth is that the threats are increasing. That is why the Prime Minister has made comments on these issues. It is very much, unfortunately, an evolving environment, but if I were to say what is the general trend, I would say that the general trend certainly is that the threats are increasing.

Mr W.R. MARMION: In terms of threats to the government network, are there also threats by the purchasers of hardware outside the department? Does this centre also provide advice to departments on the purchase of particular ICT apparatus, and are there limits on that due to security concerns?

Mr D.J. KELLY: I will just ask Greg Italiano whether he wants to provide some information.

Mr G. Italiano: It is the case that probably every device manufactured in the world has the capability of having vulnerabilities within it, so we do not assume that with any particular device or hardware. The strong advice of course is that that hardware is kept up to date, that it is patched and that the relevant software updates are applied. Indeed, that testing of hardware and understanding any vulnerabilities is part of the service we offer in terms of doing vulnerability assessments and the like. Of course, it is a fact that agencies are not always able to replace and update their equipment in exactly the time frame they would like, which is the strength of moving to a service arrangement whereby that equipment is maintained as part of the service that agencies receive.

Mr W.R. MARMION: Presumably, the commonwealth has more resources in this regard, and that the government would link in with any advice it might get from the commonwealth, which would help save costs?

Mr D.J. KELLY: As I said, we work very closely with the commonwealth—we would be foolish not to. We do work with the commonwealth and we consider its advice.

Dr D.J. HONEY: Who has oversight of the overall ICT budget, or at least the program over the whole of government? What I see through the budget papers is that hundreds of millions of dollars must be being invested in any given year in computer systems. In some areas, it might be questioned. I do not expect the minister to answer this question; this is just an example to illustrate my question, but if the Department of Water and Environmental Regulation spent, I think, \$20 million on a computer system to manage approvals, yet approval times still are not as good as they were in 2016–17. I appreciate that there is a subtlety to that and I do not expect the minister to answer that particularly, but it strikes me that there must be an opportunity to leverage efficiencies through a central group having oversight of computer programs in other government departments. Does this department provide that service or any sort of service, or is there a thought to do that?

Mr D.J. KELLY: ICT services has contracts with each individual department; that is, it receives advice from the Department of Finance, like any other area of procurement. The Office of Digital Government does provide assistance and advice, but it is very much the responsibility of the individual agency—not overseen by, because that overstates it—in conjunction with the Department of Finance.

Dr D.J. HONEY: Is there a requirement around common platforms? I understand that no-one could tell us how many government employees we have; it would require getting information from individual departments. But if I went down the Terrace to the CEO of one of the big miners that is about the same size as the state government, they could tell me at the press of a button exactly how many employees they have, how many are full-time, how many are contractors and the wages bill for the week, yet government seems to be a light year away from that. Clearly, having common platforms and integrated systems would enable that at a government level and a Treasury level. I just wonder whether there is any thought of moving in that direction or whether there is any program to move in that direction?

Mr D.J. KELLY: I am afraid that those issues are outside my portfolio, so the member for Cottesloe might have to ask a different minister. It is certainly not within my responsibilities.

Dr D.J. HONEY: Does the minister not see this group as a group that could provide guidance in that space?

Mr D.J. KELLY: As I said, it is not currently within my portfolio. If the member would like me to pitch to expand my responsibilities —

Dr D.J. HONEY: We will lobby.

Mr D.J. KELLY: No, those issues that the member is raising are not within my portfolio responsibilities.

Mr W.R. MARMION: I refer to service 5 on page 72. Note 2 refers to the GovNext service delivery. My understanding is that when that program was set up, the idea was to try to achieve a lot of efficiencies. I think the Department of Health had about 20 different ICT centres and different hardware bases and the idea was to try to move departments onto the cloud to get more efficiency and a lot of savings in ICT. From memory, we could not define how much was spent on ICT; I think it was upwards of \$1 billion. We decided to just cut everyone's ICT budget by 15 per cent, knowing that if someone was desperate, they would come to see us and we would give them the money anyway. But no-one came and

saw me. I was the minister in charge. We cut every department's ICT budget by 15 per cent and we expected would happen, but it did not. I think the idea of GovNext is to make sure that we get a handle on that and the actual time it is used is being paid for. I would be interested to know what the take up is of GovNext and, in fact, the cloud, and how successful it has been. Is it still an ongoing program to encourage or support departments going to the cloud?

[7.40 pm]

Mr D.J. KELLY: I remember when we came into government that the figure that was thrown at me when I asked those questions about agency spending on ICT services was \$1 billion. When I asked where that figure came from, yes, that was pretty much it. It seemed to me that was more of a guesstimate than anything else. As a former minister, the member is legendary for chopping people's budgets. I think out of those savings, he financed the old office of the chief information officer. That is my recollection. I could be wrong, but that is what I was told.

GovNext was going to save—I forget the figure that was thrown at me—many millions of dollars. Since then, the GovNext program has been reviewed a number of times. The latest figure I have is that 54 agencies have placed orders through GovNext, so GovNext is very much alive, and we would say alive and well. It needed some improvements, and, from recollection, they were made fairly early on in our term. There was some stronger governance put around it. Again, directors general were required to pay a bit more attention to it. Yes, it is still there. The advice I get is that it is delivering certainly a better quality of service. I do not think we could say that it has delivered the savings that the previous government envisaged. As I say, that billion-dollar figure was more of a guesstimate than anything else. If we do not have a proper baseline, it is very hard to figure out the perceived savings. As I say, it was a program conceived and partly implemented under the previous government. It is certainly delivering some results for agencies and we are currently working with it.

Dr D.J. HONEY: I refer to page 72, which outlines the number of full-time equivalent employees. In 2018–19, there were 24, and it is going to 69, which is an increase of 45. I did see note 2, but would the minister be able to provide a bit of a breakdown of where those jobs have gone in terms of numbers—for example, the new cybersecurity operations centre?

Mr D.J. KELLY: Yes, it is largely as a result of additional staffing within the Office of Digital Government, and in particular around cybersecurity. That is the bulk of those additional staff.

Mr W.R. MARMION: I noticed that the government has budgeted for 55 staff in 2019–20, but the actual figure was 44. Was that just because there was a slow take-up of the transition to introducing the cybersecurity operations centre or a slower uptake of service delivery in GovNext?

Mr D.J. KELLY: I am advised that there was also a change in the methodology around the way corporate overheads were allocated with the machinery-of-government changes and the like. As the member would know from when he was a minister, FTEs who provide corporate services across a range of agencies get divided up and they appear in those FTE numbers. That is my understanding of why there is that decrease. I would also ask Rebecca to add to that.

Ms R. Brown: I think in 2019–20 we also experienced some delays in recruitment as a result of COVID. There was a strong intent to recruit fully to a range of roles. It is fair to say that the team has increased its pace of recruitment over the last couple of months.

The appropriation was recommended.

Division 15: Jobs, Tourism, Science and Innovation — Service 4, Science, \$44 933 000 —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Science.

Mr R. Sellers, Acting Director General.

Ms L. Dawson, Deputy Director General, Industry, Science and Innovation.

Mr P. Carden, Chief Finance Officer.

Mr R. Sansalone, Chief Financial Officer.

Ms D. Cousins, Executive Director, Science and Innovation.

Ms N. Arrowsmith, Chief of Staff.

[Witnesses introduced.]

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Member for Cottesloe.

Dr D.J. HONEY: Minister, it is a little hard in these initial pages to see which one relates to exactly which division, but I do want to ask an overall question. There is a very substantial jump of almost \$100 million in the total cost of service on page 203. I wonder whether the minister would be able to outline that? I looked at the note, which I thought was a bit *Yes Minister*-ish. It really does not provide any detail at all. It says that it includes adjustments related to the movement in cash balances and other accruals, but I do note that in the following years, it goes back to an amount that is more equivalent to historic amounts. I wonder whether the minister could outline not every item, but the larger, chunkier parts of that \$100 million increase?

Mr D.J. KELLY: What line is the member referring to?

Dr D.J. HONEY: It is net cost of services or the total cost of services in the table on page 203. It is in the bottom part of the table under “Expenses”.

Mr D.J. KELLY: Those increases do not relate to the science portfolio.

Dr D.J. HONEY: Do none of those increases relates to the science portfolio?

Mr D.J. KELLY: Not for any significant funding, no.

Dr D.J. HONEY: Thank you.

[7.50 pm]

Mr D.J. KELLY: The only one that does come to mind is that I am advised there was an additional \$5 million in research that was offered to universities on various projects relating to COVID. I would love to have the other \$95 million allocated to the science budget!

Dr D.J. HONEY: We will vote for it.

Mr D.J. KELLY: But so far they will not let me.

Mr W.R. MARMION: My question relates to the service summary table on page 208, which has the cost of the science innovation area. The budget in 2019–20 for the science innovation area was \$41.971 million and the actual expenditure in 2019–20 was \$34.323 million. I wonder whether the minister might like to outline why there was a reduction?

Mr D.J. KELLY: Yes. It was basically re-cashflowing about \$7.6 million out of the new industries fund and the STEM strategy. It took longer to establish some of those programs than we had originally thought. That is the substantial reason, and the \$5 million for the COVID research contributed to that as well.

Mr W.R. MARMION: I think I have worked it out with that other bit. If the minister looks at the numbers, he can confirm whether what I am just about to say is right or wrong. There is a drop-off in the 2019–20 actual because there was a delay in cashflowing the new initiatives fund, and that will catch up in this budget estimate, so the catch-up of that cash flow, in addition to the \$5 million for the universities for research on COVID explains why the budget estimate has jumped up to \$10.5 million.

Mr D.J. KELLY: Yes, that is right. Some of the grants that we gave or had intended to give outside organisations under the new industries fund, with COVID, those groups were not in a position to implement the programs, so that delayed their implementation and the funding as a result.

Mr W.R. MARMION: I refer to the same line item in that table. The minister and I are both very strong supporters of science and innovation; we are both champions of the cause, so it was a little bit disappointing to see that in the forward estimates it drops off. Science and innovation is such an important thing for Western Australia in terms of diversifying the economy and getting more value-added jobs. I am a very strong supporter of science education in schools. The science and innovation portfolio is, through the science awards, is a great place to support diversification of the economy and get young people into doing science and STEM subjects. Can the minister explain why there is a slight drop-off over the forward estimates? Is that going to be rectified in the coming election announcements, minister?

Mr D.J. KELLY: I assure the member that we are not bringing an end to any programs. We have not yet made a decision about funding for the new industries fund, which is funded up until June next year. As the member knows, there is one more budget before June next year so a decision will be made in that budget process about that fund going forward.

The CHAIR: Member for Roe.

Mr P.J. RUNDLE: Thanks, Chair. We can call it a new question but it is quite similar to that. Flowing on from that, I refer to page 212, “Science and Innovation”, which is at the top of the page. Pursuant to what the member

for Nedlands said, the minister is talking up science and innovation, but the FTE equivalents are very similar. Has the minister got any forward planning that involves investing in more FTEs as time goes on? That is rather concerning given the importance that the minister has been putting on it lately.

Mr D.J. KELLY: Sure. The member for Roe may not be aware that a lot of the science budget is grants that we provide to external agencies so the FTE within the science budget within government is not reflective. There is not a whole bunch of scientists within Department of Jobs, Tourism, Science and Innovation doing the work. It is largely grant based to organisations, universities, Scitech, the Western Australian Biodiversity Science Institute, the Western Australian Marine Science Institution and organisations of that nature. The FTE is not really, I suppose, a true reflection of the work that gets done. The member is right; the promotion of science and innovation is very much important if we want to diversify the economy, but, yes, pointing to the FTEs within the department does not explain the way that this part of the science budget works.

Mr P.J. RUNDLE: Does the minister have a lot of interaction with the CSIRO pursuant to this portfolio or share any services with it or the like?

Mr D.J. KELLY: I think the member will find that there is interaction between CSIRO and a range of different government departments. The Department of Water, just from my other hat, would have a lot of interaction with CSIRO. A project that we fund directly through this budget is the Square Kilometre Array and through that there is a lot of interaction with CSIRO. CSIRO is one of the great Australian science institutions and it is probably a little bit disappointing that the federal government does not value its advice as much as it used to. I mean, CSIRO has been providing really good advice on climate change for a long time but the federal government does not really seem to take that advice on board —

Dr D.J. HONEY: It is achieving all of the targets.

Mr D.J. KELLY: — but we certainly value the work the CSIRO does.

[8.00 pm]

Mr W.R. MARMION: I refer to page 217 and the “All Other” table, which highlights the new industries fund. I missed this earlier. This question relates to the one that I asked previously. As the minister said, in 2019–20 there was a \$2.5 million drop-off in the fund. I looked at the budget estimate where I thought the fund would be topped up, but, disappointingly, it is only \$4.159 million so it has not really jumped up as much as I would have thought. Normally, there would be an allocation of \$4 million or \$5 million each year. There is a funding drop-off in 2019–20. I would have expected a figure of \$6 million in the budget estimate for the new industries fund. Can the minister explain that?

Mr D.J. KELLY: The member for Nedlands may not be aware, but the new industries fund was a commitment we made when we came to government. It had a financial commitment of \$16.7 million. We will meet the commitment of spending that money over the four years, give or take a bit of relatively loose change. In the last 18 months, there has been a significant amount of rejigging of some of the expenditure, especially expenditure related to COVID. As I said earlier, some of the agencies and organisations that would have received grants were not able to operate their programs so the money was not spent. When we came to government, we also did not have a full program of \$16.7 million worth of programs. We did not immediately commit some money because we knew that new opportunities would come on board during the four years. With COVID, I think we allocated just over \$1 million to start-ups and small to medium-sized enterprises, particularly around a COVID response. For example, the member would be familiar with the Innovation Vouchers Program. We offered some additional innovation vouchers in response to COVID. It just so happened that there were some very good applications to that program that ordinarily we would not have funded, but given that start-ups were struggling to find funds from other sources, we expanded that. We provided \$100 000 as part of the extend WA program. That explains the variation in the funding from year to year. It was not a set amount of funding; it was the same amount of funding each year. COVID certainly mixed things up a bit. We will spend the full \$16.7 million, give or take some small change, by the time the next election comes around.

Mr W.R. MARMION: Thanks, minister. I understand. It probably would have helped if the table on page 217 showed the items that relate to the science innovation area, because I missed that particular item. From what I can gather, there are the science grants, obviously, the science, technology engineering and mathematics strategy, which is under that, and the new industries fund. There are three items in that table. There may be another couple of items in there—I do not know—which would explain some of the additional funds that are going into the budget estimate to bring the amount up to \$44.9 million. The minister mentioned that the government is funding other things. I do not know whether the National Collaborative Research Infrastructure Strategy is part of that—probably not—but there might be some other ones. Can the minister advise whether any of those other items listed in that table come under science and innovation?

Mr D.J. KELLY: The item that the member picked out, the National Collaborative Research Infrastructure Strategy, is funded. That is a commonwealth program that we kicked in some money for to get some additional research money, which the universities —

Mr W.R. MARMION: Is that the amount that the government kicked in?

Mr D.J. KELLY: Yes, that is right.

Mr W.R. MARMION: Well, that explains it. The minister has now given me the answer. That covers it.

Mr D.J. KELLY: I will take on board the member's comments about the budget. I will speak to the Treasurer, which, I am sure, is what the member did in his time as a minister, and we will —

Mr W.R. MARMION: I know what he will say!

Mr D.J. KELLY: — whip it into shape.

Mr R.R. WHITBY: Minister, I want to stay on page 217, and the table and “All Other”, but I refer to “Science Grants”, which has a budget of just short of \$24 million. Does that include money for cooperative research centres and, if so, what is the actual benefit of funding those organisations?

Mr D.J. KELLY: Yes. Thanks, member for Baldivis, for the question. The cooperative research centres are a commonwealth program. Essentially, they are an opportunity for governments, academia and industry to come together and do research around a particular area and to kickstart economic growth in those areas. The commonwealth program has been going for a considerable period. I think it is fair to say that Western Australia has not been particularly good at winning those CRC funding bids and has especially not been able to get them housed in Western Australia. Where the research headquarters is gives the local institutions a leg-up as far as getting research funding into the state. One of the things I am particularly proud of is that we have been pretty successful in doing that during this period of government. The first one that I was involved in in 2018 was the Cyber Security Cooperative Research Centre, which is headquartered in Joondalup. It gives the state access to \$140 million worth of science research in the area of cybersecurity, which is one of the fastest growing areas of, I suppose, of public policy issues, but also employment areas. We were successful in having that CRC headquartered here in Western Australia. I give Minister Johnston credit for the Future Battery Industries Cooperative Research Centre. Western Australia is blessed with a lot of the minerals that are absolutely crucial to battery manufacture into the future. I think \$135 million worth of research money is involved there. The Cooperative Research Centre for Transformations in Mining Economies has been established and is headquartered in WA. So, yes, I am really pleased that we have been able to play a much stronger role in that process. Although the SmartSat Cooperative Research Centre is not housed in WA, there is a significant node at Curtin University. So having had a period in which, for some reason, the former WA government did not seem to be particularly interested in being involved in that CRC process and, as a result, it denied the state access to a lot of that federal funding; certainly, this term of government has been very successful. The Chief Scientist and every university that I have talked to are very happy with what we have done. We have a continuing commitment of \$2.5 million over the forward estimates. If we want to be a part of it, you have actually got to kick some money in so we have a continuing commitment in the budget to future CRCs as well.

Dr D.J. HONEY: Minister, would it be possible to get a breakdown of that investment in the form of supplementary information, because it is a little bit opaque with one big line item.

[8.10 pm]

Mr D.J. KELLY: Sure.

Dr D.J. HONEY: It would be interesting to see that. I do not need to hear it now. But I am happy to receive it later.

Mr D.J. KELLY: Yes. If the member would like that in more detail, I would be happy if you want to put it in a question on notice.

Dr D.J. HONEY: That will not come through this year. Maybe I will write a letter to the minister's office.

Mr D.J. KELLY: By all means, if the member writes me a letter, I will write him one back.

Dr D.J. HONEY: Okay.

Mr W.R. MARMION: Just to confirm the minister's response to the question from the member for Baldivis, has some of the \$25 million line item for science grants gone to the Future Battery Industries CRC, the Cyber Security CRC and the mining industries CRC, because I thought they were funded through separate allocations?

Mr D.J. KELLY: Various CFCs are often funded by different departments, but it is my understanding that there is certainly a contribution from that line item to some of those CRCs—the Future Battery Industries CRC, for example. Sometimes they are funded by different agencies as well. The state's total contribution to all those CRCs does not necessarily come from that line item.

Mr W.R. MARMION: I understand that, but the minister said in his answer that some of those grants went to those three CRCs. Is it possible for the minister to advise for this current budget year of 2020–21 —

Mr D.J. KELLY: It is \$700 000.

Mr W.R. MARMION: Is that for all CRCs?

Mr D.J. KELLY: The Cyber Security CRC, the Food Agility CRC, the Future Battery Industries CRC and the SmartSat CRC all received money from that line item with the total being \$700 000.

Ms E.L. HAMILTON: In regards to page 204, under the “Spending Changes” table and the “COVID-19 WA Recovery Plan”, and specifically the grants to Western Australian universities for COVID-19 research. Can the minister explain what research these grants are supporting, please?

Mr D.J. KELLY: Sure. That was a response to COVID-19. It was a delegated authority through the Treasurer. Western Australia has some absolutely outstanding research institutions. We all know that institutions around the world were scrambling to find out more about COVID-19 and it seemed sensible to us to make some money available to our universities to see what additional research could be done that might provide some answers. So my understanding is that \$5 million was shared amongst all five WA universities to fund 34 projects. Decisions about the projects were certainly not made by me but by the Chief Scientist, Peter Klinken, who led that process. Areas such as the National Phenome Centre at Murdoch did some work. There was work done on mental health and there were projects to upskill health workers and support the resilience of business. There was a wide variety of work. Work was done to support vulnerable groups and communities, such as the elderly, those with chronic illness, Aboriginal communities, emergency response and health workers and regional communities in general, particularly around things like telehealth. There really was a wide variety of work and a lot of that is ongoing. It is not as though that work was short term. But it was widely appreciated by the university sector and has made a positive contribution to the COVID response.

Mr W.R. MARMION: Was any money directed into research of the virus itself in terms of a possible cure, a vaccine?

Mr D.J. KELLY: As the member knows, universities collaborate across the country and across the world, so I am sure scientists from Western Australia were linked into those projects. I am advised that there were some projects around developing an antibody test and ventilator prototyping. I am not aware that we directly funded things like vaccine trials.

Mr W.R. MARMION: The Harry Perkins Institute of Medical Research, which is in my electorate, has a world-class reputation in research. I just wondered whether any consideration was given to fund the Harry Perkins centre for work on COVID.

Mr D.J. KELLY: As the member would know, clinical trials, in particular —

Mr W.R. MARMION: It would probably need a bit more money than \$5 million!

Mr D.J. KELLY: Yes, that is right. But it is an opportunity for us going forward, given that the government has been very successful at keeping the virus out of Western Australia. It provides an opportunity for institutions that have the capacity to run clinical trials. Obviously, to run a clinical trial, you need a clean trial group, if you like. Yes, there are certainly possibilities into the future.

Dr D.J. HONEY: Minister, like you, I am interested in hydrogen. I refer to page 204 and the COVID-19 WA recovery plan; I see three references there. There is the renewable hydrogen initiative starts off at \$8.3 million this year, but if we go a bit further down, it has an allocation of \$2 million with another \$7.5 million going forward. Further down the page still, towards the bottom, there is a transfer of the renewable hydrogen strategy from the Department of Primary Industries and Regional Development. The government had some success in expanding the empire of half a million and then going on. Further, if we go to page 217, under, “Details of Controlled Grants and Subsidies”, specifically the renewable hydrogen fund, which has a budget of \$150 000 for 2019–20, \$7.7 million for this year and then a bit more than \$3 million for the following year—so a bit over \$6 million. Are they separate amounts? Is the minister able to give an overview of the collective initiatives with renewable hydrogen?

Mr D.J. KELLY: I would love to help out the member for Cottesloe, but that is not part of my portfolio. The Minister for Regional Development is responsible for that.

Dr D.J. HONEY: Fair enough. I thought the minister had had a win over the Minister for Regional Development!

Mr D.J. KELLY: No, we work as a team. There are no blue–green wars on this side of the house.

Dr D.J. HONEY: That is right. There is no “I” in team!

Mr W.R. MARMION: My question relates to page 217 and the science, technology engineering and mathematics strategy that was budgeted over time, which, I guess, is on its way out. Could the minister advise how successful the strategy was and whether the government is considering reinvigorating it with some money in future years?

[8.20 pm]

Mr D.J. KELLY: The feedback that we have got to this point, which, from my understanding is still being evaluated, is that, yes, it has been well received. The member may have seen part of the digital advertising that we have done—Take 2 STEM. That advertising campaign, particularly on various online platforms, I think has been very well received. In addition to that public campaign, we put a considerable amount of resources into professional development for teachers. One of the bits of advice that I got early on was that one of the best things that you can do

if you want young people to consider a STEM career is to make sure that the teachers who are in front of them are confident with that area of the curriculum and, you know, can really deliver it in a positive way. We have put probably 1 000 public school teachers through a PD program around STEM and the advice and feedback I have got back is that it has been really well received by teachers. I think that is very positive. There is also a number of programs that we have run—digital and technology skills programs. We funded about eight projects—I do not want to interrupt the member’s conversation—that have been particularly targeted at trying to encourage more young girls to do STEM, and also to encourage more kids from less well-off backgrounds and potentially kids from Indigenous backgrounds and kids in regional WA to study STEM because if you look at the kids who are most likely to do STEM, they are kids from better off backgrounds, certainly in the metropolitan area. All of that is being evaluated and the anecdotal response I get back is that it has been successful and well received. As far as funding into the future, I suppose that will be a decision for our future budgets.

Mr W.R. MARMION: In terms of the other aspect of encouraging young kids—I totally agree with what the minister said—Scitech is another avenue. I was wondering whether the STEM strategy links in with Scitech in any way.

Mr D.J. KELLY: It does. We fund Scitech separately from that strategy so the money there is not money for Scitech but —

Mr W.R. MARMION: Just on that, is money for Scitech in this budget item or is it another item?

Mr D.J. KELLY: It is in the science grants line item, yes.

Mr W.R. MARMION: And how much is it?

Mr D.J. KELLY: Individually?

Mr W.R. MARMION: Just for Scitech.

Mr D.J. KELLY: It is \$8.6 million a year. I think Scitech was probably on the STEM strategy group that put that strategy together so it is very much linked in and engaged in that agenda.

The appropriation was recommended.

Division 33: Chemistry Centre (WA), \$9 539 000 —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Science.

Mr P.B. McCafferty, Chief Executive Officer.

Ms. L. Barbato, Director, Business and Corporate Services.

Mr S. Anicic, Chief Financial Officer.

Ms N. Arrowsmith, Chief of Staff.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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 that through the online questions system.

Question, member for Roe.

Mr P.J. RUNDLE: Thanks, Mr Chair. I refer to page 492, “Mitigating risks to the State”, specifically item 1.1 about the rapid water analysis. The centre has been assisting in the state’s pandemic response through testing the water quality in repurposed hotels that are being used for temporary isolation accommodation. Can the minister, or one of his advisers, fill me in on the details in relation to that project?

Mr D.J. KELLY: I defer to Mr McCafferty.

Mr P.B. McCafferty: Yes. I thank the member for the question. This was related to a request from the Department of Health, which employed a contractor to take samples to ensure that water in these facilities met health department guidelines.

Mr P.J. RUNDLE: So we are talking about the hotels used for isolation. There are several around the city.

Mr P.B. McCafferty: That is correct. Yes.

Mr P.J. RUNDLE: Has that been done across all hotels?

Mr P.B. McCafferty: Yes. That was undertaken by the Department of Health and it has done that for all hotels that we are aware of.

Mr P.J. RUNDLE: Pursuant to that, I refer to page 491. There is the funding about additional analytical services for the Western Australia Police Force. Is that linked into the operation? There is an amount of \$249 000 actual for 2019–20 under “New Initiative”.

Mr P.B. McCafferty: Is that the roadside drug testing?

Mr D.J. KELLY: That is not related to it.

Mr W.R. MARMION: A further question on that—the minister may not be able to provide the answer because it might be confidential—in terms of the ongoing analysis of water, can the department pick up from those tests whether people have COVID?

Mr D.J. KELLY: Just to be clear, the testing was not for COVID. It was just testing of the potable water in those hotels and was not testing in any way for COVID.

[8.30 pm]

Mr D.J. HONEY: Were there any elevated lead levels in those samples? I am just interested in water that sits still in old buildings.

Mr D.J. KELLY: Not that I am aware of. I have not had any advice in that regard.

Mr D.J. HONEY: Would the minister be able to ask the director?

Mr D.J. KELLY: As I said, I have not had any advice in that regard so I cannot give the member any more information.

Mr P.J. RUNDLE: I find it rather strange that we have got rapid water analysis and the centre has been assisting in the state’s pandemic response, yet the minister just said that it is for testing potable water.

Mr D.J. KELLY: Yes. That is right. It is just about water quality.

Mr P.J. RUNDLE: Just purely for water quality.

Mr D.J. KELLY: Yes, that is right. It is about the quality of the drinking water.

Dr D.J. HONEY: I refer to item 69 under “Delivery of Services” at the top in the table on page 491 of budget paper No 2. I assume that relates to wages but I am happy to be corrected. The actual for 2019–20 was \$7.7 million and it drops down to \$6.8 million the following year. What is the reason for that significant drop in that budget item?

Mr D.J. KELLY: There were some one-off payments in 2019–20. We inherited—no criticism of the former minister, who was the Premier at the time; he was very busy—some financial issues with the ChemCentre. In 2019–20, we put in \$1.5 million as a sustainability payment and another \$200 000 to cover equipment maintenance, so that is \$1.7 million in total. There were some additional payments around the vocational training services program that the government ran, which amounted to \$350 000, and \$120 000 to cover the executive recruitment and a review of the act. They were one-off costs that were not reflected in other years, which is why that amount is significantly higher.

Dr D.J. HONEY: I refer to paragraph 2.2 on page 492, “Supporting Sustainable Industry Through Research and Innovation”, which states —

Mining: the Centre is a foundation member of the Western Australian-based cooperative research centre ...

Given that the budget seems to be quite flat, how is that work being funded or what is the extent of that work? I would have thought that possibly that would amount to an additional budget item.

Mr D.J. KELLY: I will ask Mr McCafferty to provide some information.

Mr P.B. McCafferty: The reason it looks flat is that we have some CRCs that we are tapering off. The CRC that the item refers to is the Future Battery Industries Cooperative Research Centre That is coming onboard, so it is really trying to maintain some consistency in that area.

Mr W.R. MARMION: I have a new question related to page 498 of budget paper No 2. It explains the income generated in the forward estimates. I guess this shows the net cost of services are pretty consistent year on year. When I had this portfolio at one stage, every year Treasury would put pressure on the ChemCentre to say, “You have to break even.” The ChemCentre does provide an important and critical service to the state and, indeed, to a lot of government agencies and the police department, for instance. Is the minister still getting a push to try to increase the income generated by the ChemCentre in terms of the sale of goods and services to try to make it a break-even venture?

Mr D.J. KELLY: Yes. Some parts of the ChemCentre’s operations are funded by the state. Other parts of the organisation are commercial services, if you like, that it provides either to government departments or externally to the private sector. I think we have a very good relationship with Treasury because I think there is now a sustainable

basis going forward for those services that are, if you like, community service obligations, although I am not sure if that is the right term. But the emergency response capability that ChemCentre provides, there was always some debate, I think probably under the previous government as to how that should be properly funded. I think we have reached a good position there so the ChemCentre is confident that it is being funded adequately for that. But like any other agency that is able to provide fee-for-service work to the private sector, there is still and always will be a desire to maximise that revenue. The general proposition is that we now have a good relationship with Treasury and security of funding for the ChemCentre going forward.

Ms E. HAMILTON: Just further to that question, I refer to page 491 and the appropriations, expenses and cash assets table. The “Total Appropriations” line item shows a significant increase in the total appropriations at the ChemCentre compared with the 2019–20 budget. Can the minister advise why this increase was needed and what it will deliver for the people of WA?

[8.40 pm]

Mr D.J. KELLY: As I indicated, one of the areas of concern when we came into government was around the funding for much-needed scientific equipment at the ChemCentre. This equipment is absolutely essential to the ChemCentre doing its work. We all know that the Claremont serial killer case has reached a conclusion. A lot of people do not understand that the ChemCentre played a significant role in some of the forensic work that was essential to that case. The fibre database that was very central to that case was a creation of the ChemCentre. That is just one example of the really important work that the ChemCentre does. When we came to government, the capital appropriation that the ChemCentre had to work with was simply not sufficient. In the first couple of years, we got some one-off payments from Treasury to allow it to purchase essential equipment.

I am really pleased to say that we got \$2.7 million in additional funding in the 2019–20 financial year and we have had a permanent \$1.7 million increase moving forward. That is probably one of the reasons we now have a good relationship with Treasury. ChemCentre is now confident that it can purchase the scientific equipment that is needed so that really important work can continue to be done with confidence. I really would like to compliment both the CEO, Peter McCafferty, and his team, and Denise Goldsworthy, who is the chair, who pursued that issue with me as the minister vigorously when we came to government. Probably for the first time, the board is now comfortable that it has the capital appropriation that it needs going forward. It is a testament to the work that it has done. It has successfully and professionally made the case. It is a really good outcome. As I said, a lot of work was done behind the scenes, with the police department in particular. If we had not got it right, the results would have been absolutely disappointing.

The appropriation was recommended.

Meeting suspended from 8.42 to 8.50 pm

Division 36: Communities — Service 1, Youth, \$170 879 000 —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Youth.

Ms M. Andrews, Director General.

Mrs R. Green, Deputy Director General, Community Services.

Ms H. Nys, Executive Director, Service, Design and Support.

Mr M. Richardson, Director, Management, Accounting and Financial Analysis.

Mr N. Wijayadasa, Chief Finance Officer.

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

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. 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 only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided to the principal clerk by Friday, 30 October 2020. I caution members that if a minister asks that a question be put on notice, it is up to the member to lodge that through the online questions system.

Member for Roe.

Mr P.J. RUNDLE: I refer to page 518 and the line item “Youth Services Initiatives” and the one below it in the table titled “Spending Changes”. The figure attributed to that line item is \$259 000, which then disappears under the forward estimates. Does another grant program or initiative replace this?

Mr D.J. KELLY: That \$259 000 for the youth services initiative relates largely to COVID projects that were specific to that financial year. We provided some additional money to the Youth Affairs Council of Western Australia, in particular, for the provision of refurbished devices. Because of the shutdown, a lot of youth services ceased to function, so young people who would have ordinarily accessed the youth service face to face were unable to do so. This disadvantaged a percentage of young people. I think every young person has a phone but some young people in the community do not have a device or, if they have a device, they do not have data because of financial circumstances. We ran a project that provided refurbished devices with six months’ worth of data. We provided that funding to the Youth Affairs Council of WA. It is currently implementing that. We also gave it some money to develop a live dashboard of youth services so that young people in one spot could see which services were still available to access. That is the bulk of that \$259 000. They were particular one-off COVID payments. The other line item reflects some money that has come through the Mental Health Commission to Perth Inner City Youth Services. Again, that is a one-off payment that has come through the Mental Health Commission for additional accommodation services.

Mr P.J. RUNDLE: Given our concerns for youth during COVID, with mental health being at the top of the list of concerns, in conjunction with the Mental Health Commission, this does not appear to be attracting funding anymore. What is the government planning to support this cohort in times ahead in the pandemic?

Mr D.J. KELLY: I am not sure what the member means about youth mental health not attracting funding. Mental health is the responsibility of the Minister for Mental Health, Roger Cook. It is not my portfolio. If the member has particular questions about that, he should direct them to him. If we look at the suite of things that this government has done to assist youth during this period, again, not specifically related to this portfolio, we have announced changes to TAFE fees, for example. Our reduction in TAFE fees is so rapid, it is almost a bit difficult to keep up with. We announced some changes some months ago and we announced a whole bunch today. As a government, we are very conscious of the impact that COVID-19 has had on young people in particular. But most of those initiatives do not fall within my portfolio.

Mr P.J. RUNDLE: I was referring to the Mental Health Commission, which I understand has provided funding in the past to this category. Is the government ceasing funding?

Mr D.J. KELLY: There has been no change. In fact, the only funding that I am aware of is that new funding that has been made available through the Mental Health Commission. I am not aware of any reduction in funding.

Mr R.R. WHITBY: I refer the minister to the line item “Youth Support Grants” at the bottom of the table on page 538 of budget paper No 2. It would seem that that allocation rose to \$650 000 in the current year. What types of causes is that money invested in and how has it impacted on youth? Given that there is a rather large and growing cohort of youth in the Baldvis electorate, I am really keen to know how youth can benefit from those grants.

Mr D.J. KELLY: I thank the member for the question. I want to give some credit to my predecessor, Peter Tinley, for the work that he did while he had this portfolio. The amount of grants available was quite low—\$105 000. Additional grants were only made available if money was left over at the end of the year—change at the back of the couch—which made those grant programs quite unreliable. We have carried out a review. Within the budget, we determined that there are ongoing commitments at a much higher level that we can make, such as youth engagement grants of up to \$10 000 to implement projects that engage young people, aged 10 to 18, to develop knowledge, skills, leadership opportunities and become more active in community life. Those grants are well sought after. One of the grants that we have recently made, which I am particularly happy with, is a three-year grant agreement that has been reached with the Youth Affairs Council for a new advocacy body for young people within the LGBTIQ+ group. The Ministerial Youth Advisory Council advocated very strongly to me that young people in that cohort still suffer significant discrimination, whether it be in employment, housing or a variety of services. Giving those young people a voice it just the right thing to do to help us as a community to eliminate that residual discrimination that young people in that cohort often feel.

They are two examples. I mentioned earlier that as part of the COVID response, we provided grants to YACWA around the dashboard of youth services. That is another area. We are also providing grants of \$3 000 for Youth Week. Again, lots of organisations apply for those grants. The Youth Partnership Project has been around for a significant period of time, which is in the south-east corridor of the metropolitan area. It receives a significant amount of money. When we put all those grant streams together, it is quite a significant amount. We are making this commitment for the long term rather than youth getting a bit of extra money if there is a bit of money left over in the department, which is how it used to operate under the previous government. Certainly the young people in the member’s electorate of Baldvis can access those grants as well.

[9.00 pm]

Mr W.R. MARMION: I have an easy question, just seeking clarification. I refer to page 538 and the line item above the one just mentioned, “Cadets WA”. Footnote (b) does not explain to me what has happened. I understand

there has been no expenditure for Cadets WA for some time—\$869 000 was budgeted in 2019–20 and not again. The footnote states that it has been reclassified as a supplies and services expense. Can the minister explain what that means?

Mr D.J. KELLY: I can absolutely assure the member that we have maintained funding for cadets. The department, in its wisdom, sometimes changes the way it funds these things. I have a footnote here that could explain it all. Mr Richardson will explain the changes in the funding. I think he can tell us the name of every single cadet unit in the state. If members ask him that, they will get the answer.

Mr M. Richardson: The change relates to a way in which the department passes on those funds—previously, they were grants, which is why they were in the grants table—directly to individual Cadets WA instructors. These are what we call the instructor recognition awards payments. A new arrangement is now in place and those payments are made directly to the schools instead. Rather than a grant being made to an individual, there is a memorandum of understanding or service agreement with the school itself. The budget for those instructor recognition payments is unchanged. It flows through across all the forward estimates, but it will not be seen in this table anymore; it is now under “Supplies and services” in the income statement.

Mr W.R. MARMION: Could I ask a follow-on question, please, minister? I am allowed to ask a question.

Mr D.J. KELLY: Just be careful what you ask, because you will get the name of every cadet unit in the state!

Mr W.R. MARMION: I will not ask for the name of each cadet unit, but I am curious to know how a cadet unit that stands alone rather than being under a school is paid?

Mr D.J. KELLY: It depends what sort of cadet unit it is because some are funded through the various services, such as the Army, the Navy or the Air Force. Some are funded through schools. Is there another category? I think Surf Life Saving WA has cadets. A variety of other organisations sponsor cadets other than schools. It all depends. There is always a sponsoring organisation. There is no cadet unit out there still adrift, if you like.

The appropriation was recommended.

Division 42: Water and Environmental Regulation, Services 1 to 3, Water, \$107 191 000 —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Water.

Mr M.C. Rowe, Director General.

Mr A. Sutton, Executive Director, EPA Services Division.

Mr P.H. Brown, Executive Director, Regional Delivery.

Dr N.E.F. Goyal, Executive Director, Science and Planning.

Ms S. McEvoy, Executive Director, Strategic Policy.

Mr P.J. Stewart, Acting Executive Director, Corporate Services.

Mr P.J. Hawker, Acting Chief Finance Officer.

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

[Witnesses introduced.]

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Member for Roe.

Mr P.J. RUNDLE: I refer to the table at the bottom of page 649 of budget paper No 2 and the second last line item, “Rural Water Deficiency and Community Water Supply”, which has a budget estimate of \$3.850 million. Under the same heading on page 666 there is a figure of \$3.150 million. Can the minister clarify why there are two different amounts and preferably supply some detail around those funding amounts?

[9.10 pm]

Mr D.J. KELLY: I can answer the first part of that question. The \$3.8 million will basically allow the department to continue to deal with the various water deficiency declarations that, as the member would be well aware, we have been experiencing in the south-east agricultural area. We have got 12 water deficiency declarations. At its peak, I think we suspended the one at Gairdner. There is every indication that we will end up carting water again. I think we have already started carting water to Salmon Gums again. It is apparent to us that we will end up carting water to many places throughout this summer. As the member knows, the money that we have spent carting today is unprecedented. There was no money in the budget for that. We had two water deficiency declarations in the state prior to that. Now we have 12. We basically funded that water carting out of the existing budget of the department. We thought it wise to get a new allocation in the budget, specifically from Treasury, to ensure that we can do that. That is what the \$3.850 million relates to.

I turn to the second part of the member's question. I understand that the amount on page 666 is the grant component. I am told it is a subset of the \$3.850 million. Part of it relates to grants and part of it is water carting—so grants to communities for community water projects as opposed to water carting.

Mr P.J. RUNDLE: Is the minister saying that the \$3.150 million is within the \$3.850 million?

Mr D.J. KELLY: Yes. I am just checking for you. I will ask Paul Brown from the department to provide the detail.

Mr P.H. Brown: The \$3.850 million includes three components. One is the carting, around \$2.5 million. A part is community grants, which we give to local shires and community groups. They make up the grant component. The \$3.1 million is the grant component. The department manages a number of community dams itself, called AA dams, and that is not a grant because we spend that ourselves. That is the third component. The difference between \$3.150 million and \$3.850 million is the amount that the department is spending on its own dams to get them ready for the community. The member will see many of those in his electorate.

Mr P.J. RUNDLE: It is quite complicated to get around these figures and so I just want to get a clear understanding, given that 10 of the 12 water deficiency declarations are in my electorate.

Mr D.J. KELLY: Congratulations.

Mr P.J. RUNDLE: Yesterday in the Legislative Council, a question without notice was asked about \$6.7 million that the minister mentioned, as reported in the *Countryman*. Under division 42 on page 649 is a figure of \$3.850 million. The other part of the minister's answer states —

Additional money is within the Water Corporation budget, which is not referred to in the budget papers.

What does that mean? It is in the Water Corporation's budget but it is not referred to in the budget papers.

Mr D.J. KELLY: I do not tell the member how to do his job, but what appears in the budget is the asset investment program. The full budget of the Water Corporation does not appear in the budget papers. The additional money that the Water Corporation has available for carting obviously does not appear in the asset investment program. It is there but it is not referred to directly in the budget papers.

Mr P.J. RUNDLE: Does the minister stand by his comment in the *Countryman* of 15 October that there is \$6.7 million to help farmers suffering water deficiencies?

Mr D.J. KELLY: Absolutely. I think I am being kind to the member because I do not think that question is related to the budget papers.

Mr P.J. RUNDLE: I appreciate that I am extending the friendship here.

Mr D.J. KELLY: I ask the member to extend that friendship when he is out in the electorate and rubbishing us for not assisting farmers, because we are. We are spending more money than the previous government ever did.

Dr D.J. HONEY: We did not have droughts.

Mr D.J. KELLY: Yes, that is right. Does the member believe in the tooth fairy and that it was going to rain again? I was down in Esperance the other day, where the farmers are talking about climate change. They understand what is happening is as a result of climate change. Rather than having an argument with the member about a line item in the budget, I wish there was a bit of Team WA putting a front to the federal government that we need a federal government that takes climate change seriously. The member's constituents are getting absolutely hammered. As he pointed out, 10 of the 12 water deficiency declarations are in the member's electorate, yet the National Party says nothing about climate change. I do not know what it is doing.

The CHAIR: Thank you. Thank you, member. Further question?

Mr D.J. KELLY: Sorry. I did not want to stretch the friendship.

Mr P.J. RUNDLE: The minister has introduced the federal government to the discussion. I want to attract as much money as possible to cover rural water supplies to cover the water deficiencies et cetera. Is the minister comfortable that we will potentially lose federal government money if the government fails to match the minister's proposition of matching funding for the 411 applicants who are already in the system, plus the new applicants?

Mr D.J. KELLY: Chair, the member really is stretching the friendship. I am not sure that it is a question.

The CHAIR: It is up to you, minister, whether you answer the question.

Mr D.J. KELLY: I remind the member that in the Parliament the other day, he said that he thinks the federal government should pay the money for those 400 outstanding applications so that those farmers can get access to those funds. I think it would be a very poor outcome if the National Party, federally, stood on the hose and stopped that money going to those farmers because they want to redesign the existing fund. What about a bit of Team WA? Let us get money into those farmers' pockets and then we can have a discussion about funding into the future.

Mr P.J. RUNDLE: Further to the rural water supply situation, how does the minister feel about improving and changing the water catchment guidelines to suit WA conditions—the likes of water catchments, roaded catchments et cetera?

[9.20 pm]

Mr D.J. KELLY: I am happy to have a conversation with the federal government about the criteria for that grant program because I think there are some problems with the way the federal government structures its program. For example, it talks about drought. Under the criteria for all its programs, farmers have to demonstrate that they had a certain amount of rain less than the year before to demonstrate that they are in drought. Western Australia has a long drying climate due to climate change. The federal government could look at changing those criteria to recognise that the member's constituents are not in a classic drought; they are just in a long-term drying trend because of climate changes. I think it is very sensible for the federal government to relook at the money that it has on offer to make sure that the criteria suits Western Australian conditions. That is a sensible conversation to have. A whole bunch of farmers applied for money based on the existing criteria. It would be an odd outcome if the Nationals WA changed the rules of the scheme and therefore did not give the farmers who have already applied money under that scheme. Why would it do that? The federal minister has money. Farmers have lodged applications and they have been assessed. We have administered that program. I think it may be a cost to the commonwealth. I take that back; we charge the commonwealth a bit of money for that. It would be unhelpful for the commonwealth. I do not see why it would retrospectively change the rules of the fund and deny those farmers their money.

Mr P.J. RUNDLE: The minister spoke about the commonwealth having money. The state government has a \$1.2 billion surplus. That is why I would love to see some compromise and the federal and state governments working together to bring about a good result for our farmers in those water-deficient areas. As the minister knows, the federal government has provided approximately \$300 billion over the last several months. I look forward to the minister's cooperation in that respect.

Mr D.J. KELLY: People on the member's side of the house keep going on about the \$1.2 billion surplus. They know that every bit of that surplus and more is being spent on the recovery plan, so the state's debt is actually increasing. They mislead people by implying that we have \$1.2 million in cash sitting around that we are doing nothing with. We are spending it on the recovery program—the \$5.5 billion worth of recovery programs and the \$27 billion worth of infrastructure that we have laid out. It is really not "Team WA" to go around implying that we have this surplus money sitting around, doing nothing. I think the Water Corporation is going to spend \$1 billion over the next four years on infrastructure in regional WA. As the member just heard, with regard to the water carting, we have spent more money than the opposition ever dreamed of. There are 37 different programs through which the department—not the Water Corporation—has brought old community water sources back online so that farmers can access them. There was \$1.5 million spent on 37 projects during the member's eight years of government. I think the equivalent figure was \$700 000, and less than \$200 000 of that was spent in the wheatbelt. I am happy to have a discussion with the member any day of the week about who is spending more money on water infrastructure—this government or the previous government. The figures show that we have outspent the previous government in every regard. The federal agriculture minister is in the National Party, but the federal government still spent all its money on the Murray–Darling. An amount of \$14 billion has been spent over the last decade or so, and two per cent of that comes to WA. The National Party is more interested in looking after Bob Katter than looking after farmers in WA. Let us not argue about this one program that the National Party is now running. Farmers have put in applications, we have assessed them and they meet the criteria. Let us just pay them. Let us not have the new guy, Minister Pitt, holding WA farmers to ransom by not paying that money. I just think it is a really poor outcome.

Mr P.J. RUNDLE: I think I will leave it at that, Chair.

The CHAIR: I do want to move on.

Mr P.J. RUNDLE: I think we will move on with other opportunities and hope we do not lose that federal funding.

Mr W.R. MARMION: I have a question in relation to page 656, "Water Planning, Allocation and Optimisation". It is a difficult area. I am pretty well across the modelling that is done in the metropolitan area, but the very complicated area that we are learning about as we go forward is in the West Canning Basin. I would be interested to know what the current allocation is for the West Canning Basin. Every time I fly up there, I see a lot more agricultural pivot irrigation, and I know that there are mining operations that are trying to get future access to water as well. I am

wondering if the minister could give a bit of an outline of how the planning allocation is looking for the West Canning Basin, with the conflict between agriculture and mining. That is further complicated by the fact that some mining operations have surplus water, so it is a very complex water environment that the minister is dealing with.

Mr D.J. KELLY: The member would know that it is not unusual to have conflict over water between agriculture and mining. It is a situation that occurs across the state. The department is very sophisticated about the way it does its water planning. I am sure that, from his time as minister, the member would know the work that gets done on allocation plans for systems, especially when they get close to being fully allocated. There are parts of the state where there is water available and the systems are nowhere near fully allocated, but as the member knows, with the drying climate, more and more catchments are becoming fully allocated. I do not have specific figures for the West Canning Basin, so if the member wants more detailed figures on that, I think he is going to have to give me a question on notice.

Mr W.R. MARMION: I can tell the minister that first of all it was 10 gigalitres, but it was thought it had a potential for 50 gigalitres, and then I think it went to 20 gigalitres. Anyone in the Department of Water and Environmental Regulation will be able to give the minister that figure.

Mr D.J. KELLY: I am sure not anyone.

Mr W.R. MARMION: Most people. I am sure the director general could.

Mr D.J. KELLY: Look, I am told no, because those figures change.

Mr W.R. MARMION: What is the current figure?

Mr D.J. KELLY: I do not have a current figure for every water allocation for every plan across the state, member. Apart from anything else, they are constantly reviewed, so I do not have that figure. If the member wants to ask a question later, we will get him that information.

Dr D.J. HONEY: I have a further question on the topic of water allocation. I appreciate that the COVID crisis has potentially delayed the release of a water allocation plan for the Fitzroy Valley, but does the minister anticipate that at some time in the near future there will be an announcement on groundwater and surface water allocation in the Fitzroy Valley? If otherwise, when does the minister think that will be?

Mr D.J. KELLY: We made an election commitment under the environment portfolio for a national park, and that is being progressed by Minister Dawson. My part of it is to prepare a water allocation plan. That is a complicated process and requires extensive consultation, not just with pastoral interests, but also with the Indigenous native title holders and other Aboriginal groups in the area. Unfortunately, that consultation has been slowed up by the advent of COVID. With a lot of remote Aboriginal communities being locked down, consultation has not been possible. We are hopeful that consultation can now restart, and it may be the case that we are able to publish something in the next few months. Whether it is a draft allocation plan or not, at this point I cannot say, but it certainly has taken longer than was originally anticipated because the consultation process, due to COVID, has simply not been possible.

[9.30 pm]

The CHAIR: I draw the member's attention to the time: it is 28 minutes to 10.00 pm. I have two government questions. Will the minister be able to take these couple of government questions perhaps pretty quickly?

Mr D.J. KELLY: Twenty-eight minutes should do it. Would members like to finish this agency and move on to the next one?

Dr D.J. HONEY: Yes, please.

Mr D.J. KELLY: I am happy to take the government questions on notice.

The appropriation was recommended.

Water Corporation —

Mr I.C. Blayney, Chair.

Mr D.J. Kelly, Minister for Water.

Mr P. Donovan, Chief Executive Officer.

Mr D. Page, Chief Financial Officer.

Mr E. Hambleton, General Manager, Assets Planning and Delivery Group.

Ms K. Willis, General Manager, Customer and Community.

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

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. Members may raise questions about matters relating to the operations and budget of the off-budget

authority. Off-budget authority officers are recognised as ministerial advisers. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided 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.

Member for Cottesloe.

Dr D.J. HONEY: Minister, perhaps I will jump straight to general questions. In relation to the recycled water from the Beenyup plant, I understand there is another \$10 million to complete the recharge project, and I think that takes it up to 20 gigalitres capacity. Are there any plans to invest further money to provide recycled water into the North Wanneroo area; and, if so, when is that likely to occur? There is already the recycling project, as the minister would be aware, at Beenyup. Is there a proposal to expand that further than the second phase that is currently being completed and provide further water into that area?

Mr D.J. KELLY: I think the member said that the capacity of that system would be 20 gigalitres when completed. I think it is actually 28 gigalitres.

Dr D.J. HONEY: Two times 14.

Mr D.J. KELLY: Two times 14, yes, that is right. As the member is probably well aware, the next water source for Perth is, if you like, an open question. One of the good things about the way in which Water Corporation manages water security is that it never pursues just one option, because these things take a long time to come to fruition, and when we need them varies greatly, depending on weather and customer demand. Whether we will need an additional source for Perth in five years, 10 years or 15 years all depends on a number of factors. The corporation concurrently pursues a number of options; that way, whenever we need another source, we are not limited to one, because if we put all our planning eggs into one basket and then for some reason we cannot do that—for example, we do not get environmental approval or there is something that is a complete no-go for that project—we are not left high and dry. The Water Corporation, for example—this is public knowledge—is seeking environmental approval to extend the Perth desalination plant, and it is also seeking environmental approval for a desal plant at Alkimos. Those are just two of the options that are there. There could be groundwater replenishment at another site.

The answer to the member's question is yes and no—yes, all options are being considered; but no, there has not been a decision made as to when or where or what type of new source will be the next source of water for Perth. I might add that the other thing the Water Corporation is really good at is trying to manage people's demand, because the cheapest water available is water that is saved, so we are very keen for people to save every drop, because that again pushes out the need for a big capital investment. For example, a desal plant that we build now will not be as efficient as a desal plant that we build in maybe five years' time because technology is always improving. It is in everyone's interest to push it out as far as possible.

Dr D.J. HONEY: Thanks, minister. That partially anticipated another question. I probably was not clear enough in my question. I was interested in additional water for horticultural water users in the North Wanneroo area and whether there was any proposal to look at further expansion of the recycled water from Beenyup for that purpose, or whether phase 2 will be the completion at Beenyup for a period of time. I am interested in what will be happening in the next couple of years with recycling.

Mr D.J. KELLY: My understanding about the 28 gigalitres at Beenyup is that that is it. It is not anticipated that that scheme could be expanded. I dare say if it were technically possible for it to be expanded, it would be. Beenyup provides drinking water. Potable water is the most valuable water, so we certainly would not be using that water for agricultural purposes.

[9.40 pm]

Dr D.J. HONEY: No. We could use lesser —

Mr D.J. KELLY: We would use it for drinking water; that is the best use.

Mr P.J. RUNDLE: I refer to page 771 and “WA Recovery Plan — Other Initiatives”. Paragraph 2.3 makes reference to wastewater service charges, commonly referred to as the “toilet tax”.

Mr D.J. KELLY: The member is not on “Team WA” again, is he?

Mr P.J. RUNDLE: For the period 1 May to 31 August, those charges were waived for all businesses eligible for JobKeeper, totalling \$5.5 million in support. On 16 April the Treasurer gave an assurance in question time that those charges would be waived for the duration of the COVID-19 state of emergency. Will the minister continue to waive this service charge, as promised during the state of emergency?

Mr D.J. KELLY: The trouble with the member for Roe is that we cannot take what he says on face value anymore. I simply do not. Referring to the way we charge for wastewater in Western Australia as a “toilet tax” is so disingenuous. He is shaking his head, but the way that wastewater is charged for accommodation services is exactly the same way that his government charged for that service for the eight years it was in office. When the current leader of the Nationals WA was the Minister for Water, she charged people under the same scheme. When Terry Redman—who was also Leader of the National Party; I forget that he was—was Minister for Water, he charged for accommodation services in exactly the same fashion. Apparently in government that is fine; it is a reasonable way to charge all those accommodation providers. But then the Nationals get into opposition and you start calling out the “toilet tax”, and telling people that they are being ripped off. That is what I think is dishonest about the way in which the National Party behaves across the state. The way it dealt with that issue was just a cheap stunt. That is why the member for Roe is the first one to try to play politics with an issue, and he does it pretty badly. We have been very generous to those accommodation providers who were doing it tough. We recognised that, and \$5.5 million in fees were waived. A lot of those accommodation providers are now actually benefiting from the Wander out Yonder campaign. There are a lot of places in WA where people struggle to book a room now because they are so full, and that is a good thing. That relief was specifically for the time when regional WA was locked down and people could not go out into regional WA and book a room. Now they can, and we encourage them to do so. The member’s side of politics should stop messing around with the borders. We will keep everyone safe, and we will keep everyone going around the state, and those businesses will do well.

Mr P.J. RUNDLE: I take it that the minister will not be continuing that relief during the continuing state of emergency that we are still in. I take it that the program has been cut at \$5.5 million.

Mr D.J. KELLY: When we announced it, it was for a specified period, as the member well knows. Is it his position that he would waive all those charges indefinitely? Is that what the National Party is saying?

Mr P.J. RUNDLE: I am referring to the Treasurer’s response of 16 April that the charges would be waived for the duration of the COVID-19 state of emergency.

Mr D.J. KELLY: As I said, with the greatest of respect, I do not take on face value anything that the member for Roe says. I have sat in Parliament with the member for months now and he has never raised the Treasurer’s statement from April. I do not know who found that in the record, but I am surprised to hear now, in October, that the member is trying to rely on a statement that he thinks the Treasurer made in April.

Mr P.J. RUNDLE: Has the minister or Water Corp given any consideration to modelling or analysis for an alternative model to the service charges that might be more equitable for regional businesses in the long term?

Mr D.J. KELLY: Does the member have a suggestion?

Mr P.J. RUNDLE: No, I am just asking whether the Water Corporation has considered a more equitable model.

Mr D.J. KELLY: A more equitable model?

Mr P.J. RUNDLE: Yes.

Mr D.J. KELLY: A model more equitable than the model that the opposition administered when it was in government—is that what the member is asking?

Mr P.J. RUNDLE: I think we will wrap it up there, thanks, Chair, and I will hand across to my co-members.

Mr W.R. MARMION: I refer to page 770 and paragraph 11, which is to do with the Shire of Broome. I was up in Broome a couple of weeks ago and the Broome golf course is currently a beneficiary of treated wastewater. There is a lovely golf course—a lot better than it was when I was living up there—and my understanding is that it currently gets the wastewater for free, but there is going to be a change in the operations and I think it is going to lose that water. The Water Corporation is going to assist it in some way, I think, with piped bore water, but there will be a charge involved. Can the minister outline what the process is and what the way forward is for the Broome golf course?

Mr D.J. KELLY: Sure. This is actually a pretty good story, really, for Broome; in fact, I think it is a very good story for Broome. Broome has two wastewater treatment plants, Broome South and Broome North—Broome South being the older one, at Roebuck Bay, and Broome North being a later addition.

Mr W.R. MARMION: It is at West Roebuck.

Mr D.J. KELLY: Yes. There has, I suppose, been concern about whether there is some threat to Roebuck Bay through the Broome South plant. The Water Corporation has done a lot of work to ensure that Broome South is as robust as possible, and it should be congratulated; it has spent a lot of money on it. But a decision has been made to put that to bed. A decision has been made to close Broome South and to relocate all the wastewater treatment to Broome North. That will clear up any issue around Roebuck Bay. Broome is a tourist town and the environment is the main attraction up there, so that is a really good, long-term decision for Broome. The government is providing \$20-odd million to make that change. The shire and the golf club are able to access treated wastewater from Broome South—the shire obviously for its public open space, and the golf club for the golf course. With Broome South being closed, it is a question

of what we do to supply both the shire and the golf course with treated wastewater. There is no legal obligation for the state government to provide treated wastewater to either the shire or the golf course. The Water Corporation has a policy that in places where there is no use or alternative solution for the release of wastewater, it will make it available, and that is what happens in a lot of places around the state; it goes to the shire and to other sporting facilities.

As part of the recovery process, we are committing \$9 million to put in place a new non-potable service, basically for the shire and for the golf course. My understanding is that the shire is happy with that arrangement. It will come with a charge, but the shire sees this as extremely positive for Broome because it means that for the foreseeable future, Broome will have a non-potable supply to keep the place looking first-class for all the tourists. I understand that the Water Corporation is having discussions with the golf course. Ideally, the golf course would like to get the water for nothing, but in reality there is a cost to it. It is not being asked to pay the \$9 million capital of the scheme. The Water Corporation could have said, "Well, if you want it, you've got to contribute to the scheme and the annual upkeep." The government stepped in and paid \$9 million for the capital, but there will obviously be some residual ongoing operating costs. The shire is happy to pay for it. The golf course is going to have to negotiate as hard as it can with the Water Corporation and come to some agreement, but it really is a great deal for Broome. Broome South is away from Roebuck Bay, and there is a non-potable supply to the whole shire. I understand that the golf course got a considerable amount of money in recent times from the feds. It needs to close the deal on its part of the scheme.

[9.50 pm]

Dr D.J. HONEY: I know the minister is very familiar with the issues with the houses near Kenwick train station and the plan to take the houses in that area off septic tanks and connect them to the sewerage system. Are there any plans in the near term, in the next year or two, to progress the connection of those houses around the Kenwick train station to the sewerage system?

Mr D.J. KELLY: Our policy on these issues is pretty similar to the previous government's policy. There was money for deep sewerage in places around Perth where septic tanks were a significant environmental issue. I do not know what the figure is—is it 90-something per cent? But a very high proportion of the metropolitan area is now connected to the deep sewer. However, there are parts of the metropolitan area that are not yet connected. I do not have a figure as to how much that might be. The Water Corporation has, I understand, come to the party. It will build what it would consider to be part of its network, and then beyond that it is simply a matter of what would normally be a developer contribution. That is the current proposition. I know that the local government there is keen to work out some arrangement. No money has yet been allocated beyond what the Water Corporation would consider part of its existing network, but those discussions are ongoing.

Dr D.J. HONEY: Is there active consideration of the potential to perhaps pay it forward, so to speak, or to at least have retrospective recovery as development occurs in the area? Is that part of the proposal for that scheme?

Mr D.J. KELLY: I think every option is being considered, but there is no finality to those discussions.

Mr P.J. RUNDLE: I refer to page 166 of budget paper No 2, volume 1, three lines from the bottom, "Water Corporation of Western Australia". The dividend returned from Water Corporation to the state government in 2020–21 is anticipated to be \$1.258 billion. Can the minister confirm that this is a result of the 2019–20 dividend return being deferred and that it is essentially paying two years' worth of revenue in one year, or two years' worth of dividend in one year?

Mr D.J. KELLY: I think the Treasurer made very clear what happened there. Normally, the dividend would be paid towards the end of the year, naturally. Given the onset of COVID, there was some uncertainty as to what additional expenditure agencies might be required to undertake. No-one really knew, and Treasury took the view that agencies paying a dividend and then being required to go to the market for additional capital, at a time when the capital markets were quite volatile, was not the appropriate thing to do. Treasury made the decision that the Water Corporation should defer the payment of the dividend, so it is now being paid in the next financial year.

Mr P.J. RUNDLE: Given that sizeable dividend return of \$1.2 billion in 2020–21, why does the state government need to provide a \$1.2 billion subsidy to the Water Corp in the form of the country water pricing subsidy? Does the minister think that that is the most appropriate use of royalties for regions funding?

Mr D.J. KELLY: This government 100 per cent supports the subsidisation of country water prices; we subsidise country water to the tune of about \$250 million, or thereabouts, and that is a significant budget sum. We know that when the opposition was in government, it considered making that change; I think I have heard previous ministers mention it. Funding it through royalties for regions ensures that there is a secure funding source for that subsidy going forward. No-one is thinking, "Well, should we really continue to subsidise country water?" I know that at times people have said, "Why are we subsidising rural water prices in regional WA?" This government 100 per cent supports the policy that people should pay the same for the first tier of water, whether they are in Kalgoorlie, Perth or Esperance. We are going to keep that water subsidy, and I think the member should be backing us up on that rather than playing politics with it.

Dr D.J. HONEY: It is my understanding that the estimate of pipeline losses is around 30 gigalitres of water per annum out of the network. There was a Productivity Commission report that said that the achievable target was about 10 gigalitres of water loss a year. I am wondering what programs are occurring, particularly focusing on the Dumbleyung to Lake Grace pipeline, which appears to have many hundreds of patches on it. Is there a plan to replace that to effect a reduction in losses?

Mr D.J. KELLY: As I said, the figure that comes to mind is about \$270 million on water infrastructure in regional WA this financial year. The Water Corporation spends a considerable amount on maintaining its networks. Sometimes putting a patch on a pipe is the most water-efficient way of dealing with it.

The CHAIR: Thank you, minister. That completes the examination of the Water Corporation.

Forest Products Commission —

The CHAIR: For the minutes, I note that the Forest Products Commission was not examined. That completes consideration of the estimates by this committee.

Committee adjourned at 10.00 pm
