

Division 36: Finance (Except Service 5: Public Utilities Office), \$484 780 000 —

Ms J.M. Freeman, Chairman

Mr W.R. Marmion, Minister for Finance.

Ms A. Nolan, Director General.

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

Ms N. Suchenia, Commissioner of State Revenue.

Mr S. Whitmarsh, Acting Executive Director, Strategy and Coordination.

Mrs S. Black, Executive Director, Government Procurement.

Mr A. Dolling, Director, Economic Reform.

Mr L. Carren, Chief Finance Officer.

Mr G. MacLean, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIRMAN: The member for West Swan has the call.

Ms R. SAFFIOTI: I refer to land tax collections on page 436 of the *Budget Statements*. I think the Treasurer and the Minister for Finance both share responsibility for this area. What number of complaints has the minister received over the past year on land tax issues?

Mr W.R. MARMION: I assume that the member does not mean what number I have personally received in my electoral office but that received by the Department of Finance.

Ms R. SAFFIOTI: The minister has a department around him!

Mr W.R. MARMION: Yes. I understand that the Commissioner of State Revenue has those figures. What period of figures would the member like?

Ms R. SAFFIOTI: What figures does the minister have?

Mr W.R. MARMION: The figures for the current financial year. I will pass over to the Commissioner of State Revenue.

Ms N. Suchenia: Over the current billing period, most of our contact from taxpayers is encouraged through the telephone. We record the reasons for contact from the taxpayer as they come in. In the course of the year, we received 34 984 telephone inquiries and we have broken them down by percentage. Complaints are not specifically logged as complaints. We have information based on the types of inquiries that people lodge with us, and we break that down on a percentage basis of inquiries or logs. About 21 per cent of our calls are about primary residence exemptions, which is the major issue raised. The next highest issue this year has been about the land tax increase at 11 per cent, which equates to about 37 000 inquiries or complaints.

Ms R. SAFFIOTI: I will ask about the primary residence exemption. What do the queries mainly revolve around? Are they primarily about larger properties or primary production issues?

Mr W.R. MARMION: I am happy for the Commissioner of State Revenue to answer that question.

Ms N. Suchenia: Our assessment practice is based on data matching with Landgate. In terms of red-tape reduction, we match the data of 1.3 million land items in the course of a year. In that process, we apply just over 500 000 residential exemptions, and, of course, that data matching process is not perfect because taxpayers move in the course of the year and then their data is not quite up to date on every source. In some cases we cannot determine with a reasonable degree of certainty that the exemption is applicable to a particular case. Once taxpayers receive their assessment notice, they are required to contact us if that assessment is not correct. In terms of the inquiries that we get on primary residence, it is about taxpayers who are either getting an exemption on a property they do not live in and would like it swapped to a different property, or getting a tax assessment on properties that they do live in. We can sort that out over the phone by data matching and the checking of sources and then apply those exemptions at that point in time.

Ms R. SAFFIOTI: Is the department getting an increasing amount of complaints about—we have seen a little of it in the paper—the grey nomads or retirees who travel for extended periods over the Perth winter and therefore leave their house unoccupied and become liable from 30 June for land tax? Is that an increasing issue or has it been the same over time?

Mr W.R. MARMION: I will refer to the commissioner.

Ms N. Suchenia: The issue of whether the residential exemption is retained on 30 June is based on the character of the residence at that point in time. To specifically answer the question, it is not one of our top areas of concern in the number of inquiries that we receive. A Commissioner's Practice is published on land tax and those particular circumstances in which there are temporary absences over 30 June. The exemption availability depends on the character of the residence as it is left. For example, if a person has gone on a 12-month trip around Australia and rented out their property, they are likely to lose their residential exemption because the character of the residence has changed for that period. If that is not the case and a person maintains it as their principal place of residence even though they are not living in it, it is likely that they will retain the exemption.

Mr W.J. JOHNSTON: How many of the minister's parliamentary colleagues have contacted him to complain about land tax increases?

Mr W.R. MARMION: That is a difficult question to answer because I probably have received many emails. If I have to think about the private conversations I have had with my parliamentary colleagues at Parliament or at functions, I have no idea. I guess it is fair to say that a percentage have raised concerns about the increase in land tax. They understand that the Treasurer's current situation with the GST reduction has caused a problem with our revenue. Of course, the only three revenue sources that the state government has left at its disposal are payroll tax, stamp duty and land tax. Unfortunately, some members of Parliament have been upset about the increase in land tax.

Mr W.J. JOHNSTON: I was recently approached by a constituent with a land tax complaint. Their elderly father became seriously ill and hospitalised. His house was vacant on 30 June and the family was then sent a land tax bill just in time for the father to die. I wonder whether the minister considers that to be proper practice for the administration of land tax arrangements.

Mr W.R. MARMION: The rules around land tax are the responsibility of the Commissioner of State Revenue. I have had a complaint along the same vein in my electoral office in which an elderly person went into a retirement village or a nursing home and received a land tax bill.

If the property has been rented out, the answer is the same as the answer to the last question. If the property is being rented out, I do not think that the Commissioner of State Revenue has much choice in the way it is set up. The commissioner might be able to outline what the implications are if someone is not in the house on 30 June.

[8.00 pm]

Ms N. Suchenia: The same commissioner's practice is applicable, so it depends on the character of how the residence is being used. In terms of the timing and sending notices out, because it is done through automatic data matching and matching circumstances, we are not aware of the particular circumstances of why somebody has moved out, unless they have made a specific application in writing to us. Although it is regrettable that land tax notices would go out in those circumstances, it is a factor of the system, in that it is based on data matching showing that someone is not living in the residence.

Mr W.J. JOHNSTON: If the person occupying the house in that circumstance was a member of the family, is it right that there would still be a land tax obligation?

Mr W.R. MARMION: The Commissioner of State Revenue will be answering this question.

Ms N. Suchenia: Again, it is covered in the commissioner's practice, and it goes back to the particular circumstances, and rent is a big factor in the nature of the residence changing. We also look at things like whether the possessions of the person who has moved out have been left in the residence and are still there for them to return to at some point. All of those factors are then put together to come to a determination. The fact that a family member is actually living in the property would not necessarily mean that the exemption would be removed in those circumstances. It depends on a number of factors.

Mr P.T. MILES: When the commissioner refers to data matching as of a certain date, where is she getting the data to match to see whether the house is a rental property, or whether the family member is away on holiday and has a daughter or some other relative looking after it? Where does that information come from and how is it matched?

Ms N. Suchenia: We use quite a number of different sources. Obviously, the ownership data comes directly from Landgate, and we have a system that is pretty well plugged directly into Landgate's system. We also access utility records, rental bond records and a range of different bulk sources of data to match together to determine whether there has been a change in the nature of the occupation of the property.

Mr P.T. MILES: Further to that, if someone had purchased a home a long time ago and decided to move out into a second home, and then decided to hook up with Airbnb or something like that and rent out the property or have boarders in in the house but the electricity and the water was still in the original owner's name, how would we be able to ascertain whether land tax should be payable?

Mr W.R. MARMION: I will just clarify that. Does it mean that the person has two properties?

Mr P.T. MILES: Yes.

Mr W.R. MARMION: I think that the Commissioner of State Revenue will be able to answer this one fairly easily.

Ms N. Suchenia: A person can have only one principal place of residence, and the data would show that a person has two residences and all the utilities in his name, so we would then make inquiries about which property the person occupies. Obviously, this becomes a cause in some instances for investigation by our compliance branch, and it moves out of a simple data-matching scenario into an investigation, if there is cause for concern.

Mr P.T. MILES: Further to that, having had some experience in this area, if a grey nomad from the south has another property in the north, the Commissioner of State Revenue then has to work out which property is the principal place of residence. My understanding is that if a person spends six months and one day in one place, versus five months and 29 days in another place, the one in which the person spends most time will be taken as the principal residence. The Commissioner of State Revenue might be able to clarify, when there are two properties, how she might work out which one is the principal residence.

Ms N. Suchenia: The time that a person spends in a particular property is a factor of relevance. Because it is land tax, and it is based on where a person lives on 30 June, our investigations in those circumstances centre around where the person is located on 30 June. It is about establishing the primary place of residence, and we use a number of indicators to determine which residence has that nature, and the factors that weigh towards one or the other being the primary place of residence. Obviously, we take values into account, because there would be an automatic tendency to claim the highest value property as the principal place of residence, but that is another factor that we look at as part of the process.

Mr W.R. MARMION: I know that the member for Wanneroo is very interested in this topic. If a person had a property in Perth versus a property in the country to the north, the one in Perth is obviously going to be worth more, but because a person is likely to be in the country during the southern winter, it is likely that they will be living in the cheaper property on 30 June. It is quite a complex area to look at.

Ms R. SAFFIOTI: Still on the topic of land tax, there has been a lot of discussion recently about the issue of aggregation, and the possibility of the removal of aggregation. Has the minister's agency undertaken any analysis of the cost of that?

Mr W.R. MARMION: We actually implement any policy that the Treasurer might want to put in, so the policy will come from the Treasurer, and we can run the numbers on anything that he wants us to look at. It is pretty easy.

Ms R. SAFFIOTI: Can the minister provide us with those numbers?

Mr W.R. MARMION: What numbers?

Ms R. SAFFIOTI: What the cost of the removal of aggregation would be.

Mr W.R. MARMION: I did not say that we looked at removing aggregation; I said that we look at anything that the Treasurer might want us to look at, which obviously we did when we increased all the different options to do with land tax.

Ms R. SAFFIOTI: This is not a trick question. Does the minister have the costing of the removal of aggregation?

Mr W.R. MARMION: I do not know, because I have not looked at it personally, but I will ask Nicki if she has had a look at the cost of removing aggregation.

Ms N. Suchenia: There is some published work from the 2007 state tax review that looked at the abolition of aggregation and the costs associated with it. It also went into incident shifts and a number of other issues. A cost of \$130 million per annum associated with the removal of aggregation was published in that report. Obviously, we provide data to Treasury on specific land tax issues. It is then able to use that data to work through various cost options. If Treasury has particular concerns about moving variables that they cannot do with the data that we provide to it, it comes back to us and asks us to use our modelling capability to do that. We have not at this point provided any specific modelling on aggregation, but I expect that those requests will come through. The issue with aggregation and being able to cost anything associated with aggregation is not simply being able to say that we just remove aggregation and tax at a single rate every property that a person owns, because that does not take into account that every property would have a \$300 threshold associated with it. The incident shifts that we get through aggregation mean that we cannot just look at the current tax base and take away the aggregated effect of

every property being taxed as it is at the moment. We need to be able to look at all the other options, potentially even including a single rate, particularly if we want to keep a revenue-neutral capacity to be able to work on threshold adjustments. That is where, through a budget process, Treasury does its modelling.

[8.10 pm]

Ms R. SAFFIOTI: Ownership structure is always something that is integral to the aggregation debate and what people can do to try to reduce the liability of their aggregation components. As I understand it, and hopefully the minister can clarify this, basically if a person is a part owner of any property, the percentage of that property is put towards their portfolio. For example, if I am a one-fifth owner of a property, a half-owner of another property, and a quarter-owner of another property, those components are added together as part of my aggregation. It is not simply sole ownership because I am a part owner. The commissioner is shaking her head that I am not right.

Mr W.R. MARMION: I know; yes. I know where the member is going with this—where ownership can be juggled. I understand that. The commissioner can talk about percentage limits, but I will let her give the member more detail on how she assesses different properties under different names and partnerships—mothers of parents and everything else.

Ms N. Suchenia: Land tax works on the basis that it follows the legal ownership of a property. If a person owns a property 100 per cent in their name or they own two properties 100 per cent in their name, both those properties would be aggregated together. If a person owns a property in their own name and also a property with their spouse, they will get two separate assessment notices—one will be addressed to the person and the other will be addressed to the person and their spouse. As a person works through acquiring additional properties, if it is acquired in the name of the person and their spouse, that is aggregated with the existing property they own. We do not split ownership across different percentage interests for the land tax assessment process. However, some anti-avoidance provisions were introduced a number of years ago for people who artificially tried to separate their property groups or aggregated properties by transferring small percentage interests to other people. Essentially, they transfer one per cent interest to somebody else and split the aggregation. The duty cost associated with that, depending on the value of the property, is quite minimal. The anti-avoidance provision in the land tax legislation lets us regroup—that is, automatically, if it is a 10 per cent interest, we can regroup and then further provisions essentially allow us to restructure the purchase.

Ms R. SAFFIOTI: That is interesting, thank you. How many compliance officers does the department have? Has the number increased or decreased since last year?

Mr W.R. MARMION: I will allow the Commissioner of State Revenue to answer that question.

Ms N. Suchenia: I do not have the exact number of compliance officers with me, although the number has increased recently relating to the agency expenditure review. Over the course of the next two years, our numbers will increase in 2015–16 by eight full-time equivalents and seven of those are compliance officers. In 2016–17, there will be a further increase and again in 2017–18, which will take it up to 19 FTEs.

Ms R. SAFFIOTI: What are the numbers of compliance officers as well as the increase in numbers?

Mr W.R. MARMION: We will have to take that question on notice.

Ms R. SAFFIOTI: Can the minister provide it as supplementary information?

Mr W.R. MARMION: Can the minister redo her question?

Ms R. SAFFIOTI: The minister might have the information.

Mr W.R. MARMION: Can the member repeat the question clearly?

Ms R. SAFFIOTI: We were just told the figures for the increase. I want the absolute, as in how many compliance officers were there in 2015–16; how many compliance officers were there in 2016–17; and how many compliance officers were there in 2017–18?

Mr W.R. MARMION: Does the commissioner have that information?

Ms N. Suchenia: Yes. In 2015–16, the increase was eight FTEs and essentially that is 16 FTEs, but for half a year because they start in January.

Ms R. SAFFIOTI: Sorry; from what level to what level?

Ms N. Suchenia: I do not have the number. I cannot join it with the rest of the compliance officers, but we have in the vicinity of 100 officers associated with compliance.

Ms R. SAFFIOTI: Could we have that information by way of supplementary information?

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE B — Thursday, 26 May 2016]

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Ms Rita Saffioti; Mr Bill Marmion; Mr Bill Johnston; Mr Paul Miles; Mr Paul Papalia; Mr Jan Norberger; Ms Simone McGurk

Mr W.R. MARMION: Can the member say what information she would like?

Ms R. SAFFIOTI: How many compliance officers were there in 2015–16, in 2016–17 and in 2017–18?

Mr W.R. MARMION: Is that for three years?

Ms R. SAFFIOTI: Yes.

Mr W.R. MARMION: Okay.

[*Supplementary Information No B91.*]

Mr W.J. JOHNSTON: I refer to the service summary on page 426 of the *Budget Statements*. The second point under expense is about development and management of common use contract arrangements, state fleet leasing and disposal. I will ask the minister about state fleet leasing and disposal. When we were here last year, we discussed the outsourcing of State Fleet. What happened to the prospect of the sale and the return to the Matrix fleet leasing?

Mr W.R. MARMION: That did not transpire. I will let the director general explain why, but I think we managed to get the numbers down for the budgetary matters. The member asked a question last year about commercial vehicles so I will give him the answers now!

Mr W.J. JOHNSTON: He is answering a question that is 12 months old!

Mr W.R. MARMION: In April 2016 there were 4 561 passenger vehicles and 5 850 commercial vehicles, with a combined total of 10 411. Last year, we did not have the commercial figures and we apologised for that, but we made sure we had them this year.

Mr W.J. JOHNSTON: The minister is always on the ball!

Mr W.R. MARMION: This is 326 fewer vehicles than the 2015–16 target fleet size of 10 737 vehicles.

Mr W.J. JOHNSTON: Wonderful.

Mr W.R. MARMION: We are right on track to deliver a program that assists the agency to meet its 2018 fleet size target.

Mr W.J. JOHNSTON: What is the answer to my question?

Mr W.R. MARMION: I will let the director general be specific about why we have not sold it or leased it out.

Mr W.J. JOHNSTON: That is excellent.

Ms A. Nolan: The Department of Treasury, together with the Western Australian Treasury Corporation, looked at the business case for the sale or the retention of State Fleet. They took the decision in conjunction with government that the business case was not there to sell the fleet, but, rather, there was an opportunity to take advantage of more operational efficiencies. The key efficiencies were reducing the number of the fleet as well as running it in a more cost-efficient manner and looking at new technologies to reduce the number of vehicles in our fleet. We are looking to reform the state fleet, but probably in a different way than was anticipated when a sale was mooted some time ago.

Mr W.J. JOHNSTON: Excellent.

Ms R. SAFFIOTI: I refer to the line item for “Refund of Past Years Revenue” under other expenses on page 436 of the *Budget Statements*. It was \$36.8 million in 2014–15 and \$69.6 million in 2015–16. What does it refer to?

[8.20 pm]

Mr W.R. MARMION: The director general is finding the page. I will pass it over to the commissioner, Ms Suchenia.

Ms N. Suchenia: When we process refunds of tax, generally it is on the basis that if the refund is for current year’s revenue, it is offset against current year collections. We have power to reassess and refund back five years. If a refund is made for a prior financial year, it is expensed through this item as an expense. That is the accounting process. It is very lumpy depending on what matters are before the tribunal, cases we might lose or what matters are being put forward through the normal reassessment process.

Ms R. SAFFIOTI: Do we have a breakdown of the \$69.6 million and what taxes that reflects?

Ms N. Suchenia: It is a single budget item and we work within that budget item. We have a general breakdown of particular taxes that we allocate internally, but it is against a single line item. We have a breakdown based on what we have refunded over the course of the year or years in relation to that and we could provide that.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE B — Thursday, 26 May 2016]

p602b-618a

Ms Rita Saffioti; Mr Bill Marmion; Mr Bill Johnston; Mr Paul Miles; Mr Paul Papalia; Mr Jan Norberger; Ms Simone McGurk

Ms R. SAFFIOTI: Could I have that by way of supplementary information, or do you have it there?

Mr W.R. MARMION: As supplementary information, the question was whether we have a breakup of the refund item for past year's revenue in different categories of refund. How many categories would there normally be? It is just the three: stamp duty; land tax and —

Ms N. Suchenia: It is broader than that

Mr W.R. MARMION: Yes, because we would have first home buyers.

Ms R. SAFFIOTI: Could we have it by category, and we will let you decide.

Mr W.R. MARMION: The member is flexible, but at least three or four.

[*Supplementary Information No B92.*]

Ms R. SAFFIOTI: On page 436, on the same item, there has been significant increase from 2014–15 to 2015–16. Why would you budget for an increased amount?

Mr W.R. MARMION: The Commissioner of State Revenue will answer this question.

Ms N. Suchenia: It is not actually an increase in the budget. The budget is generally around the same figure. It is showing an actual out turn in 2014–15 that was lower than the budget figure in 2014–15. The actual budget figure generally stays around that \$70 million mark.

Ms R. SAFFIOTI: You had good year!

Ms N. Suchenia: It is very lumpy and very much dependent on what is going on at any point in time.

Ms R. SAFFIOTI: Basically, the commissioner is saying that the budget is not increasing; it is just that the 2014–15 actual came in well below expectation.

Mr W.R. MARMION: Obviously, the department did a very good job and fewer refunds emanated that particular year in actuals.

Ms R. SAFFIOTI: State Revenue, one; state taxpayers of WA, zero!

Mr W.J. JOHNSTON: I go back to page 426 “Service Summary”, but this time I am not talking about state fleet leasing and disposal, but about common use contract arrangements. What is the breakdown for individual costs for the provision of temporary staff under common use agreement CUATPS2014?

Mr W.R. MARMION: I ask Mrs Stephanie Black to answer this question.

Mrs S. Black: The CUA for temporary services has four categories: clerical and administrative; technical and trades; professional and finance and accounting and services; and information and communications technology. Would the member like to know expenditure by agency or the total?

Mr W.J. JOHNSTON: Why not give me the total first.

Mrs S. Black: The total for 2015 is \$108 million.

Mr W.J. JOHNSTON: Is that an increase?

Mrs S. Black: Yes, it has increased over the year.

Mr W.J. JOHNSTON: If that is an increase, what has it increased by?

Mrs S. Black: From the previous year, it increased from \$107.4 million.

Mr W.J. JOHNSTON: Is it possible to get that figure of \$108 million and \$107.4 million broken down by agency?

Mrs S. Black: I have that.

Mr W.R. MARMION: I will allow Mrs Black to give that breakdown.

Mr W.J. JOHNSTON: It can be done as supplementary information, because it is probably a long list.

Mrs S. Black: It is a long list, but I have the top 10 agencies here.

Mr W.J. JOHNSTON: Why not give it to me as supplementary information? It is possibly just as easy. Is that all right?

Mr W.R. MARMION: Could the member repeat the question so it is clear for Hansard.

Mr W.J. JOHNSTON: Could I have a breakdown by agency for the \$108 million and the \$107.4 million?

[*Supplementary Information No B93.*]

Mr P.T. MILES: I refer to page 423, “Spending Changes” and the line item “90-Day Regulatory Mapping Projects”. Can the minister explain what is being done there, please?

Mr W.R. MARMION: I will give a little bit of a rundown and the director general might be able to add to my commentary. We are keen to reduce red tape right across government. One of the ways we are doing this is through a 90-day regulatory mapping project. We have done one with restaurants, which the member may be aware of. We are trying to find key bottlenecks so that we can reduce those. It is not a case of imposing on other departments. The Department of Finance is doing a mapping exercise that will highlight bottlenecks, and will be encouraging relevant ministers and departments to fix those bottlenecks. At the end of it, we will be able to map out the process. If we take restaurants as an example, we can produce a map showing how someone can obtain a restaurant licence and other things. It will be useful for the consumer. The first mapping project has been with restaurants and we are now looking at building approvals—that is, anything people want to do with a residential house. We will do the same thing in a 90-day exercise and then we will look at ecotourism and aquaculture. We think this will reduce red tape right across government. Some of these processes involve more than one department, and restaurants was a classic example as it also involved local government and number of other agencies.

Happy birthday, member for West Swan.

Ms R. SAFFIOTI: Thank you very much.

Mr W.R. MARMION: We are disappointed the member is not enjoying her birthday with us.

Mr W.J. JOHNSTON: The member is going to committee A now.

Mr W.R. MARMION: Unlucky! It is better here.

I am very keen to see this exercise continue. We have done one project, one is underway, and two are in planning. Hopefully, this will continue on an ongoing basis. The director general might want to add something.

Ms A. Nolan: What I would add to that is that tackling red tape is always a challenge and this is good new way of tackling it in a different manner than what was done in the past, particularly with our focus on doing it in a collaborative manner with not only a raft of relevant government agencies but also industry. We can all sit down together and by shining a light on the process and mapping it out, I think the penny drops often as to some of the challenges and the pain points, and ways of addressing them emerge very quickly. That is a good way of doing it. It is a short, sharp and terrific way of tackling red tape and it can come up with some amazing outcomes in a short time. We are delighted to be working together with the Small Business Development Corporation to work through a number of these matters. We are aware that four of them are on the go at the moment and we will be looking at a raft of others over the next six or so months. The current budget provides some funding for us to employ some additional staff to assist in that challenge, and we are delighted to be able to recruit in that manner.

[8.30 pm]

Mr W.R. MARMION: I would like to add that we have allocated \$1.6 million to this. I forgot to mention that it is a collaboration between the Department of Finance and the Small Business Development Corporation. That is probably a good source for ideas for small business and for solving problems facing small business, such as red tape, and for getting approvals. It is a good collaboration between the two agencies.

Mr W.J. JOHNSTON: I refer to the first service in the table on page 426, “Revenue Assessment and Collection, and Grants and Subsidies Administration”. The local government rates rebate cap has been revised but I understand that 19 300 pensioners will still be affected. That can be seen on page 121 of the *Economic and Fiscal Outlook*. Do we know in which local government areas those senior Western Australians are living?

Mr W.R. MARMION: We do, actually. We know which areas might be impacted most. I can give the member the top 11 if he would like that. They are Melville, Wanneroo, Geraldton, Mundaring, Mandurah, Armadale, Albany, Cambridge, Stirling and Joondalup. That makes up probably more than half of that number. The total number is 19 000 pensioners. I cannot do the exact calculation in my head, but if I add those figures up roughly, it would come to about 11 000 pensioners in those local authorities, and then there are about another 8 000 in other local authorities throughout Western Australia. We have looked at those by local government area.

Mr W.J. JOHNSTON: What is the plan to go forward on this issue? How are we going to bring those residents some relief from the cost imposts that the government is putting on them?

Mr W.R. MARMION: We made the cap higher than we were going to do; it was lower and we increased the cap. The Western Australia Self Funded Retirees wrote to me and said that it would prefer the cap to be \$1 000. We initially had it at \$550 and we have raised it to \$750. We have taken on board the impact it will have, but what reasonable amount should a state government pay so that a retiree with a very large property can stay living in a certain local government area? That is why we came up with \$750.

Mr W.J. JOHNSTON: Is the minister trying to claim that before the 2015 budget the government was being unreasonably generous with taxpayers' money?

Mr W.R. MARMION: No, that is not what I am saying; they are the member's words. I point out that 50 per cent of the people who are going to be paying more will be paying an extra \$44 on average. We looked at that and came up with what we believe is a reasonable cap of \$750.

Mr W.J. JOHNSTON: So the minister is saying that that \$44 impact on pensioners is acceptable to the government of Western Australia?

Mr W.R. MARMION: I am saying that is what the figure is. Fifty per cent of 19 290 people will be paying, on average, \$44 extra.

Mr W.J. JOHNSTON: Is the minister saying that is not a fair outcome?

Mr W.R. MARMION: I am not saying that at all; I am telling the member the facts. That is the budget.

Mr W.J. JOHNSTON: It is the government's policy.

Mr W.R. MARMION: That is the number. We are in the estimates committee and the member wants to know what the number is. That is the number.

Mr W.J. JOHNSTON: I want to know the minister's views, too. He is a very important person and we would really like to know what he thinks.

Can I get by way of supplementary information the outline of where those 19 300 pensioners live by local government?

Mr W.R. MARMION: I have just given you —

Mr W.J. JOHNSTON: The minister read out the top 10; I understand that. I am asking for all of them.

Mr W.R. MARMION: Does the member want that information for 139 local government authorities?

Mr W.J. JOHNSTON: I do not know. The minister can tell me. It is obviously a list of local governments and all the minister has to do is stick a stamp on it and give it to the Clerk and it is done. It is up to the minister.

Mr W.R. MARMION: We can provide that information.

[*Supplementary Information No B94.*]

Mr P. PAPALIA: I refer the minister to the table "Details of Administered Transactions" on page 436 and the First Home Owner Grant Act 2000 line item under "Appropriations". I note that there has been a shift in the estimated actual for 2015–16 and the estimate for the current budget year. Could the minister explain that deviation?

Mr W.R. MARMION: There has been a change in the policy for the first home owners grant for new homes, but I will hand over to the Commissioner of State Revenue to address the specific detail on the changing figures.

Ms N. Suchenia: The change in the figures essentially relates to the change in the policy of the first home owners grant, which, with effect from 3 October 2015, abolished the grant of \$3 000 for purchasers of established homes and continued the \$10 000 grant for new homes. Essentially, those adjusted figures reflect the changed policy.

Mr P. PAPALIA: Does that mean the change in the policy is a \$23 million saving for the government? Is that the long and short of it?

Mr W.R. MARMION: I will let the Commissioner of State Revenue do the sums.

Ms N. Suchenia: How much did the member say?

Mr P. PAPALIA: It was, by comparison, the estimated actual cost this year to the current budget.

Mr W.R. MARMION: I understand that the measure is estimated to save \$25 million in 2015–16 and \$109 million over the four years to 2018–19. However, due to a delay in the passage of the amendments, it is expected that only \$16 million of the full saving in 2015–16 will be realised, which will reduce the estimated savings to \$100 million over the four years to 2018–19. That is the advice I have received.

Mr P. PAPALIA: Would the minister refresh my memory? Why was there a delay in the amendments? I know the minister will blame us, but that is probably not likely to be true.

[8.40 pm]

Mr W.R. MARMION: I will see whether the commissioner can respond to the delay in the passage of amendments.

Ms N. Suchenia: I am suffering from a faulty memory, sorry.

Mr P. PAPALIA: It is no big deal; I was just wondering.

Mr W.J. JOHNSTON: How many first home buyers are expected to be assisted in each year for the budget cycle, from 2016–17 onwards?

Mr W.R. MARMION: Rather than me reading out the figures, I would prefer the commissioner to provide them. She is just adding them up.

Ms N. Suchenia: The numbers that underpin the figures are 12 681 in 2015–16; 7 400-odd in 2016–17; just over 7 300 in 2017–18; around 7 250 in 2018–19; and 7 200 in 2019–20.

Mr W.J. JOHNSTON: Is the minister expecting the property market to remain relatively stable?

Mr W.R. MARMION: We rely on Treasury to do the forecasting and we work out the numbers from that. We rely on Treasurer Nahan’s department for those figures.

Mr J. NORBERGER: I refer to the significant issues impacting the agency on page 424 of the *Budget Statements*. My question relates to the government’s efforts to work with various agencies to reduce red tape. We know that is a very important topic. Can the minister please explain what the government is planning to do in this area for the remainder of 2016?

Mr W.R. MARMION: Yes, the member for Joondalup would recall that in 2015 the government introduced a report card and we asked departments to come up with some red tape reduction measures in each of their departments. We also had a portal—ShredTheRed—that the public could access. It is still there for people who have an issue with or an idea about reducing red tape. We collected a number of these issues—in fact, we got the top 36—and we put out a report card on that last year. We believe that resulted in cost savings of about \$150 million over a five-year period. Part of that program also repealed any obsolete acts. If amendments to legislation were required, we put those through in the last session of Parliament at around November last year. We will do the same thing this year. We will bring it forward a little because it is a short parliamentary year and Parliament will be prorogued. We are after the same sort of thing. We are looking to get a couple of good initiatives in each department, which will benefit consumers in Western Australia and their dealings with government.

Ms S.F. McGURK: My question relates to item 4 under “Service Summary” on page 426, which refers to projects and office accommodation. It is perhaps no surprise to the minister that I have a question about this. In 2012 the coalition government announced a decentralisation of government office space from the CBD. One of the local areas to benefit from that policy would be Fremantle, where the Department of Housing was going to relocate. Since 2012 there has been a lot of talk about that but we are yet to hear whether a decision has been made. Can the minister outline where that relocation is at as well as any other proposals? There were offices proposed for Joondalup and Osborne Park and the relocation of the Department of Environment Regulation to Bunbury.

Mr W.R. MARMION: I will deal with Fremantle first. I will make sure that I have the latest up-to-date information. The member is pretty well across the government announcement because she was there when we made the announcement in Fremantle. On 14 March the department issued a restricted request for proposal to the shortlisted expression of interest proponents. That closed on 11 April 2016. Subject to the outcome of the RFP process, which is underway, the government will consider the department entering into lease negotiations with the preferred proponent for the provision of new office accommodation in Fremantle. If this is progressed, an agreement for lease could be executed by December 2016, with agencies being relocated to the new premises in either late 2019 or early 2020. That is the government’s plan for Fremantle.

The government is a bit further advanced than that for Joondalup. I will just make sure I give the member the exact dates. The government is expecting an agreement on the lease for Joondalup to be executed by the end of this month following completion of a current lease negotiation process, which is getting very close to finalisation. We are expecting construction of a new building in Joondalup to commence in October this year and practical completion of the building is anticipated in April 2018 when the department will commence the fit-out works to allow for a smooth relocation of the agencies in late 2018 and early 2019. Did the member want to know about the one in Bunbury?

Ms S.F. McGURK: Yes. Was there a decision about who relocates to Joondalup?

Mr W.R. MARMION: Yes, the departments of Water and Environmental Regulation and the Office of the Environmental Protection Authority. They are the three going there.

Ms S.F. McGURK: How many FTEs is that, minister?

Mr W.R. MARMION: It is approximately 800 FTEs.

Ms S.F. McGURK: I would be interested in the details about Bunbury, but how many FTEs are involved in the relocation to Fremantle? The Treasurer was reported just last Friday saying that the asset sales of CBD properties—I think he was talking about the Department of Housing's head office in Plain Street and Western Power's head office—would be deferred because of the state of the market. Does that announcement impact at all on the decision to relocate that we have just been speaking about?

Mr W.R. MARMION: I am not aware that he mentioned Housing. We are pushing along on the basis that Housing will be a tenant at Fremantle along with Corrective Services and Transport from various locations. That is how we are progressing at the moment.

Ms S.F. McGURK: I did ask how many FTEs were involved in the relocation.

Mr W.R. MARMION: Yes. We expect 1 350 public servants to relocate to accommodation of about 20 000 square metres in Freo.

Ms S.F. McGURK: The minister mentioned Corrective Services and Transport. Can he elaborate on that? There may have been something that other people are aware of. Did he say Housing?

Mr W.R. MARMION: Yes, the Department of Housing will be the main tenant and the other tenants will be the Departments of Corrective Services and Transport.

Ms S.F. McGURK: Are they relocating to Fremantle as well?

[8.50 pm]

Mr W.R. MARMION: Not the whole of the Department of Transport.

Ms S.F. McGURK: No, but elements of the Department of Transport.

Mr W.R. MARMION: Yes, to make up 1 350 public servants.

Ms S.F. McGURK: The minister would be aware that this issue has felt so near, yet so far for the people in Fremantle for quite a while. When will the Department of Finance and the state government make a definitive decision to relocate to Fremantle and select a preferred tender?

Mr W.R. MARMION: As I said before, we are in negotiations. If they are successful, a lease should be signed by December this year. Obviously we will make an announcement then.

The CHAIRMAN: Minister, can you run through the figures for Bunbury, please?

Mr W.R. MARMION: Mr Chair, I will ask Mr Sullivan to detail this very important project in Bunbury, which is just near the Dolphin Discovery Centre. It has a lot history. I grew up in Bunbury. The dolphins used to be fed —

Mr P. PAPALIA: Are we going to get a story from your childhood again?

Mr W.R. MARMION: You might as well!

Mr P. Papalia interjected.

Mr W.R. MARMION: No, I went to Bunbury Senior High School. Did the member for Warnbro go to Bunbury Senior High School?

Mr P. PAPALIA: Yes.

Mr W.R. MARMION: Long after me!

The mother of David Smith, who was very good Labor member for Bunbury, fed the dolphins four houses up from us in the 1960s. Unfortunately, when she —

Mr W.J. JOHNSTON: Is that one of the dolphins that died in Elizabeth Quay?

Mr W.R. MARMION: Dolphins do not die in Bunbury. Unfortunately, she passed away, and they ended up building a centre at Koombana Bay where the new facility is going. It is actually quite a good attraction for Bunbury.

Mr W.J. JOHNSTON: The ones floating upside down in the river are not!

Mr W.R. MARMION: That bears no relevance to the question! I will ask Mr Sullivan to detail how we are going. Does the member know about the shipwreck? Everyone in my day knew about the shipwreck. Mr Sullivan might like to say where we are at.

Mr W.R. Sullivan: This project is not being managed by the Department of Finance; rather, it is being run by the Department of Parks and Wildlife, but we are assisting it with the project. In August 2015 it approached us looking for assistance with procurement of the project. As the minister has already indicated, part of the lot identified for the proposed construction is a registered site under the Contaminated Sites Act and requires contamination assessment. That work is going on, as is the archaeological work that the minister referred to. I reiterate that we are not managing this project. The Department of Parks and Wildlife will be able to give an answer about the current process.

Mr W.J. JOHNSTON: Minister, did the Department of Parks and Wildlife get cabinet exception from normal procedures to do it itself?

Mr W.R. MARMION: I will pass over to Mr Sullivan.

Mr W.R. Sullivan: When the member says an exemption, the department —

Mr W.J. JOHNSTON: I am sorry to interrupt, but it is my understanding that Finance is the agency responsible for government office accommodation. Is it normal procedure if the Department of Parks and Wildlife does not go through that government agency? I will put it that way.

Mr W.R. Sullivan: My understanding is that it is not only office accommodation that will be part of the new headquarters in Bunbury. The Department of Parks and Wildlife has the power to construct under its own legislation rather than having to rely on the Public Works Act.

The CHAIRMAN: How many FTEs will be there?

Mr W.R. Sullivan: My understanding is that the announcement foreshadowed up to 300 staff within 10 years. It will be a progressive shift of operations.

Mr W.J. JOHNSTON: I have a further question.

Mr W.R. MARMION: Is it about contamination?

Mr W.J. JOHNSTON: I will get to that in a second. Is the agency doing the development or will it lease somebody else's property?

Mr W.R. MARMION: In terms of land ownership, I think it is a reserve, but I will ask Mr Sullivan to answer that question.

Mr W.J. JOHNSTON: Who will own the building?

Mr W.R. MARMION: It is land only; there is no building there. I know the site well.

Mr W.R. Sullivan: These matters are being pursued by the Department of Parks and Wildlife. The Department of Parks and Wildlife, not Department of Finance, is looking at zoning issues, so I am not in a position to advise the member on that.

Mr W.J. JOHNSTON: If Department of Parks and Wildlife is constructing the building, will it have to use Building Management and Works to manage the project?

Mr W.R. MARMION: Given that it is not pure office accommodation, the Department of Parks and Wildlife has the power to choose whether it does it or whether it asks us to do it. If the member wants further detail, he will have to ask the Minister for Environment. I personally know of the site. Cable Sands had an ilmenite facility there in the 1960s, so I think the contamination is mainly to do with ilmenite, monazite and things like that. To get a specific answer, the member will have to ask the Minister for Environment.

Mr W.J. JOHNSTON: Excellent; I wish I had known that three hours ago!

Mr P. PAPALIA: Under "Significant Issues Impacting the Agency" on page 424, I refer to the third dot point under "Economic Reform" which deals with the notorious Repeal Week. Can the minister tell us the net legislation loss or gain post last year's Repeal Week? After the year was over and Repeal Week was over, did we end up with a loss of legislation or did we add more than we took away in Repeal Week?

Mr W.R. MARMION: I do not know off the top of my head; we would have to count them. We can provide that information if the member is keen for us to count the legislation for him.

The CHAIRMAN: Member, can you clarify what information you want the government to provide?

Mr W.R. MARMION: The director general has just said it may be hard to do. What specifically is the member asking us to provide?

Mr P. PAPALIA: The *Budget Statements* refer to the government's 2016 Repeal week, which is obviously in the future. The minister will have to provide information for the previous one. Post-Repeal Week 2015, can the minister advise whether in the year up to Repeal Week 2015, we passed more legislation than the legislation that was repealed?

Mr W.R. MARMION: I think Parliament will have to provide the member with that information. It is not really our responsibility to do that.

Mr P. PAPALIA: What was the net return for the benefit of Repeal Week?

Mr W.R. MARMION: Does that include acts that have been amended? How do we define it?

Mr P. PAPALIA: I think new bills. That might result in a net benefit for Repeal Week.

Mr W.R. MARMION: We will provide what information we can, Mr Chairman.

[*Supplementary Information No B95.*]

[9.00 pm]

Mr P. PAPALIA: Further, is the red tape reduction report card based on the original recommendations of the Red Tape Reduction Group—the one that was chaired by the now Minister for Police and Deputy Premier—or is it based on some other criteria?

Mr W.R. MARMION: That red tape reduction committee was formed —

Mr P. PAPALIA: It travelled the state.

Mr W.R. MARMION: I believe that 94 out of 107 recommendations have already been implemented. This is a new program. We are reinvigorating the agencies to come up with new ideas. As I said before in answer to a question from the member for Joondalup, we are looking at putting out a report. Last year we had 36 initiatives. We are hoping to keep it at 36 every year.

Mr P. PAPALIA: I am assuming that a line has been drawn under the original report.

Mr W.R. MARMION: No, we have not drawn a line under anything. Anyone can come up with any idea and we will look at it.

Mr P. PAPALIA: Is the department looking at the consequences of implementing those reductions that the minister claims as victories over red tape, noting that I, for instance, opposed the elimination of the Defence Industry Skills Advisory Board, which in my view was a good thing, and the minister ticked it off as a reduction in red tape by getting rid of it? Did the minister ever look at the negative consequences of getting rid of a lot of boards and advisory groups that I would suggest are probably now being reinstated?

Mr W.R. MARMION: Every single initiative is looked at on a case-by-case basis. We look at the benefits of what that committee provides versus it not being there. If there are no benefits, we obviously do not need it.

[Mr P. Abetz took the chair.]

Mr P. PAPALIA: Having removed the Defence Industry Skills Advisory Board, this year the government just recreated a board called the Defence Industry Council chaired by the Chamber of Commerce and Industry of Western Australia. Is the department keeping a tally of the new boards that it is creating and a net loss or gain table of those boards as an ongoing record, or does the government just chalk it up as a victory because it was done five years ago?

Mr W.R. MARMION: That area comes under another minister so I cannot comment specifically on the merits or not of that committee. In looking at all the committees, that also comes under another minister, the Premier, who does keep a tally. When we came to office in 2008, that exercise was done by the Department of the Premier and Cabinet. It keeps a tally on that. We are keen to reduce committees that we do not need.

Mr W.J. JOHNSTON: As the minister probably knows, I FOI-ed the submissions and responses to the red tape reduction portal on the department's website. Can the minister tell us how many of those suggestions led to the elimination of any regulation?

Mr W.R. MARMION: Mr Dolling is the person who can give a very good answer to this question.

Mr A. Dolling: Obviously, we have received a number of requests and they fall into different categories, such as those that have already been addressed. At other times it is a matter of providing information to assist the

relevant person on their journey. At other times it has not been addressed but is likely to be addressed with the existing reform program that is in place. At other times, though, it does require some more action by the relevant agency and department. As the member probably knows, we have referred many of those on in those circumstances. There is a genuine mix. Some have been implemented and many have been referred on for further work. As I said, some link in to the existing reform agendas.

Mr W.J. JOHNSTON: What was the answer? I asked how many regulations were eliminated.

Mr A. Dolling: Unfortunately, I cannot give the member an exact number that have been done right now because I do not have that in front of me.

Mr W.J. JOHNSTON: It would be useful to know how many regulations have been repealed based on suggestions made through the portal. Could we get that by way of supplementary information?

Mr W.R. MARMION: We can provide information on issues that were drawn to our attention and where the actions happened. It might have occurred regardless of whether it was caused by the person putting the advice or suggestion on the portal. We can provide information about what happened to any of those suggestions that are on the portal. How about that?

The CHAIRMAN: Are you happy to accept that as supplementary information, member?

Mr W.J. JOHNSTON: I ask the minister to describe what he is offering to me and I will tell him whether it is okay.

Mr W.R. MARMION: We can put the suggestions that are on the portal in one column and in the next column, we can say what has happened with those suggestions. Just clarifying, we will give the member the answer but because someone put it on the portal does not necessarily mean that is why it happened. It could have been in train anyway.

Mr W.J. JOHNSTON: That is fine. I am happy to have that.

[*Supplementary Information No B96.*]

Ms S.F. McGURK: My question relates to the heading “Building Management and Works” on page 425 of the *Budget Statements*. We are told that from July this year, Building Management and Works will change the way it funds its operations and the delivery of capital works projects on behalf of agencies to create greater transparency et cetera. As a percentage, how much is charged to manage government projects? Is there a set percentage? A good example would be the recent work at Parliament House, which I understand did have a set percentage of the cost of the work.

Mr W.J. JOHNSTON: It was 18 per cent.

Mr W.R. MARMION: I will ask Mr Sullivan to give the member a detailed answer. Historically—over many decades—that is how governments have worked. A percentage is applied for how projects are delivered. That is the way architects and the industry have been working. One could argue whether that is efficient. A good example is Perth Arena. When Perth Arena was built, which was initially a \$160 million capital project, a percentage was assigned to the architects, which was around 10 per cent. So, 10 per cent of that goes to the architects for all the drawings and their involvement. When it goes up to, say, \$400 million or \$500 million, they still get the same percentage. We could argue that there is not much extra work. There is still the same number of drawings; it is just that the capital has gone up. We could argue whether that is the right method of running a process, and how do we remunerate someone? For a large project, we might argue that it should drop off in percentage. Mr Sullivan will explain what we are doing in that area at the moment.

Mr W.R. Sullivan: The current arrangement that Building Management and Works has been operating under for quite a period of time, including back when it was within the Department of Housing and Works, is a sliding fee scale, but there is a large degree of complexity. Various factors are taken into account in how the fee is calculated, including the size and the complexity of the project and the like. It was interesting to read in *Hansard* earlier a reference to the works at Parliament House, quoting a figure of 16 per cent. I went back and looked at that project and the fee was nine per cent. As the minister has alluded to, the problem with that fee arrangement is that it has not been adjusted for a long period and it is not cost-reflective. One of the key things that came out of the agency expenditure review for the Department of Finance at least was a need to rebase the funding model for Building Management and Works for capital works.

[9.10 pm]

From 1 July 2016, with new projects going forward, we will have a new fee structure that will comprise two components. One will be the direct costs associated with the project in terms of, for example, the time of a project managed and the like, and then, over and above that, an overhead reflecting the fixed costs associated

with providing that service. For example, the project management system that we rely on has to be maintained and each project needs to contribute to that cost. The problem with the current model is that it was probably very nice—it was before my time—in Building Management and Works, but when the works program turnover went up, that fee was set even though revenues went up. Over time that revenue was used to support other parts of building management and works operation so that people with capital works who were commissioning us to do the job in part because the fee did not adjust with scale, were implicitly cross-subsidising other parts of the business. The new model will be not only cost-reflective, but also bring down those costs because there will no longer be that cross-subsidisation. On average, the fee at the moment is in the order of 4.5 per cent. However, it depends on the nature of the capital works. When we get into the minor work space, the proportionate costs of project managing that smaller job because of a fixed cost component is higher than 4.5 per cent. It is a very complex formula at the moment. We have been working with agencies to look at that process and have come up with a far more commercial fee structure, which we believe will operate going forward.

Mr W.J. JOHNSTON: Last year in the budget briefing from the Department of Treasury, as arranged by the Public Accounts Committee, Treasury said that it costs 40 per cent more in Western Australia for the state to build a school than for the Catholic system to build a school. Is that figure accurate; and, if so, why are we spending so much more than the Catholic system to build a school?

Mr W.R. MARMION: I am not aware of that. I have no visibility of that statement. Mr Sullivan might be able to comment on it. I cannot comment on what another minister has said.

Mr W.R. Sullivan: To be honest, I do not have line of sight on what the cost of building is within the Catholic education system. I cannot comment on whether it is more or less than 40 per cent, or the same. I am confident that we work within the brief given to us by the Department of Education for what it wants delivered with its educational facilities, and we work to deliver those on time and on budget. Can they be done more cheaply? That is an interesting question, but we are improving our efficiency of delivery. We are also looking at new ways to deliver, particularly with modular building and the like, which is developing around the state, although not necessarily in the education sector, at this point in time. These are the sorts of innovations that we are looking at to drive down our costs so that we can deliver a quality product with a better outcome for the taxpayer.

Mr W.R. MARMION: We have to make sure that we are comparing apples with apples. It is a general statement to say that a school can be built for 40 per cent less. The process now is that a scope of works goes out to tender and it is very competitive. I am shown who wins the tender. Many people are tendering and they are coming in with a price that is a lot lower than two or three years ago. If we are looking at a government school and a Catholic school, then we also have to look at their scope of works. We are going to market, the market provides us with a price, we test that the proponent will be able to deliver through a check on the risk around its capability to deliver the project, and we go for the cheapest tender that we are confident will deliver. If the Catholic education system goes through the same process and goes out to tender, it will get the same result. Why would someone tender more for a government job? I cannot understand the differential of 40 per cent.

Mr W.J. JOHNSTON: It is not my figure. We were advised of that figure in a briefing from Treasury.

Mr P. PAPALIA: Noting that the minister's comparison across tenders is just solely in the government sector, would it not make sense to approach the Catholic Education of WA or the independent schools and inquire about whether we are competitive with like-for-like builds?

Mr W.R. MARMION: It is not necessary. We have gone to market, so we have already tested the market. We do not build the schools; we just go to tender. If we went to Catholic Education of WA—I have peak contacts there—we could ask what its process is, because it does not build the schools either. It also goes to tender. The only difference will be in the scope of works, and in the comparison it might be that it is a smaller school or it may not have basketball courts, enclosed areas or air conditioners. Those things might not be included in the scope of works but they might be found in an add-on package. Without seeing the actual detail, it is a hypothetical situation.

Mr P. PAPALIA: Exactly, which is why I asked whether the minister would consider broadening his analysis to incorporate a comparison between the building of a government school and a non-government school, as like for like as to what can be accomplished. The motivation is that that information was provided by Treasury; it was not anecdotal. However, if the minister is like me and is in and out of the metropolitan growth area, he would have witnessed schools being built in the government and non-government sector and have a pretty good idea of the comparative cost differential. I know that the minister is saying that they are not identical buildings, but I would have thought that a comparison would have been worthwhile. Does the minister think there is no value at all in making a comparison?

Mr W.R. MARMION: I am not sure what the member means by a comparison. Obviously, Building Management and Works could check it out. I am sure it has visibility in this space anyway because its

staff would have counterparts in the same area in the education department, and they talk. At the end of the day, I have created many business cases for the education department for the building of schools and I know how the process works. An architect designs the school and it then goes out to the market and someone tenders on it. Catholic Education of WA does the same, but one could argue that—this was the member's suggestion—they may be more constrained in how they scope the works, and that is possibly —

Mr P. PAPALIA: Maybe they know they are not bidding for a government project.

Mr W.J. JOHNSTON: We are not unhappy with the minister's answer. All we are doing is putting to the minister arguments that were put to us by the government of Western Australia last year. Can the minister give us assurance that BMW is able to build schools at a cost-competitive price for the private sector?

Mr W.R. MARMION: Absolutely. The price is determined on the scope of the project. However, I am not the Minister for Education. I have no visibility of and was not present when the Treasurer or someone made that statement, so I do not even know whether it is true, but I am confident that the architects in Perth that I have commissioned for the education department under the government to design high schools—there was one that never happened in Midland in the —

Mr W.J. JOHNSTON: I just want the assurance that we are getting value for money out of the process. It was a very good design, I admit, but it goes out to tender and we get value for money by going out—member—

[9.20 pm]

Mr W.J. JOHNSTON: I am listening. I can do two things at once.

Mr W.R. MARMION: I will wait till the member has finished what he is doing.

Mr W.J. JOHNSTON: No, just finish the answer. I can read the *Hansard* tomorrow.

Mr W.R. MARMION: Okay; I just find it very disconcerting talking to someone who is not looking at me. Phillip Toyne did that.

Mr W.J. JOHNSTON: If the minister was one I did not like, I would walk out.

Mr W.R. MARMION: Thank you very much—now I have forgotten what I was saying!

I am comfortable that, because we have a very good procurement process in government, we are getting value for money.

Mr W.J. JOHNSTON: Excellent, thank you very much; I appreciate that.

Ms S.F. McGURK: My question relates to the works in progress listed on page 430 and again refers to the relocation of a department, specifically the office co-location project called the Quarter in Karratha. What government agencies will move to that centre, and will there be a hotel or other facilities in that precinct?

Mr W.R. MARMION: My advice is that we are co-locating 10 government agencies into the Quarter in Karratha. It is on track to be completed in late 2016. That is the data that I have. Does the member want to know which departments are being co-located?

Ms S.F. McGURK: Sure.

Mr W.R. MARMION: The agencies that are going into that building are the Departments of Agriculture and Food, Commerce, Education, Finance, Mines and Petroleum, Planning, Transport and Water, as well as the Housing Authority and the Pilbara Development Commission.

Ms S.F. McGURK: How many full-time equivalents will be located there?

Mr W.R. MARMION: I do not think I have that figure with me, although I could probably get it. The other note I have here is that the offices will occupy level 2 in building 2, so maybe the member can work out from that how many staff there will be.

Ms S.F. McGURK: What happens in building 1 and the other levels in building 2?

Mr W.R. MARMION: It is a private building, and my understanding is that that is the part we will occupy, but I do not know who else is going into the other building. Those are the government agencies that are going into that building.

Ms S.F. McGURK: Will there be any other accommodation as part of the Quarter project?

Mr W.R. MARMION: The only information I have about that particular building is that those agencies are going in there, and they are on level 2 in building 2. I will just see if I have any more information on that. The

number of staff may be 120, but maybe Mr Sullivan can talk a bit more about the Quarter, because I would like to know a little bit more about it myself.

Mr W.R. Sullivan: The minister is correct—there are 120 staff from those 10 agencies. We see it as a very positive development from a state government office accommodation perspective, because we have been able to get 10 agencies from single locations into one location, and the efficiencies that come from that are quite large, particularly the space saving and the shared facilities. The other thing we are quite excited about is that they are all going into one floor plate in that building, and doing it without partitioning, et cetera. They are going into an open plan, and that will be a different way for those agencies to work together. We are hoping that it will not only be more productive, but also foster greater cross-agency cooperation.

Mr W.R. MARMION: Collaboration plus.

Ms S.F. McGURK: When is the minister expecting that move to occur? I think he said by the end of 2016. Is that correct?

Mr W.R. Sullivan: That is correct. We are just in the process of getting practical completion from the builders. They will hand it over to us, the fit-out will take place, and we hope that the agencies will be moved in before the end of the year. It is certainly on track for that to happen.

Ms S.F. McGURK: I think the ministers should be asked to work in open plan, if they expect all those departments to work together.

Mr W.J. JOHNSTON: There is a little table at the bottom of page 423, titled “Spending Changes”. One line item of that table is “Revised Building Maintenance Turnover Forecasts” and the next one is “Revised Capital Works Turnover Forecasts”. I wonder what those two items are all about.

Mr W.R. MARMION: I will pass that question over to Mr Sullivan.

Mr W.R. Sullivan: The table basically records spending changes that have taken place since the income statement was presented as part of the 2015–16 budget in Parliament. Those adjustments on that table were made, I believe, at the midyear review to reflect changes since the budget was prepared in the previous April, which had certain estimates of turnover in maintenance and capital works. These are the changes in those expense limits, reflecting the changes in those turnover numbers. In other words, the budget sets a particular estimate for capital works turnover and maintenance turnover. Over the year, as projects are added or additional works are commissioned from agencies for us to undertake, those numbers change. We have to operate within an approved expense limit. These adjustments basically change those expense limits, reflective of the change in the turnover that we were expecting.

Mr W.J. JOHNSTON: We are talking here about \$600 million extra in revised capital works turnover. What does that \$600 million buy us?

Mr W.R. Sullivan: Those numbers in that table reflect two components. The first is timing issues, with works moving into other years, and the other is that the numbers are written into the forward estimates based on the government’s approved asset investment program. In year one of the forward estimates, there is obviously a large degree of certainty, but by the time we have exhausted those projects there is not as much turnover in the out years. As the forward estimates roll forward there will be a need to increase, as a result of that. That is why those numbers look the way they do. It is again the incremental changes coming through.

Mr W.J. JOHNSTON: I am terribly sorry, minister; I am grappling with this. I know it is late at night, and I apologise, but what is the \$600 million actually for? What projects—what are we getting for it? I think I understand the adviser saying that something would have been done this year, and then it is being done in another year; I can appreciate recashflowing. What are we getting? What is the \$600 million for? Can the minister refer me to another line item in the budget? Is it some other agency’s work? What is the money going to do?

Mr W.R. Sullivan: That reflects the turnover associated with the asset investment program for each of the agencies that are asking us to do work. For example, in the section of the budget papers devoted to education, there will be, under the department’s asset investment program, a listing of the schools that have been undertaken, not all of which are being undertaken by us, the member will be aware. Those schools would be reflected in those numbers, and the adjustments coming through. New projects are coming in, and the timing of some projects has changed, but for the overall program itself, the taxpayer is getting schools, health facilities, courts, police stations et cetera. These are the facilities that we construct on behalf of government agencies. If the

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Ms Rita Saffioti; Mr Bill Marmion; Mr Bill Johnston; Mr Paul Miles; Mr Paul Papalia; Mr Jan Norberger; Ms Simone McGurk

member wants a total list of what is being delivered, he would need to go to the asset investment program listing in each division or agency of the budget papers.

The appropriation was recommended.

[9.30 pm]