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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

Thursday, 24 May 2018

Legislative Assembly

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ESTIMATES COMMITTEE A

The meeting commenced at 9.00 am.

Division 36: Transport, \$96 147 000 —

Ms L.L. Baker, Chair.

Ms R. Saffioti, Minister for Transport.

Ms N. Lyhne, Acting Director General.

Mr S. Beyer, Acting Managing Director, Transport Services.

Mr P. Parolo, Executive Director, Finance and Procurement Services.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witnesses introduced.]

The CHAIR: Welcome to the last day of estimates, members. This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice. I ask the minister to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

We have quite a few divisions to get through, so I assume you have workshopped that between the two sides of the house and know when we are changing or have an idea about that.

Ms R. SAFFIOTI: I will be guided by the opposition.

The CHAIR: That is all good. We will start the first question with the member for Bateman.

Mr D.C. NALDER: I refer to the third line item, "Coastal Infrastructure" on page 494 of budget paper No 2, volume 2. I want to confirm that the expenses for the upgrading of Hillarys Boat Harbour and Two Rocks Marina are in that line item. A \$8.7 million contract was awarded recently for the upgrading of pens and so forth for Hillarys marina and I want to ensure that we are looking in the right area and that the Department of Transport is responsible for that.

Ms R. SAFFIOTI: I will refer that to Mr Parolo.

Mr P. Parolo: The member is looking at the actual operating service summary cost. The capture of programs for the coastal infrastructure works will be picked up on page 500, which is the capital work; we have those works programmed. I am on the tenders committee so I have seen the approval of the project works.

Mr D.C. NALDER: Can I confirm that the tender has now been let for that project?

Ms R. SAFFIOTI: I will ask Mr Parolo to respond.

Mr P. Parolo: My understanding is that it has been and it has been through a full tender committee process. That process incorporates bringing in expertise on procurement from the Department of Education and our Main Roads colleagues, as well as experienced procurement personnel from the Department of Transport.

Mr D.C. NALDER: I understand that there were four tenderers for the work; three of them were local and one of them involved a French company. My understanding is that the tender has been won by the French company. Given the priority focus on local jobs and that this will now involve the importation of products and fabrication from offshore, I would like to understand the basis by which this contract has been awarded to an overseas company.

Ms R. SAFFIOTI: Because it is a tender process, and I am not sure whether it has all been finalised—as in been announced—I would rather provide supplementary information on that.

Mr D.C. NALDER: I share that it is on the website that it has been awarded.

Ms R. SAFFIOTI: I refer the question to Mr Parolo.

Mr P. Parolo: Thank you, minister. The contract was awarded to a Western Australian-based company called Shorewater Marine Pty Ltd. It actually has gone to a local company. The Buy Local policy was considered in the process and some of the considerations were to look at the expertise of the local company that has done a number of works. The member's reference to France is about the Poralu pontoons that are manufactured in France because of the special technology involved in that. Other than that, it has been awarded to a Western Australian company.

Mr D.C. NALDER: My understanding is that the other three tenderers involved the pontoons being manufactured by a Western Australian-based company?

Ms R. SAFFIOTI: We will provide further information by supplementary. I will just outline that the local participation issue, with the new legislation the government has passed, will facilitate better transparency into the future. We have seen that, for example, with the bridge, in that we may be awarding to a local-based company but some of those subcontracts and other contracts are sometimes not as clear in the whole process. I agree, I want to support local manufacturing at every opportunity and that is why the new legislation, together with the need to have local participation plans, will be a key part of going forward.

Mr D.C. NALDER: Further to that —

The CHAIR: Before you do that, may I just double-check? Minister, you indicated you wanted to put something on supplementary. I just want to check with the member for Bateman, do you indeed want something on supplementary?

Mr D.C. NALDER: I would like to, but I have a further question on that and I am just getting the interpretation of what the minister just said. The minister is saying that this tender process has gone through before the new legislation was in effect, therefore not picking up that the pontoons are being manufactured by a French company?

Ms R. SAFFIOTI: Like I said, we will give the member more detail about the process by way of supplementary information. That is the intent. My understanding would be that this process started before the legislation was enacted. As a result, there is a new focus across all agencies. Changing the way we do things will be a massive effort from all agencies. It is all about trying to get transparency in the procurement process. One of the issues across government is that through procurement processes we understand who the head contractor is, but then the local participation is not as clear. Main Roads was an example of us going to a Western Australian or Australian supplier but we do not get a transparent or clear indication of where the workforce is based and where the components are being manufactured. Across government we are trying to make that more transparent at the front. The other thing is the definition of local content. For example, Main Roads was an example of it meeting local content criteria, but that criteria was very minimal. We are trying to also unpick the criteria and try to improve that. I will take this particular example as a case study and we will provide further information on that.

[*Supplementary Information No A27.*]

Mr D.C. NALDER: I understand what the minister is attempting to do and I do not disagree with it, but given the minister has renewed a contract for the pedestrian bridge to bring that into Western Australia and therefore cancel the original contract, why would she not consider the same for this situation?

[9.10 am]

Ms R. SAFFIOTI: I will take that question on notice because I do not have all the information on the tender process in front of me. Let us go through the bridge situation. The member wanted me to outline it. The contract for that bridge was awarded in May 2015 and it was meant to be completed in December 2016. When we came into government in March 2017, I was told that the first container of bridge sections would arrive in March. It never turned up. I was told not to worry because it would arrive soon—in the following month. It never turned up. In May, when the bridge components still had not turned up, I was deeply concerned. We also received advice about the structural integrity of what was being produced. I was faced with bridge sections that were promised never turning up and questions about the engineering quality of what was being produced.

That bridge was meant to be finished in December 2016. The contract was entered into in May 2015. In two years, not one bit of the arch or the deck turned up. The contract completely failed to be delivered. I had two options—sit at Fremantle port and wait for the segments to turn up or, understanding the need for this bridge to be done as quickly as possible to service the stadium, try to make sure that the government got value for money. That included having a clear line of sight for the construction of the components. This bridge is a unique project and its engineering quality is of paramount importance. Each section was different. That is the bridge example.

In this example, the tender has just been awarded, as the member said. I will seek further information on local content, particularly from the subcontractors. We acknowledge that we want more manufacturing in WA. In the past, we have not had transparency in the procurement process. The Premier introduced the local jobs plan to make sure that we give the signal across all agencies and government trading enterprises that local manufacturing is important.

Mr D.C. NALDER: Given that the minister led into the topic of the pedestrian bridge, can she please advise who provided the engineering advice on the structural integrity of the bridge that was being developed?

Ms R. SAFFIOTI: Main Roads.

Mr D.C. NALDER: Did Main Roads tell the minister that there were question marks over its structural integrity?

Ms R. SAFFIOTI: Yes.

The CHAIR: Is the minister happy to continue answering questions without a reference in the papers?

Mr D.C. NALDER: I can move the pedestrian bridge to Main Roads, but it is up to the minister —

The CHAIR: It is up to the minister.

Mr D.C. NALDER: — because she started on this line.

Ms R. SAFFIOTI: No, the member started on the line of the pedestrian bridge and I am willing to answer.

Mr D.C. NALDER: No, I was linking to an example in which the minister has changed the project because Labor claimed during the election campaign that a Labor government would bring this home and manufacture the bridge in Western Australia.

Ms R. SAFFIOTI: Where was that?

Mr D.C. NALDER: During the election campaign, Labor made some claims that it wanted to bring the manufacturing of the bridge back to Western Australia and —

Ms R. SAFFIOTI: Where was that claim? During the election?

Mr D.C. NALDER: During the election.

Ms R. SAFFIOTI: Whereabouts? Can the member refer to it?

Mr V.A. CATANIA: In the media.

Mr D.C. NALDER: Yes. The minister knows that as well as I do. Why has the cost of the bridge gone from \$52 million to over \$90 million? Where has that extra \$40 million come from?

Ms R. SAFFIOTI: We had to start the contract for the arches and the deck from scratch.

Mr D.C. NALDER: The government paid for them when it did not receive them. Is that what the minister is saying?

Ms R. SAFFIOTI: No.

Mr D.C. NALDER: Why is the government paying twice?

Ms R. SAFFIOTI: We will go through all the estimates in detail, but I will make this point. If it were up to the previous government's contract, we would not have any part of that bridge built. The member for Bateman can shake his head, but his government sat back and entered into a contract for probably the most unique and difficult engineering project ever contemplated in this state —

Mr V.A. CATANIA: I have a point of order. The member asked a specific question about whether a double payment for the bridge is occurring. Can the minister be brought back to the question?

The CHAIR: I will go further than that. This item is not in this division. It is in the Main Roads division. Unless the member can point to an item here, I have a problem with us continuing the discussion in this division. Member, do you understand what I am saying?

Mr D.C. NALDER: I understand what you are saying.

The CHAIR: I understand that the minister said that it is okay. I want to check again whether she wishes to proceed.

Mr D.C. NALDER: I will leave it to Main Roads.

The CHAIR: Is the minister happy to leave it to Main Roads?

Ms R. SAFFIOTI: Yes.

The CHAIR: It can be fully debated under that division without incurring the wrath of the administration of the committee. Can we go ahead now, member for North West Central, with another question?

Mr V.A. CATANIA: Minister, I refer to the “Spending Changes” table on page 492 of volume 2, budget paper No 2. Can the minister explain what the sixth line item, “Removal of Voluntary Emergency Vehicle Insurance Subsidy”, refers to?

Ms R. SAFFIOTI: I will go through it. In 1995, the government introduced the volunteer emergency vehicle third party insurance premium rebate. The concession recognised the service and dedication of voluntary emergency services personnel and reduced the premiums payable on voluntary emergency services vehicles without requiring the State Government Insurance Commission to forgo any premium income. From 1996–97, DOT received a \$120 000 appropriation to match the forgone revenue as a result of the concession. As insurance premiums have increased, the appropriation no longer covers the cost of revenue forgone. Therefore, the Department of Transport had to absorb the additional cost. The Insurance Commission of WA has agreed to absorb the annual cost of the concession starting in 2018–19. In view of the new arrangement, the Expenditure Review Committee approved the removal of the subsidy to ICWA and the corresponding appropriation funding.

Mr V.A. CATANIA: How many volunteer vehicles is this anticipated to affect, if any?

Ms R. SAFFIOTI: The concession still applies, but ICWA is absorbing it.

Mrs L.M. HARVEY: I refer to page 210 of budget paper No 3. Under “Taxation”, about three-quarters of the way down, it lists the on-demand transport levy. The amounts are \$3 million in 2018–19 and \$30 million for each year after that. Can the minister please advise how those values have been calculated?

Ms R. SAFFIOTI: From my reading of the budget papers, that represents \$330 million per annum, which is the levy that we are anticipating will be applied to cover the purchase of the licence plates. I will confirm that.

Mr V.A. CATANIA: Does that equate to 10 per cent?

Ms R. SAFFIOTI: Yes.

Mr V.A. CATANIA: Is the minister sure?

Ms R. SAFFIOTI: Yes.

Mrs L.M. HARVEY: Is the \$30 million that the government is expecting to get in 2019–20 based on 10 per cent of the total value of every on-demand transport fare?

Ms R. SAFFIOTI: Sure. This is the Treasury interpretation or a general government income statement. The state collects the levy on an annual basis and then we pay it out. I think a \$120 million cash flow is predicted to leave Transport in 2019–20. We then collect the revenue over the next four years. This represents the annual collection to cover the \$120 million payout for the plates.

Mrs L.M. HARVEY: I figured that that is what it was. It is listed under taxes, so I figured that it was the actual tax on the transport industry. The Treasurer said yesterday that nothing goes in the budget without a business case. Transport must have done the modelling to calculate those values to go into the budget. It seems incredibly stable when my understanding is that as the on-demand transport sector opens up, more fares will come into the system. I want to know how those values have been calculated.

[9.20 am]

Ms R. SAFFIOTI: Is the member proposing that after the levy is introduced, more people will use on-demand transport?

Mrs L.M. HARVEY: No. I am saying that more forms of on-demand transport are coming into the market, so more consumers will be using the system.

Ms R. SAFFIOTI: So more passengers using on-demand transport after the 10 per cent levy is introduced.

Mrs L.M. HARVEY: For example, Uber will introduce ridesharing. I want to know whether that has been calculated into this tax estimate. For example, five people might hop into a vehicle. Will the 10 per cent levy be calculated on each of the five passengers?

Ms R. SAFFIOTI: Ridesharing is already in place. I am not sure. I think the member started with the proposition that the number should increase because more passengers will use ridesharing after our reforms.

Mrs L.M. HARVEY: No; I am asking the minister how it is being calculated. Based on its modelling, the on-demand transport industry’s expectation is that more people will use this form of transport into the future. I want to find out from the minister whether that has been factored into these calculations. It is a simple question.

Ms R. SAFFIOTI: I understand the question. I am trying to understand the view the member is putting. I am trying to clarify that the member’s view is that more passengers will use on-demand transport after the levy has been introduced.

Mrs L.M. HARVEY: I understand what the minister is trying to say; the minister is trying to have me take a position that introducing a tax will cause more consumers to use a product. That is not what I am saying.

Ms R. SAFFIOTI: It is what the member is saying.

Mrs L.M. HARVEY: As on-demand transport expands, there will be more consumers. Has that been factored into the calculation of the tax the government will collect?

Ms R. SAFFIOTI: We can look at that. The member is proposing that there will be an increase in the demand for on-demand transport after the levy has been introduced. I will check that through our modelling and provide that by way of supplementary information, if that is the proposition.

Mr V.A. CATANIA: The \$91 million over the next four years is what the minister is projecting to earn. Is she saying that \$120 million is what the government has to fork out?

Ms R. SAFFIOTI: The process is in the financials. I will go through all the pages. When we get the legislation passed, all the systems will be in place and the levy will be introduced. At the same time, we will purchase back the plates. We are estimating the purchase of all the plates, according to the model we have established, to be approximately \$120 million.

Mr V.A. CATANIA: Is the minister's \$91 million on-demand transport levy based on current usage of Uber and taxi services? Is it based on today's usage? I think that is perhaps where the member for Scarborough was going. Is it based on today's usage or has the minister projected any growth over the next five years?

Ms R. SAFFIOTI: Thank you. Some modelling has been done and some assumptions have been built into the model. That work has been undertaken by the Department of Transport and the Department of Finance. A team has worked on that. They tried to assess as accurately as possible the potential revenue. We have been conservative in our estimation of usage, although we have estimated some other impacts such as potential leakages—all those sorts of conservative numbers. Treasury in particular was very keen for us to be conservative in our revenue estimates.

Mr V.A. CATANIA: What percentage is the minister talking about?

Ms R. SAFFIOTI: I will provide an explanation of the model by way of supplementary information. The Treasurer was very keen for us to be very conservative in the revenue estimates because it did not want us to be very aggressive in our revenue estimates. I would say that these figures are probably conservative because, in particular, Treasury is very keen for us to be conservative with our revenue estimates and then probably aggressive in our payout estimates so we do not expose the budget to any financial risks. I think there is about a three-year impact in this budget, but it will flow on to the next year too. We anticipate the revenue coming in in the fourth year of the program.

The CHAIR: We have two indications of supplementary information, neither of which has been given a number yet. The minister has offered two separate pieces of supplementary information. First of all, do opposition members remember what they are and do they want them?

Mrs L.M. HARVEY: I believe the minister was going to provide by supplementary information the modelling that sits behind the calculation for this on-demand transport levy.

Ms R. SAFFIOTI: I was going to provide an explanation of the modelling behind these numbers. When the legislation is introduced, we can go through this in a lot of detail.

The CHAIR: We have on record what the minister will provide, and that is all you are going to provide at the moment.

[Supplementary Information No A28.]

Mr V.A. CATANIA: Given \$91 million is allocated in the budget over the forward estimates and the minister says it is a 10 per cent rate—that is how she got the \$91 million—where and who will it be applied to and how many on-demand vehicles is it expected to impact?

Ms R. SAFFIOTI: The previous government introduced a new omnibus licence, which was to create a level playing field between the whole on-demand industry. The modelling is currently picking up taxis and other ridesharing providers' bookings.

Mr V.A. CATANIA: Can the minister elaborate on the other ridesharing providers such as charter vehicles?

Ms R. SAFFIOTI: There is some discussion about charter vehicles. To be honest, our modelling has been based primarily on the large-scale volume product, which is Uber and other ridesharers and taxis. That is why, for example, we are looking in particular at issues raised about buses. We are looking at all these issues because they will not impact on the revenue to any great extent. The revenue modelling has been based primarily on the key ridesharers. We excluded tourism. Does the acting director general want to make any point on this?

Ms N. Lyhne: The model has been done. When the legislation is introduced, this will become much clearer, but there are clear definitions around what an on-demand transport vehicle is and what another vehicle is. The levy is applied to what is defined as on-demand transport. A tourism operator, for example, with a predefined route, whose passengers have booked a product, will not be classified as on demand; it will be classified as something different. It is about vehicles that are available on demand and the passenger determines where they are going.

Ms R. SAFFIOTI: The forecasts are based on potential revenue per annum. If the revenue reaches a payout earlier, we will not apply the levy any more. The levy is allowed to collect only enough revenue for the payout of the licences.

Mr V.A. CATANIA: Is it capped at \$120 million?

Ms R. SAFFIOTI: Yes, exactly.

Mr V.A. CATANIA: Will it be capped once that target is reached?

Ms R. SAFFIOTI: Yes.

Mr V.A. CATANIA: Will it be written in the legislation?

Ms R. SAFFIOTI: That will be part of it, yes.

Mr V.A. CATANIA: Will the prescribed levy of 10 per cent be in legislation?

Ms R. SAFFIOTI: Yes.

Mr V.A. CATANIA: So it will be prescribed?

Going back to the charter vehicles, the minister said that tourism operators in, say, the south west—sometimes there are no taxis or Uber; we do not have Uber in regional Western Australia—will not be subject to this 10 per cent levy. Will buses from regional Western Australia that travel down to Perth, such as school groups or whatever, be subject to the 10 per cent levy?

Ms R. SAFFIOTI: If they are regionally based, they will not be subject to the levy.

Mr V.A. CATANIA: If they are regionally based but travelling to Perth, or even a bus operator taking students up or down to the regions—anywhere in regional Western Australia—will that 10 per cent levy apply?

Ms R. SAFFIOTI: My advice currently is that regionally based businesses will not be included.

Mr V.A. CATANIA: Will a bus from Perth taking schoolkids to, say, Carnarvon be charged a 10 per cent levy?

[9.30 am]

Ms R. SAFFIOTI: It is not on-demand transport; it is a school bus or school bus service.

The CHAIR: I would like to go to the member for Balcatta for his further question.

Mrs L.M. HARVEY: Can we just have the supplementary information clarified?

The CHAIR: I thought we had done that. The minister made a second commitment to produce something.

Mrs L.M. HARVEY: We were not given a number for the supplementary information.

The CHAIR: I did; it is supplementary information No A28.

Mr D.R. MICHAEL: Obviously a lot of my constituents in Balcatta are in the on-demand industry. They are very keen for the Parliament to support their small businesses. Can the minister outline how the government's new legislation will benefit them, the industry and their customers?

Ms R. SAFFIOTI: As we all understand, this has never been an easy issue. Trying to get broad agreement on taxi reform has been difficult for many, many years. Of course, a number of years ago we saw the advent of new ridesharing platforms or taxi-like services, which really created significant challenges for the existing taxi industry. Many of those involved in the existing taxi industry, as the member for Balcatta would know, have been mum-and-dad operators and small businesses. We really wanted to try to get a package that acknowledged that change was here, but also that many people had invested under the existing rules and regulations of the state. When people discuss this matter, they say that other industries have not been treated the same in relation to the compensation issue. The government pretty much prescribed everything about the taxi industry. This was government generally, not one side of government compared with the other. Government basically determined where they could work and told them how to dress—there were significant regulations on them. New entrants came that did not have the same regulations, for particular reasons. It is incumbent on us to address in our reform process the severe financial hardship endured by many mum-and-dad operators. Of course, there has always been a question of how much and how to collect it, but again we tried to develop a model that acknowledged that those who entered the market most recently are the most significantly financially exposed and have not been able to recover revenue through what was a monopoly market. As a result, we have brought in a model that we think is fair. The government is also getting ready for the other ridesharing participants that are in the market and are entering the market. We have seen a lot of recent activity by a new entrant. The government has tried to get the balance right. As I said, it is a very difficult reform. We think we have the balance right. There has never been an easy solution. We think the balance is there.

Mrs L.M. HARVEY: Is there going to be a cap on the value that individual plate owners can receive? For example, in other states there was a maximum payout of, I think, \$100 000 for the first plate and then \$50 000 for second and third plates. Will the legislation contemplate a tiered system like that here? What is the government proposing for owners of multiple plates?

Ms R. SAFFIOTI: We will be paying per plate versus per owner. Again, that is one of the discussions we had. It was a clear policy discussion about whether to pay per owner or per plate. We can look at the example of a person who entered the market late. To me, it was always about the per plate issue rather than per owner, which basically rated their third, fourth or fifth plate to zero; that is something we did not do.

Mrs L.M. HARVEY: Just to be clear, is the payout going to be per plate and not per individual?

Ms R. SAFFIOTI: The way it has been categorised is that a person will get the higher value for the first plate. There has been a whole tier done. They will be paid per plate, with a minimum for the third or fourth plate. For example, we know that the other states paid the maximum per owner, but we took the decision that the financial exposure or financial hardship was really based on the per plate purchase rather than the per owner purchase.

Mrs L.M. HARVEY: Have there been many transfers of plates from owners of multiple plates? Has there been a change in the number of taxi plate owners who own multiple plates since the scheme was announced?

Ms R. SAFFIOTI: Our proposal is that under this scheme, the payout will reflect the date it was announced. We understood that post-announcement there could be activity undertaken by people to try to maximise proceeds, let us say. There could have been distortions in the market. The scheme is all about reflecting the effective date the scheme was announced. If someone is operating post the announcement date, they are not going to get the same value as those who had it before that date.

Mrs L.M. HARVEY: Just to be clear, is the buyback scheme going to be based on the ownership records on the date of the announcement?

Ms R. SAFFIOTI: There were a couple of sales in the interim period. The methodology is that we are not going to pay two people for the same plate, if the member knows what I am saying. Two people will not be paid for the same plate—that is the best way to describe it.

Mrs L.M. HARVEY: I think the minister is giving me some reassurance here. What happened in the other states is that many investors had a maximum number of plates—for example, five—and once the scheme was announced they gifted four of the plates to family members so that they could get a maximum payout for each of the plates. I just want to make sure that this scheme is going to ensure that taxpayers here or consumers in the on-demand transport area are not going to be funding that kind of activity.

Ms R. SAFFIOTI: Sure. One of the initial things we discussed is that when governments make announcements like this, there is a clear incentive for activity in the market, which does not always create good outcomes. One of the first things we acknowledged was that although legislation and all the policy development was required, the announcement itself was a key date because it sent a signal to the market about what was happening. As a result, the legislation and regulations are all based on certain dates. There are some who sold just beforehand. For those who completely lost out because they were desperately hard-up, there will be some flexibility, but there is not going to be the ability for two people to be paid for the same plate.

Mr D.C. NALDER: I draw the minister's attention to the net appropriation determination on page 506 of budget paper No 2, and in particular to the line on motor vehicle inspection fees. What is driving the 40 per cent increase in revenue, from \$13.3 million through to \$18.7 million?

Ms R. SAFFIOTI: The member referred to a revenue increase. Was that in the income statement?

Mr D.C. NALDER: I referred to the net appropriation determination, which outlines the moneys received and retained to be applied to the department's services as specified in the *Budget Statements*. It outlines that motor vehicle inspection fees are climbing by 40 per cent. What is driving that? Is it an increase in fee that we are not aware of?

[9.40 am]

Ms R. SAFFIOTI: We are moving to a full cost-recovery model. I will refer that to the director general.

Ms N. Lyhne: We have made a number of changes in the way that we deliver vehicle inspection services to the community. A lot of that delivery is now through authorised inspection stations as opposed to the Department of Transport delivering the service directly. In order to do that we have had to update and change the cost-recovery model and introduce new fees and charges for authorised inspection stations. Components of the fees charged by the authorised inspection stations come back to the department for the cost of administration. That reflects those changes. There have been quite significant changes in the budget due to the way and nature in which we deliver those services.

Mr D.C. NALDER: I am making sure I am interpreting it correctly. On the basis of 40 per cent additional revenue, does that mean that the fees being charged have increased by 40 per cent?

Ms R. SAFFIOTI: We will give the member information about the increases due to activity plus the fee increase by way of supplementary information.

Mr D.C. NALDER: Okay. I would like to ask about another piece of this by way of a supplementary question. I refer to efficiency indicators under the heading “Driver and Vehicle Services” on page 497. It shows that the average cost per vehicle will decrease from \$322 in 2017–18 to \$170 in 2018–19. Why will the cost of inspection decrease by \$152 a vehicle, yet the revenue generated increase by \$5.37 million? That is a 40 per cent increase from \$13.337 million to \$18.707 million in the next financial year.

The CHAIR: Are you asking for supplementary information to be added to the previous commitment?

Mr D.C. NALDER: Part of the reason that was put to me was that there has been a change in the cost of services and an increased cost is flowing through. Yet another line item in the budget indicates that the average cost will drop from \$322 a vehicle to \$170 a vehicle. The answer does not make sense and revenue is going up, so I am confused.

Ms R. SAFFIOTI: By way of explanation, there have also been some interactions with appropriation-based general government spending versus the authorised examination and how fees are collected. There is an issue with the interaction of some of the Treasury analysis and what is consolidated account funded versus ATS-funded service. We will make those issues with the finances clear by way of supplementary information.

The CHAIR: I am sorry to do this to but we need to get on the record one more time what you will provide.

Ms R. SAFFIOTI: I will provide an explanation of the increase in revenue from inspection services and why the cost for vehicle inspection has fallen so dramatically.

[Supplementary Information No A29.]

Mr D.C. NALDER: Relative to the revenue going up.

Ms R. SAFFIOTI: I understand that, but because we are moving to a cost-reflectivity model and it was initially an appropriation-based model, the change in what we present impacts on individual numbers. We will try to pull the whole picture together so that the member can understand all the movements.

Mr S.A. MILLMAN: I have a further question to that. The average cost per vehicle inspection performed by vehicle examination centres, which the member for Bateman referred to, will go down, but the average cost per vehicle inspection delivered through authorised inspection stations —

Mr V.A. CATANIA: Is that a question?

The CHAIR: Give him a minute.

Mr S.A. MILLMAN: I have not finished yet!

That figure goes up from \$109 to \$138. In terms of the clarification of the supplementary information, it would be of assistance to see that as well. That is a question.

Ms R. SAFFIOTI: It is the whole movement into authorised examination centres. We will try to describe all those flows. We will include that as part of the existing supplementary information we just agreed to.

The CHAIR: I think you have just added a bit onto supplementary information A29, which you have just described.

Mrs L.M. HARVEY: I refer to the collection of interstate licence fees under the headings “Income” and “Other” on page 507 of budget paper No 2. That revenue will stop. I am wondering what the arrangements are for that activity for the next financial year.

Ms R. SAFFIOTI: This relates to the Australian Maritime Safety Authority. As of 1 July 2018, the Department of Transport will cease to collect fee revenue on behalf of the Australian Maritime Safety Authority. That is part of the new authority.

Mrs L.M. HARVEY: Is that the ports legislation that went through?

Ms R. SAFFIOTI: No, it is not the ports legislation. It is something that started a number of years ago—the national safety authority. Does the director general want to speak about that?

Ms N. Lyhne: As part of a Council of Australian Governments agreement, we have been working for some years to move the registration of commercial vessel licenses to a national approach. All the states have moved their functions for commercial vessel licensing to AMSA. We have maintained the recreational vessel work here in Western Australia. This is the final stage of that process.

Mrs L.M. HARVEY: Thank you.

Mr V.A. CATANIA: I refer to the seventh line item, “Boat Registration Fees”, on page 506 of budget paper No 2. The amount is creeping up. Does the appropriation refer only to recreational boat licences?

Ms R. SAFFIOTI: Yes, it does.

Mr V.A. CATANIA: What does the increase reflect? Is it projected growth in boat ownership or an increase in fees associated with licensing?

Ms R. SAFFIOTI: Again, it is moving to a full cost-recovery model, but over a shorter time frame than 10 years. It is a movement to more cost recovery and a predicted increase in the number of boats.

Mr V.A. CATANIA: The minister has said it is moving towards cost recovery. When does the department think it will hit cost recovery, given the steady increase in fees over the next four years?

Ms R. SAFFIOTI: Can we give information about the cost recovery and the glide path by way of supplementary information?

Mr V.A. CATANIA: Yes. How many boat owners does the minister think this will affect over that time?

Ms N. Lyhne: The latest figures I have are for 2016–17, when there were 99 151 recreational boat owners in Western Australia. I cannot give the member a more updated figure, but that is approximately the number at the moment and it would be steadily increasing. They are the people who would be affected.

Mr V.A. CATANIA: Is the department able to provide that with the supplementary information?

Ms N. Lyhne: Yes.

Ms R. SAFFIOTI: That will be part of the supplementary information we just agreed to, which was on the cost recovery rates, the cost recovery glide path and the number of boat owners both current and in the forward estimates.

[Supplementary Information No A30.]

[9.50 am]

Mrs L.M. HARVEY: On page 491 of the budget papers under the heading “Spending Changes”, there is a line item for the Metronet project office funding. I note that there is a similar line item under the Public Transport Authority budget. Can I get a breakdown of what that budget allocation covers? How many FTEs does it cover?

Ms R. SAFFIOTI: I will give the member a breakdown. In May 2017, cabinet endorsed the establishment of the Metronet office to manage the Metronet program of works. The office is administratively housed within the Department of Transport, although the Metronet budget is allocated to the Public Transport Authority. As part of the 2018 budget, the government agreed to create an operating budget for the Metronet office. An amount of \$9.8 million in operating costs will be spent over the period 2017–18 to 2021–22, of which \$6.1 million has been allocated to the DOT, including for whole-of-program oversight, coordination and stakeholder engagement. The Metronet office is currently made up of a project director and three staff members employed by the Department of Transport, as well as about 60 staff from several agencies, including the PTA and the Department of Planning, Lands and Heritage, to provide in-kind services. Department of Transport personnel and related administrative costs are dedicated 100 per cent to Metronet. Metronet will fund those costs through the PTA. That provides the breakdown.

It is complex, but, with the establishment of the Metronet office, we have endeavoured to directly fund a small number of people through the Metronet line, but also have secondments and placements in the office from other agencies to try to utilise the existing resources, to minimise the costs of the operations of Metronet and to bring in current expertise from across agencies.

Mrs L.M. HARVEY: How many FTEs does it fund? How many people are in that group?

Ms R. SAFFIOTI: Currently, there are four, but that includes other components—for example, stakeholder engagement and other programs. It is a small number of dedicated FTEs. As I said, there are a number of FTEs from other agencies.

Mrs L.M. HARVEY: Is there an allocation for consultancy fees within that budget?

Ms R. SAFFIOTI: As the opposition will be aware, most of the consultancies are prescribed to projects. For example, the work on the Yanchep line will be undertaken by consultants. There is the actual office itself, but there are all the projects as well. I am not sure whether there is a specific line item for consultants, but it is a small budget for a massive project.

Mrs L.M. HARVEY: That is what I am trying to ascertain. There are obviously bigger allocations to Metronet under the Public Transport Authority division, which we will get to. I am trying to ascertain and get a breakdown of what this allocation is for. The minister said that it was for four FTEs. With an amount of \$1.5 million, there are wages for four FTEs plus overheads, but what is the breakdown of the rest of the allocation? How much is budgeted for consultancy fees?

Ms R. SAFFIOTI: As I said, it is a relatively small budget for a massive program. It is the operating expenditure. Consultants are mainly prescribed to projects. I do not know that there would be a specific line item for consultants.

As I said, consultants are mainly prescribed to projects. It would be misleading to give the member any estimations on this, because, as I said, most of the consultants would be prescribed to some of the key projects and attributable to those. That is the truth in that consultants are being brought in to help deliver particular projects. I do not think there would be a specific consultant line item as part of that budget.

Mrs L.M. HARVEY: I do not take issue with consultants being employed as part of project work. There are four FTEs for a budget of \$1.5 million and the minister is saying that it is just an arbitrary amount for the office to spend without a set budget necessarily for consultancy fees that may be required for stakeholder engagement or whatever. I am trying to get a breakdown of how that money is going to be spent. Surely it is not just an arbitrary allocation. There must be some breakdown of what the amount is to be used for.

Ms R. SAFFIOTI: Representatives from the Metronet office will come in later. This is really just the transport cost, which is primarily for staff and operating and office lease costs.

Mrs L.M. HARVEY: So there is \$1.5 million for four staff, an office lease and overhead costs?

Ms R. SAFFIOTI: I can ask Anthony to describe it, but that is what we are expecting, yes.

Mrs J.M.C. STOJKOVSKI: I refer to the line item for airfare subsidies on page 503 of budget paper No 2. Can the minister provide an update on what the government is doing to make regional airfares more affordable and more accessible?

Ms R. SAFFIOTI: This is, and continues to be, a major issue across regional WA. I know that the member for North West Central in particular is quite passionate about this issue. There is no easy answer. Air travel in regional WA is a major driver of economic growth. It is also a major factor in people being able to afford to live there. A friend of mine has just moved to Tom Price and the prices that they have to pay to get back to Perth to see their family are —

Mr V.A. CATANIA: Over Christmas it is \$3 000.

Ms R. SAFFIOTI: Yes, it is exorbitant. As a result of the parliamentary committee inquiry, we are developing an aviation strategy so that we can put it on the agenda of our across-government economic subcommittee of cabinet to look at all the components that lead into regional airfares. Those factors include what role the state has in regulation, the impact on tourism, what tourism agencies do through specific incentives, the ownership of regional airports, the costs applied at those airports, and the way that that revenue is used. This will be part of the aviation strategy. Of course, more recently we have seen a specific initiative for Broome to try to make it a clear alternative to Bali, which has always been the dream of everybody. I think that has been received very well, but we have to look more generally across the state. We are also working with industry and the mining sector, which is a key user of air travel across WA, to maintain a more affordable cost structure for regional Western Australians.

An issue that comes up when there is any discussion in regional communities is the cost of travelling around the state, particularly the cost to get back to Perth. We are very keen to see how we can take a more comprehensive whole-of-government approach and to bring in what the tourism industry is doing and what the government is doing as a regulator and also to see how the Department of Jobs, Tourism, Science and Innovation can work with the industry more generally to try to utilise aircraft better around the state and facilitate more affordable air travel.

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

Mr V.A. CATANIA: With the announcement about Broome, was there involvement of the Department of Transport in negotiating a reduction in the cost of flights to Broome? A considerable amount of money has obviously been put in to reduce the cost of those flights. Has the Department of Transport put in any funds by way of a subsidy to reduce the cost of those flights? What assistance has the agency provided by way of taxpayers' money to reduce the cost of those flights? Has it provided any?

[10.00 am]

Ms R. SAFFIOTI: No funds were allocated to that by our agency. It was driven primarily by the Department of Jobs, Tourism, Science and Innovation. We had some very initial involvement, but it was mainly driven by the tourism agencies.

Mr V.A. CATANIA: Will the department inquiry look at hiring a professional aviation person to be in the department and will the government look at potentially regulating the whole of regional Western Australia to achieve what it has done in Broome right across regional Western Australia in places such as Exmouth, Carnarvon, Shark Bay, Albany, Esperance, Kalgoorlie and Paraburdoo, which would help the minister's friend in Tom Price? A monopoly already exists but it is not regulated. How can we regulate that monopoly? In some places there is a duopoly, but we really do not have an open market in aviation in regional Western Australia. Will the government look at regulation right across the board?

Ms R. SAFFIOTI: I know the department is probably not keen on full regulation, but as part of the working group we will look at all the inhibitors to true competition. It is a very difficult balance of ensuring a service and ensuring

a competitive price. That is the Holy Grail, in a sense, of trying to get that balance because sometimes things can be regulated out of existence. It is about trying to get the right balance. The other component involves landing fees and charges that we apply to some of our regional airports. We have received feedback that the fees and charges at particular regional airports are excessively high. The other issue that will potentially have an impact is the new security measures outlined in Parliament more recently. Last week I raised with the federal Minister for Infrastructure and Transport the issue of enhanced security arrangements at regional airports being another significant cost prohibitor that will drive down airfares. The estimate put by some airlines is between \$30 and \$50 per passenger from Albany. A number of factors —

Mr V.A. CATANIA: When people are paying \$1 000 return or more, a council charge of \$20, \$30 or \$50 per person per landing fee plus security is a very small component of that fee make-up.

Ms R. SAFFIOTI: Sure. But if we look at how discounted airlines operate around the world, we see that they go to airports with very minimal fees. When people travel on discounted airlines they go to particular airports, not main airports. Discount airline companies are very much focused on the cost sector.

Mr V.A. CATANIA: The problem with attracting discount airlines is that we do not have the population to warrant them.

Ms R. SAFFIOTI: That is right, but if we keep increasing the costs, we will never attract new entrants. It is also about making sure that we keep costs under control when we have the ability to do so. If anyone had the solution, it would have been put in place. It is a difficult one.

Mr V.A. CATANIA: It is a hard one, but it needs to be done.

Ms R. SAFFIOTI: Yes, it needs to be done because, like I said, as we have discussed in some of our recent debates about regional development and regional impacts, the cost of air travel in particular is not only a key economic driver, but also impacts where people choose to live.

The CHAIR: I have a sense of *deja vu*, member for North West Central. I remember hearing that conversation yesterday.

Mr V.A. CATANIA: The member is in the chair; I did not see him there!

Mr D.C. NALDER: I refer to the net appropriation determinations on page 506, volume 2 of budget paper No 2. The line item “Other Marine Safety Fees” is another line item that has gone up by nearly 40 per cent, having gone from \$1.321 million to \$1.837 million. Is this a similar issue to the car licence fees that the minister told me about? What is driving other marine service fees or revenue to go up 40 per cent?

Ms R. SAFFIOTI: This is just the application of the cost-recovery model over time. The push, as the member would be aware, is for specific charges to aim for cost reflectivity and cost recovery across a number of areas.

Mr D.C. NALDER: Is it this 40 per cent lift in fees and in other marine services that generates a 40 per cent increase in revenue?

Ms R. SAFFIOTI: I do not have the breakdown of a fee increase compared with an activity increase or whether the scope of the basis changed.

Mr D.C. NALDER: I am happy to take it by way of supplementary information to get the further detail.

Ms R. SAFFIOTI: By way of supplementary information, I will give the member a breakdown of that fee increase.

The CHAIR: What supplementary information is the minister going to provide?

Ms R. SAFFIOTI: The increase in other marine safety fees on page 506.

Mr D.C. NALDER: And why revenue has increased by 40 per cent.

Ms R. SAFFIOTI: Sure.

The CHAIR: Will the minister confirm that once again?

Ms R. SAFFIOTI: I will provide the complete information on the activity increase, the fee increase and any potential scope increase in the fee collection.

[Supplementary Information No A31.]

Mr D.C. NALDER: Taking the minister’s point about cost recovery, I draw her attention to the cash assets of the Department of Transport on page 491 of the Budget Statements. Cash assets will increase over the forward estimates by more than 130 per cent, up to \$218 million. If the department is increasing its level of cash assets by this amount while at the same time referencing a need to increase costs by up to 40 per cent for cost recovery, on what basis is the department over-recovering and, therefore, looking at reducing fee expenses if it is about cost recovery?

Ms R. SAFFIOTI: I think the cash assets increase primarily reflects the increase in the balance of the Perth parking levy fund.

Mr D.C. NALDER: Are we over-recovering?

Ms R. SAFFIOTI: No. We collect but we do not spend.

Mr D.C. NALDER: Does the spend on the Perth parking levy not go to fund the central area transit services and public transport within the metropolitan area?

Ms R. SAFFIOTI: It does but —

Mr D.C. NALDER: The Perth CBD, I mean.

Mrs L.M. HARVEY: Budget paper No 3 shows the spend from the Perth parking levy.

Ms R. SAFFIOTI: Yes, but the question is whether the expenditure matches the revenue each year and whether we accumulate a net asset through the accumulation of cash.

[10.10 am]

Mrs L.M. HARVEY: The Perth parking levy would account for only \$40 million.

Ms R. SAFFIOTI: With regard to the Perth parking accounts, each year we collect revenue through the Perth parking levy, and each year we have ongoing expenditure. The normal operating expenditure does not match the annual levy collection. In the past, when funds were accumulated, they were normally spent on specific projects. For example, the new City Busport was allocated funds from an accumulation of revenues from the Perth parking levy. We do not have any new, specific, big projects in the forward estimates. As a result, the revenue accumulates and there is no expenditure to match that revenue.

Mr V.A. CATANIA: There is no plan to spend that money?

Ms R. SAFFIOTI: As I said, normally it happens in two parts. The revenue is collected and the ongoing operation of a number of services are funded—for example, the central area transit buses and other parts of what happens across the network. In the past, revenue has been collected and that has been spent on ongoing operational expenditure. When a significant amount is accumulated, it is applied to some asset investments—for example, the city station. We currently have an accumulation of those cash reserves in the forward estimates but no new, significant project to spend that on.

Mr V.A. CATANIA: Are any of those funds earmarked for Metronet at all?

Ms R. SAFFIOTI: Not currently. Specific requirements are applied to how that money is spent. It has to be spent within the CBD in particular. We are always trying to explore sources of funds for Metronet but, as I said, currently there is no specific, significant Perth project —

Mr V.A. CATANIA: So it has not been ruled out that it could be used for Metronet?

Ms R. SAFFIOTI: It has to be spent in the CBD, and that is why it is limited.

Mr D.C. NALDER: I refer to appendix 5 on page 227 of the *Economic and Fiscal Outlook*. The expenditure of the Perth parking licensing account has decreased from \$28 million to \$20 million. The account has generated \$58 million—the same as the previous year—but the actual spend has gone down by \$8 million. Where is that cut in expenditure in the Perth CBD?

Ms R. SAFFIOTI: I understand that in this budget we are continuing to expand the funding for CAT bus services. The current operational spending is continuing. Some specific one-offs impacted the annual operating expenditure, including the replacement of CAT buses. As I recall, millions were also allocated to the East Perth side of the stadium precinct. Over the past 12 months, \$7.27 million was allocated for the CAT bus replacement program; \$900 000 for lighting and closed-circuit television upgrades to the principal shared path on Windan Bridge; and \$1.23 million for local infrastructure improvements in East Perth to support public transport, walking and cycling access from central Perth to the new Perth Stadium, including new footpaths, lighting and pedestrian safety improvements.

Mr V.A. CATANIA: I refer to page 492 of budget paper No 2. The sixth dot point outlines how the demand for coastal infrastructure continues to grow. It lists the Broome boating facilities upgrade project, and the Broome marina and Bremer Bay boat harbour planning initiatives. Given the fact that there is such a demand for coastal infrastructure, especially in the regions, has the minister allocated any funds to the department's assets such as the One Mile Jetty in Carnarvon, the deepwater port in Exmouth or the fascine-dredging project in Carnarvon? Has the minister dedicated any funds towards those three regional projects?

Ms R. SAFFIOTI: I have some further information on the infrastructure spend for coastal facilities—I am just trying to find it in the file. Given that WA is such an ocean-based state and so many people enjoy fishing and boating in Western Australia, there is an extreme demand for marine and coastal facilities. In the metropolitan area, the big demand and the keenness for the Ocean Reef marina was borne from so many people in the northern suburbs wanting access. I visited Broome a couple of weeks ago to see some facilities there. I have been there

a couple of times. Again, upgrades are needed to not only allow local people to go fishing safely, but also encourage tourism. As the member knows, we have specific programs up there at Entrance Point and also Town Beach. We are working very well with the council, and the Town Beach program is well underway. We are doing some investigations and helping the council with some business cases for the small boat harbour. I will go through the projects that we have committed to over the next year. We are providing \$40 000 to assist the Shire of Carnarvon with the Carnarvon fascine entrance study to get a long-term plan to navigate channel —

Mr V.A. CATANIA: How long is that long-term plan, given the fact that it is closed and probably in a worse state than Broome?

Ms R. SAFFIOTI: I know that the member has been passionate about this matter and I understand that there are some issues up there. We are trying to provide assistance to the council to help find its way through that. We have commitments across the state. As part of the cost fee increases that the member for Bateman outlined before, we are trying to improve infrastructure across the state. A new body of work is being carried out to improve facilities across the state, including maintenance, safety issues and further access issues. Treasury allowed us to keep some of the revenue for specific programs to upgrade works.

Mr V.A. CATANIA: When it comes to One Mile Jetty and Exmouth Boat Harbour, which are both owned by the Department of Transport, has the budget dedicated any funds to investigate or build a deepwater port in Exmouth or to open One Mile Jetty, which is the government's asset, for the community? Are any funds allocated in the budget for either of those two things? I am happy with a yes or no answer.

Ms R. SAFFIOTI: For One Mile Jetty, the answer is no. Exmouth Boat Harbour is being picked up through a wider body of work under the jobs and economic development subcommittee. A number of proposals have been put forward for a new marina or harbour at Exmouth, in particular. Some work has been done through that subcommittee, as I recall, and that is something we will be discussing very soon.

Mr V.A. CATANIA: Who is on that committee?

Ms R. SAFFIOTI: The jobs and economic subcommittee of cabinet?

Mr V.A. CATANIA: It is a subcommittee.

Ms R. SAFFIOTI: Yes, sorry. That work related to the cruise ship issue. When we were elected to government, we identified three key ports that would benefit from enhanced access. Broome, Fremantle, which was more about an upgrade to facilities, and Exmouth ports were highlighted. We thought it would be great if we could achieve that. Again, everyone has an idea about how it can be achieved. We are looking at developing a case for what can be achieved up there. That process is being led by our agency, together with the Department of Regional Development, in relation to Exmouth.

[10.20 am]

Mrs L.M. HARVEY: I refer to page 491 and the Broome cruise ship strategy. What progress has been made on developing the all-tides gangway at Broome port? I understand that about 18 months ago, some federal funding was provided to Broome Port Authority to construct the all-tides gangway.

Ms R. SAFFIOTI: Primarily, it is an issue for Broome port, but I can talk about it generally. A commitment for an all-tides gangway has been made and engineering plans have been undertaken. I think they commenced in the middle of 2017, and in February and March of this year the results came in. Broome Port Authority assures me that it triple-checked all the advice in relation to the all-tides gangway system and there were some constraints, particularly safety issues, on what was initially proposed. There is a tender for a new gangway system. Steve, is that correct?

Mr S. Beyer: Yes.

Ms R. SAFFIOTI: That process is underway, but I have asked Broome Port Authority to continue to work to make sure that we can have all-tides access, which impacts a couple of the smaller vessels. Some of the cruise ships also want 24-hour access. There have been negotiations about providing a window for people to enter and exit cruise ships; for example, a four-hour window during which people can exit the ship and go onshore, and then another window. Cruise ships are very keen to have 24-hour access, and that is where the tides really become a problem.

Mrs L.M. HARVEY: I am quite familiar with Broome port; I have been on a number of fishing charter operations through the port. I understand that there could be significant safety issues if cruise ship passengers, for example, rather than perhaps more fit and able people, try to access that port infrastructure. Is it likely that we will have a resolution to this issue before the international cruise conference in Broome in September?

Ms R. SAFFIOTI: I am not sure whether there will be a full resolution, but a number of processes are underway in relation to Broome boating facilities. As I said, there are the town beach and Entrance Point improvements, the business case for the small boat harbour, and what is being done at the port. We are looking at what we can do

across all areas in Broome. In relation to the all-tides gangway, I recently met with Broome Port Authority and asked it to triple-check whether anything else could be done to enable all-tides access for smaller cruise ships. We are also in the process of finalising dredging to enable bigger ships to come into the port. We are doing everything we can to encourage cruise shipping in Western Australia.

Mrs L.M. HARVEY: What will happen to the commonwealth funding if we cannot find a solution to the all-tides gangway?

Ms R. SAFFIOTI: My advice is that we are still pursuing a new gangway. It is just a matter of whether it suits the cruise ships that want 24-hour access to the ships. We understand that the commonwealth money is not in jeopardy, because we are still improving access through a new gangway system.

Mrs L.M. HARVEY: So, it is a work in progress and as yet no date has been determined for when construction of the gangway might start?

Ms R. SAFFIOTI: Yes.

Mr S.A. MILLMAN: I refer to page 492 of budget paper No 2 and the fifth dot point on investment in cycling infrastructure, which is relevant to the people of my electorate of Mount Lawley. The dot point refers to the principal shared path and Perth and regional bike network programs. Can the minister explain where funding will be invested over the forward estimates?

Ms R. SAFFIOTI: A number of projects are underway or about to commence throughout the metropolitan area. I will go through them. There is a significant spend on principal shared paths. When in opposition, we heard loudly and clearly from cycling lobby groups that they wanted more investment in infrastructure. Another key issue in the community is the continued debate between drivers and cyclists. It is our intention, where we can, to separate cyclists and drivers, and in particular to put more money towards dedicated paths. Programs underway or committed to include the Midland railway PSP from Success Hill station to Railway Parade, for which the Town of Bassendean has agreed on a concept design, and it is due to commence shortly. The Fremantle railway PSP from Grant Street to North Fremantle is a significant project in terms of safety, and the cycling community in particular is very keen to see that project funded and brought forward, which we have been able to do. The next PSP is from North Fremantle station to the Swan River. The Mitchell Freeway PSP from Hutchison Street to Glendalough station is a much wanted project and we hope it will be under construction very soon. When I attend cycling breakfasts or events a lot of people tell me that they are very keen on this project, because this gap in the PSP network deters people from using those paths. The Mitchell Freeway PSP from Erindale Road to Civic Place is another project that people are very keen on. Another project is the Kwinana Freeway PSP—Cranford Avenue grade separation.

The appropriation was recommended.

[10.30 am]

Division 37: Commissioner of Main Roads, \$1 245 950 000 —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr P. Woronzow, Acting Managing Director.

Ms N. Lyhne, Acting Director General.

Mr P. D'Souza, Acting Executive Director, Financial and Commercial Services.

Mr D. Snook, Executive Director, Metropolitan and Southern Regions.

Mr M. Cammack, Director, Budget and Investment Planning.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witnesses introduced.]

The CHAIR: I give the call to the member for North West Central.

Mr V.A. CATANIA: I refer to the statement of cashflows on page 523 of budget paper No 2, volume 2, and the big song and dance that the Premier, the Minister for Regional Development and others have made about the \$2 billion going into regional roads and how royalties for regions is paying for a large part of that. I refer to the royalties for regions fund because I cannot find where that \$2 billion is coming from. How much royalties for regions funding is going into the Main Roads budget over the next four years?

Ms R. SAFFIOTI: I will see if I have that information.

Mr V.A. CATANIA: It not, can the minister please provide that as supplementary information?

Ms R. SAFFIOTI: Page 519 has the asset investment program and the line item, “Drawdown from Royalties for Regions Fund” for roads. On the expense side, there are other drawdowns. I can sit here and read them out but, if the member would prefer, I can by way of supplementary information provide the member with the information. The member has the asset investment; I can provide the expenditure side for him.

Mr V.A. CATANIA: With the figure of \$2 billion, or the amount that has been quoted in all the government’s budget papers on regional roads, how much of that is from royalties for regions? Could the minister also provide a list of the projects that royalties for regions is funding out of the Main Roads budget, whether it is the Karratha–Tom Price Road or Onslow Road—all those? Can the minister give us a breakdown of the RforR in those projects?

Ms R. SAFFIOTI: We will provide by way of supplementary information the projects funded, both recurrent and capital, from RFR for the 2018–19 year and forward estimates.

Mr V.A. CATANIA: And if the minister is able to provide the actual projects that royalties for regions has gone to.

[Supplementary Information No A32.]

Ms R. SAFFIOTI: On that topic, I make the point that a lot of non- RforR funding is going to regional Western Australia. I am proud of that. I do not think regional funding should come from only RforR. It should come from the consolidated fund too. A lot of Main Roads’ normal activity is in regional WA. A lot of its activity, both in maintenance and other expenditure, is in regional WA. My point of view is that RforR should be focused on roads, but also other parts of government.

Mr V.A. CATANIA: I am glad that the minister said that, because I still cannot see in the budget the Wiluna–Meekatharra Road that was allocated \$60 million of royalties for regions funds. Why was that taken out and why has it not been reinstated? Why is the minister not moving towards sealing that vital piece of infrastructure for those communities?

Ms R. SAFFIOTI: As the member knows, there was a prioritisation process as part of the 2017–18 budget, which was a result of inheriting a structurally unsound budget and trying to ensure that all our election commitments and priorities, both regional and metropolitan, with a number of regional road commitments, were funded. That was a result of the reprioritisation process. I am very keen to get funding for that project in the future. I will keep lobbying for it and for more road spending. That is one thing that I do; I lobby very hard for more road spending, particularly in regional WA.

Mr V.A. CATANIA: The government has allocated \$50 million for the Karratha–Tom Price Road. How many kilometres is that allocated for? I think it was 20-something kilometres?

Ms R. SAFFIOTI: This, of course, has been caught up in some discussions in relation to the Balla Infrastructure project.

Mr V.A. CATANIA: The question I am asking the minister is: between this and the last estimates, has the minister been able to work out how much is needed to finish off sealing the Karratha–Tom Price Road? How many more millions of dollars is needed? Has the minister decided on the final route to get to Tom Price by sealing the road? Has the minister found out the route that Main Roads is going to take, whether it be the access road and/or the public access road? How much will it cost to finally seal the Karratha–Tom Price Road? As the minister knows, that \$50 million only scratches the surface.

Ms R. SAFFIOTI: The \$50 million allocated will construct stage 3B, which is the existing lower 30-kilometre road section, followed by a new construction of the upper 18-kilometre section, 3A. That is the proposal. We are in discussions that are being led more by state development ministers than transport ministers about how we can work with the private sector to try to get further funds for the project. We will also, of course, try to seek more federal government funding. We have the \$50 million allocated, which is approximately \$48 million, the route has been defined and the project has been broken into two sections, 3A and 3B, with the aim of commencing 3B in early June.

Mr V.A. CATANIA: I asked how much will the total project cost to seal the Karratha–Tom Price Road and what route it is taking, whether it be the Rio Tinto access road or the public access road.

Ms R. SAFFIOTI: I will go through all the components. Stages 1 and 2, which is 115 kilometres, have been constructed at a cost of \$179 million. Stage 4 is 107 kilometres and runs from the southern Rio Tinto railway crossing on stage 3, to the Nanutarra–Munjina Road. The section is on a new alignment that follows the railway line through rugged terrain and is expected to cost in the order of \$270 million. That is the current cost.

Mr V.A. CATANIA: Is the minister looking at \$450-plus million to finish off the road?

Ms R. SAFFIOTI: No. All up, it will be \$325 million.

Mr V.A. CATANIA: It is going down the public access road? Has the minister had any discussions with Rio Tinto to use the Rio Tinto access road, which, I understand, is a cheaper and more direct route?

Ms R. SAFFIOTI: Mr Woronzow.

Mr P. Woronzow: Thank you. We are planning to follow the Rio Tinto access road.

Mr V.A. CATANIA: Has Main Roads had any discussions with Rio Tinto to make it contribute to its own access road?

[10.40 am]

Ms R. SAFFIOTI: As I said, the discussions with mining and resources companies have been driven more by the Minister for Regional Development and through the Department of the Premier and Cabinet. There are two components. We want to build roads and deliver our commitments, but the ability to leverage private sector and federal government contributions is being facilitated and coordinated more by the Minister for Regional Development.

Mrs L.M. HARVEY: I draw the minister's attention to page 508 of the *Budget Statements*. The bottom line, "Road Maintenance Expenditure", shows significant reductions through to \$123 million in 2020–21 and \$121 million in 2021–22. What has that expenditure been reallocated to or has the funding gone?

Ms R. SAFFIOTI: The road maintenance expenditure will level out in the forward estimates. That money has not been appropriated to other projects across government. Basically, it is being held in cash reserve in Main Roads Western Australia. If we look at the expenditure over recent years, we see that in 2014–15 the road maintenance allocation was \$270 million. In 2015–16, it was \$400 million. In 2016–17, it was \$360 million. In 2017–18, our first year, it was \$440 million and we are levelling that out across the forward estimates. That is being held as part of the Main Roads reserve to be allocated for roads into the future. More generally, if we look at the historical numbers, we see that our first two years of road maintenance spending far exceeded the last two years of the previous government. We have increased road maintenance spending. It is at a new high and we are reserving funds in the Main Roads budget for future allocations.

Mrs L.M. HARVEY: Has the department taken this amount of money out of the road maintenance expenditure budget and banked it?

Ms R. SAFFIOTI: Road maintenance expenditure has increased significantly under this government. I did a quick analysis of our first two years compared with the previous government's last two years and there was a 30 per cent increase. We have significantly increased the base of road maintenance spending, and that base exists over the forward estimates with some small increases. That money is reserved for road spending that will be determined in future budgets.

Mrs L.M. HARVEY: That is what I said. If the minister is saying that it is being held in cash assets, that is banking it. The department has taken it out of the budget line item and banked it.

Ms R. SAFFIOTI: It is staying in the Main Roads budget, but we have increased maintenance spending significantly since the previous government.

Mr D.R. MICHAEL: Page 521 of budget paper No 2 refers to the Stephenson Avenue extension, which I think I asked the minister about after the budget was handed down last year. Can the minister provide an update on this project and any federal support that the government has successfully secured?

Ms R. SAFFIOTI: I remember in opposition we talked about this project quite a bit. I can safely say that if we had not won the election, this project would not be anywhere near the budget process. This project does a number of things. It improves congestion around the area, but primarily it is a road-and-land-use project. The member for Balcatta has been a very strong advocate for this project, as has the City of Stirling, for many years. A steering committee was established and work has been undertaken on the design of Stephenson Avenue and the land-use outcomes. That includes the ability to have significant residential and commercial activity along that road. It also looks at better access points for the expansion of the major shopping centre in that district and for places such as IKEA. It is a very exciting project and we managed to get federal Labor opposition to support it very early on. I am very glad that the federal government has also come on board. We now have the true concept of a city deal with local, state and federal governments all working together to achieve an infrastructure proposal that is facilitating strong land-use outcomes. That includes new residential and commercial opportunities. It should be about all tiers working together to achieve the maximum outcome of infrastructure spend.

The CHAIR: Committee members, we have a non-committee member question. If everyone is happy with that, the member for Moore would like to ask a question. Go ahead, member for Moore.

Mr R.S. LOVE: I thank the committee. I am sure it will be a fantastic question. I refer the minister to page 510 of the *Budget Statements*. The first dot points states —

Main Roads continues to work with the Western Australian Local Government Association on the establishment of the next five year funding agreement.

On page 511, there is some indicative funding for the total cost of services. One of the line items, "Local Government Network Adjustments State Road Funds to Local Government Agreement", shows a fall of

\$14.5 million. The estimated actual in 2017–18 is \$196 million and the budget estimate is \$181 million going forward, which would indicate a fall of about \$14.5 million or thereabouts. How are negotiations with the Western Australian Local Government Association going? Will the new agreement still be based on a percentage of licence fees? Do we expect that percentage of licence fees to stay static or, given this reduction, is the minister expecting to give a lesser amount of licence fees to local government than the amount currently given under the agreement?

[10.50 am]

Ms R. SAFFIOTI: I can understand why that reduction looks very confronting. The 2017–18 estimated actual was the result of significant carryovers from the previous year. We are working around \$183 million, but the 2017–18 estimated actual included significant carryover from the previous years. Discussions about the new road funding agreement are ongoing. Funding for roads in regional WA is very important and we do whatever we can to maximise our spend in that area. This point is more to do with other projects, but a number of other funds are committed in the budget—for example, in the next line, “Major Works on Local Government Roads”. Since the election, we have made a number of allocations for local government roads that are outside the agreement. For example, we are providing funding to a number of local government roads, such as Stephenson Avenue and Marmion Avenue and some roads in Collie in the south west. The nature of our election commitments and some of our commitments since then has meant that our expenditure on local government roads has increased significantly.

I want the member to understand that our current spending through the Western Australian Local Government Association agreement is much more generous than it has been in the past. For example, local government allocations under state road funding to local government are from 2008–09, \$116 million; 2009–10, \$122 million; 2010–11, \$135 million; 2011–12, \$145 million; 2012–13, \$161 million; 2013–14, \$172 million; 2014–15, \$161 million; and 2015–16, \$150 million. We have moved it to a base again of around \$182 million or \$183 million plus. We are also funding a number of projects that would normally be state–local government responsibilities. The other things we are doing for regional WA are, for example, maintenance contracts to get much better local business involvement and local employee involvement. We are trying to do what we can to address the safety issues in regional WA. Also through the Road Safety Commission, which I think is very important, the Road Safety Commission recommendations and funding under the road trauma trust account are looking at where we can get maximum value for expenditure on road improvements. A discussion at the National Transport Commission meeting last week was about where funds can be allocated to get maximum outcome. That, for example, includes widening shoulders, and audible line markings at the centre and side line markings. Among other programs, Indian Ocean Drive is one, where \$7 million was allocated as part of a federal government project, together with the \$20 million allocated in this budget straight from the RTTA. On top of that, there is the regional road safety package that we negotiated with the commonwealth, which came directly from the redirection of the Perth Freight Link—I think it was about \$55 million—for 16 projects around regional WA. Again they are new projects, many of which are underway this year.

All up, we are trying to do what is possible within our budget to fund the WALGA roads agreement. We are funding a lot of local government roads under the normal budget. Road safety revenue is being dedicated to a lot of regional road works for improving roadside shoulders and doing what we can to achieve low-cost maximum impact. Most of the regional road safety program projects will be underway in 2018–19.

Mr R.S. LOVE: Are they local government roads or Main Roads roads?

Ms R. SAFFIOTI: The regional road safety program negotiated with the state and the commonwealth are state roads, but a lot of them are big issues. On the York to Merredin road it is to reconstruct, reline and widen; south west region, Boyanup to Capel road, widen and seal shoulders; and South Western Highway, widen and seal shoulders Chester Pass Road and the Amelup Curves. These are big safety issues in regional WA. I think they are really important and are well worth talking about.

Mr R.S. LOVE: I was not going to ask this as a follow-up but as a separate question. However, the minister went straight into the road trauma trust account and the regional road safety program. My question is twofold. First, can the minister provide a list of the projects to be funded under those two programs and the allocations to those roads? I am happy to take it as supplementary information if she wishes.

Ms R. SAFFIOTI: I can provide the member with some information about the approved 2018–19 budget for the road trauma trust account expenditure, as follows: run-off road crash road improvements, state roads, \$25 million, which is an incredible amount compared to amounts spent in previous years; the wheatbelt safety review, Toodyay Road improvements, \$2.4 million; the wheatbelt safety review, Great Eastern Highway, Great Southern Highway, \$6.8 million; and the safety review, Indian Ocean Road improvements, \$10 million. That is a new \$10 million on top of the \$7 million.

Mr R.S. LOVE: Those figures are in the published volumes. I was hoping to get a list of projects under the heading “Run-off Road Crashes Road Improvements”, which is \$25 million and the regional road safety program, which this year is \$28.75 million.

Ms R. SAFFIOTI: Unfortunately, that program has not yet been forwarded to me for approval. This is the global allocation. I will let the member know when it does, but I cannot provide it by way of supplementary information because I will not have the information.

Mr R.S. LOVE: Can I follow up while on the road trauma trust account? One of the allocations of interest to me under the road trauma trust account safety review, I think it is, is on page 519 for Toodyay Road. The amount of \$2.4 million is allocated this year, and I believe, from descriptions in press releases and my understanding of it, that money is for environmental clearances, planning and land purchases, especially in some of the wheatbelt sections of Toodyay Road. Is any undertaking planned or is there an expectation of further allocations of money to that program once those clearances have been given and the land purchases have been made?

Ms R. SAFFIOTI: I will find further information in my file for that. This has been a major road safety issue. Works have been undertaken. We are continuing to do the planning. I have put forward this project in particular to the federal government as an area that we would like to see some funds allocated to. We are working also with the Road Safety Commission to try to get more funds allocated to that program. I will let Des Snook give the member some more detail. Our view of this is that it is a priority but we are trying to find ways of continuing to do the preparatory work for further work and lobbying for as many funds as possible. I refer you to Des Snook.

Mr D. Snook: Toodyay Road is a road safety priority for us. As members will be aware, since 2013, we have spent nearly \$30 million on that road, most of which has been in the metropolitan area around Gidgegannup and up to the border of the wheatbelt region. Two intersection improvements have also been made in the wheatbelt. We started in the wheatbelt with the planning program that we undertook two or three years ago, and we are getting towards the end of that planning work. We need to complete the planning work to know what budget will be required for the final design to be constructed. Once we have that, we will put forward applications for funding.

[11.00 am]

Mrs L.M. HARVEY: I refer the minister to page 519 of the *Budget Statements*. Under completed works it lists Mitchell Freeway—Hepburn Avenue to Hodges Drive. Obviously, the next stage of that is the extension to Romeo Road. I am wondering why the Romeo Road—Mitchell Freeway extension is not in this budget, given that it was announced on 27 April.

Ms R. SAFFIOTI: As I think the Treasurer outlined yesterday, we are working with the commonwealth on the roads program. First of all, the commonwealth has offered 50 per cent of the project costs —

Mr D.C. NALDER: Is it 50 per cent or 80 per cent for this project?

Ms R. SAFFIOTI: It is 50 per cent. The commonwealth is providing 80 per cent for the Bunbury Outer Ring Road project, so we were very happy to accept that 80 per cent.

Mr D.C. NALDER: I thought it was 80 per cent on Tonkin.

Ms R. SAFFIOTI: As part of the redirection of project funding last year, the allocation for the projects announced and funded last year in May was approximately 75 per cent to 80 per cent federal government funding. We believe the commonwealth should be funding us 80 per cent for a series of reasons. The first is the lack of GST funding, but there is also the fact that other states have done really well in infrastructure funding. We believe we should get as much attention as possible. We are still trying to achieve 80 per cent funding on that project. We are working with Treasury on cash flows and deliverables for the projects announced in April. We will keep working with Treasury, but we will mainly try to secure 80 per cent of road funding from the commonwealth.

Mrs L.M. HARVEY: I bring the minister's attention to the joint media release by the Premier on 27 April, which states that the state government had entered into an agreement with the commonwealth for a \$5.4 billion infrastructure program, with \$3.2 billion to come from the commonwealth. I believe the minister and the Premier stated on television that they had agreed to this package. If they had agreed to this package and it was finalised on 27 April, why is the minister now saying that until 80 per cent of the funding is provided, the government will not do the Romeo Road—Mitchell Freeway extension?

Ms R. SAFFIOTI: We have agreed to receive \$3.2 billion but we would like more. I have been a bit disappointed with the views of the federal and state oppositions on this project. If the member refers to page 4 of the media release, it states —

State Government funding will be provided towards these METRONET and road projects, subject to normal State Budget processes and further federal funding may be sought from existing Federal Government infrastructure programs.

Again, selectively quoting from media statements does not work when there are people here helping me to find the other quotes. In that media statement we outlined that we would like to get more federal funding. In every forum in which I have ever been, I have said that it is the government's role to try to secure as much federal funding as possible. As we all know, in the lead-up to the federal election, we want to try to make sure we get more federal funding for WA. That is what we are doing. We will continue to fight for more federal funding and, in particular, 80 per cent where we can for road projects.

Mrs L.M. HARVEY: Further to this —

The CHAIR: The member has been straying from where she started; the member should make sure she sticks to the relevance.

Mrs L.M. HARVEY: It is a further question on the project I have asked about. The Treasurer said in Parliament last week that the state government needed to understand the route definition and likely cost of the Mitchell Freeway extension. Why was there an agreement for a \$215 million program to extend Mitchell Freeway to Romeo Road if the government did not understand the route definition and the likely cost? Surely the freeway reservation sits there and that is where it would go.

Ms R. SAFFIOTI: We see this as a priority project. The commonwealth government announced 50 per cent of the funding for this project; we would like to see more. We will continue to work to deliver this project. As I said, I think it is un-Western Australian to not want 80 per cent of the road funding to come from the federal government.

Mrs L.M. HARVEY: When an announcement is made about a joint commonwealth–state agreement on road and rail projects, the expectation is that we will see it in the budget and not that the minister will come back and say, “Actually, we agreed to that on 27 April but now we’re going back on that agreement because we want more.” Was that written into the contract and agreement with the commonwealth government? Surely it would have been better to exclude the project until the government had the 80 per cent of funding that it wants. Those people in the northern suburbs who want this freeway extension are now being told that they are not going to have it unless the federal government coughs up more money. Why did the government agree to it and announce it if it is not going to do it?

Ms R. SAFFIOTI: They are not being told that. I do not know why the member for Scarborough always backs the federal government. I do not know why she would back the federal government on infrastructure funds for WA. Why does she not want to say that we should get more funds?

Mrs L.M. HARVEY: The minister is being ridiculous. I am talking about the announcement.

The CHAIR: Member for Scarborough!

Mrs L.M. HARVEY: The minister is being ridiculously political.

The CHAIR: Member for Scarborough, you have asked a question —

Mrs L.M. HARVEY: I am talking about the government’s announcement.

The CHAIR: Member for Scarborough, you have asked the question. If you do not like the answer, that is unfortunate, but the minister has given you an answer.

Mr D.C. NALDER: Just to ensure that the minister understands, under the Gillard–Rudd governments there was infrastructure support from the federal government for the Gateway WA and NorthLink WA projects at 60 per cent. Then, when there was a change of government and we came in, we negotiated with the new federal government to increase the NorthLink WA funding to 80 per cent, and the Gateway WA project was at 60 per cent. Historically, it has been around 60 per cent. We managed to get a couple of them up to 80 per cent. I understand what the minister is doing, but the issue the member for Scarborough raised is that the Premier put out a joint press release announcing these projects. They have been announced on this basis. We are trying to understand why it has not been included when it was announced by the Premier.

Mrs L.M. HARVEY: And why is Stephenson Avenue in here at 50–50?

The CHAIR: Member for Scarborough, the member for Bateman is asking the question.

Ms R. SAFFIOTI: In relation to the split, as the member for Bateman said, his government achieved 80 per cent for NorthLink and also about 75 per cent for the Perth Freight Link.

Mr D.C. NALDER: That was different, because originally there was a private equity component.

Ms R. SAFFIOTI: That was the precedent. That is why we say there should not be any reason to not get it for these projects.

Mr D.C. NALDER: It was about 66 per cent for PFL.

Ms R. SAFFIOTI: The member for Bateman said that the previous Rudd–Gillard governments gave the state 50 per cent when the GST take was probably 70 per cent. We are at historically low GST payments. The reason the federal Liberal Party did not want to run candidates in Perth and Fremantle was the GST debate; it realises that it needs to do more. The media statement said that we would work within our existing budget processes and seek federal funding. That is what we are doing. We are being consistent with what we said on the day.

Mrs L.M. HARVEY: Why is Stephenson Avenue in here with a 50–50 split for funding and not the Mitchell Freeway extension to Romeo Road, which has a 60–40 split?

Ms R. SAFFIOTI: That primarily is a local government road. That will be administered together with the City of Stirling. That was a specific local government project. Again, we will be seeking contributions from the private sector for that project, and in particular the shopping centre owners. That is a specific project and not a normal Main Roads Western Australia project—I can safely say that. We got 80 per cent of the funding for the Bunbury project, which is why we accepted it.

Mrs J.M.C. STOJKOVSKI: I refer the minister to page 518 of budget paper No 2 and to the Mitchell Freeway Cedric Street–Vincent Street southbound widening. Can the minister outline how this project will ease congestion for people in the northern suburbs, particularly in my electorate of Kingsley?

[11.10 am]

Ms R. SAFFIOTI: Sure. I thank the member for Kingsley for that question on the Cedric Street–Vincent Street southbound widening. That is another exciting project that will primarily be underway in the 2018–19 budget year. The project description is the construction of an additional lane on Mitchell Freeway for seven kilometres southbound from Cedric Street to Vincent Street, which is a congestion point that is being monitored by Main Roads. For residents in Kingsley who use the freeway daily, it will reduce congestion so they will not always be hit by slowdowns and stoppages. It will help residents in the member’s area and other northern suburbs. Main Roads worked with the Department of Transport to include the construction of the new principal shared path and associated structures on the east side of Mitchell Freeway from Glendalough station to Hutton Street. The section of PSP will include grade separations at Scarborough Beach Road and Hutton Street at an estimated cost of about \$19 million. We will work on both the road and the cyclepath, and use this opportunity to address the PSP issue and the congestion point on the freeway. We are doing what we can to address congestion in the north, south, east and west with the funding that is available. This program will see a lot of activity undertaken in 2018–19.

Mr D.C. NALDER: I refer to “Service Summary (Adjusted Total Cost of Services)” on page 511 of budget paper No 2. Funding for road safety will decrease from \$211.6 million in 2018–19 to \$124 million. It is more than a 40 per cent decrease in funding or \$87.5 million. Why will there be such a large reduction in the focus on safety?

Ms R. SAFFIOTI: In budget year 2018–19 there is a significant increase to \$211 million. It drops away because funding from the road trauma trust account for specific projects is not allocated across the forward estimates. Preliminary assessments are done but allocations to Main Roads from the road trauma trust account are made on an annual basis. The 2018–19 figure includes the \$25 million we just discussed for the regional run-off program. Funding for future road safety initiatives from the road trauma trust account have not yet been fully injected into those figures.

Mr D.C. NALDER: Will the forward estimates always be a little bit undercooked for road safety because we do not know the clear revenue or the projects? Will we always see a catch-up in budgets on the forward estimates?

Ms R. SAFFIOTI: Yes. The flows across the forward estimates change for specific projects. My understanding is that for the road trauma trust account money the Road Safety Commission is trying to look at a way of dealing with it for the longer term to give some certainty to some programs, but the allocations are made annually as part of the formal process between the Road Safety Commission, the Minister for Road Safety and me.

Mr V.A. CATANIA: This is related to the question the member for Bateman asked. I refer to the regional road safety program on page 518. There is a reduction in the road safety program to the regions from \$28.75 million to \$11.05 million in 2019–20 then nothing is allocated in 2020–21 in the forward estimates. Has the program been cut?

Ms R. SAFFIOTI: That was a specific \$55 million program we negotiated with the former federal Minister for Infrastructure and Transport, Darren Chester. That \$55 million came from a reprioritisation of Perth Freight Link money. The program was a range of 16 road projects across regional WA. It was the first time that type of program had been negotiated with the federal government and the funding was much appreciated. The former federal minister was very passionate about regional road safety and tried to direct more funds to it. We worked with the commonwealth to identify some high priorities. That was a specific program driven through the redirection of PFL money. As part of our discussions with the federal government we are putting forward more of these regional road safety programs. In all my discussions with the federal Minister for Infrastructure and Transport and the federal Minister for Finance I tell them we would like to see this type of package continued in particular areas. Darren Chester was passionate about the wheatbelt and the south west. Compared with some of its bigger programs the amount of money it can give us is quite modest and can drive home some good safety initiatives. For example, the commonwealth was keen to fund the business case for the Orange route, which we said was fine but we proposed to also fix Toodyay Road. However, it did not accept that one. We are very keen to partner with the commonwealth on specific road safety projects.

Mr V.A. CATANIA: Will the minister put forward a road such as the Wiluna–Meekatharra Road for road safety reasons?

Ms R. SAFFIOTI: We put forward a range of projects and the continuation of this program.

Mrs L.M. HARVEY: I understand that the Optus Stadium pedestrian bridge is in the Public Transport Authority but Main Roads is responsible for the project. Can we ask some questions about the bridge?

Ms R. SAFFIOTI: Sure.

Mrs L.M. HARVEY: What is the total cost of the new footbridge that is currently under construction?

Ms R. SAFFIOTI: The budget is \$91.5 million. That includes funds for the bus platform on the East Perth side—the Nelson Avenue bus stop. I think the bridge itself is \$83 million.

Mrs L.M. HARVEY: Is the new bridge \$83 million?

Ms R. SAFFIOTI: It is the same as we announced last year. The \$91.5 million includes the bridge and the Nelson Avenue bus stop.

Mrs L.M. HARVEY: What proportion of that is the Nelson Avenue bus stop?

Ms R. SAFFIOTI: The laydown area is \$6.5 million, the Nelson Avenue bus stop is \$2.5 million, and the bridge is \$83 million.

Mrs L.M. HARVEY: Are any of the delays to the bridge due to the change in the quality of the steel in the construction?

[11.20 am]

Ms R. SAFFIOTI: No. What changes in quality?

Mrs L.M. HARVEY: My understanding is that when the design was changed, and also when it was decided to have the bridge manufactured locally, there was a change in the type of steel that was going to be used. I am trying to understand whether that has had an impact on the integrity or the structure of the bridge.

Ms R. SAFFIOTI: There were no issues with the steel quality.

Mr D.C. NALDER: Were there any design changes to the pedestrian bridge?

Ms R. SAFFIOTI: We took the fabric off.

Mr D.C. NALDER: Just the skin?

Ms R. SAFFIOTI: Yes, and we put the stairs in for the bridge climb.

Mr D.C. NALDER: Can the minister please explain why the cost has gone from \$52 million originally to \$83 million?

Ms R. SAFFIOTI: If we want to go through the history of this —

Mr D.C. NALDER: Not the history; I just want to understand the price breakdown of the increased cost.

Ms R. SAFFIOTI: The feedback I have always got from everyone, including the unsuccessful tenderers in the process, is that the previous government set a budget of \$50 million and then said that it wanted to buy a bridge for \$50 million. It then tried to get a bridge.

Mr D.C. NALDER: It was a tender process and the prices came in.

Ms R. SAFFIOTI: It set a budget before —

Mr D.C. NALDER: No; there was a tender process.

The CHAIR: Member for Bateman, you have asked the question. Listen to the answer, please.

Mr D.C. NALDER: But it is inaccurate.

Ms R. SAFFIOTI: The previous government set a budget and then it went out to the market. It then chose the most complicated—it is quite beautiful—bespoke bridge we have ever seen. No-one really comprehended—I have spoken honestly to everyone who has ever been involved with this bridge—the complexity of delivering this bridge. As I have said, it is quite outstanding, but the complexity is incredible. The engineering companies needed 62 000 specific drawings to build it. I think this came out in the Langoulant inquiry. The idea that the previous government could deliver this bridge for \$50 million was probably false from the start. That is what it did, and then it basically did not oversee the project.

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

Ms R. SAFFIOTI: The previous government did not oversee the project properly.

Mr D.C. NALDER: Main Roads was facilitating it. Is the minister saying that it was doing it incompetently?

Ms R. SAFFIOTI: No; I am saying that the then minister —

Mr D.C. NALDER: The same department that advised us is currently advising the minister.

Ms R. SAFFIOTI: This is my view. The previous government did not manage the project, and when we won government, we were waiting for those components to come. Initially, I was very keen to wait for those components

to come to see what would happen, but they were not coming. I can say that there was a sense of frustration, particularly by Main Roads, that these components would never arrive. Is that correct, Peter? We were frustrated that we had no certainty that they would arrive. Meanwhile, we were getting different feedback. A legal dispute was happening over who owned the fabricating yard in Malaysia. We had options—we could sit back and wait for these components to come or we could try to do what we could to make the project work, and that is what we did.

Mr D.C. NALDER: Is the person who was responsible for overseeing the contract at Main Roads the same person who is responsible for managing and overseeing the contract today or has that person been moved on?

Ms R. SAFFIOTI: The then minister has been moved on.

Mr D.C. NALDER: That is not the question and I do not think it is an appropriate response in this committee. I am asking the minister whether the people who were responsible for managing the contract are the same people who are managing the contract today.

Ms R. SAFFIOTI: We are working together to get an outcome.

Mr D.C. NALDER: Can she answer the question?

Ms R. SAFFIOTI: I am saying that the person who was responsible was the then minister for roads.

Mr D.C. NALDER: No; I am asking —

The CHAIR: Member for Bateman, you have asked the question. The minister can answer how she likes.

Ms R. SAFFIOTI: If the member wants to come in here and attack the people who worked for him, he can do that, but I do not think it is a nice thing to do.

Mr D.C. NALDER: I am asking a simple question. Is the person who was previously responsible for managing the contract the same person who is responsible for managing the contract today?

Ms R. SAFFIOTI: We have also changed the style of the contract. There was direct involvement by the state to secure a good outcome; that is what we did. There were a number of key factors, including the complexity of the project. Members would agree that it is far more complex than the previous government envisaged.

Mr D.C. NALDER: The minister is not answering the question. It was a simple question.

Mrs L.M. HARVEY: I understand that the contract had incentive payments built into it for delivery on time and that they were truncated over a period until there was zero incentive if the bridge was not finished by, I think, 21 April. Were any penalty clauses built into that contract for delays in delivering the bridge?

Ms R. SAFFIOTI: It is an alliance contract, so there is a joint reward–joint penalty program. As a result of the reprogram of work, the company agreed to work not for profit but at cost because of the complexity and what happened with the project.

Mrs L.M. HARVEY: Could the minister explain that? I do not understand what she means.

Ms R. SAFFIOTI: It is an alliance contract, so it is an open book contract. Basically, we renegotiated to ensure that because of the high risk of the project, the state was able to be involved to try to manage the outcome. As a result of the renegotiations, the company agreed to work not for profit but at cost, and that is what is happening. The managing director will talk about that.

Mr P. Woronzow: The answer to the member's question is that when the contract was renegotiated into an alliance, it had a \$2.6 million incentive payment. That was for delivery by 30 March. That is no longer payable. The contract also has a risk reward regime built into it whereby if there is an overrun, the contractor pays 60 per cent of any overrun. At the same time the contract was renegotiated, the York Rizzani Joint Venture agreed to work at cost, so it is forgoing its profit and overhead. All construction companies basically make between five and eight per cent, so this company is forgoing that percentage. There is a natural driver for it to complete the project as soon as possible because it is not making any profit. It could have used all the resources it has on-site and in the state for building this bridge somewhere else to make that profit and overhead.

Mrs L.M. HARVEY: So were any liquidated damages built into the contract?

Mr P. Woronzow: No. The liquidated damages under the previous contract were in the order of \$2.3 million. When we negotiated the new contract, the incentive payment in the order of \$2.6 million took the place of the liquidated damages. Our estimate at the time was that the completion cost of the bridge was \$83 million. If the company did not complete it by 31 March, in effect it would forgo the equivalent of the value of damages of \$2.6 million, which it has done.

Mr D.C. NALDER: The advice that I received was that the steel to be used could not be sourced from Australia and that it would cost additional funding. So, it was being sourced from overseas and fabricated overseas. That is the advice I got as the minister at the time when I became aware that it was being done overseas. I assume that if there has been no design change in the steel that is being used, the steel sourced for this bridge is still coming from overseas; is that correct?

Ms R. SAFFIOTI: I will go through that. In relation to the steel being sourced, because of the weight of the Teflon covering, the steel had to come from overseas, but not all of it.

Mr D.C. NALDER: For the arches?

[11.30 am]

Ms R. SAFFIOTI: Yes, we went through a process with an Australian steel supplier to source all potential steel that could come from Australia. We still had a requirement to bring in some steel from overseas. One of the reasons for the delay back in November was that we were waiting for those shipments to come in. We did what we could, but the design required some steel to come from overseas. At that time, we had to bring it in from overseas because that is what the design dictated.

Mr D.C. NALDER: Is there anything specific that has driven that cost increase to \$83 million? The minister just said that the work is now being done at cost. Was the tender quote that was provided by the company that far removed from the real cost of building Matagarup Bridge, or have we paid double for certain things?

Ms R. SAFFIOTI: This idea that we have paid for two bridges is completely wrong. We have not paid double. I do not know whether the member was minister at the time, but he may recall that the price difference with the initial bids between the Australian work and the overseas work was about —

Mr D.C. NALDER: I was told it was \$3 million.

Ms R. SAFFIOTI: I think it was a bit more. We are basically paying for the arches and the deck to be made by Western Australian fabricators at their price.

Mr D.C. NALDER: My understanding is that the deck was always to be made in WA. The arches were to be made overseas.

Ms R. SAFFIOTI: No, the deck was to be made overseas as well. We inherited a program of work in which the arches and the deck were to be made by the overseas contractor. I will go through it again. After we won the election, the initial advice was that there was a dispute between the Korean wind turbine company that had bought the fabricating yard and the original owner, and that because the original owner would have to be kicked out by a certain date, they would not be able to finish the deck. That kicked off the whole process of complications.

Mr D.C. NALDER: I now understand why the table showing the breakdown of what was sourced and fabricated overseas and in Australia will not be released to me under freedom of information. I am advised that the deck was being made in Australia and that only the arches were being done overseas.

Ms R. SAFFIOTI: I am trying to understand the member's point.

Mr D.C. NALDER: I am just sharing information. When I was minister, I was given a table showing a breakdown of the steel that would be sourced in Australia and from overseas, and what would be fabricated in Australia and overseas for not only the bridge, but also the stadium and the railway. For some reason, I cannot get access to that table that was provided to me at my request when I was minister.

Ms R. SAFFIOTI: The deck was being made overseas, but then we brought it back here and Fremantle Steel Group has been making it and it is being installed at the moment.

Mrs L.M. HARVEY: The total budget for this bridge is \$83 million. Are we not exceeding that budget with these delays? Obviously, labour costs will extend past the date of completion of the bridge and that will be additional to what Cimtec or the companies involved thought they would incur. How are those costs being paid?

Ms R. SAFFIOTI: The project has been managed within the existing budget. Since August last year, there have been pluses and minuses through this whole contract. One of the gains is that the incentive payment is no longer there. Also, the \$4 million cost of the fabric is no longer there. I suspect that there will be other additional costs through the process, but it is a case of swings and roundabouts for the total contract. That is all being managed. Until the project is complete, we cannot tell the member the final cost, but it will all work within \$91.5 million. The same contractor is also doing the Nelson Avenue station. In a sense, the whole contract will come to \$91.5 million, including the Nelson Avenue bus platforms.

Mrs L.M. HARVEY: Presumably, some progress payments have been made for the bridge. Is money still sitting in Main Roads WA awaiting finalisation of the bridge and its delivery?

Ms R. SAFFIOTI: There are a couple of things. We are making progress payments, and that is still underway while the contract is alive. What is also built into the overall project is that the granite that is being used for the laydown area will be on-sold. That is another component that has always been part of the thinking.

Mrs L.M. HARVEY: When the bridge is finally completed, will the minister undertake to provide a list of the unders and overs so that we can understand how the additions to the bridge structure, such as the climbing ladder and other changes to the design, have had an impact?

Ms R. SAFFIOTI: Yes, we can provide that, but I would like the opposition members to provide an understanding of how they thought they could build that bridge for \$50 million. Did they really think they could build it for \$50 million?

Mr D.C. NALDER: The minister knows that there was a tender process. She knows that there was an independent panel of engineers who oversaw the plan and made recommendations to cabinet. She knows that the tender price came in at over \$50 million —

The CHAIR: Member for Bateman, is there a question?

Mr D.C. NALDER: Why is the minister making those sorts of statements when it has gone through a proper process?

Ms R. SAFFIOTI: Because all the advice I received and what everyone told me was that there was no way it could be built for \$50 million.

Mrs L.M. HARVEY: Who said that?

Ms R. SAFFIOTI: All the unsuccessful tenderers, for example.

Mr D.C. NALDER: But it has been through formal a tender process and it has been recommended. What is the minister going on about?

Ms R. SAFFIOTI: I am saying that the fact that you failed to deliver a project that you —

Mr D.C. NALDER: The minister is misleading in this house, and that is inappropriate. These are misleading statements.

The CHAIR: Member for Bateman! You have asked the question and the minister has answered it. Is there a further question?

Mr D.C. NALDER: No.

The CHAIR: The member for Mount Lawley has the call.

Mr S.A. MILLMAN: I refer the minister to page 521 of budget paper No 2 and the table “Details of Controlled Grants and Subsidies”, in particular the line item “Election Commitments”. My question relates to the Walter Road West–Wellington Road intersection, which is in my electorate of Mount Lawley but also abuts the electorates of Maylands and Morley. Can the minister advise what is being done to reduce congestion at this notorious intersection?

Ms R. SAFFIOTI: This intersection, together with the whole traffic management around the Morley Galleria Shopping Centre, is a major congestion point. When I have talked to the planning community about the Galleria, they tell me it is an activity centre that is primarily driven by the shopping centre and, as a result, the network around it was never originally created to feed a major employment and destination source. This is just one product of what is a major congestion issue. We have committed \$1 million towards the issue. Main Roads WA is providing some technical input into the City of Bayswater to deliver this project, and it is, of course, liaising with community and local government members. A meeting was held recently to look at ways to go forward. We are trying to make major road modifications to facilitate reduced congestion and improved connectivity. Our overall plan will involve the new train station and other components, but we are very keen to work on this particular pinch point with the City of Bayswater and to provide some advice and assistance in helping to solve the issue.

Mrs L.M. HARVEY: I refer to page 518 of budget paper No 2 and the table “Works in Progress”. About two-thirds of the way down is the line item “Kwinana Freeway—Access to Murdoch Activity Centre”. Has the business case for this been completed?

[11.40 am]

Ms R. SAFFIOTI: It was part of the original business case created by the previous government.

Mrs L.M. HARVEY: I understand that the design of this project has significantly changed, though. Has there been a revision to that business case?

Ms R. SAFFIOTI: It has not been significantly changed. This project was part of the original Perth Freight Link business case and the design has not been dramatically changed. There have been some discussions with local communities about access points, but I suspect there has not been significant change that would dramatically impact a business case.

Mrs L.M. HARVEY: I understand that the community consultation has changed the route. Is that correct? I thought some changes had been made to the original proposal.

Ms R. SAFFIOTI: As I said, the original proposal was part of the overall PFL. Since that time, we have worked with the respective councils to try to get an agreed project, and that is what we are delivering. Basically, we have worked with both councils. The member would not be surprised to learn that we could not satisfy every council on this project, but we have tried to do what we planned to do, which is improve access from the south and the east to the Murdoch activity centre and, of course, the St John of God Murdoch Hospital precinct. We have tried to make sure that we do not create major traffic issues to the west and we are trying to, again, work to improve local access at many points, noting that discussions continue to be held about some areas. It has been a very difficult project to balance what Melville wants with what Cockburn wants—that is probably the right way to say that.

Mrs L.M. HARVEY: Does the original business case put forward by the previous government have the same cost as has been expended in this budget?

Ms R. SAFFIOTI: I suspect it does. I tried to get access to that document, but I have not been able to get access to that document.

The appropriation was recommended.

Meeting suspended from 11.42 to 11.50 am

Division 38: Public Transport Authority of Western Australia, \$1 011 614 000 —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr M. Burgess, Managing Director.

Ms N. Lyhne, Acting Director General.

Mr A. Kannis, Project Director, Metronet.

Mr K. Kirk, Executive Director, Finance and Contracts.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witness introduced.]

The CHAIR: I would just like to remind everyone that we still have three divisions to go—four including this one—and a number of off-budget items. When we get close to the end, we will have to pull-up short to put a few questions if we do not get through it all. I give the call to the member for Bateman.

Mr D.C. NALDER: I refer to the fifth dot point under “Significant Issues Impacting the Agency” on page 526 of budget paper No 2, specifically around the Forrestfield–Airport Link. I assume that dot point would include the issues around the aviation gas pipeline from Kwinana to Perth Airport. What are those issues; and, if that pipeline needs to be moved, how long will it take and who will be responsible for the costs?

Ms R. SAFFIOTI: Is this about the aviation pipeline that brings fuel from Kwinana? I thought that is more related to the Thornlie–Cockburn line.

Mr D.C. NALDER: Is it the Thornlie–Cockburn line, not the Forrestfield–Airport line?

Ms R. SAFFIOTI: Yes. I refer the member to Mark Burgess.

Mr M. Burgess: The issue for the FAL project has been more about the protection of the Dampier–Bunbury gas pipeline. The tunnel boring machines have gone under that; that is all sorted, with protection achieved.

Mr D.C. NALDER: I may be getting confused on the two issues.

Mr M. Burgess: The aviation fuel pipeline is an issue for the Thornlie project.

Mr D.C. NALDER: Is that still being worked through at this point?

Ms R. SAFFIOTI: Yes. As the member would be aware, the main issues for the Thornlie–Cockburn line are third party infrastructure, both the freight rail plus the associated infrastructure, including the pipelines, in particular the aviation pipeline. We are progressing with the project but we are still in live negotiation about the pipeline.

Mr V.A. CATANIA: I refer to page 541 of budget paper No 2 and the heading “New Works”, in particular the line item “METRONET Projects Under Development”. The state has contributed only \$21 million of the total of \$750 million committed to this provision over the forward estimates.

Ms R. SAFFIOTI: That is part of the Metronet division, so it is not this division.

Mr V.A. CATANIA: Sorry, I will go back to page 533. I refer to the \$1.6 billion investment in the railcar acquisition asset investment program. The government has set a target to have 50 per cent of all railcars manufactured in WA. As a target, what is the absolute minimum level of manufacturing that the government will accept?

Ms R. SAFFIOTI: The procurement process has commenced. My belief is that we would accept 50 per cent as the minimum. That is where we are at. This is a major policy priority for us and we are very keen to work with industry to facilitate good outcomes. So far, a team within the Public Transport Authority has engaged with the industry sector and we have undertaken a number of industry forums—as I call it, a speed-dating session—in which we introduce small suppliers in WA to major manufacturers to try to get a widespread knowledge of our capabilities. We are also working with job agencies to assist us in this. We are doing all we can to achieve our target.

Mr V.A. CATANIA: Does the minister have flexibility over this 50 per cent?

Ms R. SAFFIOTI: We would like to have more.

Mr V.A. CATANIA: Can the minister identify any local companies or businesses that would have the resources and skill sets to take on this type of contract on this scale?

Ms R. SAFFIOTI: As I said, we are in the tender process, so I do not want to name people, but we have seen, for example, major manufacturers over east engage with local suppliers, and the combination of those two is where we will be heading, where the major ones in the market, which operate around the world and around Australia, are working with the local industry. I think we will see that combination, and that has happened in other states.

Mr D.C. NALDER: Is the minister considering a similar exercise to what is happening with the buses, in that we go with a contractor, and the chassis, engine, brakes, wheels and whatever are supplied from overseas, but the frame, the cabinet and everything else is built here?

Ms R. SAFFIOTI: We want to have the assembly here, for sure, and also the local manufacturing. If we look at the whole spectrum, we want to, of course, have them assembled here, but we want the manufacturing here too. That is where it is really working with industry. I understand that Volgren builds the bus frames here.

Mr D.C. NALDER: The chassis, gearbox and engine, and a little seat for the driver come in—that is about it; it is just black—and then the seats and everything else are built by different players.

Ms R. SAFFIOTI: I do not want to name names—I might have just named Volgren—but in train manufacturing, a company in WA is building the bogies for the Victorian railcars. There is capability; it is really just trying to make sure that we match that capability to the major overseas companies.

Mr D.C. NALDER: I support the concept of getting more done locally—I do not have a question about trying to do that—but I am wondering whether any economic modelling is being undertaken. The Treasurer thought I was being political in this, but my point is that if we can purchase a railcar overseas for \$4 million and a railcar manufactured here costs \$6.5 million, there must be a flowthrough effect in the economy for the additional cost of getting the work done here. The flowthrough effect is the benefit of getting the work done here, and therefore we can tolerate a higher cost, but I do not know what that tolerance level is. I am just asking whether the department is undertaking some economic modelling so that it has some direct comparisons of the cost of buying those railcars. Queensland Labor has said it will not purchase any more railcars through its Queensland rail yard; it will take its next series of orders offshore. I am not saying whether that is the right or wrong thing to do. Are we doing modelling to understand the effects? If it will cost an extra \$615 million to purchase the railcars, there must be flowthrough effects that show that it is worthwhile.

[12 noon]

Ms R. SAFFIOTI: I know that the member is interested in this matter. I want to correct the member about Queensland. I do not want to make this a political discussion, but it is an interesting issue for manufacturing in Western Australia in the future. I am quite passionate and interested in the policy discussion. The previous Liberal government in Queensland had a contract to purchase its railcars from India. As a result, Bombardier Transportation's Maryborough manufacturing base closed. The trains for the Forrestfield–Airport Link—the first train has been received—were to be the last ones to be manufactured in Queensland. The issues with the trains that have arrived from India—for example, issues with the braking system and visibility through the windows—have caused the Queensland Labor government to bring the work back to Queensland. It is also looking at maintenance. That is the background to the matter.

Victoria has progressively gone for more and more local content. The discussion on price is interesting. A former Public Transport Authority study on railcar prices, as part of the initial work on the A-series railcar replacement, compared how much WA was paying for railcars with how much Victoria was paying. The study found that we were paying an inflated price. Two of the key determinants of the cost of railcars are volume and the capacity in which we order them. We have combined the tender for Metronet with the A-series replacements to get a volume sufficient to drive value for money. I do not think we achieved a very good price in the recent purchases of the B-series railcars, because they were ad hoc orders and we had to use a certain supplier. That is always the issue when we do incremental increases to the rail network.

Mr D.C. NALDER: I agree.

Ms R. SAFFIOTI: We have a sustained long-term policy for railcar procurement combined with manufacturing to get some economies of scale. The price premium is debatable given what Victoria is achieving. From some of the discussions I have had with the industry sector, I know that Victoria achieved a really good price compared with the price we paid for the new B-series railcars.

Mr D.C. NALDER: It is about \$16 million for three railcars.

Ms R. SAFFIOTI: It is about \$4 million a railcar.

Mr D.C. NALDER: It is a bit more than that for the B-series from Queensland. It is about \$16 million for a three-car train.

Ms R. SAFFIOTI: It is about \$4.5 million a railcar. Some of the published tables show that Victoria achieved about \$3.6 million a railcar. The member commented about the forward estimates and some of the funding. Conservative numbers are built into the forward estimates and include a lot of escalation. We will see how that goes with the tender process.

Mr D.C. NALDER: If we divide the budget by the number of railcars, it works out to be about \$6.5 million a car. Is that a conservative figure at this point?

Ms R. SAFFIOTI: It is very conservative. It includes escalation and funds for assembly and the depot.

Mr D.C. NALDER: It works out to around \$6.5 million a railcar over the 10 years.

Ms R. SAFFIOTI: Yes. As I said, when we look at 10-year escalation, we see that there is provision for the depot and assembly.

Mr D.C. NALDER: To go back to my original question, I do not question that we should manufacture locally when we can, and it is a good project. I understand the concept and we were trying to do a longer-term project to get greater economies of scale. Is modelling being undertaken so that if we build in this local content and can afford to spend more on local content from a state perspective because of flowthrough benefits in the economy, we know where that cut-off is? If we are paying additional costs, we need to understand whether those additional costs will still benefit the economy, do not become too great, and could be better utilised elsewhere in the state.

Ms R. SAFFIOTI: We always factor in the value and the flowthrough and multiplier effects of local employment. However, the way we have done the expression-of-interest process is to see the comparison with price and the amount of local content, if the member knows what I am saying, and where we believe it may tip over. How much would it cost to get 90 per cent local content? We will get some feedback on that through the EOI process. This has not happened in WA for a very long time, so we are going through a process to identify whether there is a price premium, how much it is and what value it brings. One of the interesting aspects of the process that should flush out is what 50 per cent, 60 per cent or 70 per cent is worth, and that will give us the ability to make informed judgements.

Mr D.C. NALDER: Is this modelling being undertaken? My thinking is that we would do it from zero all the way through to 100 to work out where the best —

Ms R. SAFFIOTI: The Queensland example has brought it home to me yet again. I do not want to talk about the bridge again. We think we are getting something really cheap, but then we look at what is happening to the local workforce's skills. After analysing what has been done here and what we can do more of, we see that we can do more maintenance. Through our processes, we have identified that we can do far more maintenance here, and sometimes when we thought we were doing maintenance here, it was not being done here. We are getting a line of sight. I use that phrase quite a bit. We need to make sure that when we say that maintenance is being done here, it is being done here. We are also leveraging public transport work to the wider industry. The Department of Jobs, Tourism, Science and Innovation is doing some initial work to look at all the other rolling stock in carriages owned by the private sector, because the PTA is only a little part of rail in WA. It is a very important part but we realise it is a little part when we look at some of the other assets that are owned and operated in WA. It is part of an overall package. I am not trying to poison the member's words, but when the member says that somehow someone overseas will build it for us 100 per cent cheaper —

Mr D.C. NALDER: I am not saying it is or is not.

Ms R. SAFFIOTI: Sometimes that analysis is very simple. We have seen on a case-by-case basis that when we combine maintenance into a project, other benefits will flow. We are doing what we are doing because from a community and economic impact perspective, we would like to encourage local manufacturing. If we look at industry support and assistance in what we do across the state, we see that this is something well worth doing. It is a key part of where we believe the state should be heading. The Malaga assembly plant for buses is another example. We have good buses that run really well. We are pretty proud of the quality of our assets compared with those of other states.

[12.10 pm]

Mr D.C. NALDER: I have no qualms around the work that is being undertaken. I am just asking about the economic modelling. The government will build all this infrastructure and there is a cost associated with it. Over 10 years, the cost will work out to \$6.5 million a railcar—if it is at that cost—more than what Queensland is paying if costs are added to facilitate the assembly yards and the sorts of things the minister is talking about. My point is that economic modelling must be done so that it is possible to see whether additional funds are needed and that the flow-through effect to the economy is X, Y, which will justify the additional spend. I am asking, first, whether it will be done and, second, will the minister make it public so that we can understand it?

Ms R. SAFFIOTI: We are going through a live tender process. To be honest, a lot of the information the member would find very interesting, and that I am very keen to see, is the feedback we get through this process. As the member knows, government has a lot of discussion with companies. The process now is to put it on paper, bring it to us and see what we can achieve. A lot of that work is tied to the tender process.

With respect to the cost per railcar, as I said, I would be very careful about comparing what is in our budget to costs in Queensland. The Queensland costs will blowout significantly because it is doing a lot of work on the railcars they have already received. They have not been able to commission many because of the issues. We are paying \$4.5 million per railcar now and the people in Victoria are paying far less and they are being manufactured in Victoria. I would be very cautious about using that figure. At this current stage, we are getting the information and I will see what we can continually advise, given it is a live process. We do not in any way want to impact our ability to deliver the best railcar manufacturing outcome we can achieve.

Mr D.C. NALDER: Again, I agree in principle with what the minister is attempting to do, but if I divide over 10 years the cost associated with building the assembly yards and all that, it will work out to over \$2 million more per railcar than we are currently paying. I want to make sure the economic modelling is being done so that the minister can justify to the community the additional cost of the railcars in light of the flow-through effect.

Ms R. SAFFIOTI: Did the member do that same analysis when he paid \$4.5 million per railcar, compared with what Victoria is producing at \$3.5 million?

Mr D.C. NALDER: The minister is undertaking a 10-year purchase that will commit the state beyond the forward estimates. She is significantly increasing the cost per railcar based on what we are currently paying and we want to make sure the work is being done to demonstrate that it is a good investment on behalf of the state. It is not just a hypothetical idea that we all agree with in principle that sounds right; we want to make sure the work is being done to back it up.

Ms R. SAFFIOTI: I am committed to doing that work. With regard to the A-class replacement, I am not sure whether it was 2015–16 when the billion dollar —

Mr D.C. NALDER: 2016.

Ms R. SAFFIOTI: Yes. That process had commenced in a sense but, unfortunately, for whatever reason it was cancelled. We believe and the reason we are doing the 246 railcars —

Mr D.C. NALDER: It was 300—50 by six—four-door C-series. That project went to cabinet, was approved, announced and was cancelled. We then did a retro fit with Queensland to get the additional series B to help with Forrestfield–Airport Link.

Ms R. SAFFIOTI: Yes. As I said, it is a live process. It is about getting all the information from industry. As I said, I will make a commitment to inform the public about how we are going, but I do not want to jeopardise our processes whatsoever.

Mr V.A. CATANIA: I refer to “Regional Community Services Fund” and “Regional Infrastructure and Headworks Fund”, under “Royalties for Regions Fund” on pages 538 and 540. At page 538 it shows \$13 million, \$10 million, \$13 million, \$13 million, \$13 million and \$79.939 million. Regional infrastructure headworks shows \$2 million in 2016–17 and nothing after that. On page 540 there are the same headings, “Regional Community Services Fund” and “Regional Infrastructure and Headworks Fund”, under “Royalties for Regions Fund”, showing \$5.624 million, \$33.861 million and \$17.5 million. Can someone explain what that is for? Is it anything to do with the school bus service in regional WA? Why the sudden balloon at the end of 2021–22? It has got me gobsmacked.

Ms R. SAFFIOTI: Pardon?

Mr V.A. CATANIA: I cannot follow it.

Ms R. SAFFIOTI: My understanding is that the 2021–22 increase is due to the funding for the regional school bus service. Is that correct?

Mr V.A. CATANIA: Is it funding entirely?

Ms R. SAFFIOTI: Not entirely, as I understand. Kevin Kirk can answer.

Mr K. Kirk: I will have a go. The \$13 million was consistent because that is the royalties for regions contribution to our regionally based staff. Over the forward estimates period 2021–22 a whole series of projects will be funded from royalties for regions. I need to check this but some of it might be the *Australind* replacement. I think there is some regional school bus funding and, potentially, even some regional bus services in our bigger regional centres. The \$2 million below that that the member referred to is the tail end of the school bus services fit-out of air conditioning and the like.

Mr V.A. CATANIA: Is the \$2 million for air conditioning put in by the previous government in Orange Buslines school buses?

Mr K. Kirk: I think that is what it was; it was the tail end of that project.

Mr V.A. CATANIA: What is the regional infrastructure and headworks fund of \$5.624 million and \$33.861 million for?

Ms R. SAFFIOTI: What page is the member referring to?

Mr V.A. CATANIA: It is page 540. It shows \$5.6 million, \$33.8 million and \$17.5 million. Can the minister explain the sudden increase over the next three years on that?

Ms R. SAFFIOTI: We will double-check. I will give the member the breakdown by way of supplementary information because we are not 100 per cent confident what is in there, but we believe it is the *Australind* and other regional projects.

Mr V.A. CATANIA: Can we have a breakdown of both the regional services and regional infrastructure funds?

Ms R. SAFFIOTI: Yes, as described on page 540—that is a breakdown of the regional infrastructure and headworks fund and the regional community services fund as described on page 540 of the budget papers.

[*Supplementary Information No A33.*]

Mrs J.M.C. STOJKOVSKI: Minister, having recently attended my first Dockers game at Optus Stadium, I used public transport to get there and back. I was really impressed with how smooth it was. I refer to “Optus Stadium Transport Project” on page 534 of budget paper No 2. Can the minister outline whether there are any plans to open the station outside event days?

[12.20 pm]

Ms R. SAFFIOTI: I thank the member for Kingsley for that question. I think the Dockers would have won.

Mrs J.M.C. STOJKOVSKI: One of the few times!

Ms R. SAFFIOTI: One of the few; we will see how we go this weekend!

I put on the record my appreciation of the Public Transport Authority, Transperth staff and everyone involved in getting people to and from the stadium. I know there are always some minor issues, but the feedback I have received is that people really appreciate and enjoy the experience of getting to and from the games. We have seen a significant number of people using public transport—more than was probably predicted in many cases. We have also seen a lot of activity on the bus network—a lot of people have been catching buses. On particular routes there is a significant number of people on buses—again, far more than predicted. Someone approached me very early on—I think it may have been the Chair, the member for Forrestfield—to say that they had received feedback from workers at the stadium, and I have also been contacted by members of the public who work at Optus Stadium, about wanting to be able to access the stadium to get to their jobs. That issue of trying to service the workforce had not been included in the initial forecasting. The PTA has been doing what it can to do that. That feedback, together with the popularity of the precinct for Western Australian families and the fact that there are not a lot of car parking spaces—it was never intended to have a lot of car parking spaces—has meant that following discussions with the PTA, we have been able to make the announcement today that, from 30 June, the Armadale train will stop at that station. That means that people will be able to access that station from the Armadale line south of the stadium, and of course from the city as well. That will assist people in getting there to visit the precinct on the weekends. We have been able to do that within the existing schedule. There will be some changes to the Armadale service, but not significant changes. Because of the lower patronage and the current frequency of the Armadale service on the weekends, we have been able to do that. Again, that will add to the significant popularity of that area. When the bridge is open, we will look at how to provide full-time access to the stadium from the other side with CAT bus and other public transport services.

Mr D.C. NALDER: I refer to page 535 of budget paper No 2 regarding the Metronet projects. The government has fully expensed for the Thornlie–Cockburn Link and the Yanchep rail extension. Going on what the Treasurer said yesterday—that Ellenbrook, Byford and Midland are not in there because the business cases have not been finalised—can I assume that the business cases for these two projects are finished and have been presented to Infrastructure Australia?

Ms R. SAFFIOTI: In relation to the business case process, we have been working really constructively with Infrastructure Australia. The director of the Metronet office might be able to comment, but in the middle to the end of last year, some of the business case processes changed in terms of what Infrastructure Australia required at stage 2 compared with stage 4. Last year we submitted a stage 2 business case and that was accepted by IA. We are in the process of finalising the final stage 4 business case. That will be finalised very soon. We have been working very well with Infrastructure Australia and the commonwealth department. The requirements it has put on all states in the business cases are significant and very rigorous, and include doing a number of options analyses—it is a lot of work. In relation to these numbers, we are confident with these estimated costs to complete the projects because we have done such a detailed analysis. Anthony, would you like to make any comments?

Mr A. Kannis: It is probably useful for me to clarify the business case processes. We are working between the Infrastructure Australia assessment framework and the strategic asset management framework of the state government, so we are working across two processes, which is where I think some of the terminology is being confused. The advice is that Infrastructure Australia requires a stage 2 submission, which in strategic asset management terms is our equivalent of a business case. Those business cases were issued to Infrastructure

Australia and the state government in early August last year. Just to give members some impression of the work that has gone into this, those documents have about 600 pages in total—they are substantial documents. Consistent with the next stage of the Infrastructure Australia and strategic asset management frameworks, the next part is the project definition. We are near the completion of the project definition for both those projects at the moment and they will be ready for government to consider in the near future. When we submitted the business cases or the stage 2 assessment framework to Infrastructure Australia, it came back to us wanting some follow-up information. We have gone back and given it more information. As the minister also pointed out, it has asked us to do some more economic analysis relating to the business case around the alternative options. We have to look at options such as bus rapid transit and light rail. IA has asked us to do a rapid benefit–cost ratio for those projects. That is why we are probably about two or three months behind where we had hoped to be at this time. That work is near completion and will hopefully be presented to government in the very near future.

Mr D.C. NALDER: We know that the Forrestfield–Airport Link is scheduled to be up and running in 2020. What dates is the government working towards for the Thornlie–Cockburn line and Yanchep rail line to be open?

Ms R. SAFFIOTI: It is as per our election commitments. In relation to the IA process, we are going ahead with the procurement process as we had planned. Because we have had a very interactive process with IA and it has been informed of all our processes along the way, we are confident that IA will not have a problem with the final business case. We are going ahead with our projects as we committed to.

Mr D.C. NALDER: In what year does the minister believe those two lines will be up and running?

Ms R. SAFFIOTI: I will double-check our commitment. Our commitments were 2021 or 2022—I think it is 2022, but we will check that.

Mr D.C. NALDER: Yesterday, the Treasurer mentioned that the operating subsidy for the FAL is about \$40 million. Does the minister have an indication of what the operating subsidies will be for these two lines, given the work done to this point?

Ms R. SAFFIOTI: We are finalising the project definition plans, so that is all being done. That will be done as part of the finalisation of the project definition plan. I can confirm that Yanchep will commence in 2019 and finish in 2021, and Thornlie–Cockburn has a similar time frame.

Mr D.C. NALDER: The department is doing the work, so does the minister not have the details of the operating subsidies that will be required at this point?

Ms R. SAFFIOTI: When we won government, no operating costs had been built into the Forrestfield–Airport Link budget.

Mr D.C. NALDER: I am just asking what modelling has been done.

Ms R. SAFFIOTI: As part of the PDP process, the department works through the operating model as well. Once the PDP process is finalised, I suspect that as part of the next budget process we will start to put together the operating costs for the Yanchep and Thornlie–Cockburn lines.

Mr D.C. NALDER: Does the minister have anticipated patronage numbers for these lines?

Ms R. SAFFIOTI: Just to let the member know, in relation to the PDP or stage 4 business case process, once those are released we will be able to publicly provide a full summary of those processes, which will contain a lot of this information.

Mr D.C. NALDER: Will we get anticipated patronage numbers at that time?

Ms R. SAFFIOTI: Yes, and the BCRs.

Mr V.A. CATANIA: Looking at the budget, the government has allocated \$750 million in the forward estimates to the Thornlie–Cockburn Link and the Yanchep rail link.

[12.30 pm]

Ms R. SAFFIOTI: Sorry; can the member say that again?

Mr V.A. CATANIA: On page 535, “Thornlie–Cockburn Link” and “Yanchep Rail Extension” are under “METRONET”. To complete those projects, the government is looking at about \$1 billion or just under; am I correct? About \$750 million is in the forward estimates, which is about \$350 million short to deliver those two railway lines. Where will those funds come from?

Ms R. SAFFIOTI: Sorry; is that the Thornlie–Cockburn Link?

Mr V.A. CATANIA: Yes.

Ms R. SAFFIOTI: As part of this budget we have also allocated \$100 million from the Western Australian Planning Commission, which is in the planning section. That is a \$100 million contribution to the project. Otherwise, all the funding is outlined in those statements. Is the member referring to page 535?

Mr V.A. CATANIA: Yes, but it is based on the Metronet figures under “New Works” on page 541, which is part 9.

Ms R. SAFFIOTI: The projects on page 535—Thornlie and Yanchep—are about to enter into procurement. They are both funded and there is \$100 million of source funding from the WAPC. Ellenbrook and Byford are projects under development and are under planning. We have received funding from the commonwealth for those and we would like to receive more. We are working through the funding for those projects as part of the next budget process. That is the outline of the projects.

Mr V.A. CATANIA: Six lines, or links, in total will make up Metronet; is that correct?

Ms R. SAFFIOTI: They are Forrestfield, Yanchep, Thornlie–Cockburn, Ellenbrook and Byford and the Midland extension to Bellevue.

Mr V.A. CATANIA: Of the six, which ones are fully funded at the moment?

Ms R. SAFFIOTI: Yanchep, Thornlie and Forrestfield.

Mr V.A. CATANIA: What are the estimated costs for those two projects?

Ms R. SAFFIOTI: Ellenbrook and Byford?

Mr V.A. CATANIA: No, Thornlie and Yanchep.

Mr D.C. NALDER: It is \$955 million.

Mr V.A. CATANIA: It is \$955 million. What estimates does the minister have for the other four Metronet links?

Ms R. SAFFIOTI: Forrestfield is \$1.86 billion. We have set forward a provision for Ellenbrook and Byford. Until we do the business case work, we will not —

Mr V.A. CATANIA: What is the estimated figure in the minister’s mind to complete Metronet? Surely, the government would have some understanding of whether it will cost \$5 billion or \$10 billion. Given that the commonwealth has put money in, surely the minister has some sort of figure to be able to complete Metronet. Does the minister have a figure in mind?

Ms R. SAFFIOTI: At the time of the election we announced \$2.9 billion for those rail lines, apart from Forrestfield. We have the estimated total cost for Thornlie and Yanchep because they have gone through detailed business case analysis. We are working on business cases for Byford and Ellenbrook. We are not going to release other numbers at this point. The commonwealth wanted to provide funding to the rail programs. We requested some funding but we want more funding, and that is what we will continue to do.

Mr V.A. CATANIA: Can the minister provide a rough estimate of how much it will cost to complete Metronet? The state has embarked on spending billions of dollars. I think it is right that taxpayers know how much it will cost to complete Metronet. Surely, after 14 months in government, the minister has a figure. Metronet is the government’s signature policy. What is the estimated cost for the completion of Metronet?

Ms R. SAFFIOTI: As I said, we announced a \$2.9 billion program. We are going through the business case analysis. The Langouant inquiry recommended putting ETCs on projects after the business case analysis had been undertaken. That is something we are very keen to do and we are working on those projects.

Mr V.A. CATANIA: I have a media statement from the Premier released on 27 April 2018. It indicates that the estimated cost of construction of the Ellenbrook line is \$1 billion, with \$500 million from the federal government. The extension of the Armadale line to Byford has an indicative estimated cost of \$481 million, with \$241 million from the federal government. The estimated cost of the Midland Station project is \$165 million. The Premier has been able to put out a media statement putting some figures on it. The minister has officers from the department behind her right now. This is the government’s signature policy, which probably got it elected, yet we cannot get even an estimate—not even a firm cost—of how much Metronet will cost the taxpayers of Western Australia. The government has a few dollars from the federal government to be able to start the project, but no money to complete it. There is nothing in the forward estimates. I think we know that it will contribute to state debt.

The CHAIR: Is there a question there, member?

Mr V.A. CATANIA: Can the minister give us an estimated cost of Metronet?

Ms R. SAFFIOTI: I said that the estimated cost at the election was \$2.9 billion. We are working to deliver estimated total cost figures —

Mr V.A. CATANIA: Is that \$2.9 billion for the whole of Metronet?

Ms R. SAFFIOTI: It is for the five new rail lines we have committed to.

Does the member know how much borrowing the previous government undertook for Forrestfield?

Mr V.A. CATANIA: I am asking about Metronet. The minister can ask the former Minister for Transport.

Mr D.C. NALDER: The original budget was set at \$2 billion.

Ms R. SAFFIOTI: How much of that was borrowing?

Mr D.C. NALDER: It was 100 per cent borrowing and it was 100 per cent funded by the state because at that time the commonwealth would not support rail projects.

Ms R. SAFFIOTI: The previous government undertook over \$1.3 billion of borrowing for that program.

Mr D.C. NALDER: Hang on; that has since changed.

Ms R. SAFFIOTI: We are trying to get more funds from the commonwealth and identify other areas such as land sales and funding through WAPC to minimise the cost to taxpayers.

Mr V.A. CATANIA: Metronet is the government's signature policy, but the minister still cannot provide an estimated cost of how much the whole project will cost. The minister has complained about the former government increasing debt and borrowings, but is this government not doing exactly the same? It is putting a project forward with no business case and no understanding of how much it will cost the taxpayers of Western Australia.

Ms R. SAFFIOTI: No.

Mr V.A. CATANIA: Can the minister tell us the estimated cost?

Ms R. SAFFIOTI: I am asking how much the previous government borrowed for the Forrestfield rail line.

Mr D.C. NALDER: What has that got to do with the question?

Mr V.A. CATANIA: I am asking the minister a question.

Ms R. SAFFIOTI: The member is talking about debt to fund rail lines.

Mr V.A. CATANIA: You are in government. You are the minister now.

Ms R. SAFFIOTI: How much did you fund for Forrestfield?

Mr V.A. CATANIA: You are the one who has made the policy of delivering Metronet.

Ms R. SAFFIOTI: You are the one who is saying that we should not borrow for rail lines. How much did you borrow for Forrestfield?

Mr V.A. CATANIA: I am asking what the cost is.

The CHAIR: Member for North West Central, you have asked the question and the minister has answered it.

Mrs L.M. HARVEY: My understanding is that the Morley–Ellenbrook commitment and the Armadale–Byford commitment were to commence in 2022; is that correct?

Ms R. SAFFIOTI: Commencing?

Mrs L.M. HARVEY: I understood the election commitment was that they would be constructed by 2022.

Ms R. SAFFIOTI: Ellenbrook is 2022; Byford is 2023.

Mrs L.M. HARVEY: Is Byford 2022 as well?

Ms R. SAFFIOTI: Byford is 2023.

Mrs L.M. HARVEY: Okay.

Ms R. SAFFIOTI: I will triple-check that. I will go through it again—Yanchep and Thornlie in 2020–21, Ellenbrook in 2022, and Byford in 2023.

Mrs L.M. HARVEY: Is that for the project to commence or the rail line to be completed?

Ms R. SAFFIOTI: Completed.

[12.40 pm]

Mr D.C. NALDER: Obviously, we do not have the final business cases for the Yanchep and Thornlie lines, yet they are fully expensed in the budget. At what stage is the Public Transport Authority with the Ellenbrook and Byford lines and at what point will it start expensing them?

Ms R. SAFFIOTI: I understand that there is a program of expenditure for that provision of \$750 million. I reassure the member that we have booked the revenue of \$750 million.

Mr D.C. NALDER: From the commonwealth?

Ms R. SAFFIOTI: Yes.

Mr D.C. NALDER: And that has been expensed as well?

Ms R. SAFFIOTI: Yes.

Mr D.C. NALDER: But there is no commensurate state expenditure.

The CHAIR: Is that a further question, member?

Mr D.C. NALDER: It is understated by 50 per cent at this point. At this point, the government has only a 50 per cent commitment from the commonwealth. I understand that it is trying to get more from the commonwealth, but at this point it has only 50 per cent. At this point, the project is understated by 50 per cent.

The CHAIR: What is the question, member?

Mr D.C. NALDER: I am just saying that the minister is confirming that the project is understated by 50 per cent at this point because the government is still seeking more support from the commonwealth and it has not expensed anything from the state. Therefore, the government is actually understating the net debt position of these projects on the basis that it has made only a 50 per cent commitment to the projects to date.

Ms R. SAFFIOTI: No; there are a couple of other potential sources of funds. There is also the forward estimates. We have allocated \$3.6 million to Metronet over the forward estimates. It is a major commitment and it includes the Forrestfield rail line. The borrowings currently attributed to Metronet are primarily driven by the Forrestfield rail line, because the previous government did not identify land sales and was not able to secure a fair share of funds from the commonwealth.

Mr D.C. NALDER: That has nothing to do with the question. If the minister wants to go into that, I would ask her why she walked away from the land sales for the NorthLink WA project.

The CHAIR: Member for Bateman, can you let the minister answer, please.

Ms R. SAFFIOTI: I am very confident that we have the right planning in place, the right financial analysis being undertaken, a dedicated team trying to source more funds from the commonwealth and a process that will allow us to deliver our commitments.

Mr V.A. CATANIA: As far as I can understand it from the minister's answers—she cannot give us an estimated cost of Metronet—Metronet is based on what the federal government can give the state government. Metronet is based on getting funds from the federal government between now and the future to complete the project; am I correct?

Ms R. SAFFIOTI: There are three sources of funds. There is federal government funding, there are other sources of revenue—for example, land —

Mr V.A. CATANIA: The minister's budget is relying on federal funding.

The CHAIR: Member, can you let the minister answer, please.

Ms R. SAFFIOTI: Why did you guys not try to get funds from the commonwealth for your rail programs?

Mr V.A. CATANIA: This is the government's project.

Ms R. SAFFIOTI: I do not understand why we would not want to get more funds from the commonwealth.

Mr D.C. NALDER: I am not saying that at all.

Ms R. SAFFIOTI: I think that is what the member for North West Central is saying.

Mr D.C. NALDER: No. We are not saying that at all. The total cost of estimates was provided in the press release put out by the Premier. The commonwealth government has committed 50 per cent of the funding. On the basis that the government has expensed the funding from the commonwealth, it is still 50 per cent shy in expensing the remainder of the project. Wherever the government gets that from, it is currently 50 per cent shy. The minister is saying that it is because the government either is trying to source new funding or has not completed the business case, but it is still understating the anticipated cost —

The CHAIR: What is the question, member?

Mr D.C. NALDER: How can the government therefore expense the commonwealth 50 per cent when it is not clear about the business case; or, if it is clear about the business case, why is it not putting in the remainder of the expenses, because the state has responsibility for those?

Ms R. SAFFIOTI: It is because if we had accounted for the revenue from the commonwealth and not the expense, the member would have said that we were artificially decreasing net debt by \$750 million.

Mr D.C. NALDER: I am saying that the government is artificially decreasing net debt by \$750 million by not putting in the remaining 50 per cent cost.

Ms R. SAFFIOTI: The member is trying to say that we should not have expensed this—this is not expensed anyway; it is capitalised because it is an asset investment—and we should have accepted the \$750 million and not attributed it in the asset investment program.

Mr D.C. NALDER: If the minister wants me to say something, I will say that the government should not have booked the commonwealth money as revenue, or expensed it, at this point until it was clear about its business case and its agreement so that it could put the whole project in there.

Ms R. SAFFIOTI: If the commonwealth wants to give us money in 2017–18, what do we do—say no?

Mr D.C. NALDER: If the government is not ready and it has not done a business case for the project and it cannot expense it, it should put it to something else. It cannot put it to that if it is not ready for it.

Ms R. SAFFIOTI: The commonwealth wanted to fund Metronet.

Mr D.C. NALDER: The government has understated net debt.

The CHAIR: Member for Bateman!

Ms R. SAFFIOTI: No, we have not.

Mr D.C. NALDER: Yes, it has. The Treasurer admitted it yesterday.

The CHAIR: Member for Bateman!

Ms R. SAFFIOTI: If the commonwealth wants to give us some funds in 2017–18, what do we say—no?

Mr D.C. NALDER: Put it against something that is ready.

Ms R. SAFFIOTI: It wanted to fund Metronet.

Mr D.C. NALDER: But the government does not have something ready, so how does it book it?

Ms R. SAFFIOTI: It wanted to fund Metronet.

Mr D.C. NALDER: How does the government book it if the project is not ready?

The CHAIR: Is there a further question or shall I finish this division?

Mr V.A. CATANIA: The member for Bateman is right. The \$750 million that the government has booked leaves a gap of 50 per cent. It has put \$750 million into the project without knowing where it is going to get the other \$750 million from. Is that not a problem?

Ms R. SAFFIOTI: There is a provision of \$750 million.

Mr D.C. NALDER: That is from the commonwealth; that is half of it.

Mr V.A. CATANIA: Where is the other half to be able to complete the project?

The CHAIR: Member for North West Central!

Ms R. SAFFIOTI: Members are also forgetting about the forward estimates.

Mr D.C. NALDER: The minister is not answering this.

Ms R. SAFFIOTI: No, no. Members are forgetting about the forward estimates for 2022–23, which do not currently exist. We do not have to fully account —

Mr D.C. NALDER: It is a 50–50 project.

The CHAIR: Member for Bateman!

Ms R. SAFFIOTI: I am saying that, currently, we do not fully account for the project in the forward estimates anyway.

Mr V.A. CATANIA: Why is the government not being open and transparent with the people of Western Australia? It went to the election saying that it would reduce debt and build Metronet. Now, as the detail starts to filter through, we find that the government has no money to complete the delivery of its principal policy of Metronet. It does not even know how much it is going to cost the taxpayers of Western Australia, and it is reliant on the federal government being able to pay.

The CHAIR: Member, you need to ask a question, not make a statement. Member, what is the question?

Mr V.A. CATANIA: My question is: the government has misled the people of Western Australia on how much Metronet will cost.

The CHAIR: That is a statement.

Mr V.A. CATANIA: The government is looking at in the order of billions and billions of dollars that it has not put in the book.

The CHAIR: Once again, there is still no question there.

Ms R. SAFFIOTI: Justify that claim.

Mr V.A. CATANIA: The minister is not giving —

Ms R. SAFFIOTI: No, justify it.

Mr V.A. CATANIA: The minister is not giving —

Ms R. SAFFIOTI: Justify it.

Mr V.A. CATANIA: You justify how much it is going to cost.

Ms R. SAFFIOTI: Justify your claim.

Mr V.A. CATANIA: Justify how much Metronet is going to cost. You cannot tell me.

Ms R. SAFFIOTI: Tell me how much you borrowed for the Forrestfield rail line.

The CHAIR: Member for North West Central and minister! If there are no further questions, I will bring this division to an end.

The appropriation was recommended.

Division 41: Planning, Lands and Heritage — Services 1 to 6, Planning; Lands, \$148 615 000 —

The appropriation was recommended.

Division 42: Western Australian Planning Commission, \$95 897 000 —

The appropriation was recommended.

[12.50 pm]

Division 43: Western Australian Land Information Authority, \$34 789 000—

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Lands.

Ms J. Cant, Chief Executive.

Mr G. Dewar, Chief Financial Officer.

Mr R Farrell, Chief of Staff, Minister for Lands.

[Witnesses introduced.]

The CHAIR: The member for North West Central has the call.

Mr V.A. CATANIA: I refer to page 624 of budget paper No 2, volume 2. The second dot point under “Significant Issues Impacting the Agency” refers to strata reforms. When is it likely that the strata titles amendment bill will be introduced and what consultation has occurred on the bill?

Ms R. SAFFIOTI: The strata title reform is expected to be introduced in Parliament in the next two or three months. The consultation has been extensive. Significant consultation has occurred with a range of industry groups in particular. That has been ongoing for a number of years, but I will ask Jodi Cant to provide more detail.

Ms J. Cant: It has been ongoing for a number of years and includes everything from presentations to comments on the drafting of the bill and on portions of the bill relevant to industry. A media engagement strategy has also been ongoing. A lot of information is available via the website, but we have also been doing face-to-face briefings over a number years.

Mr V.A. CATANIA: My understanding of the draft bill is that if someone owns 75 per cent of a strata development or a building, they have the final say over the remaining 25 per cent in terms of being able to develop or buy out those individuals at whatever the value of the land is to date. Is that what is in the legislation?

Ms R. SAFFIOTI: A process is described and I will ask Jodi to provide more detail on the termination of strata titles in particular. I know that this is an interesting issue of community debate. For example, we have seen that basically safety or other upgrades cannot be made to older apartment stock because a unanimous agreement cannot be reached. An example has been highlighted to me about a hotel group—I will not say its name—that purchased one apartment in a block in order to stop the rest of the owners from selling out and upgrading, because if that block was redeveloped, it would absolutely block its view from another site. It is an interesting area of debate. The bill creates the 75 per cent provision, and it also puts in place a number of safeguards to ensure that people are protected throughout the whole process.

Ms J. Cant: That is correct. As the minister just outlined, a person who owns one apartment in a large apartment building can basically block the wishes of the rest. It is a pragmatic approach, but it is also a draft bill and it has been out for stakeholder comment.

Mr V.A. CATANIA: Some of the issues brought to me are about people not being worse off and having the ability to get like for like. A person may live in a rundown apartment block that developers want to develop. If that person wants to purchase something else in the same street or a similar area and they have no option but to take the amount given to them by the developer, how can they purchase that without being worse off? How are they no worse off if they have to relocate? What protections are in place for the elderly or people who want to spend the rest of their life living in that place? How are those people protected?

Ms R. SAFFIOTI: Landgate will have mechanisms to facilitate that, including the ability to set up assistance. I want to point out a couple of other things. For example, over many years in my electorate, the development industry has come in and purchased greenfield sites to develop land. Sometimes structure plans are placed over a person's land. I have dealt with many situations in which a person's land is reserved for high schools, primary schools or playing areas, for example. The whole issue of working for future development has existed for a long time, in particular for greenfield developments. A group of people came to me representing people with disabilities who lived in an old strata block. Many people in that block wanted an upgrade to have lifts installed to assist people with disabilities to remain in that block. That was blocked by a couple of people who did not want the noise, and they basically forced those people with disabilities to move out from that apartment block because they had no other choice. These are the other issues that exist, but there will be mechanisms as part of the whole project to ensure that people are protected in the process.

Ms J. Cant: That is right. Obviously, the State Administrative Tribunal will play a part in that. It is really a pragmatic approach and it will be determined case by case.

Mrs L.M. HARVEY: Is it envisaged in these sorts of scenarios that the legislation might contemplate people being paid out on the uplift value of their property rather than the current market value? If a person owns an apartment in a zone that can be upzoned, it is worth a lot more money should the zoning proceed or progress.

Ms R. SAFFIOTI: The interesting question is: when is the uplift built into the value? Sometimes, irrespective of the zoning process, when properties go through an uplift, that is already built into the price. I suspect that that is applied to all existing land development. There is a lot of discussion around infill and regeneration, but this has been happening in Perth for many years in areas that have been further developed. We have seen that happen in many of our electorates to existing landowners when a development front comes through. This is more about the strata title changes. This is part of the process of trying to allow for not only fair compensation for existing landowners, but also development to occur and to, in a sense, satisfy the majority ownership.

Mr S.A. MILLMAN: I have a further question on that. We have heard about some of the risks associated with strata title reform. Presumably some intended benefits will accrue as a result of these reforms. Can the minister speak to those benefits?

Ms R. SAFFIOTI: One of the big benefits is the creation of community titles. Shared infrastructure is a huge benefit for affordability and the further development of apartment and mixed-use living in WA. Having strata titles encourages mixed use. It facilitates a mixture of commercial and residential properties. It allows for shared infrastructure, which reduces the costs for people who want to live in high or medium-density housing. What has happened so far is that when precincts are developed, each apartment building needs, in a sense, its own associated infrastructure. That all adds to the cost. Strata titles allow for better precinct development and the shared use of renewable energy. In summary, the benefits allow for mixed-use development, the creation of precincts and the ability to address some affordability arguments.

The appropriation was recommended.

Meeting suspended from 1.00 to 2.00 pm

Pilbara Ports Authority —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Lands.

Mr N. Sarandopoulos, Acting Chief Executive Officer.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for Scarborough.

Mrs L.M. HARVEY: I refer to page 35 of budget paper No 3 and the reference to the impact on profit of lower forecast export volumes through the Utah Point facility. What proportion of the operating costs of the Pilbara Ports Authority sits within Utah Point?

Ms R. SAFFIOTI: I not sure whether we have that information on the percentage that rests with Utah Point on hand, but I am happy to provide that by way of supplementary information.

Mrs L.M. HARVEY: Thank you.

Ms R. SAFFIOTI: I will provide the percentage of operating costs that are reflected by the Utah Point port operations.

[Supplementary Information No A34.]

Mrs L.M. HARVEY: If Utah Point is sold, will those operating costs flow through with the sale or will some of them need to remain with the Pilbara Ports Authority?

Ms R. SAFFIOTI: There has been no decision on Utah Point. Analysis is being undertaken by government. All aspects in relation to the shared costs between Pilbara Ports Authority and Utah Point are factors in any analysis. I cannot make statements about a hypothetical sale, because the decision has not been made, but, as part of any analysis, all these issues with respect to shared costs and other infrastructure costs will be taken into account.

Mrs L.M. HARVEY: I refer to page 222 of budget paper No 3 and “Item 115: Pilbara Ports Authority”, which has an approved excess of \$7 million. What does that figure relate to?

Ms R. SAFFIOTI: I will ask Nick to provide further explanation.

Mr N. Sarandopoulos: It represents the increase in equity contribution back from the state as a result of increased volumes through Utah Point. Because it is dividend exempt, we get a dividend exemption and that comes back through as equity contribution.

Mrs L.M. HARVEY: Last year, there were some increases in Pilbara Ports Authority’s fees and charges. Are increases expected this year in fees and charges for port authority users?

Ms R. SAFFIOTI: From 1 July 2018, there will be the following increases in fees and charges at the port: an increase of five per cent on port dues and tonnage fees at the port of Port Hedland and the port of Dampier, an increase of 30 per cent on bulk cargo wharfage at berths 1, 2 and 3 at the port of Port Hedland and an increase of seven per cent on all other fees at the port of Port Hedland and the port of Dampier, excluding the port improvement rate and other charges, such as land-related fees. I think that covers all the fees and charges.

Mrs L.M. HARVEY: How much revenue are those increases expected to raise?

Ms R. SAFFIOTI: The revenue increase is expected to raise \$62 million over the forward estimates.

The CHAIR: That completes the examination of the Pilbara Ports Authority.

Southern Ports Authority —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr N. Fertin, Chief Executive Officer.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Scarborough.

Mrs L.M. HARVEY: Further to the decision by Cleveland–Cliffs to close its mining operations at the end of 2018, has any analysis been undertaken of the financial impact that this will have on Esperance port?

Ms R. SAFFIOTI: What page is the member referring to?

Mrs L.M. HARVEY: Southern Ports Authority is on page 547 of budget paper No 2. There has been significant asset investment. We have minor works programs factored into the out years.

[2.10 pm]

Ms R. SAFFIOTI: Sorry, on page 547? Unless I am missing something, I have Western Power.

Mrs L.M. HARVEY: Southern Ports Authority, budget paper No 2, volume 2.

Ms R. SAFFIOTI: With regard to the Southern Ports Authority, negotiations and discussions are ongoing about the Cliffs’ operations issue. Again, things are happening at the moment with other parties involved in the whole process. I am not able to provide further advice about what would happen in volume or trade because it is all happening at the moment.

Mrs L.M. HARVEY: I would have thought that for the budget, some analysis on this impact would be factored into the revenue streams coming back to government from the port.

Ms R. SAFFIOTI: In chapter 3 of budget paper No 3, headed “Fiscal Outlook and Strategy”, Treasury outlines a number of spending risks. It states at page 63 that one of the risks for the Southern Ports Authority is the early closure of Cliffs’ Yilgarn operations. As I said, it is not as though I want to avoid discussing this in detail, but very commercially confidential discussions are currently happening about those operations and what is happening at the Southern Ports Authority with prospective volume changes, so I cannot elaborate at this time. I also want to outline that the cut-off date for the budget was the first week of April. At that time, there was some early understanding of what was happening, but since then things have progressed significantly, and other commercial parties are involved. Those discussions are in the process of being finalised and should be finalised soon.

Mrs L.M. HARVEY: Could the minister elaborate on what those discussions are about? Are they about another customer through the port or the sale of the assets? The minister was a bit unclear about what those discussions are about.

Ms R. SAFFIOTI: They are discussions about Cliffs’ operations that would impact the port. Discussions are happening about the future of Cliffs. Those discussions would ultimately impact the return to profitability and the ownership of assets at the port, but I cannot describe that in any great detail at this point in time, if the member knows what I am saying. Parties are involved that are currently in negotiations about Cliffs’ assets and future operations.

Mr W.R. MARMION: Without the minister saying what the discussions are about, is there a possibility that the operations of Esperance port will continue along the same lines?

Ms R. SAFFIOTI: Yes, a lot of possibilities are being discussed. They are decisions partly of government, but more of the private entities involved, so the government is being represented through a joint effort between the Southern Ports Authority, the Department of Jobs, Tourism, Science and Innovation, the Department of Transport, the Department of Mines and Petroleum, and the Department of the Premier and Cabinet—a joint effort across government to see what can be done to facilitate a continued export of iron ore in that area.

Mr W.R. MARMION: I have a general question about operations. When I was briefly Minister for Transport, one of the issues that the Southern Ports Authority had at Esperance was that someone—it may have been Cliffs—had a lease on a shed that was empty, and someone else wanted to use that shed, but they could not use it. If indeed it is Cliffs, will the minister consider in future negotiations about leasing property at Esperance port—through experience now learnt—that if someone is not using a shed, there is some sort of clause that would enable someone else to use the shed in order to get more exports out of Esperance port?

Ms R. SAFFIOTI: It is a good point. It is one of those factors being considered at the moment about control over assets that could potentially be used by other parties. It is definitely an issue that is in front of us. It is pretty complex—some very big players are involved at the moment that are trying to secure a future. I cannot elaborate any more because I do not want to jeopardise future operations.

Mrs L.M. HARVEY: A further question on where we were previously. With regard to the cross agency collaboration the minister was talking about, is that a formal task force?

Ms R. SAFFIOTI: I am not sure whether it has been named anything, but the Department of the Premier and Cabinet is coordinating our response to proposals being put to us. In doing that, it deals directly with all the relevant agencies to ensure everyone is working together to achieve the same outcomes. The Department of the Premier and Cabinet is coordinating the effort, linking through our office to the Southern Ports Authority, which is minister Johnston’s area, and of course through the Premier’s own department of JTSL. It is a coordinated effort to make sure that we have timely and accurate information in front of us in our dealings, and also making sure there is an understanding across government about the proposals.

Mrs L.M. HARVEY: There were some issues at Bunbury port with the methanol storage facility and Iluka Resources having a conflict with the proposed location of the cruise shipping platform. Where are those negotiations up to?

Ms R. SAFFIOTI: I will just talk broadly and then I might refer to Nicolas on those particular things. The whole waterfront stage 3 proposal is looking at how to utilise that area of Bunbury port to facilitate further tourism activities, including the enhanced cruise ship visitation. A part of that has been working with existing industrial companies that are located there. We have already seen some movement, but we are continuing discussions about the potential movement of some of the industrial infrastructure to the other part of the port. This is all being picked up as part of the Bunbury Development Committee and a business case is being developed for the entire Bunbury waterfront. Stage 1 has been delivered, stage 2 is underway, and stage 3 is at the business case process, working through the Southern Ports Authority, LandCorp and the South West Development Commission to develop and finalise a business case for stage 3 of the Bunbury redevelopment. I will refer to Nicolas for further details about those two particular companies.

Mr N. Fertin: We worked hard at relocating the trade that is facilitated at the outer harbour, being methanol import or Iluka mineral sands. In recent months we have worked with Iluka to demolish some tanks that are not normally being used. We are working with LandCorp, the Department of Planning and the City of Bunbury to find a way to continue the relocation while continuing to increase cruise ship operation.

Ms R. SAFFIOTI: We are very cognisant not to jeopardise jobs, in particular. We are working with companies, and it is all part of a longer-term vision for the waterfront. The previous government committed to stage 1, and I think we helped contribute to stage 2, so a lot of work has already been undertaken around that entire area, and by working progressively with the community and industrial proponents we will continue to facilitate the new waterfront project and also increase visitation by cruise ships.

[2.20 pm]

Mrs L.M. HARVEY: How many cruise ship companies have indicated an interest in visiting Bunbury?

Ms R. SAFFIOTI: That is probably tied up more with the Minister for Tourism. One of our issues with cruise ships is the need to sell the overall package. From what we have seen with the upgrades to Fremantle port and the further development of a marquee port at Broome, it is all about trying to increase the continued presence of cruise ships in WA so that places such as Bunbury get more visitation. It is an entire package and it is about making sure that Fremantle continues to play its role and the cruise industry has a reliable and predictable place to visit. The continued works we are doing in Fremantle plus the development of Broome are the two sort of key —

Mr V.A. CATANIA: Not Exmouth.

Ms R. SAFFIOTI: As the member knows, Exmouth is a longer-term proposition. Again, if there were an easy answer, it would have been done.

The CHAIR: We are talking about the Southern Ports Authority.

Mr W.R. MARMION: Can the minister advise whether there are any plans to expand Bunbury port; and, if so, does it require any change to the Preston River mouth?

Ms R. SAFFIOTI: Nicolas will answer that question.

Mr N. Fertin: In 2009, the inner harbour structure plan was approved, and that planned for the relocation of Preston River. We are working with the electoral commitment to do an amendment to the 2009 inner harbour structure plan to find a phased approach to unlock the land, and we believe that this will resolve the issue with Preston River.

Mr W.R. MARMION: Does that mean that in the long term we will leave Preston River in its location? For any future expansion, can we deal with it in its present location? Is the minister saying that we do not have to move it?

Mr N. Fertin: We are considering alternatives to minimise the cost of the relocation. Marine experts are considering several options and the Department of Water and Environmental Regulation is working with us to find a solution.

The CHAIR: That completes the examination of the Southern Ports Authority.

Western Australian Land Authority —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Lands.

Ms F. Barclay, Chief Financial Officer.

Mr F. Marra, Chief Executive Officer.

Mr D. Mudford, Chief Operations Officer.

Mr D. McFerran, Principal Policy Officer.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Scarborough.

Mrs L.M. HARVEY: I refer to page 249 of budget paper No 3 and the table “General Government Revenue from Public Corporations”. Under “Other Agencies”, the dividend for LandCorp from 2017–18 to 2018–19 drops by about \$20 million. Can the minister please explain that drop and also advise the forecast profit for LandCorp for 2018–19?

Ms R. SAFFIOTI: I will ask Frank Marra to answer that.

Mr F. Marra: In response to the first part of the question relating to the reduction in the dividend, in the previous year the dividend was boosted by two special dividend payments related to specific projects. The first one was the Mt Claremont project, which was a joint undertaking between the state and the Town of Cambridge for what is known colloquially as area G adjacent to Bold Park. The project was completed. The total net revenues of that project were provided as a special dividend to the state, and the state distributed those dividends between it and the Town of Cambridge in accordance with the formula that was agreed some years ago. There was another reduction from last year to this year’s proposed dividend because last year also included a special dividend

payment relating to the Joondalup Wolves site where the previous government required \$4 million of value of that project to be contributed to VenuesWest to assist with paying for sport facilities relocations at the City of Joondalup. Those two transactions were one-offs and will not continue into this year.

Mrs L.M. HARVEY: What is the forecast profit for LandCorp for 2018–19?

Mr F. Marra: The forecast profit before tax is \$29.9 million.

Mr V.A. CATANIA: I refer to land agencies on page 255 of budget paper No 3 and the subsidies being paid to LandCorp. What components make up the line item “Other subsidies: Various Projects—Royalties for Regions”?

Ms R. SAFFIOTI: Does the member want the breakdown of that line that has \$51.9 million in 2018–19?

Mr V.A. CATANIA: Yes.

[2.30 pm]

Ms R. SAFFIOTI: The subsidy represents the following projects for 2018–19: Albany–Middleton beach, \$1.9 million; Karratha City of the North project, \$2.9 million; Nambelup transform Peel project, \$25.1 million; Bunbury–Casuarina Harbour project, \$5 million; transforming Bunbury waterfront project, \$2.5 million; and the Sea Dragon Road to facilitate Operation Sea Dragon, \$14.1 million. That is a sub-total of \$51.5 million, plus the Port Hedland Spoilbank Marina, \$1.3 million. That is the equity funding, so the total is \$52.8 million. Sorry, that \$51.9 million excludes the \$1.3 million from Port Hedland. All those, apart from Port Hedland, equal \$51.5 million.

Mr V.A. CATANIA: Is the Port Hedland one in there?

Ms R. SAFFIOTI: It is probably somewhere else. It is an equity component so it is not showing in the expenses column, but somewhere else.

Mr C.J. TALLENTIRE: I am interested in the establishment of the industrial lands authority and refer to the first dot point under “Asset Investment Program” on page 621 of budget paper No 2. It refers to the establishment of the industrial lands authority, and \$28.9 million. I am keen to hear from the minister how that establishment is progressing and what its status is.

Ms R. SAFFIOTI: As part of our reform program for both LandCorp and the Metropolitan Redevelopment Authority, we are trying to create an industrial lands authority to ensure that the authority’s focus is on generating jobs and facilitating industrial growth. As part of that process, we are trying to focus on why we have industrial lands, in a sense facilitated by LandCorp. It is to create new employment opportunities. That is in the process of being finalised. I think a couple of new roles have been created as part of this reform process. The board has signed off on its creation. I hope we will be able to make an announcement in the next six weeks.

One of the components of the industrial lands authority is to ensure it reports to not only me as the Minister for Lands, but also the Minister for Development, Jobs and Trade and the jobs subcommittee of cabinet. Its aim is to coordinate and make sure we facilitate new jobs and industrial growth through a coordinated approach, while making sure we are constantly looking at how we can facilitate the creation of industrial land to create new job opportunities.

Mr W.R. MARMION: This is an interesting issue because some decades ago there was the Industrial Lands Development Authority, which had a role in creating industrial lands. It was very useful, but about 10 years ago when LandCorp’s focus became more residential, there was a bit of a problem. It is really good that some focus is being directed to industrial lands.

My question relates to the same dot point. The \$28.9 million refers to the Australian Marine Complex. Can the minister outline how much of the \$28.9 million is being invested in the Australian Marine Complex? Is it the expansion of the land area? I was there a couple of weeks ago and noticed a fair bit of work is being done expanding it southwards. It guess it is called the land-backed area. Is that the project this is referring to?

Ms R. SAFFIOTI: With specific reference to the AMC project referred to, \$2 million has been allocated to that for a general upgrade of the common-user facilities. The other projects, of course, include the development cell at Hope Valley, Wattleup, Stake Hill, Nambelup, Neerabup, Meridian Park, Forrestfield and other industrial projects that comprise in total the \$28.9 million.

Mr W.R. MARMION: Is the \$2 million for the CUF? Who is doing the work expanding the land base on the water south of the current area?

Ms R. SAFFIOTI: I understand that is part of the ongoing defence industry discussion. Further discussions are being held between LandCorp and the Minister for State Development, Jobs and Trade on how we go forward on that. It is all part of the wider plan to expand our defence capability in that area.

Mrs L.M. HARVEY: I refer to page 621 and the Murdoch health and knowledge precinct. I understand there was an expression-of-interest process to sell some land parcels to the private sector. Has that process been completed?

Ms R. SAFFIOTI: Final settlement has not occurred for that land transaction but an announcement was made about the work being done with the Fini Group on stage 1A of the medical hub. Mr Marra, would you like to comment on that?

Mr F. Marra: An announcement was made several months ago. The Fini Group was appointed the preferred bidder for that site. The contract has gone unconditional for stage 1A for the first three lots to be completed at stage 1A. That is due to settle in the middle of June. They are undertaking their development planning works at the moment to get a development approval finalised so they can construct on that site. As the minister indicated, it is part of the health and knowledge precinct to provide various uses in line with that.

Mrs L.M. HARVEY: What is the value of that land transfer?

Ms R. SAFFIOTI: As it is due to be settled, I cannot give that information out. Once it is settled, it will be made public.

Mr W.R. MARMION: My question relates to the second dot point on page 621, which refers to \$109 million to be invested in a program of works. It refers to redevelopment of the former Shenton Park health campus, which is in my electorate. I know it very well because there is a temporary roundabout in place that I go through every second day. It seems to be working quite well at the moment. I was a bit surprised, but I think when it has two lanes, it will work better. Can the minister outline the timetable for that development?

The only controversy in my electorate has been bush along Lemnos Street. A group of people would prefer that some parts of the development could be higher and traded off with some bush. I am interested in LandCorp's comment on that.

Mr F. Marra: The project is well underway, as the member has indicated. The first sites have been released to the market and allocated to two significant developers. The heritage building of Victoria House has been allocated to the Fini Group, which has an adaptive reuse of the heritage house component. It plans to also build some significant buildings adjacent to it to get excellent use there. TRG Properties Pty Ltd, with Prime West Management, has been allocated probably the most complex site for residential and the retail component at the entry to the estate—some 150 apartments and the retail component.

[2.40 pm]

Mr W.R. MARMION: Is that in front of the roundabout?

Mr F. Marra: Yes; that leads in front of the roundabout. Those were the two sites that were initiated. The roundabout should be completed in August and other work should be completed after that. On the planning matter regarding the trees on Lemnos Street, as the member would be aware, we undertook a very significant consultation program when we were designing the site. That took into account a whole lot of community wishes, ranging from retaining heritage elements through to providing a retail component for people who live in that area and a level of density close to the train station. On that basis, a lot of the residents in the area were very conscious of not having unlimited height in that location. The school and neighbours were quite particular about not wanting overly tall buildings there. That is why the limits on the structures are in place. The trees on the Lemnos Street site have been very carefully dealt with. Over 25 per cent of the entire site will be retained for public open space. Tree retention has been paramount in this location.

Ms R. SAFFIOTI: Something that we will take forward in our discussions about infill is that often it is a balance between height and the retention of vegetation and other space. Traditionally, the focus has been on height—height has been the enemy of the community. However, the more height there is, the less the impact on other parts of the community. I think that is something the community is starting to learn and appreciate. I was recently on radio discussing what is happening between the Western Australian Planning Commission and the City of Subiaco with development. If the community works with the government and wants height and significant density in the new Subi East area, that will relieve the pressure on the rest of the community. As I said, I think in the past the focus has been on height, but people are starting to appreciate that the more dense the development, in many instances there is the ability to retain more heavy vegetation across the rest of the community. That is where the discussion is now moving, particularly as all councils, the state and the community are grappling with the need to get more sensible infill and density. I think that is where the discussion is moving to.

Mr W.R. MARMION: I understand that. The other complication is that if it is near a railway station, car parking is also needed for people who want to drive there. There are three competing things—bush, car park and height.

Ms R. SAFFIOTI: It is more expensive, but we have done a lot of at-grade parking for car parks at stations, which, in a sense, is a waste of good land. The land adjacent to the station is a car park when really, if we could start to develop more options for multideck or multilevel car parks, we would be able to get in more housing and still facilitate the car parks that are needed. That is a discussion that we need to continue to have.

Mr W.R. MARMION: I had a good consultation from LandCorp on the master plan. What the people who are concerned about the bush were suggesting is that some bush at the front—Mr Marra knows what I am talking

about—could have been set off against some further height at the back, where there are no residents. The land is fairly flat there, so one could argue that they had a point. I thought it was all done and dusted, but I read in the *Post*—I know the *Post* is not the most reliable reference source —

Ms R. SAFFIOTI: The member for Nedlands is saying that, not me!

Mr W.R. MARMION: I do not mind saying that. I thought I read in the *Post* last week or the week before that LandCorp was looking at it again. I read it inadvertently.

Ms R. SAFFIOTI: It is currently a subdivision application before the WAPC. That is where the process is at.

Mrs L.M. HARVEY: The third paragraph on page 621 of the *Budget Statements* outlines that most of the project activity by LandCorp is delivered in partnership with the private sector. How many joint venture partnerships with the private sector would LandCorp have on the go at the moment?

Ms R. SAFFIOTI: Most of the joint ventures are the big greenfields developments out at Alkimos. There are three—Alkimos, Eglinton and Port Hedland. Normally, it is when a significant private sector contribution is needed so that it is not all carried on the LandCorp balance sheet. They are normally long-term projects.

Mrs L.M. HARVEY: What is the split between LandCorp's investment and the private sector investment in each of those three joint ventures?

Ms R. SAFFIOTI: I refer that to Mr Marra.

Mr F. Marra: Each individual partnership arrangement is different. The first one the minister referred to is the Alkimos Beach partnership project that LandCorp has with Lendlease Corporation. That one is generally on a 50–50 basis, but LandCorp retains full ownership of the land. The Eglinton project is a partnership arrangement with the Satterley Property Group. LandCorp retains 100 per cent ownership of the land and provides 100 per cent of the equity finance for the development. The Satterley Property Group receives project management fees and success fees for that project. The third one is in South Hedland. That is a future development between LandCorp and Cedar Woods and will be undertaken on a 50–50 partnership arrangement.

Mr V.A. CATANIA: LandCorp has three partnerships with private industry. How is that different from past years? Is that the norm or are there more developers participating with LandCorp than in the past?

Ms R. SAFFIOTI: I will double-check with Mr Marra, but those three agreements have been entered into for a number of years.

Mr F. Marra: These three partnership arrangements have been in place for a number of years. In the past, other projects have been delivered in partnership but they have been completed. LandCorp has had a partnering program for well in excess of a decade. Past projects have been completed, which is why I have not mentioned them.

Mr V.A. CATANIA: Are there any projects on the horizon for LandCorp to partner with the private sector into the future?

Ms R. SAFFIOTI: As Mr Marra just quickly outlined to me, LandCorp is always looking at opportunities where we believe there is value for money and we can manage the risk. There are no live proposals before us currently, but, similar to the Department of Housing or Department of Communities, we are always looking at opportunities where it would be of benefit to the state to undertake a joint venture. As we said, the three we have outlined have been in place for a number of years.

Mrs L.M. HARVEY: Is LandCorp involved in the Spoilbank Marina project in Port Hedland?

Ms R. SAFFIOTI: Yes, it is. It has funding in the current budget over the next four years for the Spoilbank Marina. The Pilbara Development Commission, with the Minister for Regional Development, is undertaking further analysis of the marina project and is developing the business case. LandCorp is assisting the Pilbara Development Commission with that work, which is ongoing. There is significant funding—about \$40 million—in the forward estimates of LandCorp's budget as a government equity contribution from the consolidated account for the Spoilbank Marina.

Mrs L.M. HARVEY: I understand that there are some concerns with the major iron ore companies operating out of there about safety and the potential conflict that could arise between sailboats, recreational vessels and the main users of the facilities, being the mining companies. Which of the mining companies have been consulted so far as part of the project?

[2.50 pm]

Ms R. SAFFIOTI: The Pilbara Development Commission is the lead agency for future consultation. I understand that a workshop will be undertaken in the next two to three weeks that will bring all the parties together to understand any concerns and identified risks. It is assisted by LandCorp, but the Pilbara Development Commission is leading the business case process and consultation. The Pilbara Ports Authority will be involved in that as will key companies that are interested in the issue.

Mrs L.M. HARVEY: LandCorp has some projects on the go in the Rockingham, Kwinana and Cockburn areas. Does LandCorp have sufficient land available to it in Kwinana to develop a replacement port for the port of Fremantle?

Ms R. SAFFIOTI: The Westport Taskforce is assessing land use, location, style of port and commercial establishment of the port. Westport is undertaking all that analysis. It is currently being considered as one of the work packages the Westport Taskforce is looking at.

Mrs L.M. HARVEY: How much money has been allocated to LandCorp to purchase or develop land around the Metronet hubs?

Ms R. SAFFIOTI: LandCorp has a general allocation for acquisitions over the forward estimates. As part of its ongoing process, LandCorp always has an allocation to acquire land. The Metronet task force is looking at where LandCorp has the ability to purchase land that possibly was previously owned or controlled by the Western Australian Planning Commission to create new housing projects in the future. The Metronet task force will identify and develop infrastructure. Through WAPC, it will identify land that is in close proximity to that infrastructure that LandCorp will be able to purchase to create housing and further redevelopment opportunities. Going forward, that is the proposal.

Mrs L.M. HARVEY: Has there not been an additional allocation for the purchase of land around the Metronet program?

Ms R. SAFFIOTI: All up, about \$80 million is provided for new land acquisition. About \$30 million of that is for Metronet-associated land.

The CHAIR: That completes the examination of LandCorp.

Metropolitan Redevelopment Authority —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Planning.

Mr S. Henriques, Acting Chief Executive Officer.

Mr M. Reutens, Executive Director, Commercial and Business Services.

Mr D. McFerran, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Nedlands.

Mr W.R. MARMION: I refer to “Subiaco Redevelopment Area—Redevelopment Works” on page 634 of budget paper No 2. I am interested to know whether the minister has a projected budget figure for the Subiaco redevelopment. I am talking about the area under the Metropolitan Redevelopment Authority regime around Subiaco Oval.

Ms R. SAFFIOTI: LandCorp–MRA will be preparing a business case for the entire area in Subiaco with a lot of new parts and old parts. Work on the inner-city college is underway and is being managed by the Department of Education with Building Management and Works. A sum of \$6 million has been set aside for the planning and the necessary forward works for the whole precinct. There are a number of milestones, which include the inner-city college construction; demolition of the grandstands; a business case for the entire precinct; and the old Princess Margaret Hospital for Children site, which we will be looking after when the Department of Health leaves. We are preparing a business case for the entire area. There will be costs but also revenue through land sales and the value of the land that we will create around the inner-city school and the existing Subiaco Oval.

Mr W.R. MARMION: I assume that master plan will look at R-coding of the whole area, which will impact on the number of residents who will ultimately live there. Will that impact other WAPC developments under the minister’s control? I raise the Subiaco west region around Darglish and the possibility that if this is scaled up, it may take some pressure off that area.

Ms R. SAFFIOTI: That is definitely the kind of discussion and engagement we want to have, particularly with the city. The City of Subiaco is working constructively with the state. Of course, it is very keen to represent its community’s interests in discussions, but it has a constructive working relationship with the state, which will mean much better outcomes for everyone involved. I think the scheme was approved and we are now working through the structure plan with the city. That will help guide us in things such as height and other density, the retention of open space and other potential upgrades to the train station and other facilities in the area. I am very keen to engage. This is a huge opportunity for Subiaco to create a lively precinct that will bring more people closer to infrastructure to support small business, and potentially to work with the communities around Darglish and Shenton Park on some of their concerns.

[3.00 pm]

Mr W.R. MARMION: When will the master plan be finalised? I know there might be complications with the Princess Margaret Hospital for Children site. When will even a draft master plan be available for the local member to have a look at?

Ms R. SAFFIOTI: Hopefully, by the end of the year we will have the business case and the master plan developed. We had to get confirmation about the exit from PMH, which we now of course have, and then we will have to take, in a sense, ownership of the site. We will work to have some further information for the local member by the end of the year.

The CHAIR: The member for Mount Lawley had a question, but I am not sure that we will get through it.

Mr S.A. MILLMAN: It was a supplementary question to the member for Nedlands' question on the excellent proposals in his electorate for the Inner City College development, which we know will deliver pedagogical benefits to Mount Lawley Senior High School by alleviating enrolment pressures. I do not think there is anything further that the minister can advise over what she has already told us.

The CHAIR: That concludes the examination of the Metropolitan Redevelopment Authority. I also note that the divisions for the provision for Metronet projects under development and the Fremantle Port Authority were not examined.

Division 8: Commissioner for Equal Opportunity, \$3 802 000 —

Mr S.J. Price, Chair.

Mr J.R. Quigley, Attorney General.

Dr J.C. Byrne, Acting Commissioner for Equal Opportunity.

Miss L. Markussen, Ministerial Liaison Officer.

Mr D. Emerson, 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. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The Attorney General may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the Attorney General to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the Attorney General's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if the Attorney General asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for Hillarys.

Mr P.A. KATSAMBANIS: Welcome, acting commissioner. In the service summary on page 99 of the budget papers, it sets out the two services—the provision of information and advice, and the avenue of redress for unlawful discrimination and unreasonable treatment. In relation to the second area of service expense, can the acting commissioner outline to us the number of cases that the Equal Opportunity Commission has dealt with in the past 12 months, and how that compares with the previous 12 months?

Mr J.R. QUIGLEY: I defer to the acting commissioner for those figures.

Dr J.C. Byrne: There are two types of assistance for redress. One is an inquiry function. We generally get about 1 500 inquiries a year. Generally, we give appropriate advice to them in response to that inquiry, which may be that, for a large organisation, it might be better first to go to the human resources department, for example. Then there is the complaint function. There are about 400 complaints a year, although the number has been slightly higher this year than it was last year. However, I do not think that means an upward trend; it simply fluctuates from year to year, as any statistical measure would fluctuate.

Mr P.A. KATSAMBANIS: Of the 400 complaints, how many have been resolved in favour of the complainant or applicant and how many have not been resolved in favour of the complainant or applicant?

Mr J.R. QUIGLEY: I once again defer to the acting commissioner.

Dr J.C. Byrne: We would not resolve in the favour of one or the other; our role really is to try to conciliate the complaints. We do dismiss complaints for various reasons—lacking in substance, for example. Some complainants

decide after a while not to proceed with the complaint after thinking it through and seeking advice. Those statistics are reported in the annual report. I would need to get the page of the annual report to do that. But, generally, only a small number are referred by us to the State Administrative Tribunal because we feel that it has not been resolved in conciliation, the parties have not come to an agreement and we think that the complainant is entitled to a court process to have it addressed. Only a small number—maybe four or five a year—fall into that category.

Mr P.A. KATSAMBANIS: In the area of complaints generally, has there been a trend in the nature or type of complaint or is there a consistency over the years that the commission gets similar numbers of human rights complaints, employment complaints and the like? Are there any emerging trends in the nature of the complaints or any changes in that regard that the commission has identified over the last 12 months?

[3.10 pm]

Mr J.R. QUIGLEY: I defer to the commissioner.

Dr J.C. Byrne: We have not identified any change or trends. The most dominant form of complaint is impairment, and the most dominant area is in employment. Again, the statistics are in the annual report. The second most dominant form of complaint would be victimisation, where the person advises the organisation of the complaint and has been victimised. The next most common complaint is about race, but it is only slightly ahead of sexual harassment complaints. The third most common complaint fluctuates from year to year between sexual harassment and race. We have not identified a particular trend but have been in this situation for quite some years now.

Mr S.A. MILLMAN: The Commissioner for Equal Opportunity has outlined that the number of complaints received by the Equal Opportunity Commission is about 400, and the vast majority of those are resolved by conciliation—that is, a mutual agreement between the parties. In the last year, only a handful of those were referred to the State Administrative Tribunal for adjudication. Can I be advised on whether that handful is higher or lower than in previous years or whether any trends have been identified over the last couple of years?

Mr J.R. QUIGLEY: I defer to the commissioner again.

Dr J.C. Byrne: The number we refer to SAT has declined over the years. The reason for that, perhaps, is the approach of individual commissioners. Some previous commissioners may have taken the view that if a complaint is not conciliated, then rather than dismiss it as lacking in substance, give them a second go at the State Administrative Tribunal, because it holds a mediation process before a hearing. As commissioner, I generally dismiss the complaint unless there is enough substance for me to feel confident in taking it to the State Administrative Tribunal. Mediation is a somewhat problematic process if the parties do not want to resolve the complaint and want to go to court. We really do need to have quite a strong amount of substance. The onus is on the complainant to prove the case. So generally we do not refer a complaint to SAT unless we think the case has sufficient substance to succeed at SAT.

Mr S.A. MILLMAN: A number of other jurisdictional avenues are available to complainants through industrial law or common law proceedings. Has the Equal Opportunity Commission increased its function in assisting parties by referring to other potential avenues that might be available to complainants?

Mr J.R. QUIGLEY: I will defer to the commissioner.

Dr J.C. Byrne: Yes, indeed, we have done that. Since the Equal Opportunity Act came into force 30 years ago in 1984, a number of other similar-type bodies, plus the federal jurisdiction, have geared up. We were the first state to have anti-discrimination legislation for impairment, for example, in 1988. The federal legislation did not come in until 1992. That is an actual fact. Every time people contact us, we initially regard it as an inquiry and we assess it to see whether we are the best jurisdiction to handle it; and, if not, we suggest that the complainant go to the correct and best jurisdiction. It might be the Fair Work Commission or the Australian Human Rights Commission. There are some subtle differences between the legislation. Generally, we assess that and advise the complainant before we accept the complaint. The reason for doing this is that many of those jurisdictions say that if the complaint has been brought to another body, it cannot be brought to them. If a complaint should rightly go to the Australian Human Rights Commission but we accept it and we then say, “You’d better go to the Australian Human Rights Commission”, the Human Rights Commission will refuse to handle it. We are very careful indeed in assessing the complaint initially to make sure that we are the best body to handle it and that the complainant gets the best chance of resolution. If the complainant is not successful in another jurisdiction, they can come to us. Our legislation was one of the earliest in Australia and does not preclude this. A complainant cannot second dip under other jurisdictions but they can with the Equal Opportunity Commission, so we do get some complaints of that kind. They first test their complaint at the Human Rights Commission or the Fair Work Commission, and then they come to us for a second try.

Mr Z.R.F. KIRKUP: I refer to page 100 of budget paper No 2, service 1, “Provision of Information and Advice Regarding Equal Opportunity and Human Rights”. I note that the number of full-time equivalents in the 2018–19 budget target has been reduced from 11 to 10. What impact will that have on the commission?

Mr J.R. QUIGLEY: I will refer to the commissioner for that.

Dr J.C. Byrne: Generally, there may be a slight delay in dealing with complaints—a slight expansion of the time frame—but the time frame is still very good indeed. Generally, we acknowledge a complaint the same day it is received. We put it to a conciliation officer and advise the complainant within one week. Generally, we aim to have all complaints resolved within three months. We are still doing that and are among the best in Australia. The reduction has had a bit of an effect on our main function of conciliation. However, we have focused on some other functions that have less public interface and public effect than that. Generally, we have absorbed that reduction.

Mr Z.R.F. KIRKUP: If that decision has been made, what position or function has been removed as a result of that reduction in the number of FTEs?

Dr J.C. Byrne: The position removed was an administration person not directly involved with handling complaints.

Mr R.S. LOVE: My question almost follows on from that. I refer to the resource agreement on page 99 of budget paper No 2. The agreement was signed by the minister—in this case, it is the Attorney General. Has the government set any targets for budget reductions or staff separations et cetera when dealing with commissions like the Equal Opportunity Commission or are they immune from that type of budget reduction task?

Mr J.R. QUIGLEY: That happens across the agency. The commissions involve about 2 500 staff—I will have to get that figure later—across the agency. The Department of Justice has been absorbing a lot of that with its voluntary targeted separation scheme. Although these small agencies are expected to contribute, we have protected them because of their small numbers and passed that onto the large workforce of the Department of Justice.

Mr R.S. LOVE: My next question follows on from that and it also crosses over with what the member for Dawesville asked about. Who determined that only 10 employees should be working to provide information and advice on equal opportunity and human rights, for instance? Did the Attorney General's agency set that target for the commission or did the commission determine that that was an appropriate reduction?

Mr J.R. QUIGLEY: The department liaises with the commission on what resources are needed to hit the targets. As I have said, there is an overall target for the agency under the VTSS. The agency has tried to protect the smaller commissions from the reductions. For example, it can be seen in one of the later divisions that the Parliamentary Inspector of the Corruption and Crime Commission has two employees. We have to protect the smaller agencies of the commission whilst meeting the target.

[3.20 pm]

Mr C.J. TALLENTIRE: I refer to the first dot point on page 98 of budget paper No 2, which states —

... unlawful discrimination has increased moderately in the 2017–18 year.

I think we would all agree that anything other than a downward trend is unacceptable. Has any attention been given to determine what gives people license to act in a way that provokes these sorts of complaints?

Mr J.R. QUIGLEY: I do not think it is a matter of giving license. I will refer to the commissioner for the factors behind the modest increase.

Dr J.C. Byrne: Two factors tend to drive change in the number of complaints. The legislation has been there for 30 years and the community and employers are increasingly aware of discrimination. Often, the larger employers have very good human resources departments. I note significantly less of the really overt kinds of offensive discrimination occurring, other than employees in the workplace not really following the policies. So, there is really a decrease in the really blatant cases of discrimination, but there is an increase in complaints about the more subtle forms of discrimination. When performance management is occurring and the person may be a woman or a member of a minority, they may feel that they are also being targeted for that, and we get a complaint of discrimination on that basis. They are quite a bit more complex. Generally, I would say that the two effects are roughly in balance, although over recent years it has certainly fluctuated about a mean, one could say.

Mr C.J. TALLENTIRE: I thank the Attorney General and Dr Byrne for that response, but one hears a lot of talk of things being dismissed as political correctness. Has any research been conducted into how that is giving some people, some sectors of the community or perhaps the more right-wing elements of the media license to go forth and attack people, and that then has an impact in the workplace, enabling people to feel that they can act? I come back to my original point that surely anything but a downward trend is unacceptable.

Mr J.R. QUIGLEY: I will defer to the commissioner.

Dr J.C. Byrne: I would agree that a downward trend is very desirable. I can say that is the case if we take out the more subtle complaints. In terms of being dismissed as political correctness, could the member clarify whether it is complaints dismissed by the Equal Opportunity Commission as political correctness?

Mr C.J. TALLENTIRE: To clarify, I think it is the general climate. Some people listen to those extreme elements, perhaps on commercial radio and in the press, and feel entitled, or empowered, to be offensive. We have seen a rise in that activity. Even at an international level, we are seeing that style and manner increasing. I want to be sure that the commission is scanning the horizon to see where that emboldenment is coming from.

Dr J.C. Byrne: I share the member's concerns about that type of thing; for example, people in shopping centres being vilified for wearing a hijab. Yes, I do share the member's concern about that; however, that is not easily dealt with under the Equal Opportunity Act because that is very clearly religious vilification, and that is not a ground under which a person could complain to the Equal Opportunity Commission. The area in which that type of thing is occurring is generally not a ground under our act. In some cases, that type of vilification is a ground under the Human Rights Act. When people contact us with that complaint at the inquiry stage, we refer them to the Human Rights Commission. There are still activities that go on in society that are not a ground under any of the relevant legislation in Australia. That is really something of concern. It is not specific to Western Australia; it is simply a general concern for me and my colleagues in other states whom I meet with regularly and discuss things like that.

The appropriation was recommended.

Division 9: Commissioner for Children and Young People, \$3 069 000 —

Mr S.J. Price, Chair.

Mr J.R. Quigley, Attorney General.

Mr C. Pettit, Commissioner for Children and Young People.

Mrs P. Heath, Director, Policy and Research.

Mr D. Emerson, Senior Policy Adviser.

Miss L. Markussen, Ministerial Liaison Officer.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Dawesville.

Mr Z.R.F. KIRKUP: I refer to page 105 of budget paper No 2 and the first dot point under the heading "Significant Issues Impacting the Agency", which states in part —

prioritising the needs of children and young people who are our most disadvantaged and vulnerable.

What is the commission's role, if at all, in any investigations or operations in relation to the community in Roebourne? Does the commission have a presence there; and, if so, might we have a brief about what that might look like?

Mr J.R. QUIGLEY: I defer to the commissioner because I know that he is keen to address that issue.

Mr C. Pettit: In terms of our role directly related to Roebourne, we have an oversight view of that particular issue. I visited the Roebourne site with the Commissioner of Police and talked to a range of leaders in that particular setting. We are scheduled to go back to Roebourne regularly to talk to children and young people, particularly, and early next year to see how the rollout of support for those young people is taking place.

Mr Z.R.F. KIRKUP: How many times have commission staff, or otherwise, visited Roebourne to date as a result of the ongoing investigation?

Mr J.R. QUIGLEY: I will ask the commissioner.

Mr C. Pettit: As a result of the ongoing investigation, we have been to Roebourne only once, but subsequent to that, we have also had various conversations with local people who are keeping us informed of what is going on.

Mr Z.R.F. KIRKUP: How many FTEs within the commission are dedicated to this issue in Roebourne?

Mr C. Pettit: It is a bit awkward to answer that question, because no one person is designated to this role. In fact, when we need to deploy people, sometimes three or four people will go. We are scheduled to go to Karratha to talk to children and young people, but some of them will come from Roebourne.

Mr Z.R.F. KIRKUP: I am sorry if I was being confusing. Is there a regional officer presence or anything like that on the ground?

Mr C. Pettit: There is no regional office; we are based in Perth.

Mr Z.R.F. KIRKUP: The opposition has spoken about our concern for the victims in that community at this time. We have raised concerns in this place a number of times about those individuals who might be living with convicted or charged sex offenders. Is the commissioner aware of any of those concerns? Is that something that the commission is actively looking at?

[3.30 pm]

Mr C. Pettit: I would have to say that we are equally as concerned with the plight of all children and young people in Roebourne. We have raised that with various agencies here. We often get briefings from relevant agencies,

particularly from the Department of Communities itself, and we have also asked for briefings from the minister around what action has been taken. We monitor from that point of view. We are concerned about young people, but, equally, the last thing that they need is a lot of people coming up all the time and asking how they are going. We need to make sure that implementation is well and truly put in place to support those young people and their families.

Mr P.A. KATSAMBANIS: As the commissioner has staff who look at places such as Roebourne and specific issues that have been identified, what powers does the commissioner have to make recommendations to particular agencies? Through whom does the commissioner make those recommendations so that there can be any improvement or follow-up on those identified issues but perhaps is not able to deal with through his agency?

Mr J.R. QUIGLEY: To the commissioner.

Mr C. Pettit: Thank you. It is quite a complex question. We certainly have a monitoring function within the legislation. When we find or uncover issues such as the Roebourne scenario, we certainly talk to the directors general of relevant agencies, particularly police in this case, education, health and others. We also have a role through reporting back through our joint standing committee, which also represents us back into Parliament. We also have the capacity to do an inquiry and then table a report into Parliament. We have not done that in this instance because we are supporting the agencies in how they are dealing with this issue.

Mr P.A. KATSAMBANIS: In relation to the commissioner's discussions with or recommendations to directors general of various agencies, is the communication public? Is it information that he could inform us as the house about how many times he has communicated with various directors general on issues that he might be concerned with in Roebourne?

Mr J.R. QUIGLEY: To the commissioner.

Mr C. Pettit: I do not have that with me at the moment, but I am certainly happy to provide the number of times we have had conversations and the nature of those conversations.

Mr P.A. KATSAMBANIS: I am happy to have that taken on. I think the Attorney General needs to describe it.

The CHAIR: He does. Attorney General, the commissioner just indicated that you would provide some information as supplementary information.

Mr J.R. QUIGLEY: Yes.

The CHAIR: You need to identify exactly what that information will be.

Mr C. Pettit: The information would be, I take it, the number of meetings I have had with relevant directors general.

Mr P.A. KATSAMBANIS: Meetings or discussions.

Mr C. Pettit: And the type of discussions that were taking place.

Mr P.A. KATSAMBANIS: Also if you could incorporate it, I am not sure whether the commissioner can, any specific outcomes that have come from those discussions.

Mr C. Pettit: Okay, thank you.

The CHAIR: Commissioner, you do not have to accept all those things. You can agree to the first two parts of it.

Mr Z.R.F. KIRKUP: He is being coached by the Chair!

The CHAIR: No.

Mr C. Pettit: The outcomes will be very broad, because the government reactions are already on public record. A lot of those outcomes are the result of conversations that we have had with relevant agencies.

The CHAIR: Attorney General, you are the one who has to agree to that and provide the information.

Mr J.R. QUIGLEY: I do. I agree with that and will provide the supplementary information, of course.

The CHAIR: For clarity, can we just outline exactly what information is going to be provided. I would like the Attorney General to do it.

Mr J.R. QUIGLEY: Certainly. It is the number of contacts that the commission has had with directors general concerning matters impacting their agencies in young people and the nature of those contacts.

The CHAIR: Thank you for that, Attorney General

Mr Z.R.F. KIRKUP: In relation to Roebourne specifically—for clarity.

[*Supplementary Information No A35.*]

Mr Z.R.F. KIRKUP: Under “Significant Issues Impacting the Agency”, I am keen to understand from the commissioner where Roebourne sits in the paradigm or the matters that he deals with. Is there a community that

gets more of the commissioner's attention and focus? Is Roebourne the larger issue? How do the concerns that this house has, and I am sure the community and the Attorney General have more broadly, sit in relation to other issues that he deals with?

Mr J.R. QUIGLEY: I hand that one to the commissioner.

Mr C. Pettit: Thank you. All issues that we deal with are really important for children and young people; there is not one more important than others. When we look at a range of issues that are happening across the state, we certainly take seriously all those issues. In terms of Roebourne, we have that on a monitoring brief to make sure that we follow through with the relevant agencies about what is happening.

Mr Z.R.F. KIRKUP: I appreciate the commissioner's response. Roebourne is a priority, but the commissioner is conducting inquiries into other areas. Why does Roebourne not warrant full focus? I am trying to understand; why is a community in Western Australia where 20 per cent of its children have been victims of sexual violence not occupying a larger portion of the commission's attention and time?

Mr J.R. QUIGLEY: To the commissioner.

Mr C. Pettit: We do not have a direct function in terms of where the member would like this to go. We certainly have a monitoring function, but we do not have an oversight function to the level that the member is describing. As such, although it is a real priority for us, it is one of the many priorities that we deal with.

Mr P.A. KATSAMBANIS: Given that the commissioner has been in the role for some time now, he would have identified some gaps in what he can do, as opposed to community expectation—I am trying to put it as nicely as possible. Given the discussion we have just had about what the commissioner can and cannot do in Roebourne, does he think there would be value in providing more of an oversight role to his office or some other body to ensure that these serious issues are not only addressed by agencies but also that there is oversight in the way that they are addressed to measure their effectiveness, and in this particular case, their responsiveness as well?

Mr J.R. QUIGLEY: To bring the questioning back on course, as the Chair indicated at the start, it should be tied back to some line item. This is a very philosophical debate.

Mr P.A. KATSAMBANIS: It is definitely under "Relationship to Government Goals", and "Safe communities and supported families."

Mr J.R. QUIGLEY: Which page?

Mr P.A. KATSAMBANIS: On page 106 under "Relationship to Government Goals", and the service "Consultation, Research and Promotion of the Wellbeing of Children and Young People". Our entire focus is on that.

Mr J.R. QUIGLEY: I am not challenging the question; I just want to tie it to a line item that was invoked by the Chair at the commencement. Thank you.

Mr C. Pettit: I will try to pick up the member's question; if I missed it, I am sure the member will ask again. The member may recall that late last year I tabled a report to Parliament regarding the mapping of oversight groups within Western Australia, and the weaknesses and the strengths that Western Australia has compared with those in other states. In answer to the member's question, we indicated in that that there could always be a better system including oversight of children and young people in a range of areas. We would be very happy for the member to look at that report and see whether he thinks that answers his question.

Mr R.S. LOVE: I also would like to just briefly ask the Attorney General about service summary item 1, "Consultation, Research and Promotion of the Wellbeing of Children and Young People" on page 106 of the *Budget Statements*. I was interested in exploring a little more the mechanisms of the commissioner's office. The member for Hillarys asked how the commissioner goes about consultation and discussion with government and other agencies when an issue is highlighted. How do issues attract the commissioner's attention? Are there referrals by complaint, for instance, by members of the public about a particular matter or is it something that the commissioner does because of his ear to the ground and he seeks out circumstances and investigates matters that may pique his interest? I wonder how the commissioner goes about making matters important to the commission.

[3.40 pm]

Mr J.R. QUIGLEY: The question was directed to the commissioner, so I defer to him for the answer.

Mr C. Pettit: The member will know that every year we put out a work plan that very much reflects the key issues in the community at the time. The Royal Commission into Institutional Responses to Child Sexual Abuse, for example, is one that we listed very carefully and we made sure that we responded to it. Other community issues also come forward through either political or community channels. Unfortunately, the act does not allow me to investigate individual cases, but when we receive three or four complaints about the same issue, we deem that likely to be a systemic problem and we will investigate from that point on. We look at what issues we will deal with in a range of ways, but, by and large, they come from what is topical at the time. We also have a national

meeting twice a year at which we discuss a range of issues that are occurring across Australia and how that affects Western Australia. We also talk to the Joint Standing Committee on the Commissioner for Children and Young People, which also raises issues with us.

Mr P.A. KATSAMBANIS: The first dot point on page 106, under the heading, “Significant Issues Impacting the Agency”, refers to —

promoting and working on the recommendations of the School and Learning Consultation Report that reflected the voice of children and young people, and was tabled in Parliament in January 2018;

It is a very important and good report. I will start by asking a more general question and then I will home in on online activity, including bullying. More generally, what aspects of that report is the commission particularly focusing on? What is the commission prioritising in promoting and working on those recommendations?

Mr C. Pettit: As members know, the report has seven findings and 14 recommendations. Those 14 recommendations are all very, very important. We are dealing with a few. We are asking that the federal government look at the national goals for schooling and see whether that should be reviewed, given that they are over 10 years old. Right at the moment we are focusing on the issue that a number of children have self-identified having learning difficulties or a disability. We want to investigate how that could be better articulated both within schools and across all three systems and, therefore, how that could be better supported. Young people have reported that although they thought they had a disability or a learning difficulty, it was not recognised by many and, therefore, they are not getting support. We are focusing on those two areas. We are also focusing on a range of other issues in relation to the 14 recommendations.

Mr P.A. KATSAMBANIS: Were there any particular cohorts or types of disability that these children self-identified? Was there a particular trend or was it across the board?

Mr C. Pettit: It was across the board. We did not get into specifics with children and young people because of the timing. It was one of those issues that sprung up on us and that we did not anticipate. Work needs to be done. We need to work with agencies and others across all three sectors to see how we can better identify that.

Mr P.A. KATSAMBANIS: I refer to young people’s understandable trepidation or fear—concern, is probably the best word because I do not think it falls into the category of fear—about the online world generally, including online bullying, victimisation and the like. I realise a lot of it is controlled by, as much as it can be, federal law. As far as awareness and providing young people with mechanisms to deal and cope with these issues, what work is the commission doing through either education campaigns or other means to give young people those sorts of tools so that they can cope if these incidents happen?

Mr C. Pettit: We are not doing any direct work on that at the moment. However, we work closely with the Office of the federal eSafety Commissioner in Western Australia, and she visits regularly. It is her remit to do that work, so we are really keen to support her. We have also done a lot of identification when we have talked to young people about their issues and made sure that they have the right levels of support and know who to go to et cetera. We are very much aware of how the eSafety Commissioner and education systems can be supported.

Mr P.A. KATSAMBANIS: It is really the quintessential Western Australia versus the rest of Australia question. I know that the eSafety Commissioner and the previous commissioner would visit Western Australia, but I understand that they have no permanent staff here. They have no permanent presence whereby a community can identify a problem and seek the commissioner’s attendance next Wednesday night or whenever and address a school community or suburban or regional community. Does the Attorney General think that that is an issue? How could we as a state overcome it other than putting it on the long list of concerns, including GST distribution, road funding and everything else?

Mr J.R. QUIGLEY: Is that not really a matter for the commonwealth?

Mr P.A. KATSAMBANIS: The commissioner indicated that he works with the eSafety Commissioner in this area. I think the eSafety Commissioner does as good a job as she can, given her resources, but would it be valuable to have a permanent presence here?

Mr C. Pettit: The eSafety Commissioner attempts to be in Western Australia as much as she possibly can and if she cannot be here, some of her staff are here on a regular basis. I do not think any one of us, including me, are available every Wednesday, for example, to talk to parent groups et cetera unless it is well and truly organised for larger groups. I am not sure that that is realistic with the current resources federally. We have been doing some work to look at e-safety and supporting the eSafety Commissioner, and we will continue to do that.

Mr J.R. QUIGLEY: I wonder whether we can clarify one comment. The answer was short.

Mr C. Pettit: To clarify a point, I said that the mapping and gapping paper was tabled. It was not tabled. We sent it to every member. I apologise for that.

The appropriation was recommended.

Division 10: Office of the Information Commissioner, \$2 305 000 —

Mr S.J. Price, Chair.

Mr J.R. Quigley, Attorney General.

Ms L. Ward, Acting Information Commissioner.

Ms M. Fitzgerald, Executive Officer.

Mr D. Emerson, Senior Policy Adviser.

Miss L. Markussen, Ministerial Liaison Officer.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Dawesville.

[3.50 pm]

Mr Z.R.F. KIRKUP: My question relates to the table “Resolution of Complaints” on page 114 noting the number of FTEs there. In 2017–18, 10 FTE were budgeted for but there were only eight actual. That is projected to be nine within the Office of the Information Commissioner. I am keen to understand why that increase has occurred and why the initial budget was not taken up?

Mr J.R. QUIGLEY: I defer to the acting commissioner.

Ms L. Ward: I thank the honourable member for that excellent question. As it says in the note, the estimated actual figure of eight came about as a temporary reduction of full-time equivalents. As the member may be aware, the permanent Information Commissioner resigned to take up a position in Victoria in September 2017. As a result, an acting commissioner was appointed internally, and an acting person was appointed to take the principal legal role, and that left us with a vacancy.

Mr Z.R.F. KIRKUP: I have a new question on another area.

The CHAIR: Further question on this, member for Mount Lawley.

Mr S.A. MILLMAN: If we go back a page to page 113, I notice, in terms of resolution of complaints in the table “Outcomes and Key Effectiveness Indicators” —

Mr Z.R.F. KIRKUP: If it is not related to the same line item, it is not a further question, it is a new question.

The CHAIR: I think so.

Mr S.A. MILLMAN: I am happy to wait.

The CHAIR: You are happy to wait. He has a good point.

Mr R.S. LOVE: I refer to the line item “Resolution of Complaints” under the “Service Summary” on page 113 of budget paper No 2, as we have heard, and “Resolution of Complaints” under “Services and Key Efficiency Indicators” on page 114. Can the Attorney General inform me how many complaints were dealt with by the office during the last financial year? Of those, can the Attorney General provide a breakdown of the number by agency and ministerial office?

Mr J.R. QUIGLEY: That is all set out in tabulated form in the annual report and is available for him. I cannot repeat the annual report off the top of my head.

Mr R.S. LOVE: Does the annual report also indicate whether the decision to take action was appropriate?

Mr J.R. QUIGLEY: Yes; the reports are published.

Mr R.S. LOVE: Thank you very much; I have learnt something today.

Mr P.A. KATSAMBANIS: The annual report provides the figures for 2016–17, which is quite historic. Is it possible to get year-to-date figures as asked for by the member for Moore, so we can have a more up-to-date picture?

Mr J.R. QUIGLEY: Certainly. I thought it would be supplementary but the acting commissioner is ready to answer.

Ms L. Ward: Thank you for that question. I am very happy to answer it concerning the year to date to 30 April 2018. As honourable members may be aware, the statistics on our website are published and updated on a monthly basis. There is a year-to-date number for how many applications we have received this year. As at 30 April 2018, it is 126, which compares with the last financial year, 2016–17, when the total number of applications was 124. Obviously, we expect the number will exceed by some margin the number of FOI applications within the office for this year.

Mr R.S. LOVE: Have you already received 124 complaints?

Mr J.R. QUIGLEY: As at 30 April.

Mr R.S. LOVE: As opposed to 126 complaints for the entirety of the previous year?

Ms L. Ward: It was 126 until 30 April this year, and 124 for the whole of the previous financial year.

Mr R.S. LOVE: It has already been exceeded?

Ms L. Ward: We have already exceeded the number.

Mr R.S. LOVE: Can we get a breakdown of the agencies to which those complaints applied?

Mr J.R. QUIGLEY: The member could probably give that breakdown. He has probably made the most applications! I will defer to the commissioner.

Ms L. Ward: Thank you honourable member.

Mr R.S. LOVE: I am not “honourable”; I am just a member.

Mr J.N. CAREY: No-one is honourable in this place.

Mr R.S. LOVE: The Attorney General is “honourable”.

Ms L. Ward: My apologies. The breakdowns are shown annually in the annual report in relation to which agencies.

Mr R.S. LOVE: I am talking about the current year.

Ms L. Ward: I can certainly provide that information.

The CHAIR: Attorney General, are you agreeing to provide supplementary information.

Mr J.R. QUIGLEY: The information is available.

Ms L. Ward: It does not descend into as much detail as there is in the annual report where each agency is individually identified. I have a document that indicates departments, apart from health and police, and then health and police and other agencies, including ministers and local governments.

Mr R.S. LOVE: Given the minister cannot table the document, perhaps it could be provided by way of supplementary information.

The CHAIR: You cannot table anything in here, Attorney General, but you can provide it as supplementary information. Is the Attorney General prepared to do that?

Mr J.R. QUIGLEY: Yes, we will provide the information, which is on a spreadsheet showing a breakdown of the complaints by agency.

[Supplementary Information No A36.]

Mr Z.R.F. KIRKUP: I note in the annual report that I think it was 2.49 per cent of applications for complaints were refused in decisions made by the Office of the Information Commissioner in 2016–17. I am keen to understand for the reported year to 30 April, what that percentage looks like now.

Ms L. Ward: I am unable to provide the information on a year-to-date basis. However, I can take it on notice.

Mr Z.R.F. KIRKUP: I can put a question on notice; that is fine. I am happy to do that.

Mr S.A. MILLMAN: I refer to the last line item “Applications for external review resolved by conciliation” at the bottom of the table headed “Outcomes and Key Effectiveness Indicators” on page 113. I notice that the budget for applications for external review resolved by conciliation was 60 per cent, yet the agency overachieved its target with 77 per cent of complaints being resolved by conciliation. Can the Attorney General give us any indication of the reason for the success?

Mr J.R. QUIGLEY: Thank you, member, I defer to the commissioner.

Ms L. Ward: Thank you for that question. It is due to applying a considerable amount of effort at the up-front stage—more at the front-end of the complaints resolution process. All our officers are trained mediators so they are very familiar with mediation and formal conciliation where that is required. But a lot of the resolution is undertaken informally.

Mr Z.R.F. KIRKUP: I refer to the resolution of complaints, on page 113. I note the increase in applications that you guys have dealt with this last calendar year. I am keen to understand a bit of a trend, I suppose, about how ministerial applications in relation to ministerial officers are going in the Department of the Premier and Cabinet and whether we are seeing more of them being referred to the OIC, the outcomes of those referrals and what we are seeing. I guess from an opposition perspective, we are always very interested in seeing how ministers deal with their own FOI applications and the DPC FOI unit, which I think does a fairly good job. I am just keen to see how that works, whether there are any perceptions at the agency’s end and whether that is having an impact on the service summary and the costs borne by the agency.

[4.00 pm]

Mr J.R. QUIGLEY: To the commissioner.

Ms L. Ward: Given the terms of the act, and that I am not able to divulge the information that has come into my possession, I would have to keep any response general. As a general trend, no.

Mr Z.R.F. KIRKUP: There is no real change?

Ms L. Ward: There has been no discernible change, from what I have seen.

The appropriation was recommended.

Division 26: Justice — Services 1 to 6, Attorney General, \$526 666 000 —

Mr T.J. Healy, Chair.

Mr J.R. Quigley, Attorney General.

Dr A. Tomison, Director General.

Dr G. Hill, Director, Legal Aid.

Mr M. Hainsworth, Director, Advisory Services.

Mr N.A. Egan, State Solicitor, State Solicitor's Office.

Mr A.D. Kerr, Director, Financial Management.

Mr G.J. Italiano, Acting Executive Director, Corporate Services.

Ms J.M. Stampalia, Executive Director, Court and Tribunal Services.

Mr B. Roche, Public Trustee.

Mr D. Emerson, Senior Policy Adviser.

Miss L. Markussen, Ministerial Liaison Officer.

[Witnesses introduced.]

The CHAIR: I call the member for Hillarys.

Mr P.A. KATSAMBANIS: My first question is in relation to the appropriations, expenses and cash assets on page 345 of budget paper No 2, and relates to the funding under the Criminal Injuries Compensation Act 2003. I note that the level of funding between the previous financial year and the new financial year has been reduced by around \$9 million—it is more than a 20 per cent reduction of the previous year's spend. What is the reason for that reduction? I also note that it goes right through the forward estimates.

Mr J.R. QUIGLEY: I will defer to the director general for that answer.

Dr A. Tomison: Thank you, minister, and thank you, member, for the question. The budget estimate for the criminal injuries compensation payments for 2017–18 is \$40.707 million. The original budget for 2016–17 was \$31.817 million. However, during the 2016–17 midyear review, the former Economic and Expenditure Reform Committee approved an additional \$8.592 million each year for 2016–17 and 2017–18 to assist the Office of Criminal Injuries Compensation to address its backlog of matters and to meet an expected increase in payments to victims. The funding will return to the long-term level of \$31.817 million in 2018–19, resulting in a decrease of \$8.9 million between the 2017–18 budget and the 2018–19 budget estimate.

Mr P.A. KATSAMBANIS: How have we gone with that backlog? Where was it in 2016–17 and where is it now?

Mr J.R. QUIGLEY: I will ask Ms Stampalia to address that issue.

Ms J.M. Stampalia: The backlog has grown slightly between years. There are two main reasons for that. One of the reasons is an increase in the number of applications made to the assessor in previous years, which means that the backlog continues to grow.

Mr P.A. KATSAMBANIS: Can I ask for the microphone to be turned on?

The CHAIR: I think they are being turned on by the Hansard team. Is it possible for Ms Stampalia to repeat her advice?

Mr J.R. QUIGLEY: I ask Ms Stampalia to continue.

Ms J.M. Stampalia: There are two main reasons for the backlog. The backlog has grown between 2016–17 and 2017–18. The member would potentially recall that we had discussions previously about the growth in the number of applications over the last few years. It has been difficult for the assessors to keep up with the applications, considering some of the procedures they have to follow to assess the applications. The other thing that has happened is that a considerable amount of leave was taken by the assessors during 2017–18. We have also recently implemented a case management system in the criminal injuries compensation area—finally, after many years.

That implementation occurred in November 2017. We believe we have now bedded that down and things are working really well. We also expect that that will help in processing some of the backlog.

Mr P.A. KATSAMBANIS: Can we be given an indication of the number of applications each year for the last three years to identify by how much those applications have grown?

Mr J.R. QUIGLEY: I ask Ms Stampalia to proffer the answer.

Ms J.M. Stampalia: In 2008-09, which is the base year in the comparatives we keep, the number of applications was 1 563. In 2016-17, the number of applications was 3 167.

Mr P.A. KATSAMBANIS: Do we have a figure for the year to date for 2017-18?

Mr J.R. QUIGLEY: I again refer to the executive director of court and tribunal services, Ms Stampalia.

Ms J.M. Stampalia: The year-to-date figure is around 1 800 applications.

Mr P.A. KATSAMBANIS: Is that for the financial year?

Ms J.M. Stampalia: From July 2017 to April 2018.

Mr P.A. KATSAMBANIS: How many cases are considered to be in the backlog?

Mr J.R. QUIGLEY: I refer to Ms Stampalia again.

Ms J.M. Stampalia: The description we use is the total number of cases on hand at this moment, which was 4 112 as at the end of April 2018.

[4.10 pm]

Mr P.A. KATSAMBANIS: It is 4 112?

Ms J.M. Stampalia: That is right.

Mr P.A. KATSAMBANIS: What was it at the end of 2015-16?

Ms J.M. Stampalia: It was 2 731.

Mr P.A. KATSAMBANIS: Funding of around \$15 million or \$16 million was provided over two years specifically to deal with the backlog. In that period, the backlog has increased by more than 50 per cent from 2 700-odd to over 4 100. I understand that the caseload has gone up a little bit, but how can we explain away that that significant additional funding did not result in a reduction of the backlog but in an increase? That is the first question. Do we need to put more resources in this area rather than remove the funding for the backlog so that people get their compensation in a relatively efficient time?

Ms J.M. Stampalia: I would like to clarify that the additional funding was not necessarily about resources to process the backlog; the additional funding was required to make the payments to applicants who had been assessed as being able to receive an award. That is what the additional funding was for—the award payments, not resources for the criminal injuries compensation area.

Mr P.A. KATSAMBANIS: Can I seek clarification? The director general clearly read out a statement that said that the funding was for dealing with the backlog. Now I am told that it was not for dealing with the backlog; it was for providing compensation. Which one is it?

Ms J.M. Stampalia: In reality, it is still about the backlog. Considering that the number of applications has built up over time, the assessors were able to get through many applications in a year, even though they received new applications and there is still a backlog. The additional funding was about paying for the number of awards made during the year. The other thing to reflect upon is the average of the award made. That also changes from year to year. An award average in one year might be around \$15 000 but more recently the average of awards made in the criminal injuries compensation scheme have been close to \$20 000.

Mr P.A. KATSAMBANIS: My mind has been read as to the next question. Can the department give us the average compensation paid in each of the last three years, including the year to date?

Ms J.M. Stampalia: In 2015-16, it was \$20 118 and in 2016-17, it was \$17 454.

Mr P.A. KATSAMBANIS: Does the department have a figure for the year to date?

Ms J.M. Stampalia: We do. It is \$17 712.

Mr P.A. KATSAMBANIS: Based on those figures, if anything, the average amount of compensation has been coming down, not going up. I realise that it is clumpy, that each year is different, and that each case is different. I go back to my original point that the backlog has increased significantly, which means that claimants who are clearly entitled to compensation are being delayed in receiving it. Is there a case for extra resources, even on an interim basis, to start processing some of these backlog claims so that people are not waiting a long time? In these particular cases, these are very deserving people who have suffered great loss through no fault of their own.

Mr J.R. QUIGLEY: I will look at the history of the scheme. In 2008–09, 750 cases were on hand. The next year it jumped up to 943. It dipped in 2010–11 to 813. In 2011–12, it was 885. In 2012–13, it was 1 149. In 2013–14, it was 1 556. In 2014–15, there was a big jump to 2 261. In 2015–16, it was 2 731. In 2016–17, it was 3 313. By the time we got to February 2018, it was already 3 808, which represents an overall increase in claimants of 342 per cent. For this reason, I have requested that the department review the scheme for its ongoing sustainability.

Mr P.A. KATSAMBANIS: I am seriously concerned that someone over there is reading my mind. The backlog increased at a time when additional resources were handed over partly to deal with the backlog. Whether it was for the amounts of compensation or dealing with the compensation, additional resources were committed. I was going to ask the Attorney General whether he was going to conduct a review. Now that he has indicated that he has asked the department to conduct a review, is there any indication at this stage of when that review is likely to report, and will the findings of the report be made available to the house?

Ms J.M. Stampalia: There are two dates. We have prepared a draft discussion paper that we hope to distribute to key stakeholders within the next month or so. We also hope that at the completion of the process, we will have enough information that we can deliver a report to the Attorney General around October.

Mr P.A. KATSAMBANIS: The discussion paper will be circulated to key stakeholders. Will it also be publicly available on the website so that people who were not identified as key stakeholders will be able to make submissions?

Mr J.R. QUIGLEY: I will leave it to the department whether it wants to respond to that. We have previously indicated that we would not be tabling the discussion paper, but I will leave whether the department will publish it on a website to Ms Stampalia.

Ms J.M. Stampalia: We could publish the discussion paper online. The questions that I have seen so far in the discussion paper draft are very straightforward. It is not something that we would not be able to publish in terms of calling for questions.

Mr P.A. KATSAMBANIS: Can we get some form of undertaking that the discussion paper at least will be published on the department's website so that people who are interested in this area can have a look at it?

Mr J.R. QUIGLEY: The department is happy to give that undertaking.

Mr P.A. KATSAMBANIS: I have not asked yet about the average time to complete a matter. Could the department give me the details for the last three financial years, including the year to date?

Ms J.M. Stampalia: For 2015–16, it was 12 months. For 2016–17, it was 12.4 months. For the year to date in April 2018, it was 12.6 months.

Mr P.A. KATSAMBANIS: That is going up as well, in the same way that the backlog is going up, which means that people are waiting longer and longer. I realise that six months may not be a long time.

Mr J.R. QUIGLEY: It is 12.4 months to 12.6 months.

Mr P.A. KATSAMBANIS: From 12 months to 12.4 to 12.6—but people are still waiting longer to get compensation that they are entitled to. Is the Attorney General confident that the review will address all these areas, including the backlog and the time it takes to complete individual matters?

[4.20 pm]

Mr J.R. QUIGLEY: That is what has precipitated the review. I am very hopeful that those matters are going to be addressed.

Mr R.S. LOVE: In the table of spending changes on page 346 of the budget papers, there is an allocation to the Magistrates Court for additional judicial resources in this year and subsequent years. How many additional magistrates or what additional resources will that put on the ground for the courts? Also, can the Attorney General outline how many magistrates might be needed due to the requirements of the reforms that are highlighted in the second last dot point on page 346 after some changes were brought about by the Courts Legislation Amendment Bill?

Mr J.R. QUIGLEY: Firstly, we appointed a magistrate to the vacant position that the previous administration had not filled for some time. To help ease the demand pressure from criminal matters primarily relating to illicit drugs, theft and sex offences, the department will spend an additional \$4.2 million over the period from 2018–19 to 2020–21 for two additional judicial officers and support staff in the Magistrates Court. These additional resources will be allocated to courts within the metropolitan area. The additional expenditure will be offset by an increase in court and tribunal fees of 7.5 per cent in 2018–19. This is expected to reduce the Magistrates Court time to trial from the current 25 weeks to the budgeted target of 19 weeks. There are currently 47.5 full-time equivalent judicial officers in the Magistrates Court, with 23.5 of those, including the Chief Magistrate and Deputy Chief Magistrate, located in the Central Law Courts and the remainder, or 24 magistrates, located in metropolitan and regional areas. The current level of judicial resourcing has largely remained unchanged since 2011–12. We have appointed one magistrate whose position was vacant for some good while and additionally we have appointed two new magistrates.

Mr R.S. LOVE: Will all those positions be in the metropolitan area?

Mr J.R. QUIGLEY: They will be in the metropolitan area, but I have been speaking to the Chief Magistrate and, as and when required, they can be sent to the regions; for example, if there is a crush on in the Magistrates Court in Roebourne, we will be able to deploy them. The posting would be a metropolitan posting, but they would be available to be deployed where there is exceptional workload.

Mr P.A. KATSAMBANIS: Resourcing in the courts is always an issue and has been for a long time. Other jurisdictions, particularly the United Kingdom, use part-time magistrates sometimes specifically either to deal with complex matters that a general magistrate may not necessarily be an expert on or in particular regional areas where there may not be a point in locating a full-time magistrate, but where there would be significant work for someone to do two or three days a week. Has any thought been given to looking at that sort of regime to allow for better justice in regional areas?

Mr J.R. QUIGLEY: We have. I understand that for hearings times the real backlog is in the metropolitan area. We do have, of course, some part-time magistrates in the metropolitan area and they largely sit on the weekends at the Roe Street court. One of the problems with part-time magistrates is that they all require judicial support officers, who cannot be part-time. It is not as easy as just ringing up Joe and saying, “You’re on the roster; come in.” We have to have all the judicial support staff and then when we go to some of the country locations where there is a heavy workload, it is also a matter of the availability of courtrooms. I will let the director general add to my comments if that is appropriate.

Dr A. Tomison: Obviously, the Attorney General is correct; we do not have a plan at the moment for part-time magistrates. I would say, though, that courts and tribunal services spend a lot of time on the cost–benefits of various models of service for having circuit courts or alternatives to circuit courts. I have been to some of the places up north that used to have a magistrate on deck all the time and that has now ceased, so it is more of a circuit, and the local council is not happy with that. Karratha is one such town, and I remember meeting with the shire. At one point we stopped circuiting to Roebourne; in fact, Karratha court now services both those towns with a circuit. The reality is that the department, like the rest of government, has cost pressures. The most efficient way we can do the magistrates work in that town is through a fly in, fly out or circuit-type situation. It is something that we continue to look at regularly and we continue to look at our network as a whole to make the best use of it where we can. Some towns historically have had quite a large service demand and that has changed over time but the towns still wish to retain a magistrate. Sometimes that is possible, depending on the demand there; sometimes it is not. We try to consider that almost on a yearly basis, and we work with the Chief Magistrate and his staff on that as well. As the Attorney General said, it is not just about the magistrates; it is about staffing, when the courts open and a whole range of other factors, including police attending to provide court security in rural areas, which is an ongoing issue for them.

Mr P.A. KATSAMBANIS: What were the drivers behind the decision to no longer have that circuit go to Roebourne and to concentrate all the work in that area in Karratha? Has that caused any concern or dislocation within the Roebourne community?

Mr J.R. QUIGLEY: I ask Ms Stampalia to answer that.

Ms J.M. Stampalia: That decision really came from cyclone Christine. The Roebourne courthouse was severely damaged by cyclone Christine and it had to be closed for significant repairs for many months. Once the works were done, things had happened that meant that the Department of Transport was servicing from Karratha and finding other methods. We also did Department of Transport work at Roebourne court. The magistrates were listing in Karratha but also had made the commitment at that time to circuit matters for Roebourne to Wickham, Point Samson and other locations that had a community bus going to that particular location.

Mr P.A. KATSAMBANIS: We had the cyclone and there was damage to the courthouse. We needed to find other places while the courthouse was being rebuilt or patched up; I am not sure exactly what happened. The state spent resources to rehabilitate that courthouse and make it useable and then we decided not to use it. Attorney General, was that not a waste of pretty valuable resources?

Mr J.R. QUIGLEY: Not at all, but I will let Ms Stampalia give the full answer.

Ms J.M. Stampalia: We were committed to restoring that building because it is heritage listed. That is the reason that we did spend the money on restoration.

[4.30 pm]

Mr P.A. KATSAMBANIS: I repeat my concern: we have a perfectly useable courthouse that taxpayers’ money has been spent on and then we decide not to service the community with a circuit—the type of community that we are told quite regularly faces issues in significant areas of disadvantage. Would it not make more sense to actually continue to service that community in its community rather than force those people to travel some distance to Karratha, with no real public transport available, as I understand it—certainly not regular public transport—from Roebourne to Karratha?

Mr J.R. QUIGLEY: I defer to Ms Stampalia.

Ms J.M. Stampalia: That decision was made some time ago in December 2013.

Mr P.A. KATSAMBANIS: I am aware of that.

Ms J.M. Stampalia: It was made because the courthouse was also not fit for purpose. Although it might have been restored after the cyclone, it probably had reached a point at which it really was not suited to court operations as well. The decision was made at the time by the then minister not to continue those activities.

Mr P.A. KATSAMBANIS: To paraphrase, the restoration was to the heritage aspects of the courthouse and not to make it a modern, twenty-first century functioning courthouse. I understand that.

Mr J.R. QUIGLEY: I will ask the director general to reply to that.

Dr A. Tomison: I will just add to that for the member's benefit. The courthouse was refurbished to a particular standard. One of the benefits of the machinery-of-government changes is that the Department of Justice now incorporates community corrections. I do not know whether the member has been to the community corrections offices in Roebourne. They are in a fairly atrocious, old building. I visited it late last year and offered to move the community corrections staff into the courthouse subject to it being a suitable venue to try to make use of that resource so we do not waste it. The building they are in now is pretty lousy.

Mr P.A. KATSAMBANIS: That is a good use of resources.

Mr R.S. LOVE: As the discussion went on, it was mentioned that some changes were made in December 2013 in Roebourne. I believe that just after that, a number of towns within the wheatbelt and the midwest lost the provision of a magistrate to the local court and the centralisation in a few key places, creating the associated problems with public transport et cetera that the member highlighted. But these problems were accentuated far greater because there is no way of getting to some of those places. Is there a published list of the various locations and the demand on time et cetera of all the regional courts and those in the metropolitan areas so that I can be assured that there is a greater backlog in the metropolitan area and not in some of those regional areas?

Mr J.R. QUIGLEY: I will refer to Ms Stampalia.

Ms J.M. Stampalia: We monitor that information internally. We do not publish that information for the general public. There are pockets across the metropolitan area in which we have significant listing delays in the Magistrates Court and in particular country locations. We are doing many things to address the delay in those locations. As the Attorney General referred to earlier, the Chief Magistrate regularly monitors what happens in those locations. He makes decisions on whether he will add to the resources at particular locations to make sure that the listing interval is brought down. As the member knows, our target is a particular number. At the moment, some of our locations have a backlog of around 40 weeks.

Mr R.S. LOVE: So I cannot be provided with a snapshot of existing conditions in terms of a backlog?

Ms J.M. Stampalia: I can give the member particular locations and their numbers.

Mr R.S. LOVE: I am happy to take that in supplementary form.

Mr J.R. QUIGLEY: I am happy to provide in supplementary form the information concerning the backlog in particular regional locations —

Mr R.S. LOVE: And a comparison of that with the metropolitan situation.

Mr J.R. QUIGLEY: — and in the metropolitan area as well.

[Supplementary Information No A37.]

Mr Z.R.F. KIRKUP: I refer to legal assistance aid outlined on page 354 of budget paper No 2. The table contains a summary of service costs and efficiency indicators. I appreciate the explanation of significant movements in the 2017–18 budget and the estimated actual for the average cost of legal representation. That explains that increase over the 2017–18 period. Why is there an expected reduction in that target for the average cost of legal representation in 2018–19? In 2017–18 it is \$3 813 000 and it goes up to \$4 449 000. The explanation of significant movements outlines that and I appreciate that explanation, but what strategies are in place and what explains that reduction forecast for 2018–19?

Mr J.R. QUIGLEY: Dr Hill will take that question.

Dr G. Hill: Looking back over a number of years, the average cost per representation has been fairly stable. There seem to have been a large number of expensive cases in the last 12 months. It is a little random as to what cards are dealt in terms of the complexity and duration of trials that come up, but we expect it to return to the historical level. There is no indication that it will continue at the current level. Again, the demand for legal assistance services is something that we do not control and it is very difficult to predict.

Mr Z.R.F. KIRKUP: I appreciate that response. Obviously, those costs will return to an expected long-run average. Can I get an outline, if possible, of the types of cases that have seen that become more expensive over the 2017–18 period? Are there any examples of one-offs that would have pushed that cost up for the 2017–18 period?

Mr J.R. QUIGLEY: I will defer to the director, but he has been here for only two weeks. Otherwise, I will field the answer myself.

Dr G. Hill: A number of significant murder cases and also some very significant and expensive commonwealth cases to do with immigration laws and drug trafficking over the same period would play into that average.

Mr J.R. QUIGLEY: I will add to that. Since I have practised, which is some good while ago now to date, and even over the last five years, I have noticed that forensic science has come a long way. The Chief Justice has said that it has made the cases not only longer, but also a lot more complex when dealing with DNA and other evidence. There is more reliance on telephone intercepts in conspiracy cases. We have just seen a big commonwealth case fall over after 10 months—I hasten to add that it was a commonwealth prosecution, not Western Australian—because of non-disclosure of massive amounts of telephone intercept asset. Police are running more complex investigations that lifts up the defence costs.

Mr Z.R.F. KIRKUP: Given the complexity and the number of cases that Legal Aid Western Australia continues to deal with—even in significant impacts affecting the agency, I note the increase in casework—I am keen to understand why more full-time equivalents have been cut from Legal Aid.

[4.40 pm]

Mr J.R. QUIGLEY: I will refer that to the director.

Dr G. Hill: I understand that we lost two staff members in the year due to the voluntary targeted separation scheme and another three staff members are scheduled to go in the next financial year.

Mr Z.R.F. KIRKUP: To clarify, was that as part of VTSS?

Mr J.R. QUIGLEY: Yes.

Dr G. Hill: A net total of five staff members, but looking at Legal Aid staffing is not the complete picture, because most legal aid in Western Australia is delivered by the private profession. The number of employees working at Legal Aid is not necessarily indicative of the number of services delivered.

Mr Z.R.F. KIRKUP: Further to that—as I expect the member for Hillarys will jump in—I expect that in that case, the government is comfortable that these staff cuts will have no impact on services delivered by Legal Aid. Is that a correct assertion?

Mr J.R. QUIGLEY: That is correct. It will not have any impact on that. What will have an impact is the big caseload.

Mr P.A. KATSAMBANIS: I refer to service 6, “Legal Aid Assistance”, on page 354. We were talking about the average cost of legal representation. Can the Attorney General provide a figure for the average time taken to assess an application for legal aid?

Mr J.R. QUIGLEY: I will have to refer that to the director of Legal Aid.

Dr G. Hill: The time taken to determine an application for legal aid depends on the complexity of the matter and what has to be assessed. The assessors and the grants officers need to look at eligibility, the merit of the case and whether it fits within the guidelines. I understand that it takes about four weeks to determine an application.

Mr P.A. KATSAMBANIS: That is obviously an average. Does the Attorney General have figures for the year to date on how many applications have been made and how many applications have been accepted or declined?

Mr J.R. QUIGLEY: I will refer to the director for the number of applications. I might add that that figure is published in the annual report.

Mr P.A. KATSAMBANIS: As we said earlier, the annual report is quite historical. I am asking for figures for the year to date if possible.

Mr J.R. QUIGLEY: I refer to the director.

Dr G. Hill: I do not have the year to date figures with me here. I understand that the number has increased slightly on the same period in the previous year, but the number of applications approved is running at about 85 per cent this year, which is on par with the longer-term historical average.

Mr Z.R.F. KIRKUP: I want to go back over the five positions that were cut through the VTSS. Can I have a breakdown of the positions that have been cut since 2016–17?

Mr J.R. QUIGLEY: I refer to the director.

Dr G. Hill: I thank the Attorney General. I cannot tell the member what those positions are because I do not know. I do know that there were about 40 applications for the scheme and my predecessors applied a number of criteria: they wanted people to be from back of house, not frontline service delivery; they wanted them to be senior people, so that significant savings would arise from it; and they wanted them to be positions that obviously would not have to be replaced, but could be covered through streamlining and other efficiencies.

Mr Z.R.F. KIRKUP: I appreciate that. Given there has been a VTSS reduction of those five positions, why is it that the total cost of services has gone down if the caseload has gone up? Is that because private practitioners have undertaken those cases? I see that in 2017–18 and 2018–19 there has been an overall cut in the budget as well. There has been a reduction in senior but not frontline FTEs, but the cost of services has gone down. What has occurred there?

Mr J.R. QUIGLEY: Certainly, I will refer that to the director.

Dr G. Hill: It would have to do with the duration and complexity of large trials.

Mr S.A. MILLMAN: I refer to page 347 and the final dot point under “Significant Issues Impacting the Agency”, which is about the increasing demand for legal aid services across the community. An issue that arises in legal practice is unrepresented litigants, or community members who have not had the opportunity to obtain legal advice, and an important part of the delivery of legal services in Western Australia is that provided by our community legal centres. Could the Attorney General provide a summary of work that has been undertaken to ensure CLCs can continue their valuable work?

Mr J.R. QUIGLEY: Of course, the state government is deeply committed to a sustainable funding pathway for community legal centres. We are examining ways in which, for the out years, we can develop a sustainable funding package. Since coming to government, we have approved an allocation of \$2 million from the proceeds of crime account to provide some certainty to community legal centres in 2018–19 and to maintain the status quo while the review of Legal Aid’s financial affairs is underway. There has been an internal general review of the commission’s financial affairs, and, in the meantime, the government has been dipping into the proceeds of crime account. I will give a breakdown of that funding for this year. In April, we approved a \$2 million rescue package drawn from that fund. In 2018–19, \$1.35 million of this funding will be used for the following centres: the Albany Community Legal Centre will receive \$53 000; the Citizens Advice Bureau will receive \$81 400; the Northern Suburbs Community Legal Centre will receive \$330 000; the Street Law Centre of WA Inc will receive \$195 000; Sussex Street Community Law Services will receive \$114 120; the Welfare Rights and Advocacy Service will receive \$37 200; the Wheatbelt Community Legal Centre will receive \$299 520; the Youth Legal Service of WA will receive \$71 000; the Humanitarian Group will receive \$100 000; and the Northern Suburbs Community Legal Centre will receive \$57 486 for a respondent duty lawyer for domestic violence and violence restraining order cases.

These allocations will ensure that no centre receives less funding than it received previously. The remainder of the funds will be allocated following discussions between the Department of Justice, the Community Legal Centres Association of Western Australia and Legal Aid on the best way to deliver services in the future. Community legal centres need certainty in their funding to allow them to effectively plan and run their services now and into the future. Our government is committed to developing a sustainable funding path for community legal centres as part of this commitment. We will review the operation of community legal centres in partnership with those centres to determine whether services can be delivered more effectively. In this regard, I especially have in mind centralising back-of-house functions and administration that might be replicated in one or more centres to support these centres so that they can concentrate on their core function of providing legal advice.

Mr R.S. LOVE: The fifth dot point on page 347 refers to the Civil Liability Legislation Amendment (Child Sexual Abuse Actions) Act 2018. I understand that act is pending proclamation. I wonder whether the Attorney General could give an indication of when he expects that bill to be proclaimed. He referred to appropriate preparations to respond to anticipated civil claims. What moneys have been set aside to provide for additional costs for activities around claims et cetera arising from that act?

[4.50 pm]

Mr J.R. QUIGLEY: There are two parts to that question. I will deal with the first proclamation and refer to the State Solicitor, Mr Egan, for the second part. In relation to the first part, as explained in this chamber earlier, we have capped the fees for lawyers acting for claimants in historical child sexual abuse cases to scale. That requires an official determination by the costs committee of the Legal Practice Board. I have been liaising with it and it has to invite responses. It is confident it will get a determination by June, so at this stage I fully anticipate proclaiming the legislation before 1 July. It is only weeks away; we anticipate proclaiming the legislation as soon as practicable after that cost determination .

As to preparations that are being made, these preparations are being undertaken within the State Solicitor’s Office, which obviously has to gear up for the reception and dealing with those claims. I will, with the Chair’s permission, refer to the State Solicitor who will give the member a more detailed run-down of the preparations.

Mr N.A. Egan: Thank you, Attorney General. A preliminary funding allocation of \$427 000 has been set aside in 2017–18 and a further \$815 000 for the 2018–19 year. To date, my office has recruited two additional lawyers dedicated solely for the purpose of handling historical child sexual abuse claims. A further two will be employed over the course of the next six weeks. That is four; a further senior solicitor has been re-tasked from within the office, thereby giving a small team of five, supported by two administrative staff. We have to date received

approximately 20 claims. Estimates contemplate, expect or anticipate that we would receive somewhere in the vicinity of 230 claims a year. But of course that will depend upon whether they are for historical child sexual abuse claims under the Limitation Act or, alternatively, under the redress scheme, and some might of course go down either route. We have draft guidelines for a precarious trauma-informed practice for responding to civil litigation involving historical child sexual abuse to meet the needs of lawyers and others working in the area. We have also liaised closely with the Departments of Education and Communities, as well as court services and RiskCover, concerning the future management of the claims.

Mr R.S. LOVE: The expected number is 230 claims in a year. How long would the Attorney General anticipate that level of activity before we started to hopefully see some sort of decline in that ongoing number? I assume a backlog of people are waiting to take this type of action. How long does the Attorney General think that that type of resource will be required?

Mr J.R. QUIGLEY: I will let the State Solicitor expand on this answer, but as the State Solicitor has already mentioned, if and when we join the redress scheme, it is unknown how many people will go to redress as opposed to civil claims.

Mr R.S. LOVE: Before we go on, though, my understanding is that one did not preclude the other completely.

Mr J.R. QUIGLEY: No, the acceptance of an award under the national redress scheme by the scheme's operator will require the applicant to sign a deed releasing everyone from all future claims. It will extinguish all future claims if a person goes under the national redress scheme. It will reduce the number that will go under civil law and reduce the workload on the State Solicitor's Office. It is hard to predict. The State Solicitor might have done some more work in this space. I refer to Mr Egan.

Mr N.A. Egan: Thank you, Attorney General. Based on the experience of other jurisdictions, it is very difficult to say. We are planning perhaps for all historic child sexual abuse claims to be resolved within a period of two to five years. But that is a guesstimate, as matters presently stand, and will depend on the number of claims that we receive in any one particular year, and how those claims process over the course of out years.

Mr R.S. LOVE: Just on the redress scheme, how advanced is that and how far down the track will that be before that may be an issue?

Mr J.R. QUIGLEY: The redress scheme comes within the Department of the Premier and Cabinet. I have been the minister attending those negotiations, and I would like to compliment the federal minister, Mr Tehan, for his helpfulness in those negotiations. We are hopeful of coming to some finality within the next six or eight weeks. But as I said on radio yesterday, and to Mr Tehan, before we give a commitment or an idea that we are going in—having had our GST experience, and the legislation or the rules not having gone through the federal Parliament yet—we want to see what it comprises, not in general conversation or emails; we want to see it in black and white and that all matters have been agreed to.

Mr P.A. KATSAMBANIS: I have a further question on this whole issue that was raised about the recent bill that passed through this place and its interrelationship with the national redress scheme. I note the Attorney General said that there has been progress with the commonwealth. Has there been any progress around the commonwealth accepting that it has a financial liability in particular cases and not to push them down to the Western Australian state government?

Mr J.R. QUIGLEY: Is the member referring to child migrants?

Mr P.A. KATSAMBANIS: Yes—in particular child migrants, but it may not necessarily be exclusive.

Mr J.R. QUIGLEY: We have not seen it in black and white yet. There has been an indication. What has transpired is that we initially asked the commonwealth to accept a 50 per cent liability. It declined. We went back to it and said, "In that case, looking at the rules as currently framed, it looks as though the commonwealth is 100 per cent liable." It said, "We will come back to you", so we are coming to a negotiated position of 50 per cent for participating governmental institutions, which will be a state and commonwealth institution, but I have not got anything firm in writing at the moment. We have agreed on principles and we hope to move forward with that in the legislation that it presents.

[5.00 pm]

Mr P.A. KATSAMBANIS: In this whole area of the interrelationship and the compensation payable under the state act, it is clear that the Attorney General intends to proclaim the act very soon, as soon as the legal costs determination is finalised.

Mr J.R. QUIGLEY: That is correct. I think that is also the answer I gave during debate in the chamber.

Mr P.A. KATSAMBANIS: That is right. Claims will be made and, hopefully, processed in this coming financial year. Is there an estimate of the state's liability for compensation—not for costs or anything like that—in this coming financial year?

Mr J.R. QUIGLEY: I will pass that off to the State Solicitor. Before doing so, I make this prefatory comment, which is a repetition of what I said earlier. That will depend largely upon whether and when we enter the national redress scheme and how many claimants decide to go down that path and not down a common law path. I will hand that over to the State Solicitor to see whether his office has done any actuarial calculation on that.

Mr N.A. Egan: Member, it is too difficult to identify with precision the average cost per historic child sexual abuse case. It depends upon the circumstances of the case and the extent of the abuse. There have been multiple common law awards over the years and they have varied according to the extent and trauma associated with the abuse. Based upon what we know from other jurisdictions in the eastern states, the common law award for damages is trending upwards. In those circumstances, it is most difficult to provide any specific quantum.

Mr P.A. KATSAMBANIS: I will use a colloquial term: from which pot of money will compensation payable under the state act be paid?

Mr J.R. QUIGLEY: It will be from consolidated revenue. I am very proud to be part of the Labor Party because it had the election commitment to lift the statute of limitations. It was unfunded in the sense that no-one could put an exact figure on what it would involve. It involved a principle of the government saying that we will compensate child victims regardless. We have made that commitment and it has gone through the chamber. Since coming to government, we have embarked upon some actuarial calculations. We are advised that if we take redress and common law claims together, it could be as high as \$650 million. That could stretch over 10 years, with perhaps more of it in the beginning, but it will not be \$650 million in the next financial year or over the forward estimates. The actuarial calculations indicate that it is in that order and we have to brace ourselves to pay \$650 million. The only pot of money I could identify is consolidated revenue.

[Mr I.C. Blayney took the chair.]

Mr P.A. KATSAMBANIS: It is not within the Department of Justice budget.

Mr J.R. QUIGLEY: No.

Mr C.J. TALLENTIRE: I know that the Attorney General has committed to the custody notification system, and we are all very keen to see that put in place. I refer to the spending changes table on page 345. I thought that the custody notification system would be mentioned in this table, so I am keen for some sort of explanation of why it is not. I understand that there was talk of the commonwealth funding the CNS. Perhaps that is part of the explanation.

Mr J.R. QUIGLEY: Yes. The custody notification service provides the police with a phone number to ring whenever an Indigenous or Torres Strait Islander person is brought into custody. This service was first suggested 20 years ago in the Royal Commission into Aboriginal Deaths in Custody, but it was not advanced by any states until some 10 years ago in New South Wales. After the death of the late Ms Dhu in custody, there was a coroner's inquest and the coroner reiterated the call for a custody notification service in Western Australia. Shortly thereafter, federal Minister for Indigenous Affairs Mr Scullion wrote to the previous administration, offering to fund a custody notification service for \$300 000 a year for three years. The previous administration thought it was unnecessary and declined the offer. Our government took this up as a very important matter because we noted that in New South Wales, which has had a custody notification service running for 10 years, there has not been a single death in police custody since it was introduced.

We re-entered negotiations with the commonwealth. I am on the record, if *The West Australian* is a record, as thanking the federal Minister for Finance, Senator Cormann, whom I contacted personally to discuss this matter. As a result of discussions with Senator Cormann, the federal government has committed to funding the custody notification service on an ongoing basis by direct payment to the Aboriginal Legal Service, which will provide the service—on a condition. The condition is that the Western Australian government bring in legislation mandating that the police have to ring the custody notification service immediately once they take into custody any Indigenous Australian or Torres Strait Islander. That service will then inquire into the welfare of the prisoner and the charges the prisoner is on and, if it is a schedule 1 offence under the Bail Act, endeavour to negotiate bail on the spot. We might remember the case of Mr Ward, who died in a prison van being transported from Laverton to Kalgoorlie. His charge was driving under the influence. No driver in the metropolitan area arrested for driving under the influence would be held in custody for the magistrate on Monday morning. They would all be admitted to bail from the Perth watch house. In that sort of a case, we can imagine that the police would ring the custody notification service and advise that they have taken the late Mr Ward into custody. An inquiry would be made about his welfare. The reason he was arrested would be that he was under the effects of alcohol. The service would negotiate his release on bail. It is really important to have on the other end of the phone a solicitor who can negotiate bail with the station sergeant. It will not only reduce the number of people being remanded in custody but will, hopefully, see the early release of the person to their local community, rather than having to transport them somewhere to be held. The Commissioner of Police has indicated that the sorts of cells at many of the police stations are not fit to hold people for days.

The custody notification service will also assist when a person is taken into custody for fine default. The solicitor on the other end of the phone might be able to negotiate with the sergeant and then ring up the registrar of the court to negotiate payment for that fine. This is part of our efforts to reduce the Indigenous incarceration rate and to look after the welfare of people who intersect with the justice system, most of whom have English as a second language and cannot negotiate with or explain their circumstances to the police. Another stark example is the case of Mr Gene Gibson, who was brought into custody. His native tongue was Pintupi and he did not understand what was going on, but if the police could have rung the custody notification service on his behalf, perhaps an interpreter would have been brought in at an earlier date and that would have avoided a lot of the mistakes that occurred thereafter.

We are very grateful that the commonwealth has decided to directly fund this service. It will be run by the Aboriginal Legal Service and it will provide 24/7 telephone access to a solicitor.

[5.10 pm]

Mr P.A. KATSAMBANIS: I refer to the second dot point under “Significant Issues Impacting the Agency” in volume 2 of budget paper No 2 on page 346. It states in part —

The Department —

I assume that is the Department of Justice —

will establish a Western Australian Crime Statistics and Research Office ...

It states further on —

Part of the establishment will be the release of a publically-available sentencing database.

When is it intended that this office will be up and running and the database will become publicly available?

Mr J.R. QUIGLEY: I will ask the director to talk to this—it is one of my prime projects—so that we can have a debate going forward on sentencing and the like based on facts. I defer to the director.

Dr A. Tomison: Thank you, minister. This is also one of my pet projects.

The budget line notes that the department will fund the project for at least the first year. It was always going to be the case that the department would be putting funds and staff into this unit. The key person to employ for the job, to get the unit moving, is a director for the Western Australian office of crime statistics and research. That is starting to proceed in the sense we had to have the position assessed by the Public Sector Commission. That has been approved. Shortly, we will advertise to recruit that person. I expect that from 1 July we will have some facilities available and will start reworking existing department facilities to meet the needs of that new unit. Another key element that relates to the unit is the justice pipeline model, which Treasury is leading with the Department of Justice, also involving legal aid, police, the DPP and other key players in the justice system. That statistical modelling tool will be a vital element in collecting and using information effectively to map policy trends, data trends and, if you like, even costing trends around changes to our system, and monitoring them over time. We will start to see, I guess, an influence and a branding from 1 July. It will grow over the first year of operation and expand, particularly around the partnership—the university sector—in the second year, I expect.

The second part of the member’s question was about the sentencing database. A draft sentencing database has been developed, which is quite a simple tool. We are fine-tuning it and making sure that all our stakeholders, such as the heads of jurisdiction, are happy with that. It will obviously be up to the minister to decide when he wants to announce that. It should not be too long. I hope it will be within this calendar year, that is for sure.

Mr P.A. KATSAMBANIS: I take it from the answer that no additional funding is provided to the department to establish this office; it will be established through existing departmental funds. Is that correct?

Mr J.R. QUIGLEY: I defer to the director, who is doing this within the department.

Dr A. Tomison: I was keen to get the unit operating. As I indicated, it was always that the department would contribute at least half the funds at any rate. We wanted to get it moving. It will have to grow over time into a unit. We thought we could get it going now with existing funds, but then obviously go back to the budget process to make some bids in the out years to make sure that it works properly. As the member will be aware, New South Wales has had the Bureau of Crime Statistics for 20-plus years. It is an extremely good facility. It has taken a while to grow, as these things do. I want to start it small and grow it. I also want to make sure that we get it right. Having the justice pipeline already available within the next year will be a big boost for the capabilities of that unit and should help us grow it a lot faster.

Mr P.A. KATSAMBANIS: In the first year of operation, 2018–19, how many FTEs are anticipated to be employed within that office or unit or whatever we want to name it?

Dr A. Tomison: Making it up on the spot, I would say probably at least half a dozen. I will move some of our business intelligence people and some of our policy staff and start creating the unit around the new director position. I want the new director in place first to lead that. Given my background running national research units, I will play a role in helping to guide that person to, hopefully, achieve what we need to achieve.

Mr P.A. KATSAMBANIS: I do not have any questions in this area. I note that there is some consternation that we may not get through the other parts if we keep going here.

Mr J.R. QUIGLEY: There has been an indication from the other side that perhaps a comfort break at this stage might be appropriate. We have been going for over two hours.

The appropriation was recommended.

Meeting suspended from 5.14 to 5.23 pm

Division 29: Corruption and Crime Commission, \$27 067 000 —

Mr I.C. Blayney, Chair.

Mr J.R. Quigley, Attorney General.

Mr R. Warnes, Chief Executive Officer.

Miss L. Markussen, Ministerial Liaison Officer.

Mr D. Emerson, 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. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The Attorney General may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the Attorney General to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the Attorney General's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if the Attorney General asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

The member for Hillarys.

Mr P.A. KATSAMBANIS: I refer to the significant issues impacting the agency on page 386 of budget paper No 2, which talks about the amendments to the Criminal Property Confiscation Act and the Corruption, Crime and Misconduct Act to grant the commission powers to investigate, initiate and conduct civil confiscation proceedings relating to unexplained wealth. Has any additional funding been provided to the commission to fulfil its duties when these changes come into force?

Mr J.R. QUIGLEY: The answer to that is no. When we had initial discussions with Commissioner Hon John McKechnie, QC, he indicated that with the transference of the minor misconduct jurisdiction away from the commission there was initial capacity for the first few years to bring this part of the jurisdiction into the commission without needing extra funding.

Mr P.A. KATSAMBANIS: Is it still the case that the commission believes it can do this work without additional funding?

Mr J.R. QUIGLEY: Initially, yes. It will take some time to work these up with the transference of the other parts of the act out of the commission—the minor misconduct and educative functions went to the Public Sector Commission.

Mr P.A. KATSAMBANIS: Is there any indication of the percentage of the commission's workload, either in time or number of investigators, that will be taken up by this new area?

Mr J.R. QUIGLEY: I will refer the question to the director, because that is operative and has not been disclosed to me.

Mr R. Warnes: The member will notice that in the budget papers we talk about the number of investigations that we do from time to time. We usually handle around 71 investigations each year, but it could be less than that. The estimate in the budget papers for this year is 75. It could be less than that. If we move into a situation in which we deal with unexplained wealth, the number of investigations will be less because we will be taking on unexplained wealth matters. Those matters will take some time to do, but we will use the same resources; we may just do fewer investigations of the normal nature.

Mr P.A. KATSAMBANIS: Someone over there is reading my mind! I was going to ask questions around the number of investigations under the outcomes and key effectiveness indicators on page 387.

Mr J.R. QUIGLEY: No-one is reading the member for Hillarys' mind; we are dealing with intelligence here. We hear it before the member thinks it!

Mr P.A. KATSAMBANIS: They are listening in! I should stop talking to myself and keep it really secret. Mr Warnes has indicated that in order to balance the workload there will be fewer investigations, but they will be more targeted, particularly in the area of unexplained wealth. What happens to the investigations that the commission would ordinarily have conducted but cannot conduct in the future? I note that there is a one-third reduction in the number of investigations that has been targeted. Will the subjects of those 20 or 25 investigations that will not be made anymore just go scot-free?

[5.30 pm]

Mr R. Warnes: No, that is not the case. The commission is able to prioritise the investigations that it takes on. The commissioner prioritises investigations of significance. What I should say about these numbers is that there are considerable variables about investigations from one period to another. The budget papers may show that we had 75 investigations in a particular year but next year, without the unexplained wealth, we may be able to do only 60 investigations because of the complexity of matters that might be referred to us or that we might initiate ourselves. It is hard to crystal ball it. In the budget papers we are trying to recognise that there will be some reduction in the number of investigations that we do with the current level of resourcing we have as we take on unexplained wealth matters.

Mr P.A. KATSAMBANIS: A corollary to that is the significant increase in the number of reports to be published in the forthcoming year. Why is that?

Mr R. Warnes: In part, much of that is a different counting rule. Previously we have counted reports that the commissioner tables in Parliament or reports that we provide to ministers. The commissioner does a lot more work that has not been counted in the past such as providing reports to directors general and chief executives on matters that we might be reviewing. They might be matters that an agency is investigating. We would normally review those to make sure that the quality of the investigation was sound and that we are satisfied with the outcome. We are undertaking to provide a report to give confidence to the public that, for example, if the police have investigated an assault, they have done that appropriately. To date we have been silent. We have not written or published reports when we think there may be avenues for misconduct to occur. With the increased number we intend to be more transparent about what we are finding through our investigations.

Mr P.A. KATSAMBANIS: In summary there will be fewer but more complex investigations and reports yet the total appropriations for the agency have been reduced by more than \$2 million. How will the agency be able to conduct its important corruption and crime-fighting role given that we have put more onto the agency with fewer resources?

Mr J.R. QUIGLEY: I would be pleased if the director could answer this. I know the answer but I think he could give a more detailed answer.

Mr R. Warnes: I can assure the member that funding has not been removed from the two service areas in the direct FTEs associated with assessing notifications nor in our investigative capacity. There is no reduction of FTEs in those areas. The savings largely come from our new lease arrangement. That is what has driven the large reduction. We have gone into a new building where we have less rental space. We have 934 square metres less and we are off the terrace where we were up to around \$730 a square metre. In our current lease arrangement we are paying around \$415 a square metre.

Mr P.A. KATSAMBANIS: I will take that as a partial explanation but on page 388 the budget clearly indicates under “Investigating Allegations of Serious Misconduct” that the number of FTEs will be reduced from 96 to 93. What is the reason for that reduction and will it impact on the commission’s ability to conduct its work?

Mr R. Warnes: No, there will be no reduction in our capacity to do the work. For some time we have had a budgeted number of FTE that is higher than the number of staff we have. For a period we had a budgeted FTE of 154. With the transfer of minor misconduct to the Public Sector Commission that came down to around 130. But we never staffed up to that 130. Our FTE has always been around 126 and that largely has not changed. Now we are about 125.

Mr P.A. KATSAMBANIS: I refer again to page 388 and the average time to complete an investigation. It is budgeted to go up from 330 days to 350 days. That is partly because the commission will be undertaking more complex investigations and there is no need to go into great detail about it. However, for people who are being investigated, it is the most important thing in their lives. Are there any moves afoot to reduce the time it takes to complete an average investigation?

Mr R. Warnes: The different phases our investigations go through is not reflected in that time. The initial phase information collection may be covert—most likely, it is always covert. A person we might be interested in will not know what we are doing. A person might become aware of that only when we want to engage directly with them in a public or private hearing. If an investigation is at the point of a public hearing, we are not far away from a report being written. If it is a private hearing, we might be collecting evidence from a whole range of people.

Mr S.A. MILLMAN: I refer to the outcomes and key effectiveness indicators on page 387. The actual number of allegations received was 4 939. Under the Legal Profession Act, if a practitioner makes an allegation of unprofessional conduct against another practitioner and does not refer it to the Legal Practice Board, that can be considered in and of itself to be unprofessional conduct. If a referral is alleged to have been made to the CCC but no referral has actually been made, what opprobrium, if any, attaches to that? If I allege, for example, that I have referred the member for Perth to the CCC and he has not in fact been referred, what opprobrium attaches to that?

Mr J.R. QUIGLEY: None under the act per se, but it might amount to a defamation of the member for Perth. It would be very serious because it could imply that he is involved in serious misconduct, which he would never be, because serious misconduct is the jurisdiction of the act.

Mr S.A. MILLMAN: The CCC receives referrals and might not advise the subject of the referral that it has been received because of the investigation is to be conducted at the start; is that right?

Mr J.R. QUIGLEY: Correct.

Mr S.A. MILLMAN: This has already been touched upon by the executive director. I refer to page 389 of the budget under “Completed Works”, in particular the line item, “Office Accommodation Fit-out”. The 2017–18 estimated expenditure is lower than the estimated total cost. Can the Attorney General outline what savings were made and how they were made?

[5.40 pm]

Mr J.R. QUIGLEY: As the director has already explained to the committee, the big saving was from moving the Corruption and Crime Commission from St Georges Terrace to Northbridge, where it is now located on the top floor of the Australian Taxation Office building on the corner of William and Francis Streets. I have had the opportunity to visit it several times, especially for its opening. It is a very secure premises, because it is on the top floor of a very secure building. As the director has explained, there has been nearly a 50 per cent reduction in the square metreage letting fee. It was a very astute decision by the commission to make this move. It has resulted in considerable savings, for which it is to be amply commended. I ask the executive director to add further detail to my answer.

Mr R. Warnes: With regard to the part of the budget papers to which the member referred, that is only part of the cost of our move. Those costs in the budget papers represent the cost of our fit-out, our security arrangements and those kinds of things. We put part of those funds into our fit-out as well; it was more specialist for us. There is another part of the budget in which that appears; it is under Building Management and Works in the budget of the Department of Finance. To give the member the context, the budget last year was \$16.8 million for our fit-out. We do not have all the final costings, but we are at about \$13 million, so there is a saving from the original budget. There will be savings in the budget of the Department of Finance. Part of that cost was a lease incentive of close to \$10 million to move to that location. We put some funds out of our own budget to do the fit-out, but that incentive has paid for a large part of what we have moved into.

Mr S.A. MILLMAN: It is cost recovery. That is fantastic. In terms of the rent savings that the CCC is going to accrue, they will carry forward into the future indefinitely.

Mr J.R. QUIGLEY: Obviously, yes. The director would like to add to that.

Mr R. Warnes: Those funds have already been taken out of the budget lines by Treasury.

Mr P.A. KATSAMBANIS: It is good at that!

Mr Z.R.F. KIRKUP: I refer to the heading “Relationship to Government Goals” on page 387 of the budget papers. I note that the CCC’s Twitter account has been quite heavily focused more recently on promoting prevention ideas and the like, and there have been some unusual features on people who have reported misconduct. I am keen to understand the CCC’s role in prevention. How much work is being dedicated to that? Of the CCC’s existing budget, how much work goes into the prevention of misconduct?

Mr J.R. QUIGLEY: I will hand that to the director.

Mr R. Warnes: Essentially, with the changes that were brought into play with the legislation, we lost the prevention and education role. We still have under the act a requirement to build capacity. The member has raised the issue about Twitter. There is a lot more social media. We take that on more to showcase what we are doing and to be more transparent as an organisation—as transparent as we can be as a covert organisation. We also do that to try to solicit people to feel comfortable that they can come to us with allegations and so they know that a body will, if it can, investigate matters.

Mr Z.R.F. KIRKUP: I appreciate the response. Effectively, the CCC has a presence and it is, effectively, a brand or an agency that people recognise in the space in which they are consuming their content and that they can go to to report misconduct and the like.

Mr J.R. QUIGLEY: Yes; thank you.

Mr R. Warnes: It is about having confidence in us as an organisation. Given the history that we have gone through, we wanted to give some confidence. We also want to be more open and accessible. We do use Twitter and we use

a lot of other social media as well. We put out our reports and some of the evidence that we have. We had a You Tube feed associated with a recent report we did, which I think at last count had about 115 000 people looking at it.

Mr Z.R.F. KIRKUP: Does the CCC spend any money promoting, sponsoring, advertising or paying for content in that case; and, if so, what is the quantum?

Mr J.R. QUIGLEY: The director.

Mr R. Warnes: No, we do not sponsor. It is all self-generated with a small resource that I have already in-house.

Mr Z.R.F. KIRKUP: So the CCC is not boosting posts or anything like that?

Mr R. Warnes: No, not at all.

Mr J.R. QUIGLEY: Can we put the division?

Mr R.S. LOVE: I would like to make sure that we fill up the time with appropriate questions.

Mr J.R. QUIGLEY: We also have the parliamentary inspector waiting.

Mr R.S. LOVE: Maybe we do, but I have a question. I refer to the statement of cash flows on page 392 of the budget papers. There are a couple of things that I am curious about and that may have simple explanations. The 2017–18 estimated actual for the line item for receipts paid into the consolidated account under the heading “Cashflows from State Government” is \$6 million. What is that fund? It does not appear in any of the forward estimates. It does not seem to have appeared in the 2016–17 budget. It is just a figure out of nowhere.

Mr J.R. QUIGLEY: The director.

Mr R. Warnes: I thank the member for the question. The member will also note on page 386 of the budget papers that the cash assets have gone from \$10.7 million in 2016–17 to \$3.7 million in 2017–18 and are reducing in the out years. That is what that number is about. That is a reduction of our cash balance following a review undertaken by the Department of Treasury, which, on its ratio of how much holdings an organisation should have in its cash balance, determined that we needed to have less than we had. That is largely what that \$6.18 million is about.

Mr R.S. LOVE: There is a simple accounting matter. I refer to page 391. The 2017–18 budget amount for non-current assets of property, plant and equipment is \$19 million, but in this budget that amount falls to \$8.7 million. Is there a similar simple explanation of that particular movement?

Mr J.R. QUIGLEY: I defer to the director.

Mr R. Warnes: I would probably have to defer that question to my accountant, but I think it is associated with our move to the new building and the assets that we hold.

Mr R.S. LOVE: So where did the assets go?

Mr R. Warnes: With the new building, we have essentially quit a lot of assets that we had at the St Georges Terrace building. The equipment that was installed in the new building was part of the fit-out that BMW managed, so it is largely part of the building. We do not own a large part of the equipment. I think the answer is that we have proprietary equipment, which is reflected in these dollars. A lot of the other standard equipment—television monitors and computer equipment—is part of the fit-out. We do not own that; BMW has that as part of the building development.

Mr R.S. LOVE: It is reflected in the CCC’s accounts, but it is not actually the CCC’s.

Mr R. Warnes: In part. The member is talking about the reduction of dollars that has occurred. To explain why it is a reduction, it is because a large part of it is now part of the new building and part of what is managed in that new instalment of the building—it is not owned by us. What we do own is reflected in the dollars that are still residing here. Some of the more covert type of equipment and servers that we have is reflected here.

The appropriation was recommended.

Division 32: Parliamentary Inspector of the Corruption and Crime Commission, \$697 000 —

Mr I.C. Blayney, Chair.

Mr J.R. Quigley, Attorney General.

Hon M. Murray, Parliamentary Inspector of the Corruption and Crime Commission.

Miss L. Markussen, Ministerial Liaison Officer.

Mr D. Emerson, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Hillarys.

[5.50 pm]

Mr P.A. KATSAMBANIS: I welcome the Parliamentary Inspector of the Corruption and Crime Commission. I refer to significant issues impacting the agency on page 407 of budget paper No 2. It refers to the reappointment of the parliamentary inspector—congratulations for that. It also refers to the need to appoint two acting parliamentary inspectors. One has resigned and the other one's term expires on 31 December. What is the process for appointing an acting inspector to fill the resignation position; when is it likely to be advertised; and when does the Attorney General expect to have that position filled?

Mr J.R. QUIGLEY: As I recall, one of those positions became vacant on the resignation of the acting inspector to take a position on the bench as a judge. The inspector will give an outline of the recruitment process.

Hon M. Murray: It is a convoluted process because, of course, the office of parliamentary inspector is an office of the Parliament. It involves a process of calling for expressions of interest and then a process of a committee, chaired by the Chief Justice, that examines the prospective candidates. The recommendation is then made to the Parliament and it is considered. It needs bilateral support on all sides of the Parliament. The process involves the Joint Standing Committee on the Corruption and Crime Commission and then a recommendation comes back to government directly and the appointment is made by the Governor in the ordinary process. We have the process underway. As the Attorney General said, we lost Craig Colvin, SC when he was appointed to the Federal Court of Australia. The current acting inspector is Matt Howard, SC, who is the President of the Western Australian Bar Association—so we have valuable service there. We are not in difficult circumstances. If I should be conflicted out or unavailable for any particular reason, Howard will take over. I expect that the process of appointment of a second backup acting inspector will be completed within another three months.

Mr P.A. KATSAMBANIS: Are most positions part-time or sessional positions? They are not full-time roles, are they?

Mr J.R. QUIGLEY: I will let the inspector answer.

Hon M. Murray: They are available when called upon. They are not really part-time or any other time really. They are used when particular tasks arise. If I am unable to perform the function of parliamentary inspector for one reason or another, I can call upon them.

Mr P.A. KATSAMBANIS: I refer to a series of key efficiency indicators on page 409 of budget paper No 2. One of them is the average cost per investigation or case. I note quite a significant increase from what was budgeted for 2017–18 through to the actual cost in 2017–18, and an even higher figure for the average cost per case is budgeted for 2018–19. I note the explanation that essentially says that this figure is higher due to a reduction in the number of investigations undertaken in 2017–18 and expected to be undertaken in 2018–19. That is a relevant explanation, but what is driving the reduction in the number of investigations?

Mr J.R. QUIGLEY: I refer to the inspector again.

Hon M. Murray: There is a short and simple explanation. The investigations are reduced in number by reason of the changes in the jurisdiction of the commission itself. The focus that has been derived from those changes is into serious and more systemic considerations. My office is already encountering and expects to continue to encounter not only a reduced number of claims that we need to deal with, but also claims of increased complexity. It is hard to make an estimate but I suspect that they will largely cancel out the capacity to make savings with the extra cost involved in disposing of the business.

Mr P.A. KATSAMBANIS: With the anticipated changes to the purview of the Corruption and Crime Commission to enable it to utilise the unexpected wealth provisions, does the parliamentary inspector expect that he has both the resources and the capability within his office to effectively oversee those new powers?

Mr J.R. QUIGLEY: I will answer the first part. I can assure the member that having known Hon Michael Murray, QC for 30-odd years, he certainly has the capability. But I will let him answer as to the resources.

Hon M. Murray: Thirty years is a long time for somebody who can only remember last week! I think the resources will be adequate. We have managed to organise our affairs so that we can do the oversight role, make our recommendations, make our report to Parliament and give Parliament, we hope, the assurance that the oversight is effective. I do not anticipate that we will be in need of any further increase in resources in the foreseeable future.

Mr P.A. KATSAMBANIS: I am not quite sure whether I should say that I have exhausted my questions and I have exhausted everyone in the building, but I have no further questions.

The CHAIR: There is a first time for everything, member.

Mr R.S. LOVE: It is fascinating to learn a little bit about the role of the parliamentary inspector. I must admit that I have not taken a great deal of note of it before. When the inspector goes about seeking to evaluate the key efficiency indicators of the commission, how forensically does he go into the information that he is provided with? Does he just accept whatever he is given or to what detail does he get involved in trying to make sure that the information he is supplied with is, in fact, the truth?

Mr J.R. QUIGLEY: I will refer to the inspector.

Hon M. Murray: It rather sounds like blowing one's own trumpet, but no, we regard our duty as being a thorough, independent investigation. It is very often a task that is performed by oversight of the work being done by the commission, and an evaluation of the effectiveness and appropriateness of the procedures it uses. But there is ample power in the act. I can be constituted to conduct an inquiry, and I do so occasionally with all the powers of the royal commission. That investigatory process is amply legislated for and we take very seriously the need to go behind the service and probe completely where the merits of the matter lie.

Mr R.S. LOVE: I think we have run out of time and that is a pity because I would like to explore it further. However, I do not want to keep the parliamentary inspector any longer than we need to.

The appropriation was recommended.

Meeting suspended from 5.59 to 7.00 pm

Division 28: Office of the Director of Public Prosecutions, \$39 786 000 —

Mr R.S. Love, Chair.

Mr J.R. Quigley, Attorney General.

Miss A.L. Forrester, SC, Director of Public Prosecutions.

Mr P. Rechichi, Director Corporate Services.

Miss L. Markussen, Ministerial Liaison Officer.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, the Attorney General shall be examined only in relation to his portfolio responsibilities.

The Attorney General may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the Attorney General to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the Attorney General's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if the Attorney General 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 Dawesville.

Mr Z.R.F. KIRKUP: Attorney General, I refer to page 379 of budget paper No 2. The second dot point under "Significant Issues Impacting the Agency" relates to the Macro task force prosecution, which I think has been allocated an additional \$1.8 million, or thereabouts, in the state budget.

Mr J.R. QUIGLEY: Correct.

Mr Z.R.F. KIRKUP: I note in the narrative that this is one of the most complex criminal cases ever undertaken in Western Australia. I am keen to understand the nuances of that complexity, where appropriate, and where the Attorney General can speak to that. I could be wrong but the Premier noted publicly that the question of costs could be open-ended. We might start there, and then I have some further questions.

Mr J.R. QUIGLEY: As to the complexity, I will defer to the director because I do not want to reveal anything about that complexity. As to the costs, this is a very complex case, as the director will provide some detail of, so the government is replenishing the director for this particular prosecution on an annual basis. It is an extraordinarily long case in terms of the documentation being produced by the police for an investigation that ran for nearly 20 years. There is a massive number of documents. We indicated to the director that funds will not be in the forward estimates but she should come back to the government every year and seek replenishment. As to the other part of the member's question, I defer to the director.

Miss A.L. Forrester: The first stage of the matter involves the fact that the prosecution, which includes the police in the first instance and then the DPP, is obliged to disclose all material that is potentially relevant to the case. At this stage of proceedings, the DPP, or the prosecution, does not have any idea what the defence is. It simply has to provide everything that might be potentially relevant to any issue. The member can imagine how enormous a 20-year investigation is; it covers rooms of documents. We cannot just back it up in a truck and give it to the defence lawyers; we have to catalogue it, redact it for any sensitive information, scan it and produce it in a manageable way. That is the process that has been undertaken since December 2016, at the time of arrest.

The remainder of the complexity going forward—we are getting to that stage now because the next appearance is at the end of July, when disclosure is meant to be complete—is the trial phase. In any case, it involves three homicides allegedly committed at different times plus two other historical offences. We envisage that it will be a very long trial, if there is a trial. That is something that we do not know, and I am not saying anything that might prejudice any future proceedings. That is one of the reasons to fund us year on year, because we do not know how long the matter will go for. Things can stretch out into appeals and all sorts of matters and we do not know what issues there will be at trial. It contemplates a huge number of witnesses, including expert witnesses and anything that the prosecution might need in order to prosecute the matter properly, and to provide appropriate disclosure to the defence in an ordered way.

Mr Z.R.F. KIRKUP: I appreciate that response. Obviously because of the complexity, the length of the matter stretching over 20 years, and the expert involvement and the documentation, that is the reason we have to ask for funds year on year. Skill sets are required but certainly documents as well and the preparation that the director has outlined. I assume that is why the costs could not be absorbed within the existing DPP budget. As a result of that, I suppose we are not setting ourselves up for any costs in that case if there was a guilty plea, for example, because we are getting to the point whereby the government is not predicting costs in that case; we are going year on year, which I suspect is the responsible manner in which to do it.

Mr J.R. QUIGLEY: That is correct. At the outset, the accused is presumed to be not guilty so the director has to prepare the case as though it is going to trial and will go the full distance at trial. There may be a development later once the defence lawyers assess the situation. I do not know whether that will come to pass. As far as the state is concerned, we have to be ready for trial as soon as the matter is listed to indicate to the court that it is ready for trial at the first appearance because I think the person has been in custody for 16 months, and then the pressure is on the defence. We have to renew the funding to the director each year while this matter is alive.

Mr Z.R.F. KIRKUP: I imagine that the DPP has learnt quite a lot of lessons from looking at the most recent commonwealth prosecution, which fell over because of the volume of disclosure issues that existed. I imagine this allocation helps the DPP. I realise it was a federal prosecution in that case. The member for Hillarys was keen to understand—the Attorney General may have already answered the question—and ensure that the government does not forecast any issues like that.

Mr J.R. QUIGLEY: That is why the director has a team. I will let the director answer that. There is a team there. A special secure floor has been leased in the building, isolated from the rest of the staff, with a senior counsel leading that team and other staff under her. Every effort is being made to make sure that both timely and complete disclosure is made.

As the director said, not only has it been under investigation for 20 years, but also the member can imagine over that time the police were advertising for information: “Ring Crime Stoppers”. All manner of people rang Crime Stoppers with information. It all has to be assessed and prepared for disclosure. It is a mammoth task. That is why when the director approached us on this matter last year, we committed that each year we would fund whatever she needed to see the trial through.

[7.10 pm]

Mr Z.R.F. KIRKUP: How does one forecast the expenditure that might be required for the forthcoming year? How do we get to the \$1.8 million figure?

Mr J.R. QUIGLEY: I will let the director answer that.

Miss A.L. Forrester: In relation to this particular matter, for a start we are very experienced in large prosecutions and the amount of disclosure that is required. This matter is not new to our office. Even though it is a new prosecution in relative terms, we have been associated with the police over many, many years in relation to it and are quite familiar with the amount of investigation that has gone on. That is why the Deputy Director of Public Prosecutions is practically, although not entirely, working full time on this matter, and she has a team of dedicated staff. One of the reasons the costs cannot be absorbed is that I have had to put experienced DPP staff onto that who cannot be replaced by just filling up the rest of my office. I cannot comment on how the commonwealth did its disclosure but I can tell the member that we do not do disclosure that way. We never have and we never will. We are well experienced, particularly my deputy director is well experienced in massive prosecutions—not one this big because we have not had one this big—but if I had to assign anyone to make sure that everything was disclosed, I could not find a better person. For 16 months she has been very closely working with police to make sure that not only everything that needs to be disclosed is disclosed—some of it is so borderline that I doubt anyone will ever read it again—but also it is at the level we go to to make sure disclosure is complete. Not just complete and backed up, as I say, in a truck, but catalogued so it can be read if necessary.

Mr A. KRSTICEVIC: I refer to “Convictions after trial” on page 380 of budget paper No 2. I notice that the budget target is 50 per cent. Note 2 refers to the conviction rate being 65 per cent and currently sitting at 73 per cent. What does the Attorney General think will change in the capability of obviously a very efficient DPP to drop that high level of achievement to 50 per cent and why is he setting the benchmark so low? Is the office losing skills, is it losing funding or is it just being cautious?

Mr J.R. QUIGLEY: I will let the director expand on my answer. Predicting the outcomes of trials is notoriously difficult. One could say that an accused has a 50 per cent chance of getting off at trial and a 50 per cent chance of getting convicted. The office is to be commended for the successes that it achieves and the high percentage it has. But I will hand that over to the director.

Miss A.L. Forrester: I would like to put it slightly differently, if I could, in terms of 50–50 chances of acquittal or conviction because we assess cases on the basis that we proceed if there are reasonable prospects of conviction. Across the country, a slightly over 50 per cent key performance indicator is a good gauge that we are getting a decent balance of cases that have a reasonable prospect of success. That does not mean they have great prospects and it does not mean we will definitely get a conviction, but it means we are prosecuting enough cases for a jury to decide; that is, there are enough prospects that a jury should decide a case. If the conviction rate is 100 per cent, too many cases are probably being dropped that would have had a chance had they been given a chance. We do not prosecute only things we can definitely win. The fact that we have a relatively high conviction rate at the moment means we are doing a good job of assessing the cases that have good prospects and appropriately weeding out, at a stage before trial, those that should not proceed, because these are convictions after trial. Matters can resolve right up until the doorknock of trial. It is more than 65 per cent now; it is 73 per cent at the moment. That is a standard we have maintained this year for convictions after trial. I think that means we are doing a good job of assessing which matters should proceed.

Mr A. KRSTICEVIC: In terms of the volume of cases that the office is putting through the system to achieve that target, how does that relate to other jurisdictions? The Attorney General said about 50 per cent was the general rule of thumb across the country, are we putting out the same percentage of cases as per our population compared with other states or are we doing less in terms of throughput?

Miss A.L. Forrester: Member, that is very difficult to compare. I have worked in one other jurisdiction and my experience is that we are more robust than that jurisdiction, but they have a lot more cases. Not in this particular case, but resourcing can come into it. Policies of particular directors of public prosecutions and the way they take particular attitudes towards sex cases or matters of that nature can all have an impact. It is very difficult to compare or find like for like to compare. We have increased the number of matters that we prosecute by 40 per cent over the last four years and our conviction rate has gone up.

Mr A. KRSTICEVIC: Is the director comfortable that she is prosecuting all the cases that need to be prosecuted? Does the office have enough resources and enough funding? When a case has come to the director, has she said, “Yes, we should do that but, no, we have not got the capacity to take it on board”?

Miss A.L. Forrester: We are not currently in a situation in which we are making decisions based on resources; that is, which matters to prosecute and which not to prosecute. If we were, I am confident that I could go to the Attorney General and tell him that and we would be adequately resourced, so that that does not become a factor. What I can say is that we make rigorous assessments about whether we have reasonable prospects of conviction in any case and we take great care to consult with victims and the police before we make decisions to discontinue or withdraw a prosecution. We hope—we always hope—that we have the right balance but we are continually striving to make it better.

Mr A. KRSTICEVIC: The director said her office has the resources to do the cases it needs to do, and if she needed to, she could ask for more funding for the cases that are on hand. Are cases moving through the system quickly enough or are they sitting there for an unreasonable length of time?

Miss A.L. Forrester: Member, it is not only, in fact hardly ever, that the DPP dictates the speed at which a case moves through the system, but also that disclosure has to be completed by police. We are at their mercy to some extent. We get some leeway, but not much, from the courts in preparing a case and getting it ready. Sometimes we are still waiting on expert evidence from police. Depending on the backlog in a particular court, a case is waiting for trial until it can get on when it is next in the queue.

Mr A. KRSTICEVIC: Are police appropriately resourced to get the cases to the office of the DPP in an appropriate length of time? Are they doing their job as best they can or is that part of the process?

The CHAIR: I think that is outside the role of the Attorney General.

Mr A. KRSTICEVIC: Obviously the DPP waits for the police.

The CHAIR: I will ask the Attorney General whether he wishes to comment.

Mr J.R. QUIGLEY: We would not answer that question because that is really a question about police resourcing and whether the police are well equipped to get the materials through. That should really be a question for the Minister for Police.

Mr A. KRSTICEVIC: I will rephrase the question. How many cases has the director got sitting in her office that are waiting for police to get all of that information collected so that her office can move to the next stage of prosecution?

Mr J.R. QUIGLEY: With respect, there would be a lot of cases going through various stages of prosecution. They are not just sitting there in dead water; they are active files waiting for materials to come in depending upon the stage of the prosecution.

Mr A. KRSTICEVIC: Is the director comfortable that that chain of activity is progressing in the way that it needs to to get the cases through the system as quickly as possible?

Mr J.R. QUIGLEY: I can answer that. I am sure that if there were any unreasonable delays, the director would approach the Attorney General—my office—immediately, as she did with the Macro task force and Operation Fledermaus for that matter, which is the Roebourne matters. I was approached immediately and the government responded immediately. One of the prime duties of my office is to see that the office of the DPP is properly resourced to prosecute all appropriate criminal cases on behalf of the community.

[7.20 pm]

Mr Z.R.F. KIRKUP: I refer to the significant issues impacting the agency on page 379. The Attorney General mentioned Operation Fledermaus and the prosecution associated with that in his last answer, but I am keen to understand whether, noting the significant issues impacting the agency, any additional funding might be required over the coming years.

Mr J.R. QUIGLEY: I do not know about the coming years—I will let the director answer that. We have already committed to what we are up to, but I will let the director answer about the coming years, because I cannot forecast where the end of this is.

Miss A.L. Forrester: It is very difficult to predict. We do not know how many arrests the police are going to make. At the moment, 49 accused have been charged and, given the time frames, we would hope that most of those are either completed or near completion by the end of the year, or close to it. In those circumstances, we have funding for the next financial year and, again, if we need more funding for that particular task force or its expanded version through other regional areas, we will seek it in the same way that we have sought it before, by providing business case and proper estimates of what we need.

Mr Z.R.F. KIRKUP: I appreciate that response. In terms of the complexity of what we are talking about versus Macro, for example, I imagine Macro is significantly more complex, but of course a lot more charges have been laid against individuals. In terms of the FTE allocation within the office at the moment, and the additional staff required for Macro, is this also being looked at? As an opposition, we are quite concerned about what is happening in Roebourne, as I suppose everyone in the community is, but we are trying to get a sense of how robust the office's resourcing has been, in anticipation of any charges, and the investigations there.

Mr J.R. QUIGLEY: I will refer to the director, but before doing so, and without being too political, one of the challenges I faced as an incoming Attorney General was that the previous administration had a workforce replacement policy, so that when a senior prosecutor left, going to the bench, they could only be replaced with a prosecutor at 60 per cent of that salary, which was having a concerning downward push. Our starting point, with all of these, was off a low bar, where we had to change that policy to have the office declared a frontline service, as the police were declared a frontline service. I do not want to avoid this situation, but there was a challenge that had to be met. As to the ongoing staffing of Operation Fledermaus, I will refer to the director.

Miss A.L. Forrester: The challenges of Fledermaus are different, but in their own way quite complex as well. Although it is not one person and 20 years of investigation, there are a lot of people with a lot of very challenging charges, and a lot of very challenged victims. Many of them have foetal alcohol spectrum disorder, issues with English as a second, third or even fourth language, difficulties with finding interpreters, the very nature of the offending behaviour, and the difficulties in proving it. It is quite an extraordinary challenge, and we have had to dedicate experienced resources to it. The previous policy that the Attorney General has already mentioned took a substantial amount of seniority, or value in seniority, out of our office over the first year that it was implemented, and so we are juniorised already, so we are assigning senior people to Macro, and senior people to Fledermaus, and there is no secret that we have a quite juniorised office at the moment that we are trying very hard to train up. Monetarily, we are sufficiently resourced to meet those challenges. Our biggest challenge is finding experienced enough staff, but we have certainly assigned senior staff, and certainly almost an equivalent team size to that of Macro, to the Fledermaus prosecutions.

Mr Z.R.F. KIRKUP: I appreciate the response, Attorney General, and I note the reference to the previous government's policies in that case. Why are the employee benefits being reduced by \$3.3 million, while the FTEs go up over the coming year? Is that a flow-over of that policy, or has something else occurred? The income statement is there. To clarify, employee benefits appear to be going down—that is, salaries to employees.

Mr J.R. QUIGLEY: Can the member take us to a line item?

Mr Z.R.F. KIRKUP: Of course I can. I refer to the line item for expenses under cost of services on page 383 of budget paper No 2. Employee benefits there seem to be reducing by \$3 million in 2019–20 from where we are at the moment, although I note that the FTE numbers appear to grow. I am trying to understand the reconciliation of that. Is that a reference to the previous government's policy being flowed through?

Mr J.R. QUIGLEY: The figure is shown as \$33 million for the 2017–18 year. Next year it goes to \$34.342 million.

Mr Z.R.F. KIRKUP: I am referring to 2019–20.

Mr J.R. QUIGLEY: I will refer to the director. It is to do with the cost–demand model.

Miss A.L. Forrester: The issues in relation to our funding, which were in large part a result of the workforce renewal policy in the agency expenditure review, which was also a policy of the former government through the forward estimates, was that those two reductions were causing some problems, so we went to Treasury and had a discussion about how we could revise our budgeting for next year and over the forward estimates. Between us, we have developed a cost–demand model, which has resulted in this year’s funding being what it is. We are still refining that for the forward estimates, so those figures over the forward estimates may not ultimately be what we have, but we are looking at the cost–demand model. We do not know what that cost–demand model is going to throw up so, as I say, we are refining that and working on what the drivers are, and we are confident that, if we need more money than is in those forward estimates, the government will accommodate that.

Mr Z.R.F. KIRKUP: How do we land at that figure of \$31 million then? I imagine some calculation must have taken place to get to that point.

Mr J.R. QUIGLEY: I think we need to go back to 2016–17, before we came to office, when the AER and the workforce replacement policy were in place.

Mr Z.R.F. KIRKUP: Is it just a long-term average, in that case?

Mr J.R. QUIGLEY: Yes, and then when we look at the coming year, that is 2018–19, at the \$34.342 million, that also includes Macro and Fledermaus.

Mr Z.R.F. KIRKUP: That is the lot, in that?

Mr J.R. QUIGLEY: Yes.

Mr A. KRSTICEVIC: I note in the fourth dot point on page 379 that the figures for indictable cases for 2016–17 and 2017–18 are similar. The projected number is slightly higher for 2017–18 than for 2016–17. Does the Attorney General see a similar number of cases in the forward estimates with that funding?

Mr J.R. QUIGLEY: For predicting the number of cases, I will defer to the director.

Mr A. KRSTICEVIC: I know that it is hard to predict, but there must be some idea of a pattern.

Miss A.L. Forrester: It is hard to predict. It depends on the resourcing given to police, what the police focus on, and how many arrests they make in any given year. As I said before, we have had a 40 per cent increase over the past four years. We seriously hope that it has levelled out. We cannot predict how many we are going to get next year. We have the 2016–17 figures there, and the 2017–18 figures seem to be about the same. That is about as much as we could say about where we are going with indictable cases. We will know more midway through next year.

[7.30 pm]

Mr A. KRSTICEVIC: On that point, just a further question. The director said there was a 40 per cent increase in cases coming through over the last 12 months. What are the characteristics of those cases? What sorts of cases is the DPP getting, why has there been a 40 per cent increase and what has changed?

Miss A.L. Forrester: It was over the last four years, and the principal increase is as a result of the methylamphetamine epidemic, so either drug-related crime or drug-associated crime. There has also been a spike in sex offence reporting as a result of the high profile commissions of inquiry and a royal commission in relation to that.

Mr Z.R.F. KIRKUP: I refer to page 382 and the asset investment program. Under the heading “Works in Progress” there is a line item dealing with computer and office equipment and the like. The estimated expenditure to the end of this financial year is \$1.4 million—is that about right? It then decreases quite significantly before bumping back up in 2019–20. Is there any reason for that lump at the front end, the amount going down, and then it jumping back up again?

Mr J.R. QUIGLEY: I will defer to the director on this question, member for Dawesville.

Miss A.L. Forrester: The \$1.4 million includes last year’s allocation; it has been rolled over to this year. We are trying to run a program of increased digitisation and renewal of our computer technology. We are concentrating very hard on trying to find efficiencies in that particular arena at the moment, so it was recommended we roll that figure over into this year so we can spend it on proper capital infrastructure and a proper program for replacement.

Mr Z.R.F. KIRKUP: Just economies of scale, in that case?

Mr J.R. QUIGLEY: I will refer to the director.

Miss A.L. Forrester: Yes.

Mr Z.R.F. KIRKUP: For the forecast, the figure grows again. Is that just inflation that has been applied to that? Has any modelling been produced? I note also that the FTEs continue to grow through the out years. I am keen to understand why that figure remains effectively in stasis after initially bumping back up to \$631 000.

Mr J.R. QUIGLEY: I refer to the director.

Miss A.L. Forrester: The figure going from \$550 000 to \$631 000 is a combination of a forecast increase in costs and equipment forecast to expire. For example, we have a rollout of multi-function device printers and things like that that need to be replaced, so it is just budgeting over the forward estimates.

Mr Z.R.F. KIRKUP: Nothing special, in that case—just wear.

Miss A.L. Forrester: Nothing at all.

Mr A. KRSTICEVIC: The director mentioned digitisation and the funding coming across for that. I assume that is for the government's Digital WA strategy. Can the Attorney General explain how far that strategy has progressed, what his plan is, when he thinks he will reach full digitisation of all the records, and whether he has enough funds and resources to achieve that within that time frame?

Mr J.R. QUIGLEY: I will refer that to the director.

The CHAIR: I have to say, member for Carine, I am finding the nexus a little difficult. If you want fresh questions, you can just say so. There is only two of you asking.

Miss A.L. Forrester: We are a bit behind a lot of other agencies in relation to digitisation. We are still working very much internally to upgrade our technology so that we can get on board with the government's strategy; we are that far behind. We do not have a time frame for full digitisation; we are well below getting to that point. We are currently working on getting a full business case together with appropriate strategic plans so we can work out how to do it. It is not as simple as just digitising our agency. Because we interact with police and courts and we are so heavily reliant on both, we have to work as a group to get an effective digitisation strategy. We are trying to work out, through the justice planning and reform committee, how to do that at the moment. We are very much in the initial phases and we are putting together a business plan for more resources, if they are required.

Mr Z.R.F. KIRKUP: I understand that in other jurisdictions, certainly internationally, we have seen the equivalent of district attorney's offices being hacked; they obviously contain valuable information. Noting what the director said about the computer systems being so old, has the DPP had any issues relating to unlawful access to information over the last two years?

Mr J.R. QUIGLEY: I will refer that to the director.

Miss A.L. Forrester: There are two issues. One, our computers are not old. We have good technology and we receive a great deal of support from the Department of Justice. Secondly, the fact that our records are all paper actually means it is much harder to hack. At the moment we are working on the initial phases of classifying our data and working out what level of security we need so as to futureproof ourselves against any such events before we go digital.

Mr Z.R.F. KIRKUP: So to clarify, the answer is no—there have not been any issues in terms of unlawful access to information.

Mr J.R. QUIGLEY: That is correct.

Mr A. KRSTICEVIC: I refer to page 379 and the dot points regarding criminal justice systems and office accommodation requirements for future needs for a modern prosecution service. What exactly are the accommodation needs for a modern prosecution service?

Mr J.R. QUIGLEY: I will let the director expand on it, but at the moment it is located at International House and spread over nine floors. I used to practice in that building and they are very small floor plans. Obviously there are inefficiencies when it is spread over nine floors, with people travelling in lifts all day and not interacting as closely as they would like. Obviously, a nice, big open floor plan would be desirable, but I will let the director further expand on that answer, if I may.

Miss A.L. Forrester: Just to build on what the Attorney General said, because I entirely agree with everything he just pointed out, it comes down to things like duplication of photocopying machines and transporting files between floors. We have to be close to the court complex, and because we are still paper based we have large numbers of tubs and trolleys to take to court. We cannot properly digitise at the moment because we are spread over nine floors. If I wanted to put wi-fi in my office, I would have to put wi-fi on every single floor, which is prohibitively expensive and a waste of money because our lease is up in two years. We do not have cross-pollination of knowledge and information; people are siloed. It is not good for morale. We do not have a big enough training room. There are enormous problems. We are desperately trying to find a building close enough to the court that will accommodate us, to a maximum of three floors.

Mr Z.R.F. KIRKUP: Is there an expectation of when that might land in terms of negotiations on new leases and ending the current lease at International House? Is there any idea of when that might be finalised?

Mr J.R. QUIGLEY: I will refer to the director.

Miss A.L. Forrester: Our lease is up in 2020, but we have to have a building to move into, and we do not have one yet. It is as simple as that. We are in the process of working with Building Management and Works to get a new building and to advertise, but that is all commercial-in-confidence at the moment. We certainly have not found anywhere yet.

The CHAIR: Any further questions? All questions are done? Very good.

The appropriation was recommended.

Meeting suspended from 7.39 to 8.00 pm

Division 33: Communities — Services 18 to 21 and 23, Housing; Veterans Issues; Youth, \$1 347 741 000 —

Mr R.S. Love, Chair.

Mr P.C. Tinley, Minister for Housing; Veterans Issues; Youth.

Mr G. Searle, Director General.

Mr P. Whyte, Assistant Director General, Corporate Operations.

Mr G. Cash, Assistant Director General, Commercial Operations.

Ms H. Nys, Assistant Director General, Policy and Service Design.

Mr L. Carren, Executive Director, Business Services.

Mr M. Richardson, Director, Finance and Business Support.

Mr S. Ward, Chief of Staff, Minister for Housing.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system. In welcoming along the advisers tonight, I ask that if you are required to contribute, you wait to be invited by the minister and then I will give you the nod to participate.

I give the call to the member for Dawesville.

Mr Z.R.F. KIRKUP: I refer to service 18 "Rental Housing" on page 434 of the *Budget Statements* and the net cost of service indicated in the table. I will start off with rental housing. How many people sit on the housing waitlist?

Mr P.C. TINLEY: That is a slightly different question.

Mr Z.R.F. KIRKUP: Is it?

Mr P.C. TINLEY: No, that is fine. I am happy to take it here. As at 31 March, there were 14 001 people sitting on the housing waitlist. I will give the member the exact number.

Mr Z.R.F. KIRKUP: Does the minister have a breakdown for that regionally? I am keen to understand how many people in the Peel region sit on the waitlist.

Mr P.C. TINLEY: That would be the south metropolitan region. The number of applications in the south metro, which, bear in mind, goes from Fremantle all the way through to the member's electorate, is 2 489, of which, just for further information, 345 are priority applications. These are applications.

Mr Z.R.F. KIRKUP: Can we have an understanding of the trend over the last couple of years and the projections that the minister might have about where the waitlist looks like landing over the forward estimates?

Mr P.C. TINLEY: I might defer to the director general for trend.

Mr G. Searle: In 2009–10, the number of applications peaked at just over 24 000 and they have been coming down consistently. In 2015–16 there were 18 500, in 2016–17 there were 16 500 and now they are down to 14 001. There has been a consistent drop of a couple of thousand a year for the last three years.

Mr P.C. TINLEY: I might bookend that information by saying that there is a continuing issue in relation to the application of resources to deal with the housing needs of the most vulnerable Western Australians, but consideration needs to be taken for market conditions, which have allowed more people to move to private rentals. The authority sits with people in the form of bond loans and so on to assist them to get into that sort of space.

Mr Z.R.F. KIRKUP: I appreciate the director general's response. I am keen to understand whether there is an estimate of where we are going with the waitlist. I am not sure whether I missed the answer.

Mr P.C. TINLEY: As the member would know, much of this is at the whim of the market, as I have already indicated. The private market exists and when it comes to a certain threshold, those who have their name on an application for social housing take advantage of it. The capacity to project or forecast future need is not unrelated to any forecast we might make about the real estate industry generally and the housing market more broadly.

Mr A. KRSTICEVIC: Can I ask a further question on that point?

The CHAIR: Is it a further question on that point, given what has happened before? If it is a new question, I will pull you up, because there is an order.

Mr A. KRSTICEVIC: My question is just about the waitlist. The minister indicated the numbers on the waitlist. Does the minister have a break-up of those numbers in terms of over 55s, families and singles—the numbers in each of those categories?

Mr P.C. TINLEY: Yes, we do have that.

Mr A. KRSTICEVIC: Is that something the minister could provide?

Mr P.C. TINLEY: I presume the member wants the full layout.

Mr A. KRSTICEVIC: The break-up in each category, yes.

Mr P.C. TINLEY: I could read it in, but the member would have to get *Hansard*. I would sooner provide it to him by way of supplementary information, if the member is happy with that.

Mr A. KRSTICEVIC: That would be great.

The CHAIR: What is the minister providing by way of supplementary information?

Mr P.C. TINLEY: I am providing information in relation to the demographic break-up of the housing waitlist as at 31 March.

Mr A. KRSTICEVIC: Can it be by region?

Mr P.C. TINLEY: No, I will not provide it by region; that would take a little longer.

Mr A. KRSTICEVIC: I had the impression the minister might have that information already.

Mr P.C. TINLEY: No, I have it by demographic breakdown; I do not have it by region.

Mr A. KRSTICEVIC: Let us do the demographic breakdown in its entirety then, rather than by region.

Mr P.C. TINLEY: I commit to giving the housing waitlist by demographic division and by region but just for the whole waitlist; I cannot give the detail. If the member puts a question on notice, I will get the information for him; otherwise, it would take too long. Is the member happy with that?

Mr A. KRSTICEVIC: Yes.

The CHAIR: Is the minister now going to provide further information to that supplementary information?

Mr P.C. TINLEY: No; do you want me to recap the supplementary information, Chair?

The CHAIR: Yes, I would.

Mr P.C. TINLEY: We will provide the housing waitlist broken down by demographic slice—for example, youth, age, family—and we will also provide the housing waitlist as at 31 March for each region, but not by demographic slice.

[*Supplementary Information No A38.*]

[8.10 pm]

Mr A. KRSTICEVIC: What is the longest time that people have been on the waitlist? Does the minister have a break-up of the wait times on the waitlist?

Mr P.C. TINLEY: It is important to understand that how long people are sitting on the wait turn list depends on the demographic slice. It relates to where have people nominated they want to be, for example in north metro, east metro or regional areas, and the housing type that they need. If they are a family of four, five or six people, then it becomes less and less likely that we will have a high frequency of availability for that type of home. I can give the member global numbers but they are really not helpful in the context of understanding the nuanced nature of the waitlist break-up. I can defer to Mr Cash to say it in a more articulate way than I would.

Mr G. Cash: We are able to provide information on the length of time that people who have been housed have waited over various periods. This information is not written in exactly the form the member asked but the average wait time for wait turn and priority listed people housed between July last year and March this year is 123 weeks, with a median of 115 weeks.

Mr A. KRSTICEVIC: Is there a difference between city and regional waitlist times?

Mr G. Cash: Yes, there is, but I do not have the breakdown here. As the minister suggested, the period of time that people wait is dependent on the amount of accommodation we have for their category of housing and the turnover of the existing portfolio of stock relative to the number of people on the waitlist. Somewhere where there is a very short waitlist with a large pool of accommodation will have a very short wait time, whereas somewhere where there is a long waitlist with a small number of dwellings that suit a client, they may need to wait for a longer period.

Mr P.C. TINLEY: I will add a bit more just to make sure that the member understands what we are talking about. It is a little easier in the metro area because there is a larger volume of those 44-odd thousand dwellings that are available across Western Australia. Obviously, the majority are concentrated here. However, in some regional towns at certain points, there is a surplus of housing. For example in Port Hedland where rent values fell through the floor, that took up a whole lot of people who were waiting for accommodation there and the member will see a vast difference in Port Hedland or the Pilbara generally relative to some other areas. I wanted to use that example to highlight the variations there can be.

Mr D.T. REDMAN: Does the government, through the agency, still have an audit process in which the eligibility of people on the waitlist is audited; and, how often does it happen?

Mr P.C. TINLEY: Yes, but audit is probably not the word I would use.

Mr D.T. REDMAN: Does the government test-check the eligibility of people on the waitlist?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: If people are not eligible, are they taken off the list?

Mr P.C. TINLEY: That is correct. They are checked periodically, but not greater than 12-monthly, to determine whether they are still an applicant and that their circumstances are still the same, but the onus is also on the applicant, as it is with applications for all human services in the state. If an individual applicant's circumstances change, they are required to notify the agency.

Mr D.T. REDMAN: Does the three-strikes policy still apply to people doing the wrong thing in social housing?

Mr P.C. TINLEY: Yes; there has been no change to the three-strikes policy.

Mr A. KRSTICEVIC: The minister said that the agency manages 44 000 properties at the moment across the state —

Mr P.C. TINLEY: No, I said there are approximately 44 000 social houses across the state.

Mr A. KRSTICEVIC: How many does the agency manage?

Mr P.C. TINLEY: It is 36 536. Do not hold me to that! I want to be very accurate, of course, but it is in the order of that number.

Mr D.T. REDMAN: The third dot point on page 417 refers to the government's commitment to addressing housing affordability through a package that is running concurrent to the Metronet development. It states that \$394 million is allocated to a housing and jobs package. Can the minister reconcile that number with a similar number that appears on page 437? I suspect it is capital versus recurrent, but under the asset investment programs on page 437, the line item for "METRONET Social and Affordable Housing and Jobs Package" has a figure of nearly \$41 million in the forward estimates. That is different from \$394 million. Can the minister give me the reason for that difference?

Mr P.C. TINLEY: The member is right; it is the difference between capital and operational or recurrent. I will pass to Mr Cash for a more detailed explanation.

Mr G. Cash: The package of investment contained in the Metronet housing and jobs package covers some capital investment into social housing, which represents the \$41 million. The \$143 million represents operating cash flow for the affordable housing sales component in which those assets are treated as inventory and so they are stock-in-trade and therefore move on and off.

Mr D.T. REDMAN: They are therefore recurrent.

Mr G. Cash: Yes. The remaining funding relates to assets that we invest via our land component.

Mr D.T. REDMAN: Of the \$394 million cited on page 417, is that all government money or is there private sector money in that?

Mr P.C. TINLEY: That is right. Bear with me while I find the exact number so I do not make it up. Of the \$394 million package, the Housing Authority owns a land contribution, so it is contributing land worth \$53 million.

Mr D.T. REDMAN: Is that capitalised into that number?

Mr P.C. TINLEY: Yes. Of the \$394 million package, \$53 million is in land; a land contribution to the transport-oriented developments around Metronet of a further \$3 million; the Department of Communities contributes \$9 million cash, but that has to be included in the funding envelope of the existing forward estimates. Further, there is a \$120 million loan facility through the Western Australian Treasury Corporation, which is repayable in 2022. I think the member asked about the \$209 million of private sector capital, which comes through our normal joint venture arrangements.

Mr D.T. REDMAN: Can the minister explain the loan facility?

Mr P.C. TINLEY: The loan facility is a straight Treasury Corp loan.

Mr D.T. REDMAN: Is it to the Housing Authority?

Mr P.C. TINLEY: Yes, just a straight-up normal business loan.

Mr D.T. REDMAN: Did the \$209 million of private sector money come from developers along the route and on the nodes of activity bringing developments to the table that include packages that are part of the government's housing affordability strategies?

[8.20 pm]

Mr P.C. TINLEY: The \$209 million is an estimate on the basis of the available land supply and projects we have in those Metronet precincts. It is too early to say exactly where they are because the procurement cycle and expression of interest process —

Mr D.T. REDMAN: So this is government land —

The CHAIR: Member, let him finish his answer.

Mr P.C. TINLEY: The \$209 million of private investment is represented in the joint venture partners that will come alongside, as the Housing Authority does in the normal course of business to develop these things. There is a process. I am not evading the point; it is just that we are not yet there.

Mr D.T. REDMAN: I will paraphrase what the minister said. Along the development route, including the activity centres, there is government-owned land under the Housing Authority. The Housing Authority is putting that on the table to potentially joint venture partner with private sector investors. Does the minister anticipate that a \$209 million investment will be brought to the table, and the government will bring its social housing package into that with the numbers cited here?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: When the Minister for Transport talks about uplift—value capture—presumably the Minister for Housing has modelling that suggests that those along that route in the activity centres will get an enhanced value. Is the Department of Housing coming to the table with more value than it otherwise might if there was not a rail line going through?

Mr P.C. TINLEY: Correct. The premise of the member's statement is correct. But "value capture" is a widely used and abused term. The idea of building infrastructure first and then capturing the value, or capturing value in anticipation of the infrastructure is a circular argument for the purposes of what we are talking about here. The attitude of the Housing Authority is to come alongside using crown land—taxpayers' resources—to leverage the best possible outcome for the objects of the government, including social and affordable housing. The member knows that the cross-subsidised model of the Housing Authority requires us to do that with the private sector, but to do that it has to make money because there is a subsidy somewhere. We take our share of the profit into it on the basis of the vended land or resources, and then apply the cross to create the social and affordable housing. From our perspective, the value capture has to be commercial, but it is more social in this return.

Mr D.T. REDMAN: The minister said that \$209 million was the projected estimate of private sector investment into land assets that the minister said the government has not yet identified. How does that happen?

Mr P.C. TINLEY: We have identified multiple pieces of land. Going back to the Metronet rollout, clearly Forrestfield, Redcliffe and Bayswater are the three obvious ones coming online. We are entrenched in the Metronet

task force and its precinct steering committee to make sure we have a forward understanding of where those pieces are. The Housing Authority has gone through it. We know our landholdings, we know where the precincts are on new and heritage lines. We are making a determination on the basis of when that rolls out, when that procurement process happens and when we are shovel-ready, to put it in those terms.

Mr D.T. REDMAN: When we talked to Treasury yesterday, it was anxious about the risk associated with assessing that value capture and the likely private sector investment. Did the minister's agency give him any advice to suggest there was risk around that number? I note that in the *Economic and Fiscal Outlook*, this did not show up in the statement of risks that normally show up in budget papers.

Mr P.C. TINLEY: The member is right. I will answer the member's last point first. The nature of the risk relative to these land sales or project development work is not of a magnitude that should present in the general budget risk issues. It does present, obviously—clearly—in the view of Treasury. I am sure in the member's time he would have had various Expenditure Review Committees with Treasury officials rubbing their hands and knuckles over the potential risk of future revenue. That is a perennial concern for Treasury, as it should be. The essential component here is that because the Housing Authority is a market-facing agency—that is, we are very much in tune with what is happening in the property sector generally and the development sector more broadly—we will not bring on work if we think there is a sales risk around it. It is just simply not commercial sense to do it because it would destroy value. To round that out, of course when we are partnering with the private sector, it, too, is very sharply focused on the return. To a lot of these, particularly the higher density developments around these transport developments and precincts, we will also apply the normal process around presales prior to a brick being laid.

Mr D.T. REDMAN: What proportion of the government's affordable housing objective will be delivered through this program?

Mr P.C. TINLEY: There will be 320 new social units. I will provide the total number. We forecast that this package—the \$394 million—will deliver an additional 1 390 new homes, including 320 new social dwellings and 400 affordable dwellings. The other point on that—so not exclusively in one or the other—is that 300 of that total 1 390 will meet universal design standards. For members not quite familiar with that term, they will allow people with a disability at an independent living age to occupy them.

Mr D.T. REDMAN: The budget shows a social housing–affordable housing component to the Metronet objective. I am interested in how much this is drawing fire from other parts of the state that also have social housing challenges. That is why I asked about the proportion of the global affordable housing strategy that will be soaked up by this investment.

Mr P.C. TINLEY: I see where the member is going. If I could make the distinction between affordable housing of course and social housing —

Mr D.T. REDMAN: That is right; it is a continuum.

The CHAIR: Let the minister answer.

Mr P.C. TINLEY: I will talk about the affordable housing component—I will get some numbers on it in a minute. Of course, the former government had the affordable housing strategy that had 25 000 by 2020—I think that was the number off the top of my head—and we are coming up on that so we will revise it. As a global figure, we will get somewhere close to, on our projections, between now and 2020 probably 30 000 to 35 000 dwellings. I will make a public statement about that when we have it nailed. For the benefit of full disclosure, we are talking about 30 000 to 35 000 affordable dwellings as our target by 2020. That is just to answer the affordable piece. Of course, the full sales, shared equity and Keystart products will go alongside that. With the indulgence of the Chair, by interjection does the member want to know how many for the social and Metronet part?

Mr D.T. REDMAN: So over the period of this package as it rolls out alongside Metronet, the minister has numbers there associated with the number of housing developments across that affordable housing continuum?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: At the same time the government has an objective at a global level on a statewide basis, and I am interested in the proportion that this is —

Mr P.C. TINLEY: Relative.

Mr D.T. REDMAN: Yes; relative in terms of new builds and new contributions to that objective. That might be additional information the minister might want to get.

Mr P.C. TINLEY: No, I am acutely focused on it and keeping up with the social requirement. We expect to get just under 1 000 over the current forward estimates.

Mr D.T. REDMAN: Is that across the whole continuum?

Mr P.C. TINLEY: No, social. I will be clear. From my perspective, all roads lead to being able to house the most vulnerable Western Australians. I often talk about it just in those terms. I am not suggesting for a second that for

people who have home ownership as an ambition, the affordable is not important, because it is. Clearly, we inherited that strategy from the previous government, and we have endorsed and run with it. But we anticipate somewhere around 980 to 1 000 new social houses will be constructed during the forward estimates.

[8.30 pm]

Mr D.T. REDMAN: That says to me that about one-third of the state's social housing objective will be soaked up in this particular package along the Metronet lines.

Mr P.C. TINLEY: I take it on advice.

Mr D.T. REDMAN: The minister just told me that across the forward estimates, there are nearly 1 000 new social houses. He said that, according to this package, there are 320 social houses, so about one-third.

Mr P.C. TINLEY: Yes, about one-third.

Mr Z.R.F. KIRKUP: My question relates to the asset investment program on page 436. I assume it might relate to the \$38.3 million for the construction and spot purchase program for social housing investment.

Mr P.C. TINLEY: Let us see.

Mr Z.R.F. KIRKUP: Let us see, indeed. I am referring to a specific property that I appreciate the minister might not have the details of directly. It is 154 Subiaco Road in Subiaco. Quite a number of grouped dwellings are situated there, owned by the minister's agency. That property will be impacted by the new inner-city college based on all the schematics that have been released that have identified the area as part of a mixed use development. According to the March press release that I read from the Premier and the minister, construction of that new inner-city college started in March this year. I am keen to understand how that will impact on what I would consider to be a larger group dwelling. Is the government spending some of that money on purchasing or building new social housing to relocate those residents? Will those residents be relocated and the like?

Mr P.C. TINLEY: The answer is yes. We are acutely aware of that accommodation along the railway line. It is at various ages in its life cycle. The other thing that we need to consider is the available envelope of land. A train line is nearby. An investigation is being undertaken as to whether it is "feasible"—I say that word very clearly—to cap the rail line in certain sections in order to create more obvious useable land. As with all these developments, the management of the tenants and their lives is significantly elevated as a social landlord, making sure that they are disrupted in the least possible way. At the moment, the agency is working through a range of phased options—how that might happen and what we are going to do. We cannot do that until we have done initial investigations about the size of the available envelope. We are in discussions with LandCorp. It is a significant parcel of land, and we need to know how it relates to the education precinct and the changed Subiaco Oval. Because the member is interested in the specifics of it, I might pass over to Mr Cash to give a fuller picture of what is happening down in Subi.

Mr G. Cash: We have been engaging with tenants once we know the detail and the time frame of the development works. We are actively engaged with LandCorp. I personally sit on a steering committee with the relevant parties, including the City of Subiaco and other associated related parties, to make sure that we are right across the development opportunity. We will work with LandCorp on the nature of the development to work out the best solution in terms of our holding and give our tenants the opportunity to participate in that community going forward. In the interim, we will engage with our tenants and actively work with the local community to relocate those people, as and when and if required, to more suitable accommodation over the life of the project.

Mr P.C. TINLEY: To bookend that, if I can, it is really important to understand the time scale. These developments do not happen overnight. We will not be moving people out next week and bowling the houses over the week after. This is measured in years and phased in over years. There are opportunities in that particular precinct. It is a legacy precinct, if we want to put it in those terms. When we look at the wider development, if we had the ambition, there would be no net loss of social housing presence. We now have the opportunity to disaggregate it, if you like. We call it salt and pepper. We have a much more diversified community by demographic slice.

Mr Z.R.F. KIRKUP: I appreciate the response from Mr Cash about the engagement and what is occurring. If there was a phased approach, when that phased approach takes place and if there was an opportunity to cap the railway line and get some uplift there to build some social housing, sell the land to a developer and meet that offset, does the minister imagine or is it the department's view that the people living there, who, by the sounds of it, are yet to be informed that they might have to move from that location at some point—I appreciate that it will be years away—would be retained in that area or would the department take that salt and pepper approach, if and when they have to move?

Mr P.C. TINLEY: I will address the member's last point first. We need to define that area. For the Housing Authority, the opportunity is to look at it from a precinct point of view. Just because we have a land holding in one specific location within that precinct does not mean there is not an opportunity to participate further. For example,

LandCorp also has a significant landholding. We are constantly talking to LandCorp. In relation to the member's first point, the Department of Communities, Housing particularly, is focused very much on keeping the residents informed. When the member sees a media statement, particularly the ones that he referred to in relation to the commencement of works in that area, he can imagine that community rumours run pretty hard. The Housing Authority—Mr Cash's team—has been very clear in communicating with our tenants about what is and what is not. It is important at the front end that we be really clear with them.

Mr Z.R.F. KIRKUP: Definitely, and I appreciate that that would be the case. Additionally, a lot of those houses are certainly single dwellings. I know that some families might exist in the lower floor apartment areas but certainly a lot of older people might live in that place. I am trying to understand what the impact might be upon those individuals—it might have been their home for a significant portion of their life—if they have to face the prospect of moving from that area. By the sounds of it, the department has that relatively under control.

Mr P.C. TINLEY: The member made a really important point. Predominantly, the occupants of that group of dwellings in that general area is dominated by single people. As a result, we have to be very sensitive about that. As we know with some of the older suburbs, people have raised whole families and lived 30, 40 plus years in that area. If they put up their hand for a transfer, there is a real risk that they could only be offered an option away from their social infrastructure, so we are acutely aware of that. There are two parts to it. We will always look to meet the needs of the tenant so they do not have to leave the area, for want of a better descriptor. The definition of that is that social infrastructure that they will be relying on for their wellbeing. I should say that a proportion of those people would be quite happy to go elsewhere. They have raised kids, it is time to move elsewhere and they are happy to go elsewhere. We are trying to provide choice within the constraints of our limited resources.

Mr Z.R.F. KIRKUP: I expect that it is quite a challenge for the agency, given the area's proximity to a railway line, and West Leederville train station is obviously close. Even though it is legacy, it is in a fairly unique location in that respect, with such a build-up of social housing. I appreciate the minister enlightening me on this matter. I am concerned about where the older people will be moving. I appreciate that.

Mr A. KRSTICEVIC: I want to ask some questions around the three strikes policy as it relates to rental housing. How does the minister think that policy is going? Is there a need to review it? Is it achieving its objective or does it need some refinement?

Mr P.C. TINLEY: This comes up from time to time, so I will give the member some numbers. I have some clear numbers. For the 2017–18 financial year, as at 31 March, 33 tenancies have been terminated as a result of disruptive behaviour or illegal use of public housing premises. Obviously, that represents 0.1 per cent of the total tenancies we have, so I always want to make that point. The vast majority of evictions are not for three strikes under disruptive behaviour; the vast majority of evictions—I can give numbers in due course—are for non-payment of rent. Disruptive tenancies in terms of those sorts of evictions or illegal use is double digits, at best. The challenge is to make sure we understand the nature of the circumstances in which a family or a tenant falls behind in their rent and what that tells us and what we are acting on.

The other aspect that I should highlight here is the fact that now—it is a new experience for everybody in this chamber in terms of public policy—under the machinery-of-government changes we have a genuine human services agency in the form of the Department of Communities. For the first time in the history of the state we have the capacity to apply a range of treatments or a range of responses to a dysfunctional tenancy, or one that is indicating dysfunctionality, because it is now a single agency, save and accept the cultural change that we are having to go through to make sure we can deliver that. The remit of the director general is to bring multidisciplinary teams to the department. In a mature state, we will have a seamless response to a dysfunctional tenancy. That is just in my lane, if you like, but there will be other things. There is a very clear and wide view. There will be an all-informed network, if we want to put it in those terms, around everything that goes around that family. For example, child protection, disabilities, ageing, seniors, mental health—you name it—will all have the capacity to be involved in a single place-based case management approach. That is the ambition. That is what we are doing with our programs.

The agency has long had a program called STEP—support and tenant education program. With limited resources, it provided assistance. That is changing to a new system called Thrive, which is going to be the badge of this multidisciplinary approach. Is that getting to where the member wanted to go with that?

[8.40 pm]

Mr A. KRSTICEVIC: Yes. Obviously some people who have tenants living next to them experience issues from time to time. Is there an easier way? At the moment people have to report disruptive tenants to the police; they have to go through the whole process. There are some quite vulnerable people in some locations. There have been issues in North Beach, one of the suburbs in my electorate, from time to time. Under the new Thrive program, how quickly can the department assist? When it is obvious that there is a problem, people have to go through a process of reporting to the police and to the department multiple times. It is hard to access those points, especially when those tenants are difficult to pin down and difficult to catch. Everybody knows what is going on but there is no evidence to the degree that is needed for the department to intervene.

Mr P.C. TINLEY: I do not think there is a member in the chamber who has not had those sorts of experiences. Anybody who has had any time as a local member would have had those sorts of experiences. It is important to note that the Housing Authority itself is not above the law. It has an elevated obligation as a social landlord to be a model landlord. In doing that, it has to deliver best-standard practices in this case, including procedural and natural justice. We inherited the three-strikes policy and we endorse it. The reason we endorse it—I personally endorse it—is that no rational Western Australian taxpayer wants to see the resources of the state applied to somebody who does not have some sort of shared obligation with that covenant between the state and that person. Three strikes must sit there as the bulwark or the buttress that supports that end of it. The Thrive program that I referred to, and the STEP program that it is taking over from, is the other side of that. It is very much that model landlord to create the compassion required for some of our most vulnerable people. We are bound by the Residential Tenancies Act. Three strikes provides opportunities. Under section 64 of the act, the department can evict without 60 days' notice. It does not absolve us from the natural justice aspect of that. If a tenant wants to have it tested in a court with a magistrate, we have to comply with that.

The member may have personal experience in dealing with people who have been affected by a disruptive tenant. That is a really important role as a local member. We all take responsibility as community leaders to advise those people about tenancy rights and obligations. One of the things I have seen is a slightly disturbing trend. Every member in here must really take responsibility to combat this idea of collective action—that is, people have started getting petitions against a particular tenant or a particular address or they will co-sign a letter. Nothing stops the process faster than that because it is completely away from every tenet of natural justice that we hold.

Mr A. KRSTICEVIC: Residents have raised with me before—single pensioners and older people—about having cameras. They want cameras around their property to pick up on this behaviour because there is no other way of doing it. They have been told, “If you want to pay for it yourself, by all means install cameras; that’s not a problem.” But the department will not do that; it cannot afford it. That behaviour is continuing and there is no easy solution. Why would the department not think about allowing them to have cameras or security lighting, for example?

Mr P.C. TINLEY: The idea of cameras being evidence in a court is tenuous by itself. Those people are asking us to expend capital on a piece of technology that must be managed and have an evidentiary trail that is defensible; that has an uncertain or sometimes unsafe application in a court when it comes to an eviction. The outlay and the return are not warranted in my experience—I could be convinced otherwise. The thing that works is making sure that the complaints are reported, recorded and then acted upon. That is the most tried and true process. If people have verifiable incidents—that is, the agency investigates every one of them—that warrant some sort of reaction from the department, then that is always, and probably always will be, the best way to do it.

Just to expand on that, though, the challenge and opportunity for the agency and government generally is to be able to provide better resources in an upstream response to it. I said that the largest number of evictions is for the non-payment of rent. What do we now do when the first non-payment of rent occurs? When a tenant decides that for some reason the rent for their accommodation is a discretionary spend and they default on that, what do we do in the first instance? The great opportunity we have at the Department of Communities is to go upstream. If people do not pay rent, or cannot pay rent, that is emblematic of a wider problem. It is a manifestation or a symptomatic manifestation of a wider underlying problem. In the seat of Willagee, when I was first elected, nearly 30 per cent of dwellings were social housing. I never saw an eviction in which there was not more than one or two underlying issues—dysfunctionality in the family, substance abuse, mental health. Those factors were all present. Closed-circuit television cameras are interesting but they are at the novel end. The real, hard work is in working with neighbours to make sure that they are making complaints, and that those complaints are recorded and responded to. We are building that picture because it is not just one complaint, it is multiple complaints.

Mr C.J. TALLENTIRE: I refer to “Asset Investment Program” on page 436 of budget paper No 2. I notice a significant allocation there of \$224.8 million. That includes the development of housing lots. I am curious to know about the nature of that investment and how it will be used to commence new land developments over the forward estimates. I am curious to know the nature of some of these projects.

[8.50 pm]

Mr P.C. TINLEY: The asset investment program here is \$224.8 million. The housing lots and land development required to assist in that are embodied in areas such as the recently announced Brabham redevelopment, near Whiteman Park, for those who are not familiar with the area, where the Ellenbrook line will finally go through. The Whiteman Park station will sit on the boundary between the existing development that Stockland has done, and the development that will be done at Brabham by Peet. That has the potential to yield around 3 000 dwellings. Now that the train line is going through, and we can orientate that development, as an example, closer to the train station, with the obvious development that is done around train stations, that could yield as much as another 1 000 dwellings. This is all speculative at this stage, but we are going through detailed design now. That is a real opportunity. That is the sort of project that will be assisted. To its credit, when these numbers are put in, Treasury will calculate the yield in jobs, using a widely accepted measure of what each house will generate in new jobs and general economic activity. Treasury is talking about 1 900 direct jobs over the forward estimates in relation to this spend, with 5 900 indirect jobs, and economic activity amounting to \$2.3 billion.

These things are really important. We keep talking about Metronet, which is the cornerstone of the jobs package, if you want to put it in those terms, of the mandate of the McGowan government, but the business of the agency continues on. Greenfields subdivisions such as Brabham are fundamentally important to land supply, particularly for first home owners. Despite the best ambitions of affordability inside the Metronet precincts, which we are determined to deliver on, the most affordable houses are in those sorts of precincts, particularly along public transport routes. Then there is Bentley 360, which is 21 hectares, in Victoria Park and Bentley, and the 10.1 hectares in Joondalup within walkable distance of the train station. They are greenfield sites in brownfield sites, if you like, although I look at them as greenfields because they are leveraging infrastructure that exists.

Mr A. KRSTICEVIC: Can the minister tell me the plan and present status of the suburb of North Beach, because there is quite a large holding there that is currently being looked at, and there has been a bit of community engagement already? Where does the minister see that landing, and when does he see it landing at that point?

Mr P.C. TINLEY: I expect, member that we will be putting several towers in there, filled with social housing, just for the member's benefit.

Mr Z.R.F. KIRKUP: Fortress-like buildings!

Mr P.C. TINLEY: Yes, just stand by! I am being a little flippant this late at night.

Mr A. KRSTICEVIC: I can see the minister smirking as he says that, so that is okay!

Mr P.C. TINLEY: Thank you. *Hansard* does not record irony too well!

Mr Z.R.F. KIRKUP: No, it does not! They will be called the Krsticevic flats.

Mr P.C. TINLEY: We do not have too much detail for the member. It is not an identified urban renewal precinct. It is not actually at the scale that would make it a strategic landholding. That is not to denigrate it at all.

Mr A. KRSTICEVIC: The government owns a lot of land there.

Mr P.C. TINLEY: If it goes to auction, we will let the member know! If the member is happy, I am more than happy—not as supplementary, because there is really no supplementary information—if he wants a further briefing on it, to get him a further briefing.

Mr A. KRSTICEVIC: No, that is okay. I am fine for now; I just thought there was something the minister could add to it.

Mr D.T. REDMAN: I refer the minister to the fourth dot point on page 417, which refers to the North-West Aboriginal Housing Fund, a royalties for regions fund that is some \$95 million across the forward estimates. It is pleasing to see it there. Can the minister give me an understanding of the process by which that will be deployed? The dot point refers to the project helping to increase participation in education and employment. To take the minister's earlier point about social housing and mutual obligation, can he give me an understanding of his policy settings in and around that investment, and the capacity to deliver social outcomes alongside it?

Mr P.C. TINLEY: We can cross off dixer 6! For the member's personal benefit, and because I made commitments to him privately, the North-West Aboriginal Housing Fund and the Regional Services Reform Unit live on. There is no greater compliment to a good piece of public policy than its surviving the transition of administrations, which this has done, and I am foursquare behind it. The North-West Aboriginal Housing Fund comprises \$200 million, of which \$50 million is federal funding, \$25 million is royalties for regions, and the remainder is from general revenue. Fifty builds will be done in the transitional housing space. We empanelled three builders recently in Broome and they are all subject to the requirement to employ 40 per cent Indigenous labour. Those 50 builds, and other tranches as the project rolls out, are phased over the time of a standard apprenticeship, so there is a continuum of work for young people to engage with to achieve their outcomes. Meeting some of the people involved in the project already—young and not so young people transitioning from mine work and so on into a trade—is fascinating. Is that getting where the member wants to go?

Mr D.T. REDMAN: One of the trains of thought was that there are remote communities and there are bigger centres, and the transitional housing investment was going into the bigger centres, because that is where the jobs and economic opportunities are. A number of people in the remote communities were seeking to move to the bigger centres, but had no pathways to do that. I thought the policy setting was sound. It worries me, as it probably worries the minister, investing in new houses in isolated areas that do not have those opportunities. I am interested in whether the policy settings of the new government are consistent with that thinking, because I thought that was quite a sound objective.

Mr P.C. TINLEY: I will get the director general to answer that in a bit more detail, but just to give the member certainty over his worries, fear not, we are very much focused on that. The work has started in relation to conversation with the 165 remote communities that we look after, and the 205 permanent communities. There is a challenge for us, because the next steps of the pathway following that very broad consultation that went on for 18 months under the previous government, needs now to go back to the communities to talk about the opportunities

for them to thrive. The clear and obvious places are in those wage-based economies of the larger towns, and that is not a conversation that we take lightly. It is a very difficult conversation, in part, but I think we have a responsibility to provide an option, if you like, as a horizon, particularly for younger people, that they can get access to a different sort of life. This is entrenched in other things, such as town camps—One Mile and Kennedy Hill, for example, in Broome—making sure that, in conversation with the Aboriginal Lands Trust, we have those incentive pathways. This is very much centred on that, and I am very much activated to see what else we can do in the future.

Mr D.T. REDMAN: Those funds that the minister just talked about, when he listed off all the bodies that contributed to the funding, did that include the town-based reserves fund, Pilbara, which was part of royalties for regions?

Mr P.C. TINLEY: No, that was separate. I might just hand over to the director general, because he will give far more detail than the member probably needs tonight.

[Ms L.L. Baker took the chair.]

[9.00 pm]

Mr G. Searle: The first set of contracts are for the first 50 houses, which are going to be built in Kununurra, Wyndham and Halls Creek, so they are going to be built in established towns. There is a four-year build program with local Aboriginal apprentices, and the two companies that are contracted are both Aboriginal-controlled, so that is a great start. The next negotiations we are in are with the Yawuru, in Broome, looking at more shared equity arrangements, in which the Yawuru prescribed body corporate will hold a share, and the Housing Authority in its normal manner, and therefore local Aboriginal people will be able to buy houses in Broome for an affordable price. We are also now looking at a business case in Port Hedland. The idea of the fund was to try a range of models to see what gave us the best result and the best outcome for the people living in the houses. The transitional houses will continue to have the school attendance requirements attached to them and the support programs attached to them. I am really encouraged that the commonwealth has come to the table with some money for this program, based on the school attendance stuff. That was the bit that got it interested; it is not actually as interested in the houses as it is interested in a way to get kids to go to school. This holistic approach about jobs, attending school and a safe, decent house is gaining some traction with Communities, the prescribed body corporate and the commonwealth government.

Mr Z.R.F. KIRKUP: I refer to page 431 and the heading, “Independent Living Support for People with Disability”.

Mr P.C. TINLEY: Yes, it is not my portfolio area.

Mr D.T. REDMAN: I take the minister to page 257 of the *Economic and Fiscal Outlook*.

Mr P.C. TINLEY: I have memorised it!

Mr D.T. REDMAN: There is a table headed “Expenses from the General Government Sector to Public Corporations”. I have been able to track most of the numbers, but I have not been able to track these. Under a subheading “Other Subsidies”, there is a line item, “Aboriginal Housing and Essential Remote Services—Various Programs”, with amounts of 2017–18 estimated actual, \$49 million; 2018–19 budget estimate, \$82.1 million; and then \$16 million for each of the three subsequent forward estimate years. I would like to get some sort of explanation as to what that is.

Mr P.C. TINLEY: I might defer to Mr Cash.

Mr G. Cash: It relates to expenditure on essential and municipal services, so remote power and water —

Mr D.T. REDMAN: The new funds on the particular communities, the upgrades?

Mr G. Cash: No, not the regional services reform unit funds.

Mr D.T. REDMAN: So the \$56 million municipal and essential services?

Mr G. Cash: There was funding provided under the previous government in the budget, and that is the flow-through to —

Mr D.T. REDMAN: Those are consolidated funds, are they?

Mr G. Cash: Yes, it was to offset the operating cost of the essential and municipal services.

Mr D.T. REDMAN: I just want to get some clarity, through the minister. I am wondering whether those are consolidated funds or royalties for regions, because there is provision for \$56 million a year under royalties for regions, covering off on the remote services cost. Is this a legacy of the consolidated funds contribution?

Mr P.C. TINLEY: Mr Cash might field that one.

Mr G. Cash: The royalties for regions money kicks in from 2019–20, which offsets the \$82 million.

Mr D.T. REDMAN: To paraphrase that and get it right, the total cost of municipal services in the remote areas will be \$56 million of royalties for regions funding plus that consolidated fund top-up?

Mr G. Cash: Yes.

Mr A. KRSTICEVIC: With regard to the rental stock, the minister said there was 36 000 at the moment. How many of those are vacant at the moment?

Mr P.C. TINLEY: What page, sorry?

Mr A. KRSTICEVIC: Just a line item on rental housing. Under “Service Summary”, line item 18.

Mr P.C. TINLEY: What page is it?

Mr A. KRSTICEVIC: Page 420, the “Rental Housing” line item. The minister said there were 36 000-odd properties at the moment. I just want to get a breakdown of how many of those are currently vacant, and for what reason or category they are vacant.

Mr P.C. TINLEY: When we talk about vacancies there is more than just a headline number because there are those that are being vacated, those that are having maintenance done on them, those that are going into deeper maintenance and those on which decisions are being made about their disposal of because of their life or type. If we are talking about year-to-date, as of 31 March we had 1 718 vacant properties, which equates to 3.9 per cent of total public housing stock. Inside that, 270 had undergone vacated maintenance—that is where the tenant had moved out and there was just a normal period of maintenance while there was no tenancy—599 were undergoing a deeper type of maintenance, eight had already been leased but were awaiting occupation, and a further 278 vacant dwellings are located within the Brownlie Towers complex, so the number might be a little bit higher, but Brownlie Towers has an installed capacity of 300. They are obviously all largely vacant now as we have moved tenants out, and that is forming part of that 21 hectares of the Bentley 360 redevelopment. That is a large tranche; I just want to highlight that as being out there.

Mr A. KRSTICEVIC: Of those 1 718, how many are in the city and how many are in regional areas?

Mr P.C. TINLEY: I could not answer that; we do not have that readily available. I am happy to provide it by way of supplementary information.

The CHAIR: Minister, what is it that you are going to put on supplementary information?

Mr P.C. TINLEY: We are going to provide by supplementary information the vacated properties by region.

[*Supplementary Information No A39.*]

Mr A. KRSTICEVIC: Of the 599 that are on the high-end maintenance scale—I think the minister said they had major refurbishments going on—how long, roughly, does the process take? What is the longest it would take?

Mr P.C. TINLEY: It very much depends on the age of the dwelling and the nature of the work that has to go on, so it would be too hard to say. I am advised that on average we try to do them within the month.

Mr A. KRSTICEVIC: Okay, that is pretty good.

Mr P.C. TINLEY: You always run into unexpected problems.

Mr A. KRSTICEVIC: Yes, but that is not bad.

Mr D.T. REDMAN: I refer the minister to page 175 of the *Economic and Fiscal Outlook*, “Royalties for Regions Expenditure”, and the line item “Essential and Municipal Services Improvement in Remote Aboriginal Communities”. There is a total of \$50 million over two years, 2018–19 and 2019–20. The minister can probably cross off another Dorothy Dixier after this! I am assuming that this is the resource that is upgrading communities such as Bidyadanga; I think that was one of the early discussions. I am interested in the process for how the department is working through what communities are going to have those upgrades. Can the minister tell me anything about which communities are next cab off the rank, and whether he is having any issues with community negotiations in respect of mutual obligations in and around those investments?

Mr P.C. TINLEY: Yes, sure. The essential municipal services upgrade program is a \$52 million commitment under the regional services reform, as the member knows, to improve some of those services and the ageing infrastructure. Just as an aside, the perennial conversations we have with the commonwealth government are not just about new builds; they are about preparing infrastructure for new builds and supporting the existing infrastructure which, as the member would know intimately, is a very difficult piece to continue to maintain.

There is a certain level of licence standard, if we want to put it that way, that we are trying to achieve for each of the communities. The 10 initial priority communities for the program are Ardyaloon, Bayulu, Beagle Bay, Bidyadanga, Djarindjin, Lombadina, Mownajum and Warmun in the Kimberley, and Wakathuni and Yandeyarra in the Pilbara. I can get further information on the phasing and rollout if the member wants it. Is the member happy with that?

[9.10 pm]

Mr D.T. REDMAN: One of the communities mentioned there was Djarindjin, right next door to Lombadina, if I have got it right. There were massive differences in school attendance between those communities. Will there be things like school attendance objectives within those upgrades and investments in the likes of Djarindjin?

Mr P.C. TINLEY: Not strictly within the transitional housing model, if the member is referring to that. I might defer to the director general.

Mr D.T. REDMAN: I am interested in the nature of the conversation with those communities; that if they are going to take government investment and seriously have infrastructure upgraded, what is the buy-in?

Mr P.C. TINLEY: Before I hand over to the director general, there is a certain threshold under which there is no requirement for buy-in, because it is just a humanitarian response, if you like. There is a certain minimum standard of being a Western Australian—there should be access to clean water and all those sorts of things. From a policy perspective at my end there are certain things we will just do. If a community has nitrate levels at four times the maximum level, we are going to respond to that, as the former government did.

Mr G. Searle: When we started this process, we engaged with all 10 communities—in fact there were a couple of others as well—to try to work out who was serious about finding a way forward and what level of commitment there was. In that process we narrowed it down to four priority communities out of the 10. Bayulu, Bidyadanga, Mownajum and Warmun were the ones most engaged in the process. We have now done the audit of those facilities and what is available and what needs to be done. It is not uniform across all of the communities. In some of them, there is a flooding issue—it varies from community to community. We expect to spend the \$25 million in 2018–19 to bring those four communities up to an appropriate level and there will be expectations both for school attendance and, more particularly, payment of service charges. All of those communities have agreed to payment of service charges and are actively in discussion on school attendance.

Mr Z.R.F. KIRKUP: I refer to land and housing supply on page 435 of the *Budget Statements*. Let us hope this relates to this portfolio!

The CHAIR: Sounds good!

Mr Z.R.F. KIRKUP: It sounds good so far, I think!

Mr P.C. TINLEY: Yes, it might have something to do with it!

Mr Z.R.F. KIRKUP: I will outline the concern I have and see whether there is an ability to respond. There is an individual living in my community in Halls Head. It is of some concern. The person has a public trustee in that the Public Advocate is acting for them. The Public Advocate recognises the person's housing situation is not ideal and they should be moved to a more appropriate dwelling. The Public Advocate has suggested that the Housing Authority does not have enough housing stock to meet this individual's needs. I am keen to understand, if this is the appropriate area to talk about this, what housing options there are for individuals with quite severe mental health issues and a related disability. The Public Advocate wants to move this individual. We have had multiple meetings with the Public Advocate and the Department of Communities and it is quite concerning that it has suggested that Housing has nowhere to put individuals in this circumstance. I hope as part of this program there might be some help for people in these types of circumstances.

Mr P.C. TINLEY: The member's question does not quite relate to this section, but I will take it as a question in relation to housing supply. If somebody has a mental health disorder, regardless of whether there is a public trustee involved or not, they will have a need that sits outside the standard waitlist. This is again an opportunity to work with other agencies. I might refer to the newly installed director of policy and strategy in this area, Helen Nys, and she might be able to give you a more fulsome answer.

Ms H. Nys: In relation to the circumstances the member describes, it is always a challenge when people have connections and attachments to an area and want to live there, but their disability and mental health condition mean that they are not easy people for their neighbourhoods to adjust to. One of the big advantages of the Department of Communities is that, as the minister referred to earlier, we bring additional resources and support. In circumstances like that, our starting point would be to look at what other supports we could put together for this person that would meet the housing needs in the area they want to live in while at the same time trying to support the community they live in. As the member knows, there is often a challenge of where people want to live and the people living near them.

Mr Z.R.F. KIRKUP: I am keen to understand as part of this housing program if there are many opportunities like that that exist in Mandurah or the Peel region, for example. Has it been a focus of the agency to find new housing supply and bring it online? In this individual's case for example, when the department suggests that there is nowhere else for this individual to go, might there be more opportunities to invest in the area to alleviate concerns like this?

Mr P.C. TINLEY: These areas are in a policy space that are outside the Housing Authority's direct interest. We stand ready to provide the bricks and mortar for subacute mental health and step down, step up facilities, aged care and a whole bunch of different things, which we do and have done in the past, as the member would be aware.

That has to be funded, and one thing we all know is that there is an increasing and never-ending level of demand that is outstripping supply, so there is always going to be that tension. In respect of the specific issue the member refers to, I do not want to give the member advice as local member, but he would do well to understand the community housing sector as well. It is active and, because of its scale, more agile than the Housing Authority to be able to deliver or at least provide some respite. This is one of the things about community housing that is so important, because it can provide multidisciplinary support to these difficult tenancies.

Mr Z.R.F. KIRKUP: I expect this is one of those things. We have gone to a community housing supplier and met with the CEO to look at options, but at this point everything seems to be shot back to the minister's agency. I appreciate the minister's counsel. We will keep on trying.

Mr P.C. TINLEY: Because I am feeling generous, I might just ask Mr Cash to comment.

Mr G. Cash: I am interested in the nature of the housing required and the extent of the suggestion that the system cannot respond with the appropriate capital response. We have the ability to build, and we have and continue to do so, accommodation that is purpose-built and specifically designed for individual people based on their circumstances. The member has not given me enough information to suggest the person needs a particular type of dwelling or, given that the Public Advocate is involved, that they have the ability to live independently. There is some tension around the balance of those things. If the member wants to raise the issue with us specifically, we would be happy to deal with the individual case, but as a process, we deal with individual cases and we purpose-build for people on occasion when a standard housing response does not meet their needs, including for people with wheelchairs and with all sorts of mobility requirements. We are happy to look at that issue, depending on the nature of the situation.

Mr Z.R.F. KIRKUP: I appreciate the minister's generosity and I will make sure we write to the minister and go from there.

[9.20 pm]

Mr D.T. REDMAN: I refer to page 437 of budget paper No 2 and the line item "Construction and Purchase of GROH Program" houses under "New Works." I note the transition from "Completed Works" in previous years to "New Works". It looks as though there has been a jump in investment. I am interested in why there has been a jump in investment—I am suspicious it might be because of opportunity—and also whether it is possible, by way of supplementary information, to get information on where those builds and/or purchases will occur?

Mr P.C. TINLEY: Is the member talking about the construction and purchase of the Government Regional Officers' Housing program?

Mr D.T. REDMAN: Yes; I will go over it again. Under "New Works", \$12.6 million, \$15 million, \$50 million and \$30 million is allocated over the forward estimates. If the minister looks under "Completed Works", the figures are \$9.6 million, \$9.6 million and \$9.6 million, so there has been a boost. I am interested in the reason for that fairly substantial boost. I would have thought that, if anything, GROH demand might have softened and the minister might have a comment on that. What is going on there? If possible to provide by way of supplementary information, I am interested where those new builds and purchases will occur on a regional basis.

Mr P.C. TINLEY: Of course, GROH represents a significant government requirement, as the member knows, to provide accommodation for regional officers as both an attraction and retention measure. Currently, there are 5 187 properties across the GROH program, of which 4 518 are allocated to client agencies. Of those that are leased to client agencies, 47 per cent were leased from the private rental market. Variations often occur as we move in and out of the private market and hand back or use those properties. The figures in the out years for the construction and purchase of the GROH program are roughly \$12 million, \$15 million, \$15 million and \$30 million. I will have to defer to Mr Cash to ensure the member gets a bit more detail than I can provide now.

Mr G. Cash: There is only a minor increase in expenditure of approximately \$3 million and that will slightly increase the commencements from 13 to 18, so it is significant but minor in nature in terms of volume.

Mr D.T. REDMAN: Will there be 13 new builds?

Mr G. Cash: Yes, and it goes to 18.

Mr D.T. REDMAN: The jump is 13 to 18, yes.

Mr G. Cash: I do not have the locations.

Mr D.T. REDMAN: By way of further information, can the minister provide, if possible across the forward estimates—I do not know how accurate it could be—where those new builds and purchases will be on a regional location basis?

Mr P.C. TINLEY: I do not see a problem with that. We can provide the number of new builds and purchases in the GROH program over the forward estimates by location.

[*Supplementary Information No A40.*]

Mr D.T. REDMAN: Is there any particular reason for the jump to \$30 million in 2021–22? Is Metronet extending out to the regions?

Mr P.C. TINLEY: Yes, it is all one big state! No, it relates to acquisition over time and asset replacement as we go through.

Mr D.T. REDMAN: Housing generally works on changes in opportunity so I would have thought a relatively soft market would be an opportunity to upgrade stock. Is that activity happening?

Mr P.C. TINLEY: Yes, it is. Again, I refer to my point about the agency being very much tapped into the market and the industry—as they say, market-facing. It has been able to acquire properties at this time of the cycle at a fairly good price that will allow the land supply, particularly in urban renewal spaces, for those renewal projects to really be able to get value for money. To give the member an example, the Heart of Beaconsfield project is down not far from my patch. In the Fremantle district, we are up to the last few dwellings we are purchasing off the market to make sure we control a significant piece of dirt there for urban renewal next to an old TAFE and the new Fremantle College, which has \$30 million of investment in it. That has the potential to deliver up to 2 500 dwellings.

Mr D.T. REDMAN: The minister mentioned that 47 per cent of GROH is leased across that asset. There has been a history in boom times, particularly in the Pilbara, of locking housing into fairly high leases, and as the market came off, it could not adjust quickly. How is that going in terms of adjusting back to market or the recalibration?

Mr P.C. TINLEY: It is going very quickly, particularly in places such as Port Hedland and the Pilbara generally.

Mr D.T. REDMAN: It is happening in the market, but are leases maturing to the point at which they can be recalibrated?

Mr P.C. TINLEY: Yes and we are handing them back or renegotiating those leases relative to the market. There is always an overhang. I will use Port Hedland as an example again where we were getting as much as a 50-plus per cent drop in equity and then commensurately in the rent that could be charged. The market became well off. The GROH rents were set by the agency applying them and the market was falling below those rates. So our people—public servants—were in housing paying over the market rate, such was its capacity to respond. That is how fast it moved.

Mr D.T. REDMAN: I assume the arrangement is the same and the agency responsible for those houses pays the Housing Authority the sums for the leases.

Mr P.C. TINLEY: Yes, and if they want to provide a discount to market, that is in their budget.

Mr D.T. REDMAN: That is their job, yes.

Mr P.C. TINLEY: In policing, for example, in some 30 locations police officers do not pay any rent. Across the spectrum, some will be paying closer to market price—nobody ever pays market price in Government Regional Officers' Housing, but in 30-odd locations, police pay none.

Mr Z.R.F. KIRKUP: I refer to the asset investment program on page 436. The third dot point refers to 1 290 housing lots with joint venture partners. I would like to ask a couple of questions about the Burt Street development. Is the minister in a position to be able to deal with that this evening?

Mr P.C. TINLEY: I can, but I would defer to the agency for more detail.

Mr Z.R.F. KIRKUP: I understand that the expressions of interest for that project opened in December 2017 and closed in February 2018 or thereabouts. It is a good site. I am keen to understand, without the commerciality issues, how much interest there was in it. I am not sure whether information has been released yet on the joint venture partner but I could be wrong. I am also keen to understand the social housing mix that will occur for a lot, given its proximity to the ocean. I note that the material that has been provided simply states that there will be a mix. I am keen to try to understand what that mix will be.

Mr P.C. TINLEY: It is an outstanding site next to John Curtin College of the Arts, although it is slightly difficult given that it is pretty much all capstone. I have forgotten the exact size of the site but it is not insignificant. It attracted a significant amount of attention. I cannot give the member any specifics at the moment. I would probably have to defer it to a question on notice simply because of the commerciality of the project so that we do not misstep, as the member would know happens in these spaces.

Mr Z.R.F. KIRKUP: Yes, sure.

Mr P.C. TINLEY: If the member would prefer, I would be happy to give him a brief between the two of us at the appropriate time to keep him updated. Given the part of the procurement cycle we are in, it is just not helpful to talk about it.

[9.30 pm]

Mr Z.R.F. KIRKUP: No, I appreciate that. In terms of the target, is there an aspiration for the mix of the social housing or does that still need to be worked out with the joint venture partners?

Mr P.C. TINLEY: Everything is negotiable as we go through the beginning of this procurement cycle, but rest assured that social is very much part of our ambition to make sure we keep up and have a good demographic mix.

Mr Z.R.F. KIRKUP: Sure. I am happy to discuss it with the minister offline.

Mr D.T. REDMAN: I refer the minister to page 441 of the *Budget Statements*, and the statement of financial position. It is, effectively, the balance sheet, from what I understand, of current assets and non-current assets. Under the heading “Non-current Assets” there is line item for property, plant and equipment. For this financial year, 2018–19, that figure is \$12.8 billion, and the year before it was \$13 billion. But as we move across the forward estimates it drops over \$700 million. I recognise that Housing has a number of assets that are, effectively, bolted to the ground and cannot be moved, such as the social housing assets, which probably make up a substantial proportion of that resource. But over time there is a diminution of the balance sheet of Housing. Can the minister give me an appreciation for largely what that is, and is Treasury and other government objectives such as Metronet eroding the trading capacity of Housing?

Mr P.C. TINLEY: No. I will defer to the director general or deputy director general for further information in a second, but do not forget that we are now dealing with an in globo number for the whole agency. I note the member’s point that a large proportion of the numbers the member identified belong within the housing portfolio.

Mr D.T. REDMAN: And stuff that does not go into a churn, so the activity is probably a much smaller proportion of that.

Mr P.C. TINLEY: Correct. I am not in a position to answer that within my portfolio area.

Mr D.T. REDMAN: Because it has broader Communities as well; is that what the minister is saying?

Mr P.C. TINLEY: Yes, it is the new agency. The member made the observation that we will go from \$13.798 billion to \$12 billion-ish, if that is the right line.

Mr D.T. REDMAN: Yes.

Mr P.C. TINLEY: I would not be surprised, given that number, that is not actually depreciation.

Mr D.T. REDMAN: So the stuff that is soaked up in that is in Housing’s assets and Communities’ assets?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: I assume Disability Services would have a proportion of that. I would have thought that in terms of trading activity, Housing would have the lion’s share of the trading activity of that total asset. In which case, if there is a diminution over time, which I see in those numbers, my judgement would be that a good proportion of that would be Housing.

Mr P.C. TINLEY: Potentially. Again, because it is an in globo number, I cannot answer. I will ask Mr Whyte if he wants to expand on that.

Mr P. Whyte: In 2016–17 the budget to the actual decrease was 2.69 per cent. The decrease mainly relates to depreciation in that the Housing Authority books its land separate to its buildings, and the buildings depreciate. The land generally appreciates.

Mr D.T. REDMAN: So that is property; Housing is not in that?

Mr P. Whyte: It is all assets of the Department of Communities. The member is correct in saying that since the amalgamation of the agencies, a number of owned assets have been brought in through Child Protection and Disability Services. Those assets largely depreciate because they are mainly facilities, but the lion’s share is still the Housing Authority’s assets.

Mr D.T. REDMAN: Would the minister be prepared to provide by further information some breakdown of the Housing component of that depreciation over time? The government is under pressure, Housing is one of the few agencies that has assets and activity. It was a good one to have as a minister. The opportunity that Housing has is that it has a cash balance to be able to trade. This might be a trend that may be more than what I am seeing.

Mr P.C. TINLEY: I am happy to do that. The supplementary information is to provide the member with a breakdown of the property, plant and equipment and depreciation schedule as it relates to Housing across the forward estimates.

[*Supplementary Information No A41.*]

Mr A. KRSTICEVIC: The minister may have explained this and I may have missed it. The twentieth line item on page 420 of the *Budget Statements* is the land and housing supply. I notice the figure increases all the way through to 2021, up to \$469 million, and then in 2021–22 it drops to \$307 million. Why is there a big drop there.

Mr P.C. TINLEY: Land and housing supply?

Mr A. KRSTICEVIC: Yes. Why is there a big drop there?

Mr P.C. TINLEY: The member will see that it fluctuates between threes up to fours.

Mr A. KRSTICEVIC: It continually increases during 2018–19, 2019–20 and 2020–21, and then there is a big drop-off. It is the probably the lowest point in any period over the forward estimates.

Mr P.C. TINLEY: Because it deals with the developments we are talking about, particularly land and housing supply development, it is the end of that cycle. I again make the point about forward estimates that, as the former Premier used to often say, they are very much an estimate. I will not go as far as he in his characterisation of the forward estimates, but we will go through couple more budgets that will see those out years change and taper. I have a late note here. Of course, part of that tapering will be the Metronet bill. That \$394 million will come to an end or taper off, but watch this space.

Mr A. KRSTICEVIC: Does the minister thinks all the spend for Metronet will be complete by 2020–21?

Mr P.C. TINLEY: The current anticipation is that a large proportion of it will be. I go back to my previous comments in relation to the cyclical nature of the property cycle. If we do not get the presales and market uptake there might be a sliding out of that, pushing over into the fifth year not shown.

Mr D.T. REDMAN: I might be off the mark here, but does Housing manage any of the hardship utility grant scheme?

Mr P.C. TINLEY: No.

Mr D.T. REDMAN: That is through Communities? That was my first question. No? My second question is: does the Department of Housing have any joint venture partnerships that Treasury and/or the Treasurer is seeking Housing to cash out of for the broader benefit of the consolidated fund?

Mr P.C. TINLEY: No.

Mr D.T. REDMAN: A LandCorp–style development?

Mr P.C. TINLEY: No. Unlike LandCorp, the Housing Authority has a different ambition —

Mr D.T. REDMAN: Social objectives.

Mr P.C. TINLEY: — the delivery of social and affordable housing. We are on fairly strong commercial terms, as the member is aware, with the joint venture partners or various financial partnerships. It is not something we would take lightly.

The appropriation was recommended.

[9.40 pm]

Keystart Housing Scheme Trust —

Ms L.L. Baker, Chair.

Mr P.C. Tinley, Minister for Housing.

Mr G.J. Searle, Director General.

Mr P. Whyte, Assistant Director General, Corporate Operations.

Mr M. Verkuylen, Chief Financial Officer.

Mr S. Ward, Chief of Staff, Minister for Housing.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

Member for Carine.

Mr A. KRSTICEVIC: Has any consideration been given to changing any of the lending policies, including deposit and savings criteria or the risk premiums, in the way Keystart is currently managed or is going to be managed? Will there be any changes to the policies on deposits, savings criteria or the risk premium?

Mr P.C. TINLEY: No. Just to expand on that, I remind members who may not be familiar with Keystart that it is a very successful piece of public policy. It was developed in 1989 and has given out over 100 000 loans and has not cost one dollar of public money in its time. Defaults and arrears under Keystart have been as much as 30 per cent below industry standard. It is widely regarded as a national success story. We have to be very careful that we do not tinker with those things. In my view, Keystart's principal intellectual property is its people—120 FTE managing 14 000 loans. They do an amazing job. I wanted to record that in *Hansard*.

When it comes to changing the parameters, there is imminent flexibility to change the levers in household income. For example, during the boom when credit was going everywhere, it got as high as \$170 000 for a household—a family. It is now around \$130 000 a household, so we are picking up those low-wage earners and giving them an opportunity. The key point I make about Keystart is that when the private sector vacated the low-deposit end of the market due to the requirements of the Australian Prudential Regulation Authority and the amount of money it has to keep against those loans, Keystart is the last of the single-digit deposit lenders at two per cent. Bankwest, which vacated the market a couple of years ago, required a five per cent deposit. We also keep a weather eye on the banking royal commission, which has no end of nasty news. As a result of that royal commission, we can only expect further tightening and controls on the retail end of the market for lending criteria, certainly around financial services. I am sorry that that is a longwinded and general introduction but I think it is really important. I will never miss a chance to spruik Keystart.

Mr A. KRSTICEVIC: The minister mentioned the delinquency rate. What is the current delinquency rate on the loans and how is it trending?

Mr P.C. TINLEY: I do not necessarily like that term. I talk about arrears—arrear faults. I might ask the financial officer to answer.

Mr M. Verkuylen: The current delinquencies have picked up much in line with the rest of the market for Western Australia. That is largely driven by the economic conditions. A key driver for our customers going into arrears and default is unemployment. The current arrears rate is 2.1 per cent of our book.

Mr P.C. TINLEY: How does that relate to the rest of the industry sector?

Mr M. Verkuylen: Compared with the average for the industry in Western Australia, which is around 2.5 per cent, we are below the industry average.

Mr A. KRSTICEVIC: What about the default figure?

Mr P.C. TINLEY: Defaults are technically different.

Mr M. Verkuylen: When a customer has missed a payment, they are in arrears. When they get to 90 days, typically, that is when we will term it a default but officially it is 90 days.

Mr A. KRSTICEVIC: What is the percentage? How many are in default?

Mr M. Verkuylen: It is 1.4 per cent.

Mr A. KRSTICEVIC: How does that compare with the general market trend at the moment? It is 1.4 per cent. Is that higher or lower compared with the private sector?

Mr P.C. TINLEY: Could the member say that again.

Mr A. KRSTICEVIC: The default was 1.4 per cent. I am trying to see how that compares with the general market.

Mr M. Verkuylen: The percentage of customers who have missed a payment, as I mentioned before, is 2.1 compared with the market of 2.5 per cent. The percentage of customers who are more than 90 days in arrears, which is default, is just under 1.4 compared with the market of 1.5 per cent.

Mr P.C. TINLEY: I would like it to trend lower. It is trending with the market but it is certainly still below the market.

Mr Z.R.F. KIRKUP: I am keen to understand how long mortgage holders within Keystart are holding onto their mortgage before discharging. It used to be a short period. That was the health of the book. In that case, they were churned through reasonably quickly before they were refinanced and discharged from Keystart. As a result of the softening market, is the minister seeing those mortgages being held longer in Keystart before moving away? What trend is the minister seeing?

Mr P.C. TINLEY: I will seek some more detail for the member. It will not surprise him to know that the loan book, as we call it, is trending with the market. People are not building the equity in their loans and if they do not build the equity in their loans, they are not graduating to a retail lender. The other implication is that under the previous government, the securitised \$1.6 billion worth of the loan book, or \$1.3 billion, got taken up. That \$1.3 billion was for some of the best loans in terms of the equity and, more importantly, the risk profile that Keystart was prepared to accept to transfer. As a result, the graduation from that loan book has slowed. Again, the lending criteria in the retail market is pretty stiff. There are a couple of intersecting issues. The securitisation of that book was probably the biggest single step change in restricting that graduation.

Mr M. Verkuylen: Historically, the average time it has taken for a loan to migrate to a traditional source of funding has been five years. With the depressed economic conditions and prices, it takes about seven years at the moment.

Mr P.C. TINLEY: So a two-year increase.

Mr Z.R.F. KIRKUP: That is not unsubstantial, considering that they typically moved away very quickly.

Mr P.C. TINLEY: In a small market like Western Australia with 2.6 million people, we do not need much—either net migration or economic activity—to move it countercyclical to any other jurisdiction. That is the nature of our resource base.

Mr Z.R.F. KIRKUP: Does the minister know the net present value of the book at the moment?

[9.50 pm]

Mr P.C. TINLEY: It is in the order of \$4 billion, but I will get the accurate figure.

Mr M. Verkuylen: The current loan balance is about \$3.8 billion and in addition to that there is about \$1 billion that is currently funded by the Bendigo and Adelaide Bank.

Mr Z.R.F. KIRKUP: Securitised.

Mr M. Verkuylen: Yes, securitised.

Mr Z.R.F. KIRKUP: Does the minister have a figure for the total amount in default?

Mr P.C. TINLEY: Total number of loans?

Mr Z.R.F. KIRKUP: Of value.

Mr P.C. TINLEY: There is a condition of a loan that would be in default, so the value of that default is the default itself, not the total loan.

Mr Z.R.F. KIRKUP: That is the mortgage standing —

Mr P.C. TINLEY: The net value of that.

Mr Z.R.F. KIRKUP: Sorry, minister, my apologies; it is late in the evening. For a mortgage that is in default—the entire value of that mortgage—what is the quantum in arrears within that book?

Mr P.C. TINLEY: I want to be clear, and Mr Verkuylen might clarify it for us: if somebody is in default on their loan —

Mr Z.R.F. KIRKUP: That default or their whole mortgage?

Mr P.C. TINLEY: — they are in default on that amount. That might cause a breach and all of those sorts of things that happen with it, but to be accurate the total value of the default is just those payments that are in default.

Mr Z.R.F. KIRKUP: Just that 90 days-plus that they are behind?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: There is \$3.8 billion on the Keystart book and another \$1 billion that is securitised. Historically, that has come off what was a \$5 billion cap on the government book. What is the cap on the government borrowing component of Keystart's book now?

Mr P.C. TINLEY: There is no cap. It is just what the Western Australian Treasury Corporation will allow a person to get.

Mr D.T. REDMAN: That is the cap. I thought it was \$5 billion before. The discussions that we had were about using securitisation as a strategy of getting more loans; that is, taking the government component up to \$5 billion and a securitised component above that. I am wondering whether the minister has simply used that as a strategy to get a certain amount of borrowings off the government balance sheet versus using it as a strategy to get more loans for the market.

Mr P.C. TINLEY: I would not want to verbal the policy of the previous government in relation to this, but if I understand it correctly the ambition of the securitisation was, effectively, to reduce gross state debt. In doing so, I think the unintended consequence was to cause a stagnation in the book. That is debatable. The idea was that we could grow out the loan book for more throughput. We are currently capping it at \$4.37 billion.

Mr D.T. REDMAN: The cap is \$4.37 billion?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: With \$3.8 billion on there now?

Mr P.C. TINLEY: We are close.

Mr D.T. REDMAN: Can the minister give us some appreciation of the demand and the demand he predicts over the forward estimates?

Mr P.C. TINLEY: I will seek some advice, but, as a preamble to a fuller answer, it is something that I am acutely focused on. It is around things like the Metronet investment. We will have a time-phased introduction of the Metronet product, the Brabhams and the other urban regenerations, with a weather eye on Treasury's view on revenue risk. It is always focused on that. One of the key components of addressing that is ensuring we have a healthy loan book and a healthy Keystart low-deposit lender to provide for projects like the Brabhams, for example, which has 25 per cent of first home owners' money.

Mr D.T. REDMAN: With some capacity to soak that up.

Mr P.C. TINLEY: Yes. Mr Verkuylen, do you have anything to add to that?

Mr M. Verkuylen: For 2018–19, we forecast that we will approve 2 567 loans worth approximately \$865 million. That will be funded through the increase—that is \$4.371 billion—but also through the repayments that are received as well as discharges from existing customers. Those funds will be recycled for new —

Mr D.T. REDMAN: Is that a net figure?

Mr M. Verkuylen: The figure of \$865 million is gross.

Mr D.T. REDMAN: What is the net increase in the book, because people are coming off the book?

Mr P.C. TINLEY: Is the member talking about post-throughput—how many people graduate out of the book?

Mr D.T. REDMAN: Yes.

Mr M. Verkuylen: The net figure is \$415 million.

Mr P.C. TINLEY: I think the member is on an area of particular concern around the loan book in making sure that we are keeping up on that ceiling. Getting that throughput is vital to keeping it healthy.

Mr D.T. REDMAN: I refer to service summary 19, “Home Loans”, on page 435 of budget paper No 2. Note 1 under “Explanation of Significant Movements” states that there are some changes in the market interest rate assumptions. Can the minister give us an idea of what he is predicting? Is he using the average of the four main banks? Can the minister give us an idea of what assumptions he is seeing moving across the forward estimates?

Mr P.C. TINLEY: The member is right. For the benefit of members who are not familiar with the area, we take the average of the big four banks under the national policy of four banks—four plus two—and apply the average of that. The reason we do that is it is in the middle of the market. We give people an incentive, when they build the equity in their loan, to actually graduate. If we are the lowest cost provider of funds, they are never leaving! None of us would. That is the rationale behind that. I might defer again to Michael.

Mr M. Verkuylen: The assumptions are that rates will go up towards the end of 2018–19. As we have seen more recently, the cost of funding, which we source via the Housing Authority through Communities and ultimately the Western Australian Treasury Corp, the benchmark interest rate, the BBSW—the bank bill swap rate—has increased. That has resulted in our costs of funds ultimately increasing. As the minister mentioned, our lending rate is locked in at the average of the standard variable rate of the big four banks. Effectively the margin is squeezed as a result.

Mr D.T. REDMAN: I am running on memory here: Keystart puts a dividend back to government of something like \$50 million a year. What is the prediction over the forward estimates of that? I think there is some reference to that at page 435, which gives me the impression that that is increasing.

Mr P.C. TINLEY: I hope it is increasing! While I find the page, there was a significant dividend hit commensurate with the securitisation of the loan book, which was an obvious knock-on effect. That has had its own impact. Here we go—it is looking good! Prior to that securitisation, the loan book generated a dividend to the Housing Authority, which is its sole shareholder, in the order of \$90 million. In 2017–18, it was \$63 million; in 2018–19, it will be \$70 million; in 2019–20, it will be \$77 million; in 2020–21, it will be \$80 million; and in 2021–22, it will be \$93 million. Yes, it is trending up. It is assumption based in a couple of areas, like all forward estimates.

Mr D.T. REDMAN: Can the minister give us some understanding of the drivers contributing to that trending up? Is there any change in what, in government trading enterprise terms, would be dividend ratio or outside decision-making in terms of parameters, or is it simply a product of current trends?

Mr P.C. TINLEY: It will be the market and the nature of the loans. I will again ask Mr Verkuylen.

Mr M. Verkuylen: With the loan book increasing, we earn a margin on that. Actually, as the loan book increases, so does our net profit or surplus.

Mr P.C. TINLEY: The point that might not have fully come out in the numbers, because it is deeper in the numbers, is the securitisation of \$1.3 billion did not end our involvement with those loans. We still do the management of those loans. As they transfer and graduate over to the Bendigo and Adelaide Bank we will have a reduction in the operating cost because it is obviously creating that sort of circumstance. Although it is off the loan book in terms of debt, we have not quite outsourced the whole lot.

Mr Z.R.F. KIRKUP: Once we get past the default period and Keystart initiates repossession action, I am keen to understand for the last couple of financial years how many repossessions have been initiated, if the minister has those figures to hand?

Mr P.C. TINLEY: No, we do not have that here. I am happy to supply it to the member by way of supplementary information.

Mr Z.R.F. KIRKUP: That is repossessions for the last three years initiated by Keystart.

Mr P.C. TINLEY: Yes, mortgagee sales over the last three financial years.

[Supplementary Information No A42.]

The CHAIR: That completes the examination of Keystart.

APPROPRIATION (RECURRENT 2018–19) BILL 2018
APPROPRIATION (CAPITAL 2018–19) BILL 2018

The CHAIR: The question is —

That the clauses, schedules and titles of the bills be agreed to.

Question put and passed.

Committee adjourned at 10.00 pm
