

Mr Mark McGowan; Mr Terry Redman; Mr Peter Watson; Mr David Templeman; Dr Graham Jacobs;
Chairman; Mr Vincent Catania; Mr Shane Love; Mr Chris Tallentire; Mr Paul Papalia; Mr Terry Waldron

Division 11: Regional Development, \$3 763 000 —

Mr N.W. Morton, Chairman.

Mr D.T. Redman, Minister for Regional Development.

Mr R. Addis, Director General.

Ms F. Antonio, Chief Financial Officer.

Mr P. Gregson, Manager, Royalties for Regions Financial Management.

Ms M. Mackenzie, Executive Director, Regional Investment.

Mrs J. Collard, Executive Director, Business and Social Development.

Mr K. Anthonisz, Acting Executive Director, Economic Development and Diversification.

Mr C. Patterson, Manager, Financial Reporting and Analysis.

The CHAIRMAN: Welcome to Estimates Committee B. I now ask the minister to introduce his advisers.

[Witnesses introduced.]

The CHAIRMAN: 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 the 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. It will greatly assist Hansard if members can give these details in preface to their question.

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, 19 June 2015. 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 with the Clerk's office.

I give the call to the Leader of the Opposition.

Mr M. McGOWAN: I refer to the "Spending Changes" and the workforce renewal policy on page 161. That has \$6 million or so coming out of the agency budget over the course of the next four years. Exactly how will that be managed, what staff positions will be lost and how will the department implement that policy? In the same section, I also refer to the other savings measures—namely, the procurement savings and the efficiency dividend. What exactly is being lost in order to implement those policies?

Mr D.T. REDMAN: As the Leader of the Opposition well knows, there have been some budget challenges, as he saw in the presentation of this year's budget, presenting predicted deficits in 2014–15, 2015–16 and 2016–17. On the back of that, through the Economic and Expenditure Reform Committee and through cabinet, the government has taken some very strong measures to try to bring the budget back into balance in the medium to longer term. I think we have achieved a good outcome as far as the broader budget is concerned. A part of that was the implementation in the 2014–15 midyear review of some new corrective measures in the workforce renewal policy as applied from 1 January 2015. That applies to all agencies. We are not exempt from that, and we can see the implications of that from a financial perspective. The question goes to the detail of that.

Mr M. McGOWAN: If I could just interrupt, it was about workforce renewal policy, procurement savings and efficiency dividend. Between them there is about \$20 million worth of savings.

Mr D.T. REDMAN: So, the member's question is going to more detail of implications and who is a part of that?

Mr M. McGOWAN: It is the three areas of savings on page 161: efficiency dividend, procurement savings and workforce renewal. In total, it is around \$20 million worth of cuts. I ask: how is that being implemented, what positions are being lost and how are the savings being obtained?

Mr D.T. REDMAN: In the first instance, they are measures put in place for all agencies, and we are not exempt from that. We can see the implications for the finances. In terms of more detail, I am trying to get an understanding of exactly what the member is asking, because it is clear here in the budget papers that we are chasing savings through the agency. Is the member talking about the strategies for implementation of this or is he talking about where it is going to impact?

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Mr M. McGOWAN: That is what I am asking the minister. What positions are being lost and what programs are being cut? How are the savings being made?

Mr R. Addis: I will respond in relation to the workforce renewal policy, and then I will ask Fauziah to talk to the other two points. Our current salary budget is \$15.7 million and 160 full-time equivalents. The workforce renewal measures call for reductions in salary budget over three years of 11.3 per cent, which is about 3.5 per cent a year. Our agency's historic annual turnover of staff is about 11 or 12 per cent. We have proactively agreed on a range of measures largely based on managing natural attrition and taking opportunities to exit positions as they become available and are surplus or not in the highest priorities for the department. We think the reductions are well and truly manageable in the normal course of business if we are on to it early and stay consistent with that.

Mr D.T. REDMAN: Just before I ask Fauziah to go to the other couple of points that the Leader of the Opposition requested, the first two, the one per cent efficiency dividend and the 2014–15 procurement savings, are effectively a dollar change in the budget. The one that the director general just talked about is full-time equivalents. On the dollar changes in the budget, I just want to make the point that because it is royalties for regions, the savings made from those two strategies stay within the royalties for regions funds, so it is not something that goes outside or is a broader saving across the state budget. It stays within the royalties regions funds because that is what it is; it is royalties for regions. With things such as procurement savings, we are seeing across government in a lot of the bigger projects in particular, given some of the softening in the economy and the competition for companies and so on to make bids to do particular developments or projects, up to 20 or 25 per cent savings in procurement on the same projects that three or four years ago might have been worth considerably more. I will pass on to Fauziah to make some specific commentary on that.

Ms F. Antonio: I will expand on the 2014–15 procurement savings, which in actual fact have gone through the rest of the years. The department had a bit of a budget implication in the sense that we had a look at all the non-essential goods and services and did cut some administration, communication, consultants and consumables expenses, as well as equipment repairs and maintenance and staff travel and other expenses, as imposed within the budget constraints.

Mr P.B. WATSON: The seventh dot point on page 162 refers to a new regional reform fund special purpose account. Will this money be taken from the royalties for regions fund? How much will it be, and what areas of the royalties for regions fund will it be taken from?

Mr D.T. REDMAN: One of the high-level priorities that has come out of the Western Australian Regional Development Trust, which is chaired by Sue Middleton, has been using the royalties for regions fund to help reform how we do business in the regions. It is not just about building things and supporting and providing services, but how we can change the way that we do that business. With the Southern Inland Health Initiative, as the member would be well aware, we are using the fund to change how we do the business of delivering those services. That theme is coming through strongly. It is coming through from the trust that is advising me. Putting this fund in place—in this case it is \$150 million in total over three years—is to support those initiatives that we can put in place to actually reform how we do business in regional Western Australia. So, \$50 million of it will come out of the current financial year, the 2014–15 financial year, and \$50 million will come out of each of the 2015–16 and 2016–17 financial years, and go into a special purpose fund. It is royalties for regions funds and therefore it is itemised as regional reform.

[9.10 am]

Mr P.B. WATSON: Does this mean that since this reform fund has been going, the way the minister has been doing it in the past has not worked properly?

Mr D.T. REDMAN: On the contrary, member. I think the member has been a strong regional advocate for the value of royalties for regions. I have seen commentary the member has made about what royalties for regions has changed in his electorate and right across regional Western Australia. If members travel wide enough, they will see huge impacts from the investments that have been made since 2008. In the early part, there was a strong focus on what I call “backfilling” some of the underinvestment over many, many years in regional WA. That has been a strong focus of what happened then. Now that it has moved forward, we are trying to be more strategic about how we make those investments. That is the theme that I am trying to bring to the regional development portfolio. The member is well aware of things such as the blueprints that each of the development commissions are working up, which have a strong focus on trying to get that strategy on how we spend resources and how we do business. That is coming through now. If those blueprints are not out for public comment or signed off by me, they are pretty close to it. They now give us direction for where we spend that resource. The focus here is that we have been effective, in my opinion, with royalties for regions in making a difference and as we move forward

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we will be much more strategic in doing that, and the reform fund that the member mentioned is one of those strategies.

Mr P.B. WATSON: Will part of this reform look at the fact that the largest amount of money goes to National Party seats?

Mr D.T. REDMAN: Pardon?

Mr P.B. WATSON: As part of this reform will the minister be looking at the fact that a large amount of the royalties for regions fund goes to National Party seats? I cannot make it any clearer than that, minister.

Mr D.T. REDMAN: If the member wants to take this back a few years —

Mr P.B. WATSON: No; I am talking about now.

Mr D.T. REDMAN: — I think the seat of Pilbara was held by the Labor Party. I think that one of the biggest investments that has ever been made into a particular seat was in the seat of Pilbara and was before the time of this government. The National Party holds the seat now. I thought the definition of pork-barrelling was backing your own seats, but we put money into other people's seats and happen to have got them, member.

Dr G.G. JACOBS: Good morning, minister; good morning, everybody.

Mr D.A. TEMPLEMAN: Morning.

Dr G.G. JACOBS: My question is around the regional reform fund shown on page 162—the seventh dot point. We have just been talking about it. It refers to the first focus as being regional Aboriginal reform initiatives. I wonder whether the minister could explain that to me. What will the Aboriginal reform initiative look like? What can I tell the Aboriginal people and their advocates; and what other state government objectives will it support? It mentions that the first focus will be the Aboriginal reform initiative but also mentions other initiatives.

Mr D.T. REDMAN: I thank the member for Eyre for the question. He is quite right and, in fact, the member for Albany asked the first question on this regional reform refund. At the end of 2016–17, \$150 million will be in the special purpose fund. As I have said, the focus is around reforming how we do business in the delivery of services and other things in regional WA to try to do it better than we have in the past. We have to be very careful of being locked into history in how we do business, when we have technology and other things that can help us deliver better services. The member is quite right that the first significant reform initiative is the remote Aboriginal community initiative. I said at the end of last year, on the back of this government's desire to try to reform to get better outcomes for people who live in remote Aboriginal communities, that I would support this initiative with some royalties for regions resource. I made the point at the time that the intent of putting up some royalties for regions resource was not to backfill anything that was taken away—that is, by the federal government, which has been the case with some of the municipal services funds and some of the other capital funds that they have traditionally supported in terms of infrastructure into remote communities—and that in this budget I have been able to deliver over three years \$150 million into a regional reform fund that now has a strong focus on the reform of those remote Aboriginal communities. I have put on the table the resource to support that. What we are trying to achieve is not to shut 150 communities; I put that right up-front. We are trying to support better outcomes for the people who live in those communities with particular focus on early childhood development and health, and that children are safe and can pathway into a quality education right the way through to secondary school and, hopefully, on to university to be able to achieve the skills that they need to properly engage in the workforce. That is our focus. Interestingly, over the last week and a half to two weeks I spent time in Broome, One Arm Point on Beagle Bay, Halls Creek and Warmun along with Hon Helen Morton making a number of visits and talking to leaders in those communities to garner their support for change. I must say that without exception every one of the people I spoke to, particularly the leaders in those communities, say that the status quo is unacceptable. I think what this government has achieved in saying that it is prepared to work up a pathway for better outcomes for the people in those communities is right. We have backed it up with some resource—\$150 million potentially, because there is a broader reform agenda here, but this is the first piece of that agenda—and it is something that I think is long, long overdue. The alignment is right now with support from Aboriginal leaders and government. If we can get alignment with the federal government on this we will have the trifecta. Certainly, although there has been a lot of good work happening in many of these communities—Warmun was one I saw last week—there is still a lot of room for improvement, so it is high on the agenda. We are backing it with resource and it is appropriate that royalties for regions has a strong focus in this area.

Dr G.G. JACOBS: Minister, that is all very well, but Aboriginal people are marching on my office and leaving me messages because I have no detail on this. When will the detail be released on some of these initiatives, because at the moment it is very vague? When I tell Aboriginal people who are standing outside my office that

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the government is not closing any communities, they ask me what it is doing. What is the detail here and when will it be released? As a representative from the goldfields region, I need to have some plan around those initiatives. To tell people we have an initiative is not good enough; we need to release a plan as to what we are doing. When will that happen?

Mr D.T. REDMAN: I will make a couple of points in response. When I launched this initiative with the Premier, Hon Helen Morton and Hon Peter Collier, we made the point that the initial focus will be on the Kimberley and Pilbara, because that is where most of the remote Aboriginal community and town-based reserves exist—particularly in the Kimberley. However, it is interesting, that even my colleague Wendy Duncan made the point to me recently that despite it not being the government's finest hour when we went into this and there was strong concern from communities about closure—I am not sure we managed that well, and I agree with that if that is one of the points the member is making—the focus now is on those two areas, but the goldfields has interestingly said that it would like to be a part of it. The interesting thing is that despite concern in the press and from Aboriginal groups, the goldfields is saying that it would like to be part of the agenda that government is trying to roll out here. That is really pleasing. I make the point that it is genuine reform. We have communications strategies in place now. Effectively, it was started so that both Hon Helen Morton and I have the authority, as the two lead ministers, to be able to go out and start taking up the issue, which includes a communications plan. What we are working on over the course of the rest of this year, and I suspect a little bit into early next year, is a consultation process with Aboriginal people about the sorts of things we need to put in place in order to institute change and better outcomes for people in these communities. I made the point to a number of groups, and I am happy to make it here, that I am strongly of the view that if we get that plan right and it has the elements that will institute change and will improve outcomes, it will not be universally accepted across Aboriginal communities or with some people in the broader community. I know that Hon Helen Morton and I, as the two lead ministers, will not be able to institute change that has some points that will not be universally supported, unless it has the support of Aboriginal leaders. Certainly, from the feedback I am getting, the time is right to work with the Aboriginal community to lay out a plan for improvement.

[9.20 am]

I am cautious to say I have my own ideas about what should be in that plan; as the Leader of the Opposition knows, I have been over to Cape York recently and I strongly value some of the initiatives that have been put in place over there. If I were to say what is going to be in that final outcome, I would be undermining the consultative process we are engaging in with Aboriginal people as to what their thoughts are about what the elements of that plan should be. We are in that process now. I had a subcommittee meeting yesterday to go through the finer points of putting all the structures in place to institute this plan and outcome.

Mr M. McGOWAN: I thought it was a good question from the member for Eyre, and I note that the minister said that it was not one of the government's finest hours. To put a bit of context around my question, the government originally said that 100 to 150 communities would be closed. The Premier's justification for that was that paedophilia, as he said, was rife, and the interpretation was made by many Aboriginal people that the Premier was calling them paedophiles. There was then a change of approach a few weeks ago, in which the minister said that the government was going to re-look at the 150 closures of communities. There is \$150 million for this in the budget, but I note that the commonwealth government has pulled out \$90 million over the next two years and has withdrawn funding forevermore from remote communities. My question is twofold. Firstly, is the money that the state is putting in just to replace what the commonwealth government formerly put in to provide for essential services; and, if it is not, how much additional funding will the state put in above what the commonwealth government already provided for essential services such as water, power, basic amenities and the like? Secondly, following on from the question from the member for Eyre, if there is additional money above that, what are the specific initiatives that the minister is referring to? If it is just the replacement of municipal services, perhaps the minister could advise us about that. If it is not just the replacement of municipal services, how will these essential services be provided to those communities into the future?

Mr D.T. REDMAN: I thank the Leader of the Opposition for a very, very comprehensive question. There are a number of points in there; the Leader of the Opposition will need to direct to the Premier the questions relating to the Premier's comments, but as one of the lead ministers involved in this, I can say that we are not going to close 150 communities. As I have already articulated, it is my very strong view that this is about the people who live in those communities. I do not think I need to convince the Leader of the Opposition about the outcomes, particularly educational outcomes and outcomes that lead to pathways into employment. If they gain employment, the level of that employment is substantially less in terms of payment, and for the most part, many people in those communities are likely to live in crowded houses. The outcomes are very, very poor, and the Leader of the Opposition will have to direct those questions to the Premier in terms of the Premier's comments. In my view, that is where we are heading. We are committed to that path.

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To give the Leader of the Opposition some idea of the quantum of change, we are hoping in two years to see some visible change, and in five years some significant change, but it will take a generation to get transformational change. This is very much long-term, and I would like to think that if we get this plan right and we get the support of Aboriginal leaders, the pathway we are starting now will stand up through the political cycle. I would like to think that the next Labor government, if and when it happens, will pick up on that pathway and keep it moving, because in my view it is not something that can be delivered in one or two political cycles. If we get this right, I think it is something that should be embraced all round.

Yes, the commonwealth government has withdrawn some resources, but in 2013–14 we spent something like \$4.9 billion in total on Aboriginal people in Western Australia, so the amounts over the period the Leader of the Opposition was talking about are minuscule in comparison with the total spend. Part of the agenda here is about redirecting resources that are ineffective. To provide an example that has already been publicly used, in Roebourne there were 63 government and non-government agencies providing 200 services to 1 400 people, which is \$66 000 a head for every man, woman and child living in Roebourne, for no tangible shift in outcomes. To me, this is about effectiveness and efficiency in terms of using the resources we have, so I challenge the point that this is about money; I do not believe it is about money. We have committed to municipal funds until June next year, but we are aiming to put a plan in place to lay out a pathway for how we are going to make investments going forward. There are also resources on the table in a special purpose fund that have not yet been committed, so any notion about what that is going to be spent on is ill-directed because it is actually about supporting a reform process. That is a statement I have made and it is a statement I am committed to.

Mr M. McGOWAN: Just to clarify: will the minister replace funding for municipal services using that money?

Mr D.T. REDMAN: We have currently committed the funds until the end of June next year. Obviously, decisions will be made post that time in terms of where resources are to be directed. However, I make the point that we need to work through the plan—which is what we are doing now, in consultation with communities—to make any commitment beyond that, not just for municipal services but all the other substantial service provisions that go into the communities. The \$90 million from the commonwealth government is guaranteed for two years, so we have those resources for two years. That gives us time to put plans and resources in place. I might add that it is also our intent to work with the commonwealth government where we can. The commonwealth government is going through a process through one of the parliamentary secretaries to the Prime Minister, Alan Tudge, of looking at a broader support for the Empowered Communities initiative that Noel Pearson has been driving out of Cape York. I suspect we are going to hear a bit more from the commonwealth government about its position on that. I must say, I was most impressed with some of the initiatives that are coming out of Cape York; I think there is scope for looking at those options over here. Again, there are different levels of maturity—although that is probably not the right word—in Aboriginal communities here with regard to the level of acceptance of those initiatives as initiatives that have worked. They are the only initiatives I have seen that have been effective in recent times, and I think it is important that some of those initiatives make up the backbone of our plan to move forward as government policy applies to these communities.

Mr M. McGOWAN: Yes. The Minister for Aboriginal Affairs rejected them, by the way. I still have no clarity as to whether that municipal services funding will be replaced; I do not know from what the minister has said.

Mr D.T. REDMAN: I am making the point that there are resources committed to in the budget up until the end of June 2016–17.

Mr R. Addis: The commonwealth government, as part of exiting its responsibility for municipal services, has transferred \$90 million to the state government to cover municipal services in pretty much exactly the same form as has previously been delivered, for at least the next two financial years—that is, the next financial year, and the one after that. That essentially creates a period during which the state can work with the communities, stakeholders and service deliverers et cetera to work out the most appropriate way to fund and deliver beyond that time. That will be a significant focus for the process that the minister is talking about.

Mr M. McGOWAN: This is an important subject and I want to clarify this. The government will go through a process of working out how these municipal funds will be picked up, and the expectation is that at the conclusion of two years, the state will pick up municipal funding using the money that is currently in the forward estimates as part of this particular program.

Mr D.T. REDMAN: If I may respond, we are working through a process of looking at a better way of delivering outcomes for the people who live in these remote communities, and that is complex. The Leader of the Opposition is picking out one piece of a very, very complex social challenge, including pathways into education and how kids living in these communities can get a quality secondary education and potentially access university. There are a whole heap of elements to this, and we are working at putting together a package to try to deliver better outcomes. Of course, part of that is the delivery of resources through municipal services and

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quality of housing—all the other elements that are part of the fabric of these communities and how they can get better outcomes. Once we work up a well-articulated, clearly understood plan for where investments are to be made, all the decisions will fall out of that. I cannot sit here and put a number on what might happen in two financial years' time, other than to say that we are committed to reform and change, and I believe that the leadership in the Aboriginal communities is also committed to that change. That is the pathway we are on.

Mr D.A. TEMPLEMAN: I refer to the third and fourth dot points on page 162 of budget paper No 2. Of the nine regions, why has the Peel region consistently received the least proportion of royalties for regions funding in the entirety of the program?

[9.30 am]

Mr D.T. REDMAN: A little while ago the member for Albany asked why the royalties for regions funding is going to all the National Party seats, which is fundamentally wrong. The biggest recipient of resource at the time was the Pilbara seat that was held by the Labor Party. Significant resources went into the Pilbara Cities initiative before 2013. The notion of royalties for regions being something that is evenly spread or “vegemited” across the state is wrong. We are trying to focus on regional development, on those things that unlock potential, and where there is need and significant historical underinvestment. Rightly, a big chunk of that resource has gone north. The 2014–15 budget brought in the Growing our South initiative, a \$600 million resource that picks up the last four development commission regions and includes the wheatbelt, the great southern, the south west and Peel. We are at the early stages of that resource being deployed. I might add that recently I was in Peel with the Deputy Premier and announced that resources were being put into the Mandurah bridge —

Mr D.A. TEMPLEMAN: The minister has not answered the question. Why over the last five years of the royalties for regions program has the Peel region consistently received the least amount of allocation of royalties for regions funding when it is the second highest populated region in Western Australia?

Mr D.T. REDMAN: Is it the member for Mandurah's argument that the resources should go where the people are?

Mr D.A. TEMPLEMAN: No, I am asking why —

Mr D.T. REDMAN: But the member just made the point —

The CHAIRMAN: Through the Chair, members.

Mr D.A. TEMPLEMAN: It was interesting that the minister used Roebourne as an example and an allocation of dollars per capita. Can the minister provide by way of supplementary information a table of the comparison of all of the royalties for regions allocations for the nine regions of Western Australia for the years 2009 through to 2014 including the population and per capita spend for each region?

Mr D.T. REDMAN: I am happy to provide to the member up until—what was the last one?

Mr D.A. TEMPLEMAN: It was 2014.

Mr D.T. REDMAN: Up until 2014.

Mr D.A. TEMPLEMAN: I am happy to have it up to date.

Mr D.T. REDMAN: We will try to provide the member with the up-to-date information, but I make the point that the premise —

The CHAIRMAN: Just on that point, if the minister is agreeing to provide supplementary information can he state exactly what it is for the purposes of Hansard?

Mr D.T. REDMAN: It is my understanding that the member is asking me to provide the total royalties for regions funds on a —

Mr D.A. TEMPLEMAN: Expended per region for each of those years mentioned, and what that equates to in a per capita spend.

The CHAIRMAN: Do you agree to that minister?

Mr D.T. REDMAN: There are two things; first, we will provide the figures as close as we can get to the current numbers in terms of financial years, given that this financial year has not yet finished. Second, we will provide the royalties for regions spend in each of the financial years prior until now including the per capita spend. I agree to provide that.

[*Supplementary Information No B1.*]

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Mr D.T. REDMAN: I want to make the point about the premise of the member's question. I would have thought that the member for Albany would not be happy with the question because the member is saying that the greatest number of people live in Peel and therefore Peel should receive the resource.

Mr D.A. TEMPLEMAN: The premise of the question is this: the government's royalties for regions program is based upon delivering both to the regions —

The CHAIRMAN: Member, that is enough.

Mr D.A. TEMPLEMAN interjected.

The CHAIRMAN: I am on my feet, member for Mandurah! I call you to order for the first time. Can we not let this descend into a yelling and screaming match across the chamber. Let us do it in an orderly fashion. The member has asked a question and the minister will answer it. If the member is not happy, I will allow him to ask a further question but we will not have a yelling match across the chamber.

Mr D.T. REDMAN: If we are going to add up all this stuff, we should stick in there the Mandurah railway line and the Forrest Highway as investments that have gone into the Peel region because that is where the people are. The whole intent of royalties for regions is to focus on regional development in those areas —

Mr P.B. WATSON interjected.

The CHAIRMAN: Member for Albany, enough! I am on my feet.

Mr D.A. TEMPLEMAN interjected.

The CHAIRMAN: Member for Mandurah, I call you to order for the second time, and member for Albany for the first time.

Mr P.B. WATSON: Tell him to tell the truth.

The CHAIRMAN: Excuse me! Please, minister.

Mr D.T. REDMAN: I am happy to provide that information to the member but I make the point that if we look at regional development in Western Australia, the focus has not been on putting resources into where people are. The focus is on trying to deliver services and outcomes to people who have not got that population base and areas of great need. I just talked about remote Aboriginal communities. If members think for a second of the most underprivileged people in Western Australia who do not have the opportunities that people who live in the rest of the state have, they are it. We have put \$150 million into supporting and reforming change in those areas. We have supported the Pilbara Cities initiative that focuses on building cities of 50 000 people in the north of Western Australia. We have focused on getting basic services to those areas so people there do not have to pay \$3 000 a week in rent. We have focused on getting telehealth services to people who cannot access health and specialist services because they live on the end of a rail line, and on all those educational needs and facilities that we are trying to change so that people want to live, visit and invest in regional Western Australia. The member needs to be very careful prosecuting an argument that says we must put resources where people are because that is the whole premise behind royalties for regions.

Mr D.A. TEMPLEMAN: That is crap.

The CHAIRMAN: Member!

Mr D.A. TEMPLEMAN: In answer to a previous question, the minister talked about need. The needs include when a region has higher proportions of unemployment. For example, youth unemployment in the Peel is one of the highest in the state. A need is when a community has a low socioeconomic capacity. If the minister looks at the figures, he will find that Peel rates highly in that. If the minister believes that the Peel is being delivered an adequate proportion of royalties for regions, then how can he justify that the Peel appears in statistics in this state with some of the highest needs of any region in Western Australia?

Mr D.T. REDMAN: Thanks, member. I want to pick up on a couple of points that the member talked about. Rightly, he talked about need because that is the focus of my discussion. The focus is not on where the numbers of people are, which is what I read to be the premise of the member's question. I had a similar response to a question asked by the member last year. The difference between last year's response—well, it was probably in last year's budget as well. However, in the first instance we have allocated a revitalisation fund to the last four development commissions, which includes Peel.

Mr D.A. TEMPLEMAN interjected.

The CHAIRMAN: Member!

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Mr D.T. REDMAN: We have allocated \$600 million in total over four development commission areas. I make the point that one of the highest priorities that comes through in the Peel blueprint, which is designed to focus on where strategic investment should go to unlock potential, is the Nambeelup industrial precinct.

Mr D.A. TEMPLEMAN: It is about jobs.

Mr D.T. REDMAN: Absolutely. That is the highest priority that has come through. It is about jobs because there are the levels of unemployment that the member has talked about. Whenever I have run public commentary —

Mr D.A. TEMPLEMAN interjected.

The CHAIRMAN: The member needs to ask the question and then wait for the answer.

Mr D.T. REDMAN: If the member wants to focus on symptoms rather than answers, he can do that. I will focus on getting long-term solutions. Making investments in what I see is a transformational project to unlock potential of backbone infrastructure going into the Nambeelup park not only triggers LandCorp's capacity to release land for industrial use, but also a private sector investor right next door who would not have the capacity to put in the backbone infrastructure. The Peel Development Commission is in the early stages of looking at a business case to work that up. That really appeals to me because it hits the market that the member for Mandurah has talked about; it talks about employment, industry and transformation in those regions, the focus of royalties for regions. It is an important point and I would be very pleased to hear the member support a project such as that.

Mr D.A. TEMPLEMAN: The problem is that the minister's government continues to reduce services in the region. It has taken away services including one that minister himself took away when he was the Minister for Training and Workforce Development, the Workforce Development Centre.

Can the minister tell me, flatly, that under his government he will not dissolve or allow the development commission known as the Peel Development Commission to be terminated in the future?

[9.40 am]

Mr D.T. REDMAN: What was the last point about the development commission? Was it to terminate the development commission?

Mr D.A. TEMPLEMAN: Will the minister get rid of the Peel Development Commission?

Mr D.T. REDMAN: I have no agenda to terminate development commissions.

Mr D.A. TEMPLEMAN: No; I was referring to the Peel Development Commission.

Mr D.T. REDMAN: I have no agenda to terminate the Peel Development Commission.

Mr D.A. TEMPLEMAN: Thank you.

Mr D.T. REDMAN: We have nine development commissions in the regions.

Mr D.A. TEMPLEMAN: That is all I wanted to know.

The CHAIRMAN: Member for Mandurah, you have asked the question; let the minister answer.

Mr D.T. REDMAN: Most development commissions are focused on rolling out —

Mr D.A. TEMPLEMAN: I have no more questions.

The CHAIRMAN: Sit quietly, member for Mandurah.

Mr D.T. REDMAN: They are focused on rolling out a plan and agenda for investments that are transformational by nature and that help to solve the actual causes of some of the challenges that the member for Mandurah talks about.

Mr D.A. TEMPLEMAN: The minister is qualifying it now.

The CHAIRMAN: Member for Mandurah, you said that you had no further questions.

Mr D.A. TEMPLEMAN: Can the minister rule out that he will not allow —

The CHAIRMAN: Member for Mandurah, that is the third time already and it is not quite 10 o'clock. There is a long day ahead. The minister was answering the question. The member for Mandurah may not like the answer, but he should let the minister finish. He can ask further questions if that is what he wishes to do, but we cannot have interjections thrown across the chamber willy-nilly; it is difficult for me, Hansard and the advisors to follow. We need to do this in an orderly fashion.

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Mr D.T. REDMAN: I will add one qualifier to the comment that I think is important. I have no control over the regional–metropolitan boundaries as defined, so if the boundary of the metropolitan area of Western Australia were changed, then of course that has a very direct impact upon development commissions and particularly upon decision-making around royalties for regions, which is very specifically stipulated in the act.

Mr D.A. TEMPLEMAN: As the minister is aware, there is an act of Parliament that determines the Peel Development Commission region. Would the minister support the repealing of that act if his government or the Premier decided to absorb Peel into the metropolitan area?

Mr D.T. REDMAN: There are a number of acts that define things in terms of metropolitan and regional boundaries.

Mr D.A. TEMPLEMAN: It would have to be repealed.

Mr D.T. REDMAN: There is a development commission boundary, a local government boundary and a regional–metropolitan boundary. I think there is some complexity in that. If the member is trying to wedge me into something that is going to be nuanced around a shire, a local government or part of a local government being in or out of an area, he is welcome to do that. Can I make it clear that I have no agenda to stop the Peel Development Commission or to repeal the act.

Mr D.A. TEMPLEMAN: There is an act of Parliament, the Regional Development Commissions Act 1993, that determines the five local governments that comprise the Peel Development Commission region. I am asking the minister simply: would he as a minister oppose any move to repeal that act, which would see the dissolving of the Peel Development Commission in the future?

Mr D.T. REDMAN: The only qualification I put on that is that as the Minister for Regional Development I am responsible for the royalties for regions program, which is focused on regional Western Australia, and if the metropolitan region boundary changes for a range of reasons —

Mr D.A. TEMPLEMAN: The government can change.

Mr D.T. REDMAN: — including some political ones, because there are descriptions around where the seats are and what is included in the regions and what is not, then some things are well and truly out of my control and decisions should be made for reasons other than regional development. However, I am saying that I am focused on regional development. I have no agenda to shut down the Peel Development Commission. The member quite rightly raises issues in his electorate—namely, unemployment, which I think I have addressed—which are a focus of this government if that comes through the relevant processes for potential investments to help that.

Mr V.A. CATANIA: I refer to page 213 of budget paper No 3, *Economic and Fiscal Outlook*. Last year the Leader of the Opposition clearly said publicly that royalties for regions is dead.

The CHAIRMAN: Member, the question you are asking refers to another division. We will have to wait until that division is debated.

Mr V.A. CATANIA: Are we on Pilbara Development Commission?

The CHAIRMAN: No, this is regional development.

Mr V.A. CATANIA: My question is about royalties for regions expenditure.

The CHAIRMAN: That is within division 18.

Mr V.A. CATANIA: I refer to page 161 of budget paper No 2 and royalties for regions. As I stated, could the minister please explain the outlook for royalties for regions and the amount, given that last year the Leader of the Opposition clearly stated that royalties for regions is dead? Could the minister please outline to the committee what the projected earnings of royalties for regions will be for 2015–16 and into the future?

Mr D.T. REDMAN: The member has asked about where the royalties for regions program sits in the broader scheme of government, the scale of the program and what changes will be made over time. As the member well knows, following the 2008 election, royalties for regions was brought in via the National Party as a government initiative so that 25 per cent of mining and petroleum royalties would be spent in regional Western Australia. Legislation was passed to put that in place and it is a big part of history. In the 2014–15 state budget, there was significant growth in the royalties for regions fund as a by-product of the royalty revenues to the state and also as a by-product of some of the budgetary challenges emerging, and so the government chose to put a \$1 billion expenditure cap on the royalties for regions fund in the four-year forward estimates. In last year's state budget there was a cap of \$1 billion for 2014–15, 2015–16, 2016–17 and 2017–18. At the time it was predicted that if that expenditure cap were put in place, about \$3.1 billion over four years would go back into consolidated funds, which meant that the percentage of royalties coming back to royalties for regions was considerably less than

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25 per cent. I think at one time it was predicted to be down to 12 per cent, but the fund was still in excess of \$200 million a year better off over those future four years than it was in the previous four years. What has happened this year? I think the commentary of the Leader of the Opposition at the time, as the member said, was that royalties for regions was dead. It is not dead; it is alive and well and it is a significant part of the state government program. I note that the Leader of the Opposition recently released a new regional policy on the labour market and that he has said that the state Labor Party supports royalties for regions, which is fantastic. It is great to see that he has gone from saying that royalties for regions is dead to now supporting royalties for regions.

In the current budget, with the exception of \$100 million coming out into the regional reform fund, the expense limit in 2015–16 is \$950 million; in 2016–17, \$950 million; and a year after, \$1 billion. That means that the royalties for regions expense limit is \$3.9 billion in the four-year forward estimates. As members would be aware, we over-programmed to allow for changes in slippage that occur traditionally over time. The other question the member asked was: what is the relationship between that and the 25 per cent figure? Over the four-year forward estimates \$535 million is the figure that is in excess of those expense limits, which will spill back into consolidated funds over those four years. What was predicted in last year's state budget of a \$3.1 million excess to the \$1 billion expense limit is now \$535 million over the four-year forward estimates.

Mr M. McGOWAN: I refer to page 167, "Details of Controlled Grants and Subsidies", and the moneys allocated for some Pilbara initiatives. Does that amount include money for a payout for the Osprey Key Workers Village? As the minister would be aware, the Osprey Key Worker Village was built in conjunction with Fleetwood, and the opportunity is there, as I understand it, for Fleetwood to seek a return of the capital they have put which is in the vicinity of \$50 million or \$60 million. Apparently, from memory, it is able to exercise that. Has there been an extension to that contract? Has the government set aside money to pay out Fleetwood if it elects to withdraw from that particular contract?

[9.50 am]

Mr D.T. REDMAN: I am going to very succinctly answer the question. The question relates to a housing question. Interestingly, I will be representing Housing in this place tomorrow, so I will be happy to pick up the relationship between housing and Fleetwood in respect of that contract; that is not an appropriate question here. There is no provision in the budget here for anything that might be related to what the Leader of the Opposition calls a payout of anything. There is no provision in the royalties for regions budget for that.

Mr P.B. WATSON: I refer to the second dot point at the bottom of page 161 about the royalties for regions fund. I have before me the original legislation that Parliament voted on, which states —

The Treasurer is to ensure that the amount of money standing to the credit of the Fund at any time does not exceed \$1 billion.

I know it was changed without amending the legislation; I do not know how that can be done. The government has changed legislation that affects money going to the regions. The legislation states no more than \$1 billion at one time. If \$1 billion is available at the start of the financial year, what stops the minister from taking it out during the year and topping up the rest with the 25 per cent that was originally promised for the regions?

Mr D.T. REDMAN: Two things are used in the context of \$1 billion. One is the legislated billion-dollar cap on the fund, which is what the member referred to in the legislation. The special purpose fund under royalties for regions has a legislated cap of \$1 billion —

Mr P.B. WATSON: At any one time?

Mr D.T. REDMAN: Yes. If that fund fills up, if I can use that term, and any more money comes into it when a royalty payment comes into the state, those excess funds spill back to the consolidated fund. It has a legislated cap of only \$1 billion. What I have been talking about in the forward estimates is an expense limit of \$1 billion. I make the distinction between the fund being \$1 billion, which is legislated, and the expense limit. In any one year we forecast in our budget to spend \$1 billion in royalties for regions. If the 25 per cent money coming into the fund is greater than \$1 billion a year, I would expect a certain amount of money to spill back to the consolidated fund. That was a figure I just said to the Leader of the Opposition is predicted to be \$535 million in the forward estimates of this budget. If the 25 per cent figure for royalties for regions falls below \$1 billion, I would expect the figure in the fund itself to come down as we start using those resources, if the \$1 billion limit is stuck to. There is a distinction. We did not go back to Parliament because there was no need to. That limit still exists. That was the tool or the strategy that I used in last year's budget to support the broader state budget because at the time it was predicted that \$3.1 billion over the forward estimates would go back into the consolidated fund, but I wanted to maintain the integrity of the program and hence we set an expense limit of \$1 billion a year.

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Mr P.B. WATSON: At any time has money been taken out of the royalties for regions fund and put into a separate fund? Because a project may have been put aside, has money been put into a separate account?

Mr D.T. REDMAN: The answer is yes, funds have come out of the fund into other special purpose funds. There was one for the Southern Inland Health Initiative. Those funds are still being brought to account. That special purpose fund was set up for SIHI. They are still being brought to account as those funds go out the door. There was also the future fund, which is a legislated fund. In fact, the last payment of \$126 million goes into that legislated fund in 2015–16. Remember that the future fund was put in place when we changed the royalty regime for fines. Brendon Grylls was the Leader of the National Party at the time. The former minister said that the three per cent efficiency dividend applied to agencies would also apply to royalties for regions. That was also used to make up that future fund. The third one is the regional reform fund. Effectively, there have been three special purpose funds separate to the royalties for regions fund. That is where resources have gone —

Mr P.B. WATSON: That is coming out of the \$1 billion now. I have been advised that money was taken out. Because the royalties for regions fund was going over \$1 billion, a large amount of money was put aside until the next financial year so it would not go over \$1 billion—has that happened?

Mr D.T. REDMAN: The billion-dollar fund itself is a special purpose fund that has a legislated cap, as the member mentioned. Three things can happen to that. either it goes into the future fund under the rules we prescribed in this place when the legislation went through or it went into another special purpose fund for something like SIHI, which is what happened —

Mr P.B. WATSON: No —

Mr D.T. REDMAN: I will finish the question, if I could.

It can be spent or it can go to a local government or another proponent that has a project to take those resources. It is acquitted as an expense from the state government funds and acquitted at that point. Those are the only options of where resources go. If it is spent quicker than it accumulates, it stays under the billion-dollar cap and that is the process. We put limits on that in last year's budget. That is what has been shown in this year's budget as well.

Mr P.B. WATSON: Are they all part of the \$1 billion or does any of it go over \$1 billion if it is not in that fund?

Mr D.T. REDMAN: The \$1 billion expense limit or the \$1 billion limit on the fund?

Mr P.B. WATSON: The \$1 billion limit on the fund. If the minister uses more than \$1 billion a year because there is some money sitting out on the side and he brings it back later after the next lot comes in, that is cost shifting, is it not?

Mr D.T. REDMAN: Even if we bring back to account funds that are sitting, for example, in the SIHI special purpose fund, the expenses are still capped by a \$1 billion spend. I make the point that with the billion-dollar spend I have in the 2015–16 state budget, some funds would come from the royalties for regions fund itself—probably a significant amount would come from it—and some would come from the SIHI fund, which has been brought to account as those initiatives that we have been rolling out, in the wheatbelt area in particular, around building hospitals and supporting services and doctors into those areas. That adds up to a \$1 billion expense limit. The point is that if the expense limit of \$1 billion a year is less than the predicted 25 per cent royalty flow into the account, once it hits the billion-dollar cap, it spills back into the consolidated fund. That is the only activity in the royalties for regions fund.

Mr P.B. WATSON: Can the minister categorically say that no money has ever been put aside—which would have taken it over the \$1 billion for that year—into another fund?

Mr D.T. REDMAN: The short answer is that when Brendon Grylls was the Minister for Regional Development, I am assuming that there was a possibility. I do not know the numbers exactly. Putting the Southern Inland Health Initiative in place may well have done that. I actually do not know whether that has achieved that or not. The whole idea of that was to put a fund aside for a specific purpose and it was tagged for that purpose. If the outcome of that was to keep the resources in the royalties for regions fund below \$1 billion, it may well have done; I do not know. The point is that all these resources are accounted for. There is no skulduggery in that. It is itemising a fund that will be spent over a number of years on a particular region for a particular purpose—the Southern Inland Health Initiative.

Mr P.B. WATSON: I still refer to the \$1 billion fund. I read out before the original purpose of the fund. The credit in the fund at any time does not exceed \$1 billion. Why did the minister change it at the last budget so all that money that would have been going into royalties for regions—for people in the regions for roads, hospitals and schools—is lost in the bottom line of the state budget when people in the regions are crying out for this

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money? The minister spoke today about Aboriginal communities needing money, all these ones—I congratulate Brendon Grylls on royalties for regions—and then the current minister comes along and takes away all this money from people in the regions.

[10.00 am]

Mr D.T. REDMAN: Thank you, member for Albany, for the question, I will make a couple of points. One is that there is more resource in the four-year forward estimates in last year's budget and in this year's budget than there was in any of the previous four years of those budgets. In terms of the quantum of resource that is going into regional Western Australia there is more resource through royalties for regions than there has been in the previous four years of either of the last two budgets.

Mr P.B. WATSON: There could be more.

Mr D.T. REDMAN: That is the first point I will make. The other part of the member's question was: why did we put this cap in place? That was a product of last year's budget discussions. If the member had been in this room last year, he would have heard me make two points—I made them at the start of this session interestingly—that as the royalty revenue increases to the state, so does royalties for regions. When royalties for regions was first discussed, it was touted as anywhere between a \$400 million to \$600 million annual fund. It was predicted in the out year of last year's budget of the royalties for regions component to be in excess of \$2 billion. In my view, it was unrealistic for me to take a position that was effectively holding the broader state budget to ransom by having a significant flow into this 25 per cent royalties for regions. Last year, I made the decision to put an expense limit of \$1 billion a year on royalties for regions to do two things.

Mr P.B. WATSON: What right have you got to do that?

The CHAIRMAN: Member for Albany!

Mr D.T. REDMAN: I am answering the question, member. He asked me specifically why I put the cap on it. It was to support the broader state budget, but to keep the integrity of the royalties for regions program as a \$1 billion-a-year fund. The member's leader sitting next to him made the point last year that royalties for regions was dead. Now I see it showing up in Labor's policy position as a great thing and that the Labor Party will support it. I think the member is flipping around on this position. If he looks at what royalties for regions has done, he will see that it has been outstanding. My intention is to be more strategic than we have been about doing those things, as the member for Mandurah said, about investments that unlock potential and opportunity.

[Mr I.M. Britza took the chair.]

Mr R.S. LOVE: Earlier on we heard some discussion around the fourth dot point at page 162, which is about Growing our South and the statewide regional blueprint. Can the minister please update us on the progress of the blueprint initiatives?

Mr D.T. REDMAN: Thank you, member, for the question. In last year's state budget we put in place a \$600 million Growing our South initiative. Again, the intent was to bring into play the last four development commission regions that did not have access to a revitalisation fund. It is the intention to put that over four development commission regions rather than provide an allocation each, because I think it is important to take a very strategic focus on how we make investment in those regions, particularly in the south west, because they are interlinked and interlocked. Some of the progress to date has been good. I might say that on 18 May—it would be nice to have the member for Mandurah here—we announced \$8.8 million to support the cost of upgrading the Mandurah traffic bridge. It will make what would have been a good bridge into a great bridge. It is an iconic part of the state for tourists, travellers and holidaymakers. To have a bridge commensurate with that as a focal point of that region is important. As at 26 May, 15 Growing our South projects have been approved by cabinet, which equates to a total investment of \$35.7 million. That will deliver some \$97 million worth of projects. Projects in the great southern include the Katanning early childhood hub; the Katanning main street upgrade, stage 2; and Albany student accommodation to support tertiary education in the regions. It is very difficult for universities to maintain a footprint in regional WA, and accommodation is one thing that can help support those who have to travel some distance and face some challenges around resourcing that accommodation. Another allocation is for Albany visitor facilities around the Gap. The natural bridge over the Gap is iconic in the Torndirrup National Park. These facilities will help upgrade the tourist assets there. There is also an allocation for the Jerramungup waste management facility. About four local government regions are coming together to progress a waste management facility where they can all work together. It was one of those projects that got lost at the tail end of the country local government fund. The councils had long-term commitments to that. We have been able to pick up the gap on that. I mentioned the Mandurah traffic bridge in the Peel region, and there is the upgrade of the Boddington recreation centre, which the community is very happy about, given the goldmine focus in Boddington and that it is a community that has a great economic asset close to their community, and needs the

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facility to support it. The Byford Country Club relocation is another project that was supported in the Peel region. In the south west region, \$9.1 million is allocated, including for the Ferguson Valley tourist route.

Mr R.S. LOVE: How much did the minister say was in the Peel region?

Mr D.T. REDMAN: I said \$11.9 million has been approved by cabinet for three projects.

Mr R.S. LOVE: Is that the largest allocation to the Peel region out of the Growing our South budget?

Mr D.T. REDMAN: That is the amount to date. As at 26 May, \$35.7 million out of the Growing our South initiative was approved by cabinet, and \$11.9 million of that has been allocated to the Peel region. The south west region has been allocated \$9.1 million over four projects. As I said, there is the Ferguson Valley tourist route, and also the Northcliffe aged-care units, the Pemberton retirement village extension and the south west Ageing in Place pilot around Dardanup and Boyanup, which is a fantastic project linking a not-for-profit organisation to delivering houses for seniors in the community who have great need. The amount of \$3.1 million has been allocated for the Wheatbelt to cover three projects. The first is the Jurien Bay sewerage project, which the member for Moore very strongly advocated for. It will help the local government get that project to a point. It had a shortfall and needed the support in the short term. There are funds also for the Northam town-site drainage and the Narrogin bypass, supporting the member for Wagin's electorate. The Growing our South is an important component of last year's budget. Those resources are starting to flow through in greater quantum in the out years. As at 26 May, \$35.7 million has been allocated. It is pleasing to see that those development commissions are now starting to do a lot of very good work on transformational projects to try to bring that to account.

Mr R.S. LOVE: It does not seem that the pork-barrelling is going too well. Most of it seems to be going to seats outside National Party areas.

Mr D.T. REDMAN: That is the case, significantly so, member for Moore.

Mr M. McGOWAN: I take the minister to page 167. I have a couple of questions about various areas of details of controlled grants and subsidies. The minister will see there the Growing our South initiative and the regional grants scheme under that particular heading. I have a range of questions in relation to the SuperTowns initiative that the government announced a number of years ago. Is there specific funding in the future, as there once was for SuperTowns? Does the SuperTowns project still exist? How many of the SuperTown blueprints, if you like, were fully funded across each of the budgets? How many of the SuperTown projects were funded in total and which towns are considered to be SuperTowns?

Mr D.T. REDMAN: Thank you, Leader of the Opposition, for the question. As the Leader of the Opposition knows, when the SuperTowns initiative came into play, a number of towns made a bid to be what we call a SuperTown, designed at the time to be a service centre that will have significant scope for the growth of our population. It is predicted that Western Australia is a growth state and it is reasonable that we should set up and develop regional Western Australia to be able to cater for that growth. The SuperTowns initiative was to involve the tier 3 communities. To qualify the tiers, Perth is a tier 1, which of course, is our capital city; tier 2 centres are the Bunburys, Busseltons, Albanys and Kalgoorlies; and tier 3 is the next tier down in the south west. It was focused on those communities in the south west land division that were potentially areas of significant growth. The identification of those communities was around those that had natural assets they could build upon, whether they be agricultural, coastal or tourism themes whereby we could have a strong focus on developing growth plans so that they were armed and ready to cater for medium-to-long-term growth. That was the intent. Nine towns fell out of that, including Esperance in the member for Eyre's electorate, where he lives; and two in my electorate; namely, Manjimup and Margaret River. We initially allocated \$85 million to support initiatives they put up as part of their growth plans. If the Leader of the Opposition looks at what we announced at the time, he will see that it was never the intent to fully fund the three or four projects those communities put up. The intent was to start the ball rolling with \$85 million across those communities. The member for Eyre might be able to help me, but I think some \$10 million or \$12 million was spent on the waterfront development in Esperance. The projects in Manjimup were around agricultural expansion and main street revitalisation. In Margaret River—again, I am reflecting on projects in my own electorate because I know them best—it was around the Surfers Point development, with some resources supporting main street upgrades and the like. It was never intended that it would fully fund all the projects that were put up. The whole intent is that they are now positioned, with growth planning, to support growth, which is smart. Interestingly, the level of planning in the metropolitan area, including the Peel region, is really sound to support growth. That does not happen in regional Western Australia. We have been able to achieve that in these communities.

[10.10 am]

Also, the tier 2 cities projects are being rolled out. The first of those was the Pilbara Cities vision, which is Karratha and Port Hedland, both of which have growth and economic development plans. Nine others have been

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identified around the state from Kununurra to Albany, Kalgoorlie, Busselton and Mandurah. There are nine in that list, and I will go through them so that there is no confusion. They are Albany, Broome, greater Bunbury, Busselton, Carnarvon, Geraldton, Kalgoorlie, Kununurra and Mandurah. If Karratha and Port Hedland are added to those, the figure comes up to 11. Resources for the first four of those cities have been approved by cabinet so that they can bid for resource support to develop a growth and economic development plan for their cities, which are tier 2 communities. We are working through the process now of identifying the first four. I am hopeful that the other five will be approved by cabinet in due course, which means that the level of planning in regional Western Australia will be able to support development and growth. I expect that, as we move forward with the royalties for regions program, particularly through the blueprint development, those centres will become significant service delivery centres at a number of different tiers, whether they be medical or educational, or provide broader service delivery to industries in those regions, and they will be in a very strong position to attract royalties for regions resources to support growth in amenity and the elements of those communities that will help drive growth and development.

That is our agenda. SuperTowns is not dead; it is a part of government policy, and it is embedded in the state planning policy, as tier 3 communities in the south west. It is my intent that, as each year's royalties for regions budget is brought on, I will identify more resources to be tagged as what I refer to as blueprint resources, which relates to statewide initiatives supporting strategies and investments that will unlock potential. I am expecting that these service centres and these bigger communities that have sound growth plans and a history of supporting growth and development of their natural assets will be some of the lights that will pick up those resources.

Mr M. McGOWAN: If I can just follow up that question, the minister will remember that there was much ado about so-called SuperTowns a few years ago.

Mr D.T. REDMAN: I remember the member's comment that it was dead, which was wrong.

Mr M. McGOWAN: The program is over, as far as I am aware; the minister has just said that the program is over. Some \$85 million was allocated to that. I seek by way of supplementary information, details of where that money was spent as part of the SuperTowns program across each of the communities that were part of it.

Mr D.T. REDMAN: To qualify the Leader of the Opposition's question, I am happy to provide by way of supplementary information a very clear statement of where the resources under the \$85 million SuperTowns program have been spent, what has been acquitted, and what has been outstanding to date.

Mr M. McGOWAN: As the minister said, the program has now been concluded, but he is saying that it is embedded, whatever that actually means.

Mr D.T. REDMAN: I am happy to supply that information, but the regional centres development processes that I have talked about still exist within the regional development program. The growth plans for those centres are not dead; they are alive and well, and they will be a key part of the program in the future.

[Supplementary Information No B2.]

Mr M. McGOWAN: As the minister said, that is different from SuperTowns.

I have a further question. I refer to page 167 and the line items "Pilbara Cities Initiative", "Pilbara Revitalisation" and "Regional Capital Works Initiative". I ask the minister about the Pilbara underground power project. He will recall that the original allocation was \$130 million. My understanding is that the figure blew out by \$100 million. Can the minister advise what the total expenditure has been until now, and what is expected to be spent on the Pilbara underground power project?

Mr D.T. REDMAN: The Pilbara underground power project, by way of background, was intended to drive outcomes in Karratha, Roebourne, South Hedland, Wedgefield and Onslow. It is about putting power services underground so that in the event of a cyclone there would not be issues with power outages, as well as dealing with other safety issues with powerlines being above the ground. It was strongly supported by the state government. There was an initial allocation of \$100 million towards the Pilbara underground power program. There were some significant issues with cost escalation in the Pilbara at the time. Part of that related to underestimation of the cost of putting power underground, particularly in Karratha. That meant that we would need to come back at a later date and fix up that gap and we wanted to keep continuity of the project, so on 30 June last year cabinet approved a further \$75 million of royalties for regions funds towards the Pilbara underground power program. A financial assistance agreement between the Department of Regional Development and Horizon Power for the \$75 million is due to be executed by 30 June this year, as I understand. Once the second stage has been completed, 4 943 lots will be connected to underground power in the Pilbara. It is a fantastic outcome for those people.

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Mr M. McGOWAN: Just to clarify, what is the total cost of the Pilbara underground power project from commencement to conclusion?

Mr D.T. REDMAN: It is my understanding that the revised estimate of the total cost of the project is \$230 million. Royalties for regions has committed \$175 million to the project, in two tranches.

Mr M. McGOWAN: Is there any allocation for a further blowout in the cost of this project? Does the government expect a further blowout?

Mr D.T. REDMAN: No, we have no allocations for blowouts. It is expected that the project will be largely completed by the end of this financial year.

Mr M. McGOWAN: Has the minister any advice that there will be further cost blowouts above the \$100 million in cost blowouts so far?

Mr D.T. REDMAN: No.

Mr C.J. TALLENTIRE: My question refers to page 169 and the line item “Regional and State-wide Initiatives”. Noting that for the next financial year we are looking at \$43 million in expenditure, first of all, can the minister tell me how much of that would relate to natural resource management expenditure?

[10.20 am]

Mr D.T. REDMAN: The short answer to the question about how much of that is allocated to natural resource management is none. I understand these are unallocated funds that are picked up on a range of projects that come through in the course of the year. Again, the member can see the history of that. Is there anything that can be highlighted about that, other than my comments? The short answer is none, if the member is talking about natural resource management.

Mr C.J. TALLENTIRE: In this division 11, is there any allocation for NRM funding?

Mr D.T. REDMAN: The member will remember the natural resource management program under the NRM office in the Department of Agriculture and Food. Traditional resources have gone into that. I am not sure of the quantum of that, so I will ask my advisers.

Mr C.J. TALLENTIRE: I think it is in the order of \$8 million a year at the moment and it is coming from royalties for regions. The member for Moore might be able to help as well.

Mr D.T. REDMAN: I will ask Michelle if she would not mind picking up on that.

Ms M. Mackenzie: We have a partnership with the Department of Agriculture and Food for a specific NRM program, and over the forward estimates we have \$19.2 million allocated to that fund. We are in the process of executing the agreement at the moment.

Mr C.J. TALLENTIRE: So there is NRM funding in division 11, because it is royalties for regions money that flows through to the Department of Agriculture and Food; I guess it is somewhere in here.

Ms M. Mackenzie: It is not in the statewide initiatives. As the minister mentioned, that funding is unallocated so we have a dedicated program called the NRM program in the Department of Agriculture and Food.

Mr D.T. REDMAN: Can I make the point that Michelle is talking about something that is specifically a natural resource management program in the Department of Agriculture and Food. It could be argued that government is undertaking a range of other initiatives that could be broadly under natural resource management. I would have thought that flood mitigation in the member for North West Central’s electorate is also, broadly, natural resource management. NRM provides for a whole range of initiatives, including utilisation of and proving up water resources. Some of the work is around water availability, planning and investigation, and some carbon farming initiatives came under one of the earlier programs in 2011. There are water efficiency measures in the Department of Agriculture and Food water re-use initiatives. A number of smaller initiatives come through in a range of programs that could come under the broad heading of natural resource management. I assume the member’s question is more specifically directed towards the NRM program with the Department of Agriculture and Food with which we have a financial assistance agreement.

Mr C.J. TALLENTIRE: Sticking with this item on regional and statewide initiatives, there is a significant ramping up of expenditure through the forward estimates, going from \$43 million to \$289 million in the financial year 2018–19. Do we have the details of what that money has been allocated to?

Mr D.T. REDMAN: That is actually unallocated resource. If the member looks at the forward estimates of the royalties for regions program, as it moves into the out years, less and less resource is allocated up. Part of that is about the processes around the blueprints. For example, as these blueprints develop up and we have projects and programs that fall out of that and that are transformational by nature, we can then bring to book cabinet decisions

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around those investments to support changes in regional Western Australia. It is expected that as we get towards the out years, the blueprint funding, the Growing our South initiative and a number of the other revitalisation funds—in fact, there is close to \$2 billion in the forward estimates of resources in those particular revitalisation funds, including regional and statewide initiatives, which are part of a broader unallocated statewide initiative program—will have large unallocated funds in the out years. That is because part of the program is about working through processes with development commissions and regional decision-making playing a key role in what gets raised to the surface and gets ultimate cabinet support. The member will appreciate that in the first years of the four-year forward estimates, the budget is solid and full, but as we move towards the out years, there are a more and more unallocated funds.

Mr C.J. TALLENTIRE: So there is a bucket of money sitting there to pick up projects post the election.

Mr D.T. REDMAN: The member can call it what he likes, but we have a royalties for regions fund that has a billion-dollar-a-year expense limit. We do not make all of the decisions today about what happens in the fourth year of the four-year forward estimates.

The CHAIRMAN: Before I give the call to the member for Eyre, I remind members that we are still on division 11 and there are 13 to consider.

Dr G.G. JACOBS: I refer the minister to the table on page 166. Under the heading “Income from State Government” is the line item “Regional Infrastructure and Headworks Fund”. The minister may know of my interest in providing utility infrastructure, particularly for new business in regional centres. Last year on 20 May—I am not sure whether it was in estimates A or estimates B—we talked about a first mover fund. I will explain to the committee very briefly that the first person who puts their hand up, if you like, on the fringe of town to connect to water or power pays the full cost, and then the others that develop along the way tack on to that initial infrastructure spend of the first mover. In fact, to paraphrase the minister, he referred to a first mover fund in developing headworks. I asked the minister about a group of people in Esperance who are working towards presenting a solution, and the minister said that he felt there was a need to bring this innovation to the table to try to get solutions for some of these challenges. Where is the minister at with that initiative? Does it fall within the allocation of the regional infrastructure and headworks fund and what progress has been made, considering his comments in *Hansard* last year?

Mr D.T. REDMAN: I thank the member for Eyre for the question. Since our discussion last year, I have had the South West Development Commission working on a little project about first movers from the point of view of development, both residential and, probably to a lesser extent, industrial. There are certainly some significant barriers to first movers in the high cost of development if they are moving into greenfields areas in regional WA. Interestingly, this discussion was triggered by impacts on developments in Donnybrook, which I would not say is particularly isolated—it is 30 kilometres from Bunbury and is in one of the highest growth corridors down the south coast, yet it was seeing some of the issues with government policy settings around the capital works costs or the earlier contribution of capital works costs to developments. The commission is doing some work about identifying that and where we might make some policy changes. That is currently in play. One stand-out example relates to the point that the member for Mandurah made earlier about trying to unlock potential in the Peel region. I used the Nambeelup industrial park as an example of that. That is something that royalties for regions can fund, and I expect that at some point a submission will come through the Growing our South initiative to fund the backbone infrastructure to take away that first-mover problem. In that case there is some privately owned land there, and if the Malaysian company that is involved there wanted to start that industrial site development, it would be up for something in excess of \$30 million for backbone infrastructure to trigger that development. The member’s point is right. It is appropriate for royalties for regions, through the blueprint process, to identify and support projects that can unlock potential. This is one of those processes that can do it. Common-use infrastructure such as key water and power assets to an industrial land development is an appropriate investment of royalties for regions funds. I make the point that if there are examples in the member’s electorate of groups, companies or people who have industrial site development intentions engaging with the local development commission to try to have those projects raised to the surface, that is entirely appropriate.

Member, I think there are some. The straight out funding and those things under current policies is one thing. I think there is scope to actually look at policy shift and that was broadly my discussion last year. It does not all fall under my responsibilities.

[10.30 am]

Dr G.G. JACOBS: Is the minister aware of any submission in and around Horizon Power to create a first mover fund and in that fund, obviously the first mover is subsidised and the infrastructure is, in this case, power? As the other developers come in to use that infrastructure they contribute back to the fund. I think it is essentially a good idea and I just wondered where the progress is in that, because it is not only just about my area; it is about

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regional development in Western Australia, how we develop businesses, and the significant impost for start-ups and the start-up funds. I would encourage the minister to have a look at that and progress that for the development of Western Australia.

Mr D.T. REDMAN: I am aware of the idea of having a headworks fund as a pool that can be called upon to break the back of those developments and then when those developments progress, it replenishes the pool. It is something that the member for Moore has raised with me in his electorate in Toodyay. I am very concerned about the fact that in just about all the communities I go into—I am sure the member would be the same—when the local government or the local chamber talks to us, they highlight how critical this is to their particular community and that if this was done, all these investors would come and they would set up shop in the local industrial park. The concern about that is that some of the interest is probably slightly overstated. I have four little communities, each of which thinks that if it had the backbone infrastructure, its industrial site would be the centre of the earth. I know that that would not happen. I would be worried if such a fund was drawn upon. People would make application to draw upon it, to put back that infrastructure to allow those developments to happen, but then the developments do not come and do not happen. That means there is no movement. I would much rather have a process in which the rigour of the assessment of the efficacy—if that is the right word—of industrial development in that particular location comes through the blueprint process and is backed by a local board and a community that fully understand the local economy and the likelihood of investment decisions coming in behind it. It could then make decisions supported by a cabinet process through the blueprint process. That would be a much better strategy, in my view, because we get the regions themselves actually sorting out the priority of projects based on what they actually think the level of activity should or would be in those areas. The member's point is right. It is a constraint to development.

Dr G.G. JACOBS: I have a question on the line item “Regional Infrastructure and Headworks Fund”. Can the minister explain some of the variation in the budget? It was budgeted for \$82 million and its estimated actual was \$146 million. The 2015–16 budget estimate is \$123 million and in the following year, it is a reduction to \$95 million. Could the minister please explain some of those variations? Firstly, there was a figure of \$82 million, and the estimated actual is \$146 million. This year's budget estimate is \$123 million and next year's is \$95 million.

Mr D.T. REDMAN: I will ask Paul to comment with just a global statement. I might ask for more detail from Fauziah if we have it at hand.

Mr P. Gregson: Those figures that the member is referring to are not the total budgeted figures for that particular sub-fund. They are funds held by the Department of Regional Development on behalf of other agencies before they are allocated out, so that is not the total amount budgeted in those particular years. Our chief finance officer, Fauziah, could elaborate more on that.

Ms F. Antonio: The changes in actual fact reflect movements within the last out years, in relation to movements within the Pilbara Cities Initiative, of about \$11 million; the Goldfields Esperance Revitalisation, about \$10 million; and also for Gascoyne, \$30 million. Another significant one is the southern investment initiative.

Mr P.B. WATSON: I refer to page 164. Under “New Works” is the old chestnut, “Bunbury to Albany Gas Pipeline”. There is the estimated total cost of \$12 530 000. Can the minister please tell us the update on that?

Mr D.T. REDMAN: I thank the member for the question. The member is well aware—I have certainly been pushing as well—of the merits of having a gas pipeline for the last part of the state that has not got a significant supply of natural gas. It is one of those opportunities that exists. I might make the point up-front that I do not have leave on the decision-making around the natural gas pipeline. The Premier does. The Department of State Development is doing some work now around the funding model for that project. The member for Albany can appreciate that the direct economics of the project do not stack up now. Either we need a new substantial big-end user of gas, or we have an injection of capital from the state, which means the capital cost to a builder would be significantly less and therefore they can make their business case work. One of those two is a scenario that would make this work. What has been worked through with DSD now is getting together the financials and putting up a model to the Premier for his support as to how the funding regimes might well work. I have said, and it would still be something that I am absolutely committed to, that we have a certain amount of resource that is in the allocations at the moment.

Mr P.B. WATSON: No, there is just the \$12 million.

Mr D.T. REDMAN: Yes. The total funds are \$12 million —

Mr P.B. WATSON: There is nothing put aside.

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Mr D.T. REDMAN: There is nothing put aside until a decision is made around the funding regime of the project. Once DSD completes the \$7 million worth of investigation and planning work, the predicted expenditure will be known and the funds will be brought forward as needed. As I said before to one of the questions, in the out years there is a significant amount of unallocated resource either in revitalisation funds or the blueprint funds. These are the sorts of projects that will then be put up to be funded out of those sources. Once a decision is made about how much is needed to be funded by the state and the nature of the investment decision, whether it is an annual subsidy or a capital injection, or whether it be some sort of underwriting of a particular user, there are a number of things that are in play. The Department of State Development has led on that; it would be a good question for the Premier.

Mr P.B. WATSON: Minister, that \$12 million is out of royalties for regions funds and it is just sitting there. It has probably been there for six or seven years.

Mr D.T. REDMAN: No, it has not been there six or seven years.

Mr P.B. WATSON: There has been money in there continuing on and never used. Would that money not be better used on roads in our region instead of sitting there in a fund where I know—I think deep down the minister knows and the Premier also knows—something is never going to happen because it has been promised now for seven years? Where are we at? Not one thing has been done here and that money from royalties for regions, in my opinion and in my constituents' opinion, would be better used elsewhere.

Mr D.T. REDMAN: Can I make the point that the nature of the cash flow through royalties for regions is such that having an allocation like that, which might be the same allocation one year to the next, does not constrain any other investment decisions. In other words, because —

Mr P.B. WATSON: But does that not come out of the total —

Mr D.T. REDMAN: No. It is not like we put money over into that account. It is a budget decision to have it there. That is budgeted for that amount. We have a billion-dollar expense limit. We have an over-programing provision in the current budget for about 15 per cent, which means it is actually budget allocations to the tune of \$1 billion and \$150 million. What is in the budget is \$150 million of allocation over the billion-dollar expense limit. That is not an unusual provision. Some of the other government organisations actually utilise that as a strategy to manage the fact that there is slippage and pushback. Every year we make a decision to allocate those things and to roll them over as a new allocation under the new expense limit. If there were decisions on other things that came up as priorities, that being an allocation—if it were not to be used—that would not constrain the next decision.

[10.40 am]

Mr P.B. WATSON: The minister is saying that it is taken over, but surely that is part of the \$1 billion, which means that the minister cannot use it. There is \$12 million there; how many of these accounts does the minister keep putting to the side?

Mr D.T. REDMAN: These are budget line items in a very comprehensive royalties for regions budget. Decisions are made annually as the new budgets come in about what the allocations might be, because sometimes investment priorities change. Adjustments are also made at the midyear review and we monitor and follow the progress of the expense of royalties for regions. Just to give the member an idea, there are currently 111 recipients of royalties for regions funds that someone else manages, whether it is the Department of Health, the Department of Education, the Department of Training and Workforce Development or the Department of Fisheries—all these agencies. There are 111 recipients out there, including non-government and local government bodies, of some 528 projects. From time to time we do a scan, as we did last year, of where things are at in terms of expenditure and how the resources that have been committed to are going in the acquittal of that expenditure. In many cases, it falls behind; at the moment we have pressure on the broader state government agencies to reduce expenditure, and quite rightly, because we have broader budget challenges that have had an impact on the royalties for regions funding that has been approved for those agencies to expend. We are monitoring that progress at all points in time. At the midyear review and during the actual budget, we actually review the budget going forward. I make the point that if there is an allocation—for example, of \$20 million towards the natural gas pipeline—and it is not expended in that year or a decision is not made to acquit it, it does not constrain other decisions that could well be made about priorities.

Mr P.B. WATSON: One final question. Yes or no: does that \$12 million come out of the yearly \$1 billion?

Mr D.T. REDMAN: It is a budget item within the billion dollar figure.

Mr P.B. WATSON: So it is sitting there, doing nothing. The minister is saying it is there. It was \$10 million originally and it has now gone up to \$12.5 million. It has been going in and out, in and out, for seven years.

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Surely that must affect the amount of money going out into the regions. If it is in the budget line and the minister is saying that it is being put out to the side, I am not an accountant but —

Mr D.T. REDMAN: Can I just cite an example? If during 2015–16 I am able to acquit and spend through cabinet \$1 billion, which is the expense that we put in place, I point out that it is not an exact science and that in most cases it will come in under, as happened in the previous year; there has been a history of underspend on the allocation of royalties for regions funds. If I am able to hit that \$1 billion mark exactly, there will be about \$150 million in budgeted projects that will not be funded in the same financial year.

Mr P.B. WATSON: So the minister can make false promises of up to \$150 million?

Mr D.T. REDMAN: No, it is a provision that is made in the budget to allow for the fact that history says that there will be slow take-up and slippage on those projects coming to book and being acquitted. That is something that happens across government. We are using the over-programming provision to manage that and ensure that we maintain what I am sure the member is also driving for, which is to ensure that regional Western Australia gets a good outcome from a \$1 billion expense.

Mr P. PAPALIA: I refer to the last dot point on page 161 of budget paper No 2. It makes reference to the royalties for regions program and the need to ensure that the most appropriate investments are made in response to the tightening of the state's finances. I have a question, which the minister may need to provide an answer to as supplementary information, about the promotion of the operations of the department and the royalties for regions program. I ask the minister for an update on the amount spent on advertising in 2013–14, and what is proposed to be spent on advertising for 2014–15, 2015–16 and 2016–17.

Mr D.T. REDMAN: We will have to take that question on notice. The only one I will make reference to is —

Mr P. PAPALIA: No, supplementary information, minister, rather than on notice.

[Supplementary Information No B3.]

Mr D.T. REDMAN: The member for Warnbro is asking me for the current budget and four-year forward estimates for 2015–16 and onwards.

Mr P. PAPALIA: Expenditure on advertising for royalties for regions for the last year actual —

Mr D.T. REDMAN: The 2013–14 actual for expenses on advertising?

Mr P. PAPALIA: Yes, advertising for royalties for regions, so we can be clear about what that advertising was spent on—what type of advertising and what was the focus?

Mr D.T. REDMAN: Advertising for jobs?

Mr P. PAPALIA: Any advertising that royalties for regions money was spent on, within the different allocations, I guess. I assume that royalties for regions money may have been used for advertising in a lot of different departments or portfolios. For each of those, I want to know what royalties for regions allocations there were on advertising in the actual, last year —

Mr D.T. REDMAN: There may be some complexity in this, as the member can imagine. We are talking about 111 recipients of royalties for regions funds. If any one of them has a particular program, and a component of that program is advertising—whether for a job or some valid initiative that I am sure the member for Warnbro would not jump down my throat about—the member can imagine the amount of resources we would need to deploy to find out about it, when there has been to date more than 3 600 programs.

Mr P. PAPALIA: That is right, and that is exactly why I am asking the minister; otherwise, taxpayers will not know whether appropriate investments are being made with their money. I am asking about royalties for regions money that has been spent on advertising across the multitude of portfolios. I would like to know, as I think everyone would like to know, how much royalties for regions money has been allocated for advertising, and where it has been allocated. I think the minister should also know that, if he is going to ensure that appropriate investments are made in response to the tightening of the state's finances in accordance with the budget.

Mr D.T. REDMAN: Absolutely. The member knows that advertising is a valid part of government expenditure, and it was a big part of government expenditure during the Labor Party's last term in government. It is a case of quantum and merit, and all the other things that we are held publicly accountable for. It will be relatively easy to get that information as it relates to the Department of Regional Development and probably even the development commissions, which are part of my responsibilities, but the member is asking me to try to drill down and find out information on what to date has been more than 3 600 projects. It may be that we provided as little as \$100 000 for a project by a little group somewhere that might be doing some fantastic work and might have spent \$5 000 of that amount to advertise the initiative, festival or whatever the project may be; those sorts of events cannot be

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held without advertising them. The member is asking me to provide a level of detail that I do not think is an appropriate deployment of our resources.

Mr P. PAPALIA: How many programs did the minister say?

Mr D.T. REDMAN: To date, more than 3 600 projects have been associated with royalties for regions since 2008.

Mr P. PAPALIA: For each of those 3 600 projects, who knows how much has been allocated for advertising alone? That could add up to a significant amount of money.

Mr D.T. REDMAN: As an example, the headline figure for the regional events program is \$10 million a year, and it is now up to about \$60 million. I am sure we could go into the regional events program, if that is an area the member wants to interrogate, and get Tourism WA to find out the expenditure on advertising. Advertising is a key part of all those programs, including little communities that advertise an event they might have spent \$2 000 on. I understand the public accountability aspect of the question, and I can bring out some headline figures in terms of the Department of Regional Development and the regional development commissions. Pilbara Cities is also an initiative from which it would be relatively easy to pick out some of that information. However, to provide an example, I just approved through cabinet 85 regional grants. That is 85 local government community groups out there that will be spending on an advertising component out of their grant of \$10 000, or whatever it is. The member should not expect me to ask those organisations that received the 300 or so community chest grants that went out, which are little grants up to \$10 000, to find the advertising component of their grant. The question is very detailed and is not an appropriate use of resources. I can get some headline figures in the Department of Regional Development, the development commissions and even some of the bigger programs that we have. I am happy to do that. I do not feel exposed on this issue.

[10.50 am]

Mr P. PAPALIA: Conceding that the minister is incapable of telling us how many taxpayers' dollars have been spent on advertising alone across all these programs —

Mr D.T. REDMAN: I do know.

Mr P. PAPALIA: That is fine. I am happy that the minister has conceded that, but can he now tell us what supplementary information he will give us for television, newspapers and signage advertising in the major spends and across which programs, and out to the number of years, so that we can clarify —

Mr D.T. REDMAN: I am happy to provide by way of supplementary information the advertising budgets for the Department of Regional Development and the nine development commissions. I will include the Bigger Picture campaign, which was not done through either of those organisations but centrally. I will also include some of the big-ticket initiatives such as Pilbara Cities. I do not feel exposed, so I am happy to do what we can for the member, who will no doubt come back to me if he thinks I have not done the right thing. I will wait for his judgement on that, but I am happy to provide —

Mr P. PAPALIA: I am only asking on behalf of the taxpayers. I appreciate it.

Mr D.T. REDMAN: That is all right; that is accurate. I am happy to provide whatever I can that is reasonably efficient to do so. However, I am not prepared to drill down to a little community grant of \$5 000 that may have an advertising component.

Mr P. PAPALIA: Are we talking about the actual for the last financial year and the projections for the next three financial years?

Mr D.T. REDMAN: The 2013–14 financial year will be relatively easy. I will defer to the director general now.

Mr R. Addis: As far as projected numbers go, they will not be usefully clear until business cases come through and go through for approval by cabinet. We will not get that fine grain financial forward visibility until then. Does that make sense?

Mr P. PAPALIA: That is fine. The minister will give us last year's actual and the projected —

Mr D.T. REDMAN: The 2013–14 financial year and the 2014–15 financial year—although it is not finished, we will have a pretty good understanding of those figures.

Mr M. McGOWAN: Including the Bigger Picture?

Mr D.T. REDMAN: Absolutely.

The CHAIRMAN: Before I give the call to the member for Wagin, I remind members that we are still on division 11.

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Mr T.K. WALDRON: I refer to “Significant Issues Impacting the Agency” on page 161. The second dot point refers to structural changes to the Western Australian economy and quality of life, which is what we are about in country WA. We are always trying to improve the quality of life, particularly for our older people, and I have always thought that we need to keep them in our towns. I know in my own electorate that the development of independent living and aged-care facilities through the regional development commissions and the royalties for regions program is having a big effect. Does the minister agree that it is having a good effect on keeping families et cetera in our towns —

Mr M. McGOWAN: What is having a good effect on keeping families in towns?

Mr T.K. WALDRON: If we do not have families in towns, we do not have a town. This is particularly the case with elderly people, because families actually move from country WA if their elders cannot stay there. Will there be a focus on this into the future?

Mr D.T. REDMAN: I thank the member for Wagin for the question. It is great to have him sitting relaxed on the other side of the chamber, given that he has been a minister. As the member for Wagin and the members next to him—the member for Moore and the member for Central Wheatbelt—would be aware, one of the themes coming through in many of the blueprints, which focuses on the risks, the opportunities and the changing landscape in terms of needs in those communities and areas in which we should be investing, is aged care. As our population ages and people move towards finishing their working life, it is the objective of the Department of Regional Development to have as many of those people as possible stay in regional Western Australia. It is fundamental to the make-up of our community. The Wheatbelt Development Commission is doing a lot of really good work around ageing in place and with models on how we can invest in aged care using innovative strategies to bring the private sector to the table. It is also about having clusters of development in aged-care facilities that reach a level of critical mass to support people who make the choice to stay there. It is not easy because different communities have different levels of amenity—some bigger centres have more amenity than others. Through the Growing our South initiative, the Wheatbelt Development Commission is bringing about some investments that we can start making to support people living in a place for a longer period. Captured as a part of that are things such as the Southern Inland Health Initiative, which tries to provide those health services. Often people will not move for the reason of roads or some other amenity, but they will move if they need to get closer to a hospital. My parents in Walpole are making similar decisions about access to health care, so it is something that understandably drives their decision-making. If we can get the level of service care, amenity and facility right around all the needs of those aged folk, we can unlock the potential for making investments, bringing the private sector to the table and some of the not-for-profits, which traditionally have not been operating in those spaces, to make investments and run those facilities as they would in some of the bigger centres, and particularly down the coastal corridor south of Perth. We supported one recently in Dardanup and Boyanup, where we put up only part of the money and will basically leverage up something to build 30 or 40 units to support aged care in that region. It is a bit more difficult to do as we get further out in the wheatbelt, but some of the work done by the Wheatbelt Development Commission has been outstanding and will help us to make good decisions around investment to unlock facilities and potentially keep those people living in those regions for longer.

Mr T.K. WALDRON: I have just one further question. Is the minister aware that a number of shires are grouping together to have these on an ongoing basis? It is a good way of overcoming some of those obstacles. Is the minister happy for our development commissions to continue to support that?

Mr D.T. REDMAN: Absolutely. I had a briefing recently at Kellerberrin that was managed by the Wheatbelt Development Commission and it referred to the model of what it is trying to achieve. Teaming up with its peers is a good way to manage the delivery of services into areas of reduced population, and sometimes we need to find innovative strategies to build critical mass around those investments.

Mr T.K. WALDRON: It is proving very successful.

Mr M. McGOWAN: I am keen to get a few more questions out of the road. I am happy to move on to the other stuff if that is what we can do, because a lot of people have come to Perth to talk to us. I want to ask some specific questions about the line items that refer to the Pilbara on page 167. Firstly, is there any ongoing expense from regional development into the Pelago complex in Karratha? Secondly, is there any amount in the forward estimates planned to be spent on the proposed Finbar development near the Port Hedland marina?

Mr D.T. REDMAN: The costs incurred of royalties for regions funds into the Pelago development in Karratha were managed by the Department of Housing. The department made the decision to purchase units in Pelago, which then helped the business case for the Pelago development to go ahead. From memory, it paid about \$30 million for 50 units in that development, and there has been more than enough parliamentary discussion

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about that. I am not aware of any ongoing expenses from the Department of Regional Development through royalties for regions, but the Department of Housing has the relationship with that development.

The member talked about the Finbar development on the old hospital site in Port Hedland. LandCorp has control of deconstraining that land.

LandCorp is the organisation that has a relationship with the developer in that case. As I said in answer to a question without notice from the Leader of the Opposition, I am not aware of any potential royalties for regions resources allocated to the Finbar development on the old hospital site in Port Hedland.

[11.00 am]

Mr M. McGOWAN: Is anything allocated in the forward estimates—not in the past—or potentially allocated for that?

Mr D.T. REDMAN: I am not aware of any money allocated in the forward estimates for the Finbar development; that is a private sector development. LandCorp has responsibility for the underlying land and it has put in place contractual responsibilities in the expression-of-interest process or the request-for-proposal process. There would be some. If the Leader of the Opposition wants to continue with this matter, we will be discussing LandCorp soon. I am not aware of any royalties for regions money going into that or whether any has even been budgeted for.

Mr M. McGOWAN: I refer to the same page and the line item “East Kimberley Revitalisation”. The government spent \$330 million or thereabouts on the road, pipes and channels for the Ord project. Kimberley Agricultural Investments received a 50-year peppercorn lease on the land created there. Has any of that land been handed over as freehold to Kimberley Agricultural Investments? Does the government have any plans to do so? Is there any funding to support that or receipts planned in relation to that?

Mr D.T. REDMAN: Again, LandCorp is the underlying agency that manages the development of those projects in the Ord. The royalties for regions money allocated to the backbone infrastructure there—that is, the pipes, channels and roads—has been via LandCorp. The government has taken no decision to make any of that land freehold. In the request for proposal, of which KAI was the successful applicant to take on the development lease, all the land was leasehold, including the Goomig lands and Knox Creek Plain. All that land is on leases of 25 plus 25 years. I am also excited to add that the first 2 000 hectares of chia and sorghum is going into production.

Mr M. McGOWAN: Is it the right time to ask about employment or should I wait for LandCorp? I am happy to wait for LandCorp.

Mr D.T. REDMAN: Is the Leader of the Opposition asking about how many local and Aboriginal employees there are? I will ask the director general to answer. Again it is probably not directly our responsibility, but I am happy to pick it up because I think it is an important point.

Mr M. McGOWAN: Maybe I can seek by way of supplementary information the levels of employment—current and future employment.

Mr D.T. REDMAN: I will let the director general make some comments and if the Leader of the Opposition thinks there is something he wants added to that, I am happy to provide it.

Mr R. Addis: We were in the Ord two weeks ago with KAI and others looking at progress, which is going very well. The workforce is around 30 to 40 people; it goes up and down seasonally. Local Indigenous employment is about 35 per cent of that, which is pretty solid, and reportedly from locals not with KAI, that is going very well compared with other employment issues. I think the signs are positive.

Mr M. McGOWAN: Could I seek by way of supplementary information the exact number of people employed, including local people and the exact number of Indigenous people as part of that?

Mr D.T. REDMAN: I am happy to provide that by way of supplementary information. Are we talking about KAI?

Mr M. McGOWAN: The number of people employed as part of the Ord expansion in ongoing employment, so KAI is probably correct.

[*Supplementary Information No B4.*]

Mr D.T. REDMAN: I am happy to provide by way of supplementary information the numbers and the profile of employees currently employed by KAI as that applies to the Ord development on Goomig and Knox plain, in which a development agreement is in place with government.

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Mr M. McGOWAN: When the minister says “profile”, I suppose I am referring to Indigenous and non-Indigenous people, in particular East Kimberley Indigenous people.

Mr D.T. REDMAN: That includes Indigenous, non-Indigenous, local and outside.

The CHAIRMAN: We will now take a short break.

Meeting suspended from 11.05 to 11.10 am

Dr G.G. JACOBS: I refer to page 167 of the *Budget Statements* and the line item “Seizing the Opportunity Agriculture”. I noted the minister’s previous comment that there is often a significant underspend in royalties for regions on agriculture. It seems that under “Seizing the Opportunity Agriculture” there was a budget of \$51 million but only \$12 million was spent. How can I reassure farmers and pastoralists in my electorate that the significant underspend will not impact on their projects, particularly in and around the Doppler radar system, which accurately determines soil moisture and has a benefit–cost ratio of about 8.68, and the development of a southern rangeland dog fence, with a BCR of around three, to re-establish the wool and meat industry in the southern rangelands? There has been a significant underspend. How can I reassure these groups and Western Australians that we are not actually missing out on an opportunity that we should seize to increase productivity in both grain growing and the pastoral areas?

Mr D.T. REDMAN: I thank the member for Eyre for the question. As he is well aware, in the Seizing the Opportunity budget there is a substantial allocation of \$300 million to a range of initiatives to help position Western Australia for the agricultural and market opportunities that present largely to our north in the Asia region. There are about five themes to the allocation. They are around understanding the land and water asset; research and development; biosecurity, protecting the asset; market and market access in bringing capital into the sector; and skills. There are five key themes to the Seizing the Opportunity program. Fifteen projects sit within the Seizing the Opportunity budget. When we brought it to book in the 2014–15 financial year, the biggest spends were obviously sitting in the out years. The member is right; I think we had about \$50 million allocated in this financial year. To date, we have spent around \$26 million but significantly more than that has been approved through cabinet. Looking at the total figure that has been approved through cabinet, it is more like \$170 million or something.

Dr G.G. JACOBS: There was \$51 million in the budget in 2014 but the estimated actual was \$12 million.

Mr D.T. REDMAN: No, member. This is under “Details of Controlled Grants and Subsidies”. There will be another figure somewhere that gives the predicted spend for this financial year, being \$26 million. Bear in mind we have not finished the financial year yet, so we still have a bit to go.

Dr G.G. JACOBS: So, will \$12 million or \$13 million be out the door?

Mr D.T. REDMAN: The member’s point is that it was budgeted at \$50 million but it is \$26 million; yes, it is less than budget, I accept that, but it is certainly not \$12 million. There is substantially more than that; it is to the tune of something like \$170 million, which has been approved through cabinet, of the \$300 million allocated, so it progresses into the forward estimates. As those programs come to book and the expenses are acquitted, that is when it comes into the budget. I might add—this is one of the points the member made—that additional to the Seizing the Opportunity program, we made a decision recently to support Doppler radars, which is \$23 million. That is quite separate from the Seizing the Opportunity budget. Although those radars will not be built, that will be brought to book in this financial year because it will be an expense allocated to the Bureau of Meteorology, which will have carriage of that. The member needs to be careful of the relationship between the spend or the acquittal and the actual budget figures and the activity that happens on the ground. Significant allocations have been approved. That is being rolled out now with various proponents and includes the Water for Food initiative through Hon Mia Davies, a range of initiatives through Hon Ken Baston, and some initiatives are coming through me as the Minister for Lands, but we still have a long way to go in rolling out the full program. I am committed to that full program. Additional to Seizing the Opportunity, we put \$23 million into three Doppler radars to help use technology to bring information in a very timely way to farmers to help with the productivity that the member talked about. I think this government has a good story around agriculture.

Dr G.G. JACOBS: Will the minister commit to another three Doppler towers in Esperance, Albany and Geraldton, considering they are also very significant grain growing and agricultural regions, particularly in relation to the benefit–cost ratio? For every dollar spent, \$8.68 is returned. At the moment, one will be built in Wubin, Lake Grace and Merredin. I suggest that a lot of areas will miss out on an enabling piece of technology for agriculture.

Mr D.T. REDMAN: The short answer is I am not going to commit to that. These are cabinet decisions. We have not made budget provision for that. We have allocated in the past, through the Department of Agriculture and Food, significant resources to support rolling out weather stations. I cannot remember the number but there are a

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lot of extra weather stations in the agricultural regions to provide timely information. Doppler radars add a high level of technology to that, I grant that. They have not even been built yet. We need to take this decision and land this. In my view there will be significant improvements by matching up the data that comes from the weather station information out there, calibrating that to the Doppler information and putting that in such a way that farmers can use it in a timely way for their decision-making. There is other work to be done about getting the full productivity benefit from these investments of royalty money. No, member, I cannot commit to three more. That is not to say that might not happen, but I certainly have not made provision for that.

Dr G.G. JACOBS: What about my dog fence in the southern rangelands? It is \$7 million; come on! The underspend is significant.

Mr M. McGOWAN: My question refers to the Pilbara Cities initiative on page 167. I note further on, the so-called aim of Pilbara Cities is 50 000 residents in Karratha, 50 000 in Port Hedland and 15 000 in Newman. I have a bunch of questions. What is the current population of each of those cities? What has been the growth profile over the last few years? Is the minister confident—bear in mind it is 20 years away—that the populations for those cities will be reached, or have the projections changed and diminished?

Mr D.T. REDMAN: I can make some judgements but I probably will not be accurate about current populations. Karratha's population now is between 25 000 and 30 000. I will not even make a judgement but I am happy to get that information for the Leader of the Opposition.

Mr M. McGOWAN: Could I seek it by way of supplementary information?

Mr D.T. REDMAN: I am happy to do that.

The Leader of the Opposition's question is premised on the gap between current population and what we are hoping to drive through the Pilbara Cities initiative to populations of Karratha and Port Hedland of 50 000 and I think Newman of 15 000 by 2035. Obviously those outcomes depend on economic times, investments and where the economy is at. We are still committed to driving investments to support that growth. Karratha now, compared with as recently as five or six years ago, has substantially changed. A little suburb such as Baynton West has a modern primary school and modern open spaces for people to be a part of parks and gardens in their community. It has modern houses close to substantial amenities, particularly the recreation centre, access to Pelago facilities with modern bars and coffee shops, health services and a new hospital to be built close to that area—\$207 million of royalties for regions funds.

[11.20 am]

There is no reason that it should not be valid to say “supporting significant population increase”. It is not unreasonable to allocate an aspirational figure of \$50 000. But that is what we are committed to. Our history of investment up there has been realistic. Obviously, it is a bit harder to see some of that investment, particularly inland in Newman. It has taken a big hit in recent times with the change in the economy. I was there recently to launch a facility that BHP is putting into that town, and to open and launch the town centre revitalisation. There is some pain for the businesses there. We hold strong views around not only government investment decisions but also trends in worker accommodation and the impact those that are close to communities have on the economy in the communities. The member may be aware that I made a decision recently as lands minister not to allow the extension of the lease of the Gap Ridge work camp in Karratha; a 2 500-man work camp. That lease expires in 2017. Those sorts of decisions help support normalisation of communities that have not been normalised in the past. We are backing it with investment and with good planning and with the fact that it should be appropriate for people to want to visit, live in and invest in those areas and be part of a growing town in the north of Western Australia.

Mr M. McGOWAN: I would like by way of supplementary information the department's figures because, obviously, a lot of investment is built on the back of those population projections.

Mr D.T. REDMAN: It is built on the back of a vision.

Mr M. McGOWAN: Yes but vision has to have practicality behind it; it is built on the back of a population projection. What is the current population; what has it been and what is the projection of the agency into the future?

Mr D.T. REDMAN: By way of supplementary information, I will get the current population figures and the movements for Pilbara Cities, which encompasses Karratha, Newman and Port Hedland.

[*Supplementary Information No B5.*]

Mr D.T. REDMAN: In response to the Leader of the Opposition's question, I want to make the point that in the blueprint development, which we have asked the development commissions to embrace and drive in consultation

Extract from *Hansard*

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Mr Mark McGowan; Mr Terry Redman; Mr Peter Watson; Mr David Templeman; Dr Graham Jacobs; Chairman; Mr Vincent Catania; Mr Shane Love; Mr Chris Tallentire; Mr Paul Papalia; Mr Terry Waldron

with key stake holders in their communities, groups such as the chambers of commerce, local government, businesses and a range of service providers have an interest in the development of those communities. We have asked them to be somewhat aspirational. I think that is appropriate. If we are going to drive a decentralist focus of government investment, which is what we have done in our term of government, and drive the regional areas to be able to cater for, deal with, manage and have greater than what is a historical share of 25 per cent of the population, we need to make investments. It is appropriate to ask them to be aspirational and we are doing exactly that.

The appropriation was recommended.

Divisions 12 to 20: Gascoyne Development Commission, \$256 000; Goldfields–Esperance Development Commission, \$230 000; Great Southern Development Commission, \$224 000; Kimberley Development Commission, \$263 000; Mid West Development Commission, \$238 000; Peel Development Commission, \$224 000; Pilbara Development Commission, \$371 000; South West Development Commission, \$219 000; Wheatbelt Development Commission, \$224 000.

Mr I.C. Blayney, Chairman.

Mr D.T. Redman, Minister for Regional Development.

Ms L. Gray, Acting Chief Executive Officer, Gascoyne Development Commission.

Mr S.P. Flanagan, Chief Executive Officer and Director, Goldfields–Esperance Development Commission.

Mr R. Pritchard, Regional Manager Industry and Infrastructure, Great Southern Development Commission.

Mr J.C. Gooding, Chief Executive, Kimberley Development Commission.

Mr G. Treasure, Chief Executive Officer, Mid West Development Commission.

Ms S. Leonard, Director, Industry Skills and Regional Capability, Peel Development Commission.

Mr V. Smith, Corporate Services Manager, Peel Development Commission.

Mr T. Hill, Acting Chief Executive Officer, Pilbara Development Commission.

Mr D. Punch, Chief Executive Officer, South West Development Commission.

Ms S. Fitchat, Chief Finance Officer, South West Development Commission.

Ms W. Newman, Chief Executive Officer, Wheatbelt Development Commission.

Ms F. Antonio, Chief Financial Officer, Pilbara Development Commission and Goldfields–Esperance Development Commission.

The CHAIRMAN: 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 the 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. It will greatly assist Hansard if members can give these details in preface to their question.

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, 19 June 2015. 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 with the Clerk's office.

Would the minister like to introduce his advisers, please.

[Witnesses introduced.]

[11.30 am]