



# Parliamentary Debates

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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

Thursday, 26 May 2022



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## ESTIMATES COMMITTEE A

The meeting commenced at 9.02 am.

### **Division 14: Department of Jobs, Tourism, Science and Innovation — Services 1 to 7, State Development; Jobs and Trade; Tourism; Science; Hydrogen Industry, \$508 912 000 —**

Ms M.M. Quirk, Chair.

Mr R.H. Cook, Minister for State Development, Jobs and Trade; Tourism; Science.

Ms R. Brown, Director General.

Dr P. Gorey, Deputy Director General, Resources and Project Facilitation.

Mr R. Sansalone, Chief Financial Officer.

Mr J. O'Hare, Executive Director, Industry Development.

Mr A. Sutton, Executive Director, Hydrogen and New Energies.

Mr C. Cottam, Executive Director, Strategic Projects.

Ms J. Kirk, Acting Executive Director, Strategic Policy.

Mr G. Marinucci, Director, Health and Medical Life Sciences.

Ms K. Cook, Director, Renewable Hydrogen Unit.

Ms M. Forbes, Acting Executive Director, Marketing, Tourism WA.

Ms A. Last, Acting Executive Director, Events, Tourism WA.

Ms R. Lowe, Acting Executive Director, Destination Development, Tourism WA.

Ms R. O'Toole, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. I will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

**Mr R.H. COOK:** Madam Chair, for the information of the chamber, Dr Kirsty Moynihan from the Animal Resources Authority was going to be with us. She has become positive overnight, so unfortunately cannot be with us. The managing director of Tourism WA, Carolyn Turnbull, is also positive, so she cannot join us. We have other people here to assist in that area.

**The CHAIR:** Aren't you pleased you haven't got a health minister!

Before I give the call to the member for North West Central, the member for Cottesloe has indicated that he does not want to ask any questions of ChemCentre.

I give the call to the member for North West Central.

**Mr V.A. CATANIA:** Minister, I refer to division 14, Jobs, Tourism, Science and Innovation, on page 197 of budget paper No 2, specifically "COVID-19 Response" and the first line item under "Reconnect WA", which is "Aviation Recovery Fund Boost". Is the minister able to provide a breakdown of this expense? What is the allocation for Reconnect WA and the safe transition industry support package? For example, how many seats apply to resident fares as part of the state fares?

**Mr R.H. COOK:** I thank the member very much for the question. The \$65 million aviation recovery fund was announced in December last year. It is part of the \$195 million Reconnect WA package, set up to re-establish

international and interstate flight routes and develop new routes. The package was originally worth \$185 million and was then boosted to \$195 million. That extra \$10 million for aviation recovery was provided through the government's safe transition industry support package. Predominantly, the funds are dedicated towards re-establishing our aviation links.

Essentially, there are three main goals in tourism. One of them is to build demand through destination marketing. The other is to make sure that we have good tourism product, but unless we have the aviation links, we do not get the supply of tourists coming into WA. This is a really important part of making sure that we put those flights back on. I think we have about a 30 per cent capacity for international flights. We have around 33 flights between Perth and Singapore, so that is coming back quite nicely. We will continue to ensure that we work with the airlines, particularly around direct aviation links. As part of that package, we have \$4.6 million for regional affordable fares, which provides opportunities for predominantly Western Australian residents flying to Perth from regional centres, which enables them to afford the airfares associated with the normal activities they undertake. I invite the director general or the appropriate officer to make further comments.

[9.10 am]

**Ms R. Brown:** Obviously, the intrastate affordable airfares program across the regions was a big part of that, with 8 000 seats in July 2020 and 50 000 seats in 2020–21. The program has been successful in helping people travel intrastate. Most notably, on 6 April 2022, the long-awaited Jetstar Busselton to Melbourne direct link commenced. The successful affordable airfares program continued into 2021–22, and in partnership with Qantas and Virgin Australia delivered over 40 000 discounted tickets from Perth to Exmouth, Broome and Kununurra.

**Mr V.A. CATANIA:** How many seats are available on the \$199 arc, including Exmouth, Carnarvon, Geraldton, Kalgoorlie, Albany and Esperance—I think that is all of them—for residents in those towns? I am happy to take as supplementary information how many seats are available per flight or per week—however the minister wants to describe it.

**Mr R.H. COOK:** I might take guidance from the director general. That may be an initiative of the Department of Transport rather than Tourism Western Australia, so let me confer, if I may. It is not in my wheelhouse.

**Mr V.A. CATANIA:** The \$65 million in funding the minister just announced —

**Mr R.H. COOK:** It is not associated with that program.

**Mr V.A. CATANIA:** It is separate to that program?

**Mr R.H. COOK:** That is correct.

**Mr V.A. CATANIA:** Can the minister provide a breakdown of where that \$4.6 million for regional WA is going?

**Mr R.H. COOK:** As the director general detailed, that was for the 40 000 discounted seats from Perth to Exmouth, Broome and Kununurra.

**Mr V.A. CATANIA:** Has that \$4.6 million been spent already?

**Ms R. Brown:** It is allocated for 2022–23.

**Mr V.A. CATANIA:** How many seats is that allocation for?

**Mr R.H. COOK:** It is 40 000.

**Mr V.A. CATANIA:** Can the minister provide a breakdown of how much of the remaining \$65 million is going to marketing to lift that 30 per cent for international travel and advise what is the target?

**Mr R.H. COOK:** I will invite the director general to make some comments.

**Ms R. Brown:** The remainder of the \$65 million and how it will be allocated to interstate and international travel is subject to a large number of commercial negotiations with our airline partners. At this stage, that breakdown will not be fully bedded down until, obviously, we know the outcome of some of those negotiations. The aim is to as much as possible recover capacity back to pre-COVID levels ideally by the middle of the year and then seek to negotiate for additional routes and capacity beyond that.

**Mr V.A. CATANIA:** If the negotiations with airline companies had not started, was modelling done for how the agency came up with that figure?

**Ms R. Brown:** Prior to the pandemic, Tourism WA, with funding from the state government, worked to negotiate a number of new direct routes and other opportunities, including the direct route from Perth to Tokyo. Quite a significant amount of work had been done, particularly in the lead-up to some of those negotiations around the requirements from airline partners and we were working closely with Perth Airport. We had information and work that had been done previously to inform what might be required to return to some of those direct routes and to work towards new routes. It is based on historical information that we used in previous negotiations. Obviously, it is quite different across routes and very different across airlines. It depends upon the competitive nature of other markets seeking to negotiate airline deals.

**Mr V.A. CATANIA:** What percentage increase in overseas or interstate visitation does the agency aspire to achieve with that \$65 million? Will it lift traffic between Perth and regional WA? Can the minister provide the goal that the agency is trying to achieve with that \$65 million in each of those zones?

**Mr R.H. COOK:** I cannot provide that specifically for international visitation to regional WA. We are trying to continue to work with the airlines to make sure that we have add-on packages. For instance, we are working closely with a number of travel agents in the United Kingdom at the moment on Western Australia as a holiday destination. As part of that, we continue to work with them on creating add-ons. That is an important part of the discussions with the international aviation industry as well. In one instance, we want people to be able to fly to Perth, and that is a great outcome, but if we can add on an extra leg to their journey—such as a flight to Broome and back or something like that—as a part of their international itinerary, that gives us bigger bang for our buck. All those opportunities are being worked on.

**Mr V.A. CATANIA:** Are there key performance indicators attached to this \$65 million to determine whether spending \$65 million will lift international travel from 30 per cent to, say, 55 per cent; or modelling that suggests that if we spend \$65 million, we will get 55 per cent, but if we spend \$75 million, we will get 65 per cent?

**Mr R.H. COOK:** No. Unfortunately, there would not be that level of direct relationship. A combination of destination marketing and continuing to improve our overall tourism products give us the opportunity to sell into those industry partners the opportunities for people to move on as part of their overall itinerary. If the member is asking what the KPIs are, obviously we are trying to bring the industry back to 2019 levels as quickly as possible, and we are meeting with a lot of success around that at the moment, particularly with some of those international aviation links. But there is not necessarily —

**Mr V.A. CATANIA:** A goal in mind.

**Mr R.H. COOK:** There is no direct equation, I guess. I invite the director general to make further comments.

**Mr R.S. LOVE:** With respect, we have Dr Honey online until 10.00 am.

**The CHAIR:** I can see that. It is actually more efficient to totally pursue one theme. I was just about to say to the member for North West Central that he has one further question and then we go on to a new topic. I can see that the member for Cottesloe is about to expire, so I am very anxious to get to him. Thank you, member for Moore; I have a handle on this.

**Mr V.A. CATANIA:** Sorry; chair. I have one more question on this issue.

**The CHAIR:** The member for North West Central and I have an understanding.

**Mr V.A. CATANIA:** How much of that \$65 million for marketing will be spent locally with local businesses —

**The CHAIR:** That is a new question and the director general had not finished answering the previous question.

**Mr V.A. CATANIA:** Sorry; I was just trying to hasten things.

**Mr R.H. COOK:** I might invite the director general to provide further information on my previous answer.

[9.20 am]

**Ms R. Brown:** In relation to the aviation recovery fund, as I think the minister said, there is no direct target, other than the key performance indicator that has been set around restoring overall visitation in 2023 back to pre-pandemic levels. The KPI more generally is 11.3 million overnight visitors. With regard to each aviation negotiation, obviously, each of the commercial negotiations and business cases have modelling behind them and they are only progressed on the basis of there being a positive return in respect of capacity and contribution to the overall visitation target.

**Dr D.J. HONEY:** I refer to budget paper No 2, volume 1, and the top of page 205, “International Engagement, Trade and Investment”. Part of the activity is attracting international students. In April last year, the Premier described India as the epicentre of death and destruction and called for a ban on flights from India. That caused, I guess, a lot of concern amongst Indian nationals in Western Australia and overseas. Given that India is historically our single largest source of overseas students, what particular efforts are being made to re-attract students from India? What number of students do we expect to see from India this year?

**Mr R.H. COOK:** Can I, first of all, just say that the member for Cottesloe is looking remarkably fresh for someone who is going through COVID. I am jealous; I wish I had looked half that good during my period in home isolation! It kicks around; it hangs around for a bit. I will make general comments on investment and trade as they relate to international students, but Minister Templeman is obviously the individual who is directly responsible for international students, so I will direct the member’s question to him. I am not quite sure when Minister Templeman will be appearing, but I direct the member’s question to him.

An important part of what we are doing at the moment is moving as quickly as possible to ensure that we can rebuild our economic and trade partnerships with our Asian friends. We are going back out to let the rest of the world know that Western Australia is open for business, tourists and international students. We have an extensive program

around that, which includes international students. I will be undertaking a range of missions over the next few months, particularly between 12 and 19 July, when I will lead a major delegation to India to explore and refresh the opportunities around our existing relationships, and also to look at new relationships. Ministers Templeman and Dawson will be joining me as part of that delegation, and we will put out an expression of interest to members of industry who might be interested in joining us on that journey. There has been a significant level of interest from the business community to join us on that delegation to India. That runs hot on the heels of the Australia–India free trade agreement. Members will recall that Minister Goyal, the Indian trade minister, was in Western Australia very recently. He invited us to India and will host us as part of that mission. That will provide a significant opportunity to continue to stimulate the market for international students, and Minister Templeman will be particularly focused on that market.

I make the observation that, as part of Reconnect WA, we have a coordinated approach to different sectors from which we are trying to attract international students back. There are incentives to bring back existing students and attract new students, including a \$1 500 accommodation subsidy for up to 5 000 student arrivals, and a \$1 500 bursary for up to 2 000 international students enrolled in intensive English language courses. The member may be interested to know that as of 17 May, more than 2 300 students have applied for financial support through the international education initiatives associated with the Reconnect WA package.

I will also observe that we have a new Trade and Investment Commissioner for India–Gulf Region, Nashid Chowdhury. She commenced in that role on 1 March and will be deployed on 2 June. In the meantime, she has been working assiduously to rebuild our links with the Indian business community, and will play a key role in putting together the trade mission for 12 to 19 July.

**Mr V.A. CATANIA:** Has the minister thought of expanding the program to international apprentices, given that we have a shortage of tradespeople? The hospitality sector is also suffering from not having workers. Has the minister thought about expanding the program to attract international apprentices or students doing TAFE courses in hospitality, to try to plug the massive gaps we have throughout Western Australia?

**Mr R.H. COOK:** That is a great question, member. It does not strictly sit in my area —

**Mr V.A. CATANIA:** But it affects the minister's area.

**Mr R.H. COOK:** That is right. It is a great partnership between Ministers Ellery and Templeman. Minister Templeman is responsible for international education and Minister Ellery is responsible for the Department of Training and Workforce Development. I know that international students play an important role in respect of TAFE. I am quickly looking through my notes to see whether I can provide the member with extra information that might be pertinent. The member referenced in his question our current workforce challenges. That is an important part of what we are attempting to overcome through partnerships with industry. The Premier will soon be travelling to the UK and Europe as part of an effort to continue to attract international workers, particularly in the health and education spheres. I will be following that up with an attempt to attract construction and hospitality workers to Western Australia. We have recently launched a new website, in conjunction with the Australian Hotels Association. That is about continuing to attract people to the hospitality sector. I think I am launching that tomorrow, actually, to continue to connect people in Western Australia with the hospitality sector. We also want to make people from overseas aware, through that digital promotion program, of the opportunities in hospitality.

**Mr V.A. CATANIA:** Is the minister talking about the Paid Escape?

**Mr R.H. COOK:** No, that is not the Paid Escape, but that is obviously an important part of it.

**Mr V.A. CATANIA:** We can talk about that afterwards.

**Mr R.H. COOK:** Okay.

[9.30 am]

**Dr D.J. HONEY:** Thank you for your kind words, minister. It is a pleasure to my ears, because I have had people telling me I look absolutely dreadful, so you have cheered me up. It is a rollercoaster, for sure.

Getting on to the exciting topic of Oakajee, there is money allocated in the budget for the Oakajee entrance road.

**The CHAIR:** Do you have a page number or reference, member?

**Dr D.J. HONEY:** Yes, I do. It is page 205 of budget paper No 2, volume 1, the table under service 2. I refer to the moneys allocated for that access road. I have spoken with a number of major investors who wish to locate renewable hydrogen projects at Oakajee. The reasons are obvious. It is not only one of the premium renewable energy precincts in the world, but also an extremely liveable climate, so investors feel they will be able to attract employees there who will live in the local community. I have spoken to companies that are looking at multibillion-dollar investments that say they cannot proceed with their projects because of the lack of enabling infrastructure. There is no port and no other common-user infrastructure. I appreciate that there has to be an entrance road to the estate, but are there any proposals for other common-user infrastructure that the state government will support in the estate?

**Mr R.H. COOK:** I thank the member. He is right—the level of interest in our industrial estates right across Western Australia is huge at the moment. We are almost overwhelmed by the level of interest from companies wanting to take advantage of the opportunity to establish key industries here in Western Australia. The member is absolutely right that Oakajee should and will play an important role in our energy transition into the future hydrogen and, particularly, green hydrogen area. In fact, we listed Oakajee or the midwest as part of the federal government’s hydrogen hubs proposal. It acknowledged the Pilbara estate, but we believe that Oakajee and the midwest region will play a key role in green hydrogen and as a hydrogen hub of the future.

The member is absolutely right: in 2021, we made a commitment of \$7.5 million to develop the Oakajee access road and junction with the North West Coastal Highway. I think it is fair to say that that is an important initiative, but, as the member observes, ultimately it will not be enough to make sure that the Oakajee estate is fit for purpose and ready for businesses to establish there. That is why we have established the industrial lands fund, which is about developing our industrial estates so that they are more shovel-ready for proponents looking to come in. That fund has been topped up by \$50 million and is now worth \$100 million. It will provide the department with important resources to make sure that we can continue to develop these estates so that they are ready for proponents when they come in. It is fair to say that we will be even more overwhelmed by the need to continue to make strategic investments in these industrial lands to make them proponent ready.

The Department of Jobs, Tourism, Science and Innovation is currently finalising a business case to support the next steps in the Oakajee activation program. As I said, JTSI also submitted an application for matched funding from the Australian government’s \$464 million clean hydrogen industrial hubs program in 2021. The state government initiated the Oakajee hydrogen activation expression of interest process in September 2020, seeking submissions from corporations with the capacity, experience and vision to be part of the green hydrogen supply chain in Oakajee. This global EOI process closed in December 2020 with 65 submissions from across the hydrogen supply chain. There are companies interested in establishing a base at Oakajee. Submissions or associated joint ventures were received from Australia, Japan, Korea, India, Germany, Spain, the United Kingdom, France, the United States, Canada, the United Arab Emirates and South Africa. That gives the member an indication of just how much global interest there is in Western Australia at the moment. As economies look to decarbonise, companies look to invest heavily in that future hydrogen space, and I think we are really on the cusp of a very exciting period. But the member is right; it will continue to see further investment, and the top-up of the industrial lands fund is an important part of that process.

I might ask the director general to provide any supplementary comments.

**Ms R. Brown:** Thank you, minister. The only additional aspect I would add is that as part of developing that business case for the clean hydrogen industrial hubs program, there has been work across government agencies and with industry in developing that midwest potential hydrogen hub. That project includes the potential for addressing the road, as outlined by the minister and as part of the election commitment, and water connections; a microgrid; a hydrogen refuelling station; hydrogen fuel cell vehicles; and market initiatives to stimulate demand. That included key discussions with industry around what some of those early initiatives to activate Oakajee would be to stimulate demand in the region.

**Dr D.J. HONEY:** Has the government a model in mind for funding the common-user infrastructure in that estate? At the moment, as the minister will be well aware, it is literally just an overgrown paddock with a dirt road into it. The government is putting a road into it, but all the infrastructure such as power, water, gas and, particularly, a port needs to go in. Does the government have a model for that common-user infrastructure?

**Mr R.H. COOK:** As the member will be aware, a lot of work has been done over the last 10 to 20 years on what a deepwater port might look like in that midwest region in addition to Geraldton port. A lot of work has been done both during the previous government and perhaps the government before that, too, if my memory serves me correctly. It would not be true to say there has not been modelling done; it has been modelled within an inch of its life. Ultimately, I think it is really just waiting for that point when the investments stack up from a not only commercial, but also government point of view. I am not aware of any recent modelling, although, as the director general said, a business case is being worked up on the next steps for the Oakajee activation program. Ultimately, as that activity builds, further and further investments will be made.

I will ask the director general to make some comments on whether specific modelling has been done lately.

**Ms R. Brown:** In response to the minister’s comment, really the work that has been done is around that early stage activation and, in particular, responding to industry’s interest through the EOI process and working with those commercial operators that have an initial interest in operating at that site. It is really about those early stages and what can be achieved to stimulate local demand in the first instance.

**Mr M. HUGHES:** Can I turn the minister’s mind back to tourism. I refer to page 198 of budget paper No 2, volume 1, and the \$17.7 million allocated over four years to the national park tourism experiences development. I am interested in this because, as the minister is aware, John Forrest National Park is in my electorate. It is a new line item. I would like the minister to give me some further information on this initiative, please.

**Mr R.H. COOK:** I thank the member. It is a really important initiative. As the member knows, our national parks by definition are part of our best natural environment; therefore, they lend weight to our overall tourism product. It makes sense to look at our national park estate and see to what extent it can play a role in developing our overall tourism product. We have provided \$17.7 million over four years for national park tourism experiences development to leverage private sector investment across the state in national parks, in partnership, obviously, with the Department of Biodiversity, Conservation and Attractions.

There are essentially four priorities. The first is to establish shovel-ready sites within national parks for private investment to develop new signature tourism accommodation; the second is to facilitate new regional tourism experiences identified in tourism destination management plans that will activate national park visitation; the third is to create density and diversity of tourism products within the regions by engaging and building capability within the tourism industry; and the fourth is to place an experienced development officer in each of the five tourism regions to support the delivery of the national parks tourism experiences development. Some fantastic national parks are being developed right around the state. One thing that immediately comes to mind is the opportunity to develop glamping and ecotourism opportunities and those sorts of facilities. Some recent investments that have been really successful include the Kalbarri National Park skywalk.

[9.40 am]

**Mr V.A. CATANIA:** That was a fantastic initiative of the previous government, funded under royalties for regions.

**Mr R.S. LOVE:** When I was the local member.

**Mr V.A. CATANIA:** The previous local member and the current local member are here. Perfect! I thank the minister for highlighting how wonderful —

**Mr P.C. TINLEY:** It got you a long way, did it not?

**Mr R.H. COOK:** That is a great example of how we can utilise national park assets to build tourism visitation opportunities. When I was in Kalbarri recently, I spoke with tourism operators in the area and all of them referenced that particular initiative as an example of how we can continue to activate our national parks for the benefit of our overall tourism product. I might ask Ms Renata Lowe to make further comments about that.

**Mr V.A. CATANIA:** Come on! These questions could be put on notice. It is a Dorothy Dixier. We have limited time.

**Mr M. HUGHES:** I have John Forrest National Park in my electorate.

**Mr P.C. TINLEY:** He got re-elected, too, so he has a right.

**The CHAIR:** We have a question from the member for North West Central.

**Mr M. HUGHES:** I did have a further question.

**The CHAIR:** With respect, member for Kalamunda, all the chairs are under strict instruction to give the opposition as much opportunity to ask questions as possible. Frankly, the minister's answer was extensive, so I do not think you need to ask a further question. I give the call to the member for North West Central.

**Mr V.A. CATANIA:** Thank you, Madam Chair. I refer to the new initiatives on page 198 of the *Budget statements* and specifically to the 2023 total solar eclipse. I note this is a one-in-100-year event, with significant visitation expected to impact locations north of Perth, with the resources and environment of Exmouth and surrounds to be particularly impacted. They will be under a lot of pressure. The minister announced \$19.3 million to support the preparations in Exmouth. Can the minister provide a breakdown of that \$19.3 million and where it is going around Exmouth?

**Mr R.H. COOK:** The \$20 million commitment around the total solar eclipse is about dealing with the logistical challenges and securing the tourism opportunities that will come from this important initiative. It is being oversighted by the Department of Jobs, Tourism, Science and Innovation, but it is quintessentially a cross-government response to manage what I am advised will be anywhere between 10 000 and, as I have heard reference to, 50 000 visitors who will descend upon that small pocket of planet Earth that will have the 100 per cent total solar eclipse experience. The member will know, as much as anyone, the logistical challenges that will come with that. It is about accommodation. It is about providing people with food and other opportunities. It is also simply about making sure that we have the amenities for people and that we can protect their safety. Quite frankly, we will need to make sure that we continue to remind them to drive on the left-hand side of the road and not the right-hand side of the road. This will be a major challenge that we will confront in April next year. The state government's commitment includes \$8.2 million in road infrastructure upgrades and traffic management in line with Main Roads' previous experience in managing large volumes of event traffic. That includes \$2.2 million for vehicle control points and signage.

**Mr V.A. CATANIA:** Is this for Exmouth?

**Mr R.H. COOK:** I will invite the director general to provide more specific commentary. The member asked for a breakdown of the \$20 million, so I am going to provide that in the first instance. There is \$1.9 million for

rest area upgrades along Minilya–Exmouth Road, \$1.7 million for temporary turnaround areas, \$1.2 million for rest area upgrades on the North West Coastal Highway, \$920 000 for four intersection improvements, and \$250 000 for harbour landscaping and lighting. It also includes \$5.4 million to increase the capacity of the region’s telecommunications infrastructure. Obviously, if the tens of thousands of people who will go there all want to use their mobile phones and have operability around that, there are going to be challenges associated with the telecommunications infrastructure. The funding includes \$3 million to temporarily boost Exmouth’s telecommunications network during the event and \$2.4 million to upgrade the range and capacity of the telecommunications infrastructure in the Exmouth region. There is also \$5 million to JTSI for event management and support, and \$1.1 million to the Department of Biodiversity, Conservation and Attractions for event and waste management costs.

This is going to be an international event. All the eyes of the world will be on Exmouth during this period, so it represents not only an exciting opportunity, but also a challenge. We want to make sure that people come away from the event on 20 April with both an appreciation for the incredible beauty of Western Australia and a growing demand to come and visit all that Western Australia has to offer. But the impact will not be just on Exmouth. Carnarvon will have about a 97 per cent experience of the total solar eclipse. That will be fairly much the case in Onslow as well. The Shires of Ashburton and Carnarvon will play important roles. The member would know better than me, but it is a smidge over 300 kilometres between Carnarvon and Exmouth, so it would not surprise me if Carnarvon accommodation is already booked up. Certainly, Exmouth accommodation bookings have been consumed for some time now. We are looking at other opportunities to provide extra camping sites in and around Exmouth to absorb the large number of people who will be coming in.

**Mr V.A. CATANIA:** Before the director general comments, perhaps I can home in on that. The majority of the funds will go towards catering in Exmouth, which will have the 100 per cent experience, but it is one road up basically from Geraldton, which, along with Carnarvon, will have 97 per cent, and I think Shark Bay will have 96 per cent. A huge number of people will go to those areas simply because they will not be able to get into Exmouth, as well as travelling from Karratha down to Onslow. That will put pressure on those town sites, where no money has been allocated, for example, for waste or traffic control. It will not just be Exmouth; it will be basically all the way up from Geraldton. There will be people on the roads, people parking everywhere and people camping everywhere. There will be a huge amount of pressure on local governments that cannot afford to deal with just the management of that, let alone the clean-up. Will any funds be available for Coral Bay, Carnarvon, Shark Bay, Kalbarri and Geraldton in terms of people being on the road, as well as Onslow in the Shire of Ashburton?

[9.50 am]

**Mr R.H. COOK:** The intensity of the funding becomes less as we move further away from the epicentre of the total solar eclipse. We have a senior officers working group in government that is chaired by the director general that brings in all areas of government to understand the demands on, as the member said, not just Exmouth, but also other parts of Western Australia with people making their way there. I will ask the director general to comment.

**Mr V.A. CATANIA:** Because everyone has to go through those towns to get to Exmouth.

**Mr R.H. COOK:** Of course.

**Ms R. Brown:** That senior officers working group has engaged Jim Sharp, an ex–public servant of many years, to assist in that process. That group has been working over the last nine to 12 months to look at all the impacts across the regions, including some of the key agencies such as Transport, Main Roads, and Fire and Emergency Services. It is doing some quite detailed modelling and work with Riskwest around understanding the likely number of visitors and how they will be managed.

**Mr V.A. CATANIA:** Is that only in the Exmouth area?

**Ms R. Brown:** That group has looked more broadly at the impact on the region and what the requirements will be, including the workforce requirements around that period, which is quite critical. Certainly, there is work around emergency services preparation and having available resources across the region. The next phase is to get into some of that more detailed planning as we lock down some of the key sites within Exmouth and understand the numbers that will be visiting; of course, that also includes a potentially large number of cruise ships and others. That senior officers group will work through the requirements across the regions.

To the minister’s earlier response around tourism experience development, in addition to that funding, we will have Tourism WA officers—we have one currently in Geraldton and one planned further up the region in Exmouth—so that we can work closely with all shires on their requirements. With the funding provided, we will ensure that, as the minister said, the entirety of the event across those locations is managed well and safely. We will also utilise the other work that Tourism WA does to ensure that it is a positive experience and we get really strong global awareness about just how spectacular that entire region is.

**Mr V.A. CATANIA:** The minister may not be aware that the Shire of Carnarvon, for example, is not participating in any way with the committee that is overseeing this event. That is a concern. No funding has been made available to the Shire of Carnarvon, the Shire of Ashburton or shires further south that will be hugely impacted by traffic

and people who will not be able to get into Exmouth. It is sold out, so they will be looking at other places, and people are starting to book now in places like Carnarvon. That announcement contains no funding for any of those other towns that will be majorly impacted by this event. It is not just in the lead-up to but also after the event.

The other question I will ask —

**The CHAIR:** No, he is going to answer that question first. All right, minister.

**Mr R.H. COOK:** I am not quite sure what the question was.

**Mr V.A. CATANIA:** Will you provide funding for the Shire of Carnarvon?

**The CHAIR:** I think the headline is now in the “Carnarvon Bugle”, so it has probably served the purpose!

**Mr R.H. COOK:** It is a \$20 million commitment to support the staging of the total solar eclipse.

**Mr V.A. CATANIA:** So there will be no other funding?

**Mr R.H. COOK:** Money is not necessarily being handed out in the way of grants to different agencies; it is a cross-government effort to manage that both on behalf of and with the shires that are in the area.

**Mr V.A. CATANIA:** In that \$20 million is there any workers’ accommodation being allocated to places like Exmouth that do not have the workers, let alone accommodation?

**Mr R.H. COOK:** Yes, member. There is \$350 000 for accommodation and services for essential workers and contractors, as well as another \$550 000 for site works and land preparation for visitor groups.

**The CHAIR:** Member for Cottesloe, you have been patient.

**Dr D.J. HONEY:** Thank you very much, chair, and sorry I missed your message earlier.

I refer to industrial estates on page 205 of budget paper No 2, under service 2, “Project Facilitation”. This is about the minister’s part of the world—it is his seat—and the availability of industrial estates. I was speaking to a senior manager from a company that is looking to make electrode material for batteries, which I know is one of the government’s stated objectives for downstream manufacturing. That person told me they were putting their project on hold because they could not find suitable industrial land in the Kwinana industrial area. For all the reasons that both the minister and I understand, that is an extremely attractive industrial estate for people who want to do more sophisticated downstream manufacturing. Are there any plans to make more industrial land available? I note in particular the Latitude 32 area that, as the minister well knows, has been almost completely cleared now of housing. Electrodes is probably more of a medium-density industry, but I also know that heavy industries cannot find land in that area. Is there any proposal to develop more heavy and general industrial land in that Kwinana–Rockingham area, in particular in Latitude 32, potentially redesignating that as an extension of the heavy industrial area?

**Mr R.H. COOK:** I thank the member very much and I acknowledge his long-term commitment to that area through his previous work. As the member will be aware, we had an election commitment to establish a global advanced manufacturing hub study for the Western Trade Coast. It is an incredibly important piece of real estate for Western Australia. It includes the Kwinana industrial area, the Rockingham industry zone, the Australian Marine Complex and, as the member just mentioned, Latitude 32, all of which make up a particularly unique ecosystem of heavy industry, service industries and light industries. It is about making sure that we have not only the right mix of tenants and we are maximising the use of those strategic industrial areas, but also the right supports to ensure that we can bring further land onstream.

The member mentioned Latitude 32, which has been a very long process. It is pleasing that at the northern end of Latitude 32 we are starting to see land cleared as it is relinquished by a lot of quarry miners in that area. That will establish good industrial opportunities there. The international advanced manufacturing hub study has begun. We are working with government departments and stakeholders in the area to make sure that we have the best strategic development of that land. I am just thinking at the moment about the Australian Marine Complex and how constrained that now is. The member is absolutely right; we need to identify other parts of the overall estate that we can continue to develop. That is important. Whether we move to locate heavy industry into Latitude 32 is something that the study will be able to tease out. More importantly, what we want to identify in that study is the right governance and the right strategic development of that area.

The member will be aware, of course, of H2Perth, the big hydrogen project that has been launched by Woodside. That points to the future of that hub. The member will also be aware that it is just across the road from the Nickel West battery materials refinery. I am aware of a number of proponents who are interested in this future energy, battery and critical minerals space and are looking to develop all the precursors for energy storage products and opportunities. In fact, just last week I was down at the Tianqi Lithium hydroxide plant where Tianqi celebrated its first shipment of lithium hydroxide monohydrate. Is that correct?

[10.00 am]

**Dr D.J. HONEY:** Yes, it was monohydrate.

**Mr R.H. COOK:** That is an incredibly important next step as we start to realise the opportunities that come from continuing to drive ourselves up the value chain and ensure that we are not just miners and initial processors but also the developers of precursor minerals and products that go into these higher level products. I hold ambitions for having a niche manufacturing base there that will see the final manufacturing of batteries developed in that area.

**Mr V.A. CATANIA:** I will go back to the 2023 total solar eclipse referred to on page 198 under “New Initiatives”. The minister mentioned there was \$350 000 or so for workers’ accommodation. The minister will be aware that the Minister for Lands made a joint media statement calling for expressions of interest for workers’ accommodation to be built in Exmouth. My understanding is that quite a bit of headworks is needed to make the site viable for a private developer, which could cost in the order of \$3 million or \$5 million. Given that the government has a surplus of \$5.7 billion and this major international tourism event will struggle to get the workforce required to cater for the influx of tourists, will the minister commit to providing \$3 million or \$5 million, or whatever it takes, to do the earthworks—power, water and landfill—to build workers’ accommodation with at least 200 beds to cater for the needs of Exmouth today? That is what is required even without the April 2023 event.

**Mr R.H. COOK:** I recently visited Exmouth and met with industry, local government and the Chamber of Commerce and Industry of Western Australia to discuss the challenges of attracting workers to continue to provide services and economic opportunities to the people in the region. It is a challenge. I do not have working knowledge of the specific sites that have been identified, member, so I will ask the director general to comment on that.

**Ms R. Brown:** As the minister noted, there is a lot of work around preparing for the total solar eclipse. With regard to workforce support, there are a combination of factors, including working with the local shire on what land is available. In addition, we are working with other government agencies, particularly across the event period, about how we can support the workers who will be required, including state government workers, particularly those supporting the event and the emergency response workers. We are also working with the Department of Education, for example, on what it will be possible to do there. The team is very much focused on what will be required to support that event around that period.

**Mr V.A. CATANIA:** I gather that is a no.

**Mr R.H. COOK:** That question was primarily about the area of land. If the member directs the question to Minister Carey, I am sure he will make a better go at it than I, although, like the member for Cottesloe, he is enjoying the internal confines of his house.

**Mr V.A. CATANIA:** I understand that the lands minister is responsible, but it is also a tourism problem. This is what is missing: the problem for tourism is finding and housing workers, particularly in areas like Exmouth, Coral Bay and Kalbarri where Tourism WA has been absent—you, as the minister, have been absent—in providing the support that is needed for those hospitality businesses that service the tourism industry. That is why I brought it up with the minister—to advocate on behalf of the tourism businesses.

**The CHAIR:** That and Facebook, member.

**Mr V.A. CATANIA:** I have a new question.

**The CHAIR:** No, before we get on to that, can I get some guidance from members? We have been on this division for an hour. There will not be any questions on division 32, Chemistry Centre. We have the Department of Biodiversity, Conservation and Attractions, and also the service for commerce to go. Do members want to proceed on this?

**Mr V.A. CATANIA:** We will continue this discussion for the next five minutes.

**The CHAIR:** All right, so I will give the call to the member for Kalamunda and then the member for North West Central.

**Mr M. HUGHES:** I think this is probably the largest section.

**The CHAIR:** Thank you.

**Mr R.H. COOK:** My sense is that we will probably finish this division at about 11.15 or 11.30 am then move on to the Department of Mines, Industry Regulation and Safety and the service that deals with commerce. Is that your sense of it?

**Mr M. HUGHES:** I would like to spend a little bit more time on commerce.

**Mr R.H. COOK:** Sure. Should we smash on until about 11.00 am and then go on to commerce?

**Mr V.A. CATANIA:** We do not have a problem with government members asking questions if we could actually get through it more quickly.

**The CHAIR:** I will give the member for Kalamunda the indulgence of asking a question so that he does not feel deprived and then the member for North West Central will have the call. The member for Kalamunda.

**Mr M. HUGHES:** This is actually directly related to my electorate. I refer to the Perth Observatory outlined on page 203 of the *Budget statements*.

**Mr R.H. COOK:** Is this science and innovation, member?

**Mr M. HUGHES:** Yes. There is a line item on page 203 for the Perth Observatory. Could the minister update us on the level of support that has been provided for the observatory and outline that government initiative?

**Mr R.H. COOK:** I thank the member and appreciate him asking the question, because it is something he is passionate about and has advocated very strongly for. It is an important part of the member's electorate. The government has committed \$1.6 million in partnership with the Perth Observatory Volunteer Group primarily because of the member's advocacy. That funding is essentially to support the general operations but also to expand the science, technology, engineering and maths programs for school students in the broader community.

When the member and I went there recently, I was struck by the energy and the real commitment from the volunteers at the Perth Observatory. They have great vision for the facility. It is a really exciting place to visit. I attended with the member for Kalamunda and, at that point, the candidate for Hasluck and now member for Hasluck, Tania Lawrence. It was great advocacy on the member's part, because we now have a member for Hasluck who is tuned into the issues of that community. That is really exciting as well. That funding is essentially a \$400 000 per annum commitment to the Perth Observatory Volunteer Group to assist it with those programs. I understand that the Department of Jobs, Tourism, Science and Innovation has done great work in partnership with that group on visualising and putting in place that program. These are incredibly important facilities. They provide inspiration and education. One thing that struck me about it was how in tune people are with how our science comes off the back of 60 000 years of scientifically observing, understanding and interpreting the skies and telling stories through them. We have that great facility. Forgive me, but I cannot remember the actual title it was given, but it incorporates Indigenous values so people can soak them up when looking up at the sky and appreciate the relationship that Aboriginal people have with the dark skies and how they tell their stories through that. That also provides a great link. Perth Observatory is an exciting facility that has been there for 100 years. I see a bright future for it.

**Mr V.A. CATANIA** interjected.

[10.10 am]

**Mr R.H. COOK:** I was just about to bring the member into the conversation, because it is part of that Carnarvon network of things that really provides that outreach of science to the community. I went to the Carnarvon Space and Technology Museum recently and, again, it is a fantastic —

**Mr V.A. CATANIA:** All run by volunteers.

**Mr R.H. COOK:** Yes, that is right. It was clearly a volunteer-driven effort, just like the Perth Observatory Volunteer Group, but also the Gravity Discovery Centre. If I was cleverer, I would remember whose electorate that is in as well. They are all great facilities and it is wonderful for the government to be able to support them. It is in Gingin. Is that in the member's electorate?

**Mr V.A. CATANIA:** No, the member for Moore's electorate.

**Mr R.H. COOK:** The Gravity Discovery Centre is another example of those sorts of facilities.

**Mr V.A. CATANIA:** I refer to the bottom of page 197 of budget paper No 2 and the tourism and travel agent support fund. No amount is shown for 2022–23. Can the minister provide some information on the number of businesses—tourism and travel agents—that have received assistance and the amount in the budget that has been spent?

**Mr R.H. COOK:** I can provide the member with a general breakdown of that. As the member will recall, in August 2021, the Premier and the then Minister for Tourism announced a \$16.8 million Western Australian tourism and travel agent support fund that was developed by the state and the Australian government. This was a joint initiative to assist tourism operators and travel agencies through some of the financial impact resulting from much of the country being under significant COVID restrictions. Funding was available to eligible tourism and travel agent businesses that could show at least a 30 per cent reduction in turnover by comparing the following two periods: a six-week period from May to June 2021 and a six-week period from July to August 2021. Applications opened on 6 September and closed on 30 September. Since the commencement of this program, the McGowan government has implemented the \$77 million safe transition industry package, which includes three programs dedicated to tourism operators and travel agents that totals \$38 million. The Australian government provided 50 per cent of the funding for the tourism and travel agent support fund.

Applications were lower than expected. This was likely due to the specific pre and post-Sydney lockdown dates used to meet the 30 per cent reduction in turnover. These dates were chosen by the Department of Treasury to provide support for expected booking calculations and were similar to the dates initially chosen by Tasmania. Although it is possible that some businesses have been able to fill their lost interstate bookings with intrastate travellers, there are known sectors of the industry that are unable to fill the “30 per cent decline” criterion due to seasonality or ongoing hardships through the pandemic. A total of 435 applications were received and a total of \$1.7 million was provided to the 358 eligible businesses.

**Mr V.A. CATANIA:** Are those general businesses, not just travel agents?

**Mr R.H. COOK:** Yes. Since March 2020, we have disbursed \$28.2 million directly to some 1 400 unique tourism and hospitality operators plus travel agents through 19 different financial support and voucher programs. That includes four programs and campaigns in 2020 to the value of \$16.2 million, nine programs in 2021 to the tune of \$3.9 million, and six programs and campaigns in 2022 to the tune of \$8.1 million.

**Mr V.A. CATANIA:** Out of that \$77 million, \$20 million was spent, \$16 million of which was on tourism businesses and travel agent support and \$3.9 million on marketing assistance. Has the other \$57 million not been spent?

**Mr R.H. COOK:** The safe transition industry support package totalled \$77 million, \$38 million of which was spent on three programs dedicated to tour operators and travel agents.

**Mr V.A. CATANIA:** How much money out of that \$38 million has been spent to date?

**Mr R.H. COOK:** I might get the director general to provide some further information.

**Ms R. Brown:** As the minister outlined, the take-up for the program was lower than the state and the commonwealth governments anticipated. We understand that approximately \$10 million will be spent out of that fund to support operators.

**Mr V.A. CATANIA:** Sorry; is that \$10 million out of the \$38 million?

**Ms R. Brown:** Yes. I might suggest, minister, that Renata Lowe will have more details on the specifics.

**Mr R.H. COOK:** I will ask Ms Renata Lowe to provide some more detail.

**Ms R. Lowe:** Can the member please reframe that question?

**Mr V.A. CATANIA:** How much of the \$38 million has actually been spent on tourism businesses, including travel agents?

**Ms R. Lowe:** From the \$38 million from the recent funding program, about \$8 million has been spent within those three programs involving travel agents and the refund deposit and tourism support program. About a week and a half after these programs were announced, it was announced that the borders would reopen. The operators that would have applied for that funding saw their cancellations starting to refill with inbound visitation. The main reason why they could not secure that funding was that they could no longer demonstrate that 30 per cent decline in bookings.

**Mr V.A. CATANIA:** Only \$8 million out of the \$38 million has been spent. Businesses and travel agents have been extremely busy refunding customers and small businesses have been extremely busy trying to keep afloat and keep abreast of matters to do with COVID and staffing—you name it. Has any thought been given to changing some of the application criteria, given that businesses perhaps have not had the opportunity to apply? Can the department supply a list of the criteria? From my understanding, it has been very difficult for a lot of businesses to apply simply because they are not a member of a particular tourism association. This has limited who can apply for this assistance. Has that been a major factor in why only \$8 million has been spent out of \$38 million?

**Mr R.H. COOK:** I think the major factor is that many businesses basically got back up and running because the borders reopened and customers came back. In terms of the details of what the member has referred to, I will invite the director general or Ms Lowe to make a further comment.

**Ms R. Brown:** It is exactly as the minister said. With the announcement of the border reopening soon after the programs were announced, many businesses saw bookings return. Quite significant discussions with industry have been held to make it as easy as possible for those businesses to access the assistance. In some examples, we worked actively with those businesses to ensure that they were able to receive funds in a timely manner. The \$8 million that was sought by businesses has been distributed and we actively marketed the support program as much as possible prior to the border reopening and shortly after. The reality was that businesses saw those bookings return and did not require that support intended by the program.

[10.20 am]

**Mr V.A. CATANIA:** As I think the minister said, there is seasonality in every region. It is different from the Kimberley, Pilbara, Gascoyne and the south west to Perth. He is right that with the border being open, businesses are trying to gear up as quickly as possible to get as many people to go through their business. They had a false start. In taking all that into the equation, how many complaints have there been about the criteria and the inability to access the \$30 million left to assist those small businesses because of those factors? They include seasonality, being able to gear up to cater for the borders to be brought down after that false start, and, once open, being able to operate as a business while having a shortfall in the workforce meaning that a lot of the business operators have to do everything in the business simply because they cannot attract any staff. If they have staff, the effect of COVID has also played a major role in the ability for businesses to apply. Will this also be extended so that businesses can sit back and look and see how business has been affected?

**Mr R.H. COOK:** We are always working closely with industry to understand its needs and aspirations. We continue to use the resources of Tourism WA, and, more broadly, government when appropriate, to make sure that we can continue to stimulate their businesses and support them. Those conversations continue. Any opportunities will continue to be looked at.

**Mr V.A. CATANIA:** But only \$8 million out of the \$38 million has been taken up. Surely we should be concerned that the criteria may be too tough. It really shows, in my mind and in conversations with businesses around the state, that they simply do not have the time. We heard the announcement, the criteria took a month to be put out, and they did not reflect how this state is very different when it comes to tourism. Like I said, from the Kimberley, Pilbara, Gascoyne and midwest down to the south west it is extremely different. It is a three or four-speed economy when it comes to tourism. It is very different. We heard the constant rhetoric from the Premier about how tourism never had it so good. That is not the case in a lot of areas. It is quite concerning that \$30 million has not been accessed that could have helped those small businesses and tourism operators, particularly those who rely on the international and interstate markets to survive. We have seen businesses go broke, particularly in the Kimberley, because they have not had that trade.

**The CHAIR:** I think the minister gets the gist of your question. Editorial comment is probably superfluous.

**Mr R.H. COOK:** The Premier has never said that the industry never had it so good. The Premier rightly observed that sectors of the tourism industry have done very well, particularly accommodation, and to a lesser extent hospitality, because they are more impacted by the constraints around workforce. I make that observation from the get-go. I think the member underestimates the nimbleness and resilience of the industry in dealing with these shocks, but it is true to say that COVID-19 represented the most significant shock the industry would have experienced in a very long time. That is why, since March 2020, we have distributed over \$28 million to 1 400 tourism and hospitality operators and travel agents over 19 different programs. There has been an extensive set of programs and initiatives over the life of the COVID-19 pandemic to make sure that we can continue to work well with the industry. That includes six financial support programs, two disaster recovery programs and 11 voucher programs. There is one dealing with, firstly, the shock of lack of visitation; secondly, continuing to make sure that we can support them during difficult times; and, thirdly, making sure that we can stimulate the market once the borders are open and get people out there taking up the opportunities around tour operators. The Premier is quite right. There are some accommodation services that have had bumper years because they have benefited from those intrastate travellers, but as we all would know and suspect, intrastate travellers tend not to take up the tour initiatives, particularly the multiday tour products. It has been really important to make sure that we could support them. From that perspective, the programs have been welcome and they continue to play an important role in supporting industry. We continue to work closely with industry and are in a process of embedding Tourism WA facilitators in each of our tourism regions to continue to build that relationship with local operators to understand how we can continue to support them. It is not true to say that we have not been supporting them throughout the COVID-19 experience. Over \$28 million since March 2020 is a substantial effort to make sure that we support the people who are doing it tough.

**Mr R.S. LOVE:** I refer to page 199 of budget paper No 2, volume 1, “Supporting Energy Transition”. Paragraph 3.1 discusses growing the hydrogen industry. Funding has been announced and there has been talk of progress at places such as Kwinana. What support or facilitation is the department giving towards other hydrogen projects? I can think of a few in my electorate—Infinite Blue Energy being one, for instance—that are looking to establish in other areas. Generally, how supportive is the department for these other players, and what will it do to assist?

**Mr R.H. COOK:** I thank the member for the question. He rightly identifies energy transition as being a crucial aspect of our industry going forward, and the renewable hydrogen strategy is about outlining a vision for how WA can be a significant producer, user and exporter of renewable hydrogen. The four strategic focus areas are around export, remote applications, hydrogen blending in natural gas networks and transport. In line with these strategic focus areas and the strategies 2022 and 2030 goals, the state government has invested over \$160 million to date in initiatives to progress WA’s hydrogen industry.

In the 2022–23 budget, over \$7 million has been allocated to continue to support renewable hydrogen initiatives. This includes facilitating investment in electrolyser manufacturing, hydrogen storage in remote microgrid, hydrogen vehicles on a mine site and a hydrogen blending project in Jandakot. The initiatives to support the renewable hydrogen industry and progress under the strategy include \$117 million for hydrogen hubs in the Pilbara and midwest, which are our primary focus in that context; \$10 million in funding to stimulate demand in uptake in the transport sector; \$3 million to undertake a legal framework review that will make recommendations to government on the regulation of the hydrogen industry; \$1 million for a hydrogen value chain model, which will identify bottlenecks and support development of government policy; \$1 million to identify underground hydrogen storage; and \$15 million across two rounds of the renewable hydrogen fund, with five capital works and 10 feasibility studies. Five knowledge sharing reports detail results from completed feasibility studies. As I said, \$7 million in the 2022–23 budget has been allocated to continuing these initiatives and new projects such as investment in electrolyser manufacturing.

[10.30 am]

**Mr R.S. LOVE:** I refer to the recent announcement of a potential major hydrogen project that will be established in Queensland by an operator from Western Australia. How does something like that fall through the cracks? Is the department not able to push through the necessary changes to enable an industry such as that to be established in this state? How does it happen, when the minister has acknowledged the need, that a potentially major project has left the state?

**Mr R.H. COOK:** I think the member is talking about the electrolyser manufacturing proposal at Gladstone. That is by a predominantly Western Australian proponent. We are working closely with that proponent around the plethora of different projects that the proponent has at any particular time. That particular proponent is a good example of the plethora of initiatives that are taking place in the industry. I do not think the member should take a deficit model when it comes to analysing the opportunities around hydrogen; it will be more, more and more again, pardon the pun. There will be a lot of opportunities, not just in electrolyser manufacture, but clearly also in renewable energy and energy storage, and in the manufacture and export of green hydrogen. Whether it is that particular project, or whether in the future there will be other opportunities to develop that part of the value chain, who knows? We do know that there will be massive demand for this. We only need to look at energy-rich countries to see that they will have an opportunity to transition to decarbonising their economies, and potentially also around export. The Middle East is a classic example of that. Countries nearby, whether that is Indonesia, Singapore, Vietnam and Malaysia, and also Japan in particular, will be hungry for renewable energy as part of their own commitment to decarbonise their economies, particularly given the need for energy security. I make that observation to say that the opportunities here are almost infinite. But the member is right. We need to be awake to individual initiatives as they come along, and, to the extent that we can meet the needs of that particular proponent, do so. Member, I do not think we should be under any illusions about the extent to which this will impact both our lives and the economy.

**Mr V.A. CATANIA:** Hydrogen is the way of the future. It is good to see that the state is investing in those areas that are needed in order to establish hydrogen hubs. How did the state of Western Australia allow a project by a Western Australian company, Fortescue Future Industries, to be lost to Queensland, and how do we allow other projects to be lost to Queensland, New South Wales or Tasmania, when we have an abundance of land, we have this investment that the minister has just spoken about, we have a net zero emissions plan, and we are a heavy industry state and emit a lot of carbon? What is the reason that we lost that particular project to Gladstone in Queensland?

**Mr R.H. COOK:** The member would have to ask FFI about the specific components of the proposal that it was looking at. There is a combination of elements or features throughout the McGowan government's policies, whether it is about supporting the emerging hydrogen industry, as I have just outlined to the member for Moore, or about continuing to ensure that we develop our strategic industrial land assets. That is why we have established the industrial land development fund, with \$100 million as of this budget, to ensure that we have project-ready patches of land for proponents when they come in with particular challenges. Those challenges might be around investment, around timing, or around location near other proponents, such as, in this case, electrolyser manufacturers. This is a complex area. That is why we need to make sure that we have a complementarity of programs. One of the issues that ultimately we have to resolve is the land use framework. The member would be aware as much as anyone, given his electorate, of the vast scale of pastoral leases in this state. We need to understand the role that pastoral leases can play in our renewable energy future and how we can best utilise that estate to ensure that it is involved. It is a complex program. That is why we have established the industrial land development fund and the renewable energy and hydrogen initiatives that I have just outlined. We are also looking at a study into an advanced global manufacturing hub in Kwinana to make sure that all those components are in place and everything is lined up. We will not meet every proponent's needs at any particular point in time. From memory of some of the media at the time, the Queensland government provided a \$140 million sweetener for that project. From time to time, governments will have strategic outcomes that they want to pursue. In that case, the Queensland government saw the electrolyser component of this part of the industry as something that it wanted to pursue in that particular manner.

**Mr V.A. CATANIA:** Has there been any discussion about potentially applying a royalty rate on hydrogen exports, or a percentage that will go back to the state? Given the fact that there will probably need to be a large investment by the state in establishing industrial areas, and in changing land use and so forth, has the state had any discussions about that? The hydrogen industry is basically where the iron ore industry was back in the 1960s, and look at where it is today. I personally see hydrogen as the new iron ore industry for Western Australia into the future. Has the government discussed any potential state taxes? Obviously, there may be federal government taxes as well, not that I am advocating for that!

**Mr R.H. COOK:** I will ask the director general to make some comments.

**Ms R. Brown:** I will make two comments. One is around the cost of supporting large-scale projects in this state. As the member pointed out, this state has a long history of doing that. As the minister has mentioned, the ability to provide project-ready industrial land is certainly a key focus of the state government, and the department is working closely with DevelopmentWA on that. That includes the state government industrial land development fund of \$100 million. That is an important contribution to being able to facilitate such projects. Obviously, we work very closely with proponents on their projects and in facilitating their access to industrial land. In many circumstances, proponents will meet certain costs themselves. In terms of broader infrastructure requirements, as the minister has alluded to, there has been significant state investment over many years in common-user infrastructure, which is certainly the focus with proponents, but also ensuring the establishment of the appropriate charging regimes on those requirements.

With regard to the member's comment about exploring royalty arrangements or a tax for hydrogen, this is a new and emerging industry. The commonwealth government clearly also has a role in the taxing regime for energy

projects more generally. The piece of work of looking at what that regulatory framework might look like is at an early stage, given that the hydrogen industry is in its infancy, but obviously growing very, very rapidly. We are looking at some of the feedback globally—from Europe and other countries—about the cost arrangements and what will be the right level of support to the industry to make it viable.

[10.40 am]

**The CHAIR:** On my list, in the order in which they asked to be heard, I have the members for North West Central, Kalamunda and then Vasse.

**Mr V.A. CATANIA:** I will pass it on to the member for Vasse.

**The CHAIR:** The member for Kalamunda is next on the list.

**Mr V.A. CATANIA:** The member for Kalamunda has had a chance. This is not government question time.

**Mr M. HUGHES:** I have a question on the same area. On page 199 of budget paper No 2, under “Supporting Energy Transition”, I note that paragraph 3.5 refers to the \$5 million grant to the Centre of Decommissioning Australia to develop the state’s offshore oil and gas decommissioning industry. Could the minister outline how this will benefit the state overall?

**Mr R.H. COOK:** The decommissioning industry has not received a lot of attention, but it should. It is an extraordinarily important part of the overall industry cycle. A lot of oil and gas facilities, particularly those offshore, are being wound up. There is an obligation not to leave them as stranded assets but to find a way to account for them. A lot of those assets are now coming to the end of their life. We think that provides a huge opportunity for Western Australia. It is estimated that between 2030 and 2050, over \$20 billion of decommissioning work will be required in north west Australia alone. That is before we get to Bass Strait and all those oilfields in South-East Asia.

This is an enormous opportunity for Western Australia. We have invested in the Centre of Decommissioning Australia to bring together industry and government to understand how we can get local businesses to undertake this important work. One head of industry said that it is like shipbuilding in reverse. It is more complicated than that because some facilities deal with waste and, in some respects, radioactive waste, although at low levels. It is a particularly complex and technical process. We have that capacity in this region. There is capability in the United Kingdom. We want to ensure that we do not simply look to the United Kingdom and offshore companies to meet this important obligation. We have committed \$5 million to CODA over the forward estimates. This is aligned with our Diversify WA strategy. It is about how we leverage out of our strengths in oil and gas to discover new opportunities and new industries. CODA was originally set up by the previous commonwealth government as part of National Energy Resources Australia, one of the policy areas with a finite life. NERA is winding up. We are now taking over CODA. Its office is located in Perth. We want to ensure that it continues to be an important part of the Western Australian industrial ecosystem.

As I was saying, our expertise and experience in oil and gas places us in the box seat to take over this industry. We obviously have an obligation and an opportunity with the facilities in the north west but imagine if we could go beyond that. It is a \$20 billion industry over 20 years from 2030. We can imagine how many more billions of dollars are available out there with the big pieces of kit, which all need unpacking. Essentially, they have to be unpacked, brought to shore, chopped up and managed. Then there is another opportunity to carry out further downstream processing of those materials as the projects are pulled apart. It is a huge opportunity for the future. I am really excited about it. It has sort of flown under the radar to date. I do not think Western Australia should underestimate what an important role it will play. It is a good news story; this is about cleaning up our oceans.

**Mr M. HUGHES:** The opposition should be interested in that.

**Mr R.H. COOK:** I thought it would be interested in it, but not to worry.

**Ms L. METTAM:** I refer to page 198 of budget paper No 2 and the spending changes table. Under the heading “Other” is the line item “Major Events—Deferral of Spending”. I also refer to note (c), which states —

Deferral of spending to beyond the forward estimates to meet the cost of a major event in 2027–28.

I have a couple of questions about that. I want to ask about a major event and also how many major events fell over in that 2021–22 period? Does the minister acknowledge that a cost was still borne as a result of preparing for some events that did not eventuate? I received some feedback about that relating to the cost of employing staff, going through the protocols and then the event falling over. What support was acknowledged?

**Mr R.H. COOK:** I will struggle to answer all parts of the member’s question because a lot of the events were managed by the Department of Local Government, Sport and Cultural Industries. There is no doubt that Tourism WA is responsible for big events and bringing them to Western Australia because it has a visitation and activation role. For instance, dance festivals, concerts and things of that nature were managed by Minister Templeman, who had responsibility for those events. I had some involvement as the then Minister for Health, ironically, more so than in my current role.

**Ms L. METTAM:** Will the minister be able to at least provide information on how many events were part of that spending for 2021–22? What number of events fell over that were anticipated to receive funding?

**Mr R.H. COOK:** The events that we have oversight of or that we had a funding relationship with in 2021–22 included the Western Australia Gourmet Escape, the ATP Cup, the opening event of the Perth Festival, the Mandurah Crab Fest, the Ord Valley Muster, the Australian Masters Rowing Championships and the Truffle Kerfuffle.

**Ms L. METTAM:** I thank the minister for that answer. I understand that Gourmet Escape will not proceed. What was the government’s position around that? There is a concern that perhaps the changes to the make-up of that event, when it became a more diluted event and not as focused on one particular region but spread throughout, might have had an impact. What is the government’s position on that? I understand that the contract was not extended and the event will not continue.

**Mr R.H. COOK:** I can certainly assure the member that there will be an event in the spirit of Gourmet Escape, but the Tourism WA board made the decision to discontinue funding Gourmet Escape in 2022 and beyond with the event holder, a company called IMG Events. Given the ongoing impacts of COVID-19 on events, as demonstrated by the cancellation of the WA Gourmet Escape in 2020 and 2021, Tourism WA is reassessing the delivery model of a WA culinary event. I share the member’s passion for showcasing the culinary and cultural features of Margaret River and the south west, and it is important that we do not miss this opportunity.

With the member’s indulgence, I will set aside her remarks that Gourmet Escape was diluted; I think the member was referring to the extension to include the Swan Valley and so on. That decision predates me as minister, so if the member forgives me, I will not wander into that space ill-informed. We are committed to making sure that we have a culinary showcase event in Margaret River and Tourism Western Australia is already working with industry, local government and other stakeholders in the area to envisage what that might look like. I was pretty new to the game when this decision was made. I thought it sounded like one of those decisions that has hooks in it, but I am delighted with the work that Tourism WA had done with stakeholders in the area. I think it was accepted that Gourmet Escape had run its course and that it was not delivering on all the aspirations that people in the area had for it. From that point of view, there is a great opportunity to now recast that particular event in our own making. There has been a great maturing of the market and the industry in that area since Gourmet Escape began and I sense that people feel that we should now reflect that mature and vibrant industry more than we have done before. I really look forward to seeing what Tourism WA and the stakeholders in the south west come up with. It should be pretty exciting.

[10.50 am]

**Ms L. METTAM:** I take from the minister’s comments that it might be a region-specific event. I certainly support the notion that every region should be celebrated and have its own events in its own right, such as the Swan Valley as our oldest wine region and Rottnest with its seafood and other aspects. I assume from the minister’s comments that there could well be an event dedicated to showcasing the culinary experience of that corner of the south west region or the south west region?

**Mr R.H. COOK:** Yes. It will be a south west culinary festival. The member is right; we should take the opportunity to celebrate all our regions and what they have to offer. I was recently at Shore Leave in Geraldton. The festival was a great opportunity to talk about the seafood, particularly, that is on offer in that region and the other culinary opportunities and products. We want to make sure that these events better leverage trade opportunities and connect our providers, hospitality industry and agrifood industry with buyers to ensure that we get more out of them than just a great party; we get strategic outcomes as well.

**Mr V.A. CATANIA:** I refer to page 197 of budget paper No 2, volume 1, and the Reconnect WA package. The minister’s media statement titled “WA welcomes back working holiday makers” announced \$850 000 to encourage people to stay and play in Western Australia under the \$195 million Reconnect WA package to promote WA as an ideal location to live, work and travel. How many workers does the minister expect to attract with this scheme? I notice that the Paid Escape website advertises Albany, Bunbury and the south west, Broome, Esperance, Exmouth, Geraldton, Kalgoorlie, Karratha, Kununurra, Mandurah and Peel, Margaret River, Merredin, Northam, and Port Hedland, but I do not see Kalbarri, Denham—being Shark Bay—Carnarvon, Coral Bay or Jurien Bay on this list.

**Mr R.H. COOK:** As the member would appreciate, with a 2.9 per cent unemployment rate, which is the lowest in the country, we need as many workers as we can get and we are undertaking a range of initiatives. I have talked before about the trade missions that we will be undertaking, particularly to India. We will target skilled workers in strategic areas, making sure that they appreciate that we are looking for as many people as possible in these areas.

The “stay and play” campaign is an \$850 000 Tourism WA initiative in addition to the state government’s \$195 million Reconnect WA package to promote WA as the ideal location to live, work and travel. We rely upon international travellers to make up the hospitality and primary industry workforces in the regions such as in the member’s electorate.

**Mr V.A. CATANIA:** So why are those towns not mentioned in the media statement or on the website?

**Mr R.H. COOK:** It is not town-limited. We are providing a \$2 100 incentive for eligible working holiday-makers to work in regional areas. As the member observed, this is part of the \$195 million Reconnect WA campaign. There will be promotional campaigns in the United Kingdom, Europe, Japan and South Korea that will feature flight offers, incentives and working holiday-maker packages. The national Paid Escape campaign encourages working holiday-makers who are interstate to visit WA for a unique west coast experience. The campaign will be promoted over the coming months. As I said, it will feature the Premier's work abroad and my work as well. We will utilise these opportunities to highlight where the majority of jobs are, but it is not limited to specific areas.

**Mr V.A. CATANIA:** So the towns of Carnarvon, Shark Bay, Jurien Bay and Kalbarri can access this scheme?

**Mr R.H. COOK:** The Paid Escape website advertises jobs across WA in a wide range of regional areas including—the member mentioned many of these—Albany, Bunbury and the south west, Broome, Esperance, Exmouth —

**Mr V.A. CATANIA:** I am more concerned about the towns that are not mentioned. Are they included in it—yes or no?

**Mr R.H. COOK:** All of regional Western Australia is included in all our commentary and in all our work to attract people to Western Australia.

**Mr V.A. CATANIA:** Except the minister's media statement.

**Mr R.H. COOK:** The media statement provides people with a flavour of what we are doing, but, as the member knows, we are committed to getting as many workers as possible to all parts of Western Australia.

**Ms L. METTAM:** I appreciate we want to wrap up this division. I refer to page 198 of budget paper No 2, volume 1, the heading "Ongoing Initiatives" and the line item "Destination Marketing". What is the funding commitment to promote the Busselton Margaret River Airport and that new route? Is the minister aware of the challenges we are having with the terminal and, given the destination, is there an opportunity for much-needed support? We are getting a lot of negative feedback about turnaround times within the limited scope of the terminal.

[11.00 am]

**Mr R.H. COOK:** As the member would be aware, we have recently celebrated the Melbourne–Busselton Margaret River Airport route, and it has been terrifically successful, so much so that Jetstar is immensely pleased with the forward bookings and is now openly talking about the potential for a route from Sydney to Busselton Margaret River Airport. This really brings that whole region alive and provides people with an opportunity to explore directly without having to come through Perth. I also make the observation that there were quite a few people I met at the airport that day who were actually from Perth. Jetstar is offering a \$199 fare, so some people—I assume from the southern suburbs of Perth—were driving to Busselton, enjoying the free parking at the Busselton airport car park, and flying to Melbourne for the footy that weekend! I thought that was particularly innovative.

I was made aware that there were some struggles in terms of both terminal capacity and workforce capacity—baggage handlers, security and so on. I do not know specifically how those problems are continuing to manifest or if they have actually been addressed. I might just ask the department to provide us with a bit more background on that specific issue.

**Ms R. Brown:** The main comment I would make is that Tourism WA works very closely with the regional tourism organisation down in the south west, particularly if there are any issues that can be addressed as quickly as possible around that. As the minister said, there has been significant support for marketing of the direct route, including funding provided to the regional tourism organisation of close to \$800 000. I might ask whether anyone has any further comments around addressing some of the issues at the airport.

**Mr R.H. COOK:** I will just say that we are aware of that, and we want to make sure that we continue to both appreciate the opportunities that come from this great success story, but also address the problems that come with it. I also understand, from talking to the local government, that there are challenges in relation to taxi services and things of that nature, but I understand that those things have been addressed primarily by the City of Busselton. This is the biggest tourism budget in the state's history, and we will invest almost half a billion dollars in tourism over the next four years to continue to grow the industry and make sure that we realise the potential benefits from a world that really now has a huge hunger for our tourism product. They want to come and experience our environment and experience everything that Western Australia has to offer—the culture, the food and the lifestyle. The member for Vasse's area of the south west is a classic example of where all those things come together. We will continue to see great benefits, particularly from the \$20 million that we will be investing in destination marketing and destination development. There is \$76.5 million for marketing and aviation and \$71 million invested in events. This is an exciting time for Western Australia as far as the tourism industry is concerned. We want to continue to be great partners for the leaders in that industry, and I very much look forward to seeing the successes that come with this.

**The appropriation was recommended.**

**Division 42: Department of Biodiversity, Conservation and Attractions — Service 2, Tourism, \$53 814 000 —**

**The appropriation was recommended.**

**Division 32: Chemistry Centre (WA), \$9 691 000 —**

**The appropriation was recommended.**

**Division 16: Department of Mines, Industry Regulation and Safety — Services 1 to 4, Commerce, \$367 589 000 —**

Mrs L.A. Munday, Chair.

Mr R.H. Cook, Minister for Commerce.

Mr R. Sellers, Director General.

Mr S. Abdoolakhan, Executive Director, Building and Energy.

Mr G. Newcombe, Executive Director, Consumer Protection.

Mr P. Stewart, Acting Executive Director, Corporate Services.

Mr R. De Giorgio, Chief Finance Officer, Corporate Services.

Ms R. O'Toole, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to budget paper No 2, volume 1, and the table on page 257, “Details of Administered Transactions”. On the income side, under “Other”, there is “Home Indemnity Insurance”, and \$34 million is being collected this year. The minister will be aware of the situation about which I brought a grievance last week, and my concerns about the level of cover that home indemnity insurance cover actually provides, which is a maximum of \$99 500 after excesses are paid. That does not address some situations that have arisen since a couple of building collapses earlier this year and some issues around people who have had problems with defective homes that are well beyond that level of cover. Will the government consider a move to increase the level of cover available under this scheme from the current \$99 500 after excess?

[11.10 am]

**Mr R.H. COOK:** Once again, as I mentioned outside, I apologise for not being available for that grievance. As the member will be aware, the government has announced a series of measures to protect local home builders and home owners to help stabilise the building and construction industry and attract skilled workers to Western Australia as part of an acknowledgement that there are some particular pressures and strains on the industry at the moment. Part of that comes down to the cost escalations associated with challenged supply chains and the need for builders to be able to adapt and be resilient in the face of those cost escalations. The other issue that exacerbates the situation is the workforce constraints that we have at the moment, particularly from a 2.9 per cent unemployment rate, which, as I have mentioned in a previous division, is the lowest in the country at the moment. That is an important signal of success in the economy, but with that also comes some pressures on the availability of workforce.

As the member says, with the increase in cost escalations, there is the potential for people to be left out of pocket in situations whereby the maximum claims that they can make under their home indemnity insurance do not meet their full costs. At the moment, we understand that is operating at about four per cent of claims; that is, 96 per cent of all claims do not face the situation whereby the person is out of pocket because the maximum amount that they claim does not meet the full costs that they confront.

From that perspective, we continue to monitor HII very closely, and, most importantly, work very closely with industry to understand the impact that the current scheme has on managing any unfortunate situations that result from a builder going out of business or a builder not being able to complete the project for a range of reasons. We need to monitor that situation carefully and make sure that we are on top of any situation to do with uninsured losses.

I might ask the director general or one of his officers to make any comments to supplement that answer.

**Mr R. Sellers:** Thank you, minister. I will pass to Saj Khan to address this one.

**Mr S. Abdoolakhan:** Thank you, minister. I think the minister has covered it really well. What I will add is that we are monitoring the situation. We are working very closely with our insurer, QBE Insurance Group, which is the main insurer—the only insurer currently providing the product. We are working very closely with QBE and we are getting PricewaterhouseCoopers to help us, as well, to look at the trend. As the minister rightly pointed out, we have seen over the years that there are people who are getting uninsured losses, but the numbers may end up changing with an increased sharp rise in the cost of construction, so we are doing some further work in that space, and we will be advising the minister accordingly on what we find and whether there is a need to do anything to the limit going forward.

**Mr R.S. LOVE:** I am sorry; I did not hear the last part.

**Mr S. Abdoolakhan:** I said that following the study, we will advise the minister accordingly on the findings and what we are getting PricewaterhouseCoopers to do for us on whether there is a need to review the limit going forward.

**Mr R.S. LOVE:** When is the review likely to be completed?

**Mr R.H. COOK:** I will ask Mr Khan to make some comments.

**Mr S. Abdoolakhan:** We have recently commissioned PricewaterhouseCoopers to look into it for us. We are expecting to have a report by the end of June or early July.

**Mr R.S. LOVE:** I have a follow-up question. One of the issues that my constituents highlighted was a lack of knowledge about this. I know that in the discussion that took place on this matter in Parliament, there were some moves to publicise a bit of information to people, but we can see how people fall into the misconception that they have a particular level of cover. Although QBE sends out a certificate of insurance with the contract price—maybe \$400 000 or \$500 000—mentioned on it, that is used only to calculate the premium; it is not actually their level of cover. It is probably also a little confusing that the certificate is from QBE, but the Western Australian government is guaranteeing this scheme. I think there is an urgent need for information to be provided at the time that contracts are being signed. Are there any moves in the department to ensure that that information is made available to people at that time so that they can properly match their contract payments to the expected level of risk they face?

**Mr R.H. COOK:** I thank the member. I will ask Mr Khan to provide some further technical information on that. The member will recall from the announcement recently made by the Premier on supporting the home building industry that part of that was delivering an education campaign for consumers, particularly those affected by delays, and making sure that they understand their rights. I take the member's point about people understanding the role that HII plays. It is not about the value of the home; it is about the value of the uncompleted works. Although someone might be in the middle of constructing a \$500 000 house, it does not mean that they will necessarily need to claim \$500 000; it would be for the unfinished component of that project. That is why we have more confidence in that.

The member is quite right; it is a state government insurance scheme, which we administer through QBE as part of that funding package. I think it is around \$200 000 a year over the forward estimates. Just by way of further information, I would say that the insurance policy is to insure the owner and any successors in title from financial losses in the form of a loss of deposit; non-completion of a home; any defects that may be discovered within six years of practical completion; or in the event that the builder dies, disappears or becomes insolvent.

**Mr R.S. LOVE:** In order for the government to make an informed decision on this and to actually get some movement, I wonder if it would be worthwhile briefing the Premier on the arrangements, because in the estimates discussions held here on Tuesday or Wednesday, the Premier made a statement along the lines that he preferred not to get involved, he would rather have private insurers dealing with this matter, and he was not aware that the government is already involved. The Insurance Commission of Western Australia did alert him to that at the end of the day, but I think there needs to be an understanding that this is not putting a toe in the water. The government already has its foot in the water; it just needs to get down a bit deeper and actually provide the level of cover that people need.

The minister made the point that the insurance is to help with the unconstructed part of the contract. The problem is that, practically, a home builder trying to get somebody to come into a half-built house and accept the warranty situation and everything else will find, as my constituent did, that it will cost as much again to get someone else to come in as was the original contract price for the half-built house.

**Mr R.H. COOK:** Member, I appreciate that. I think the Premier was trying to say that we essentially support QBE to provide the product. QBE does the risk assessment, the assessment of claims and the payment of claims, and we support QBE in that endeavour. I think that is the point that the Premier was trying to make.

**Mr R.S. LOVE:** No; with respect, I think he was talking about risk.

**Mr R.H. COOK:** I take the member's point that part of the challenge is to find another builder to step in, for want of a better description. These are issues that we discuss and have been discussing with the industry over a period to really look at initiatives and opportunities to continue to support it through what is quite a stressful time for the industry. I hope that as we overcome this period of stress, we will start to see better movement of workforce, both from interstate and overseas, and as we get through the big flush of home building projects that are taking place at the moment, we will start to see a little bit more flexibility coming into the industry as well.

[11.20 am]

**Mr V.A. CATANIA:** Legislation was brought in last year to protect subcontractors.

**Mr R.H. COOK:** The security of payment legislation.

**Mr V.A. CATANIA:** Yes, the security of payment bill, which did not include cascading trusts to enable some protection of money in the form of deposits so that subcontractors could be protected for the work they had done. A few builders went broke prior to the legislation being introduced and a few have gone broke after the legislation was introduced. Will the government expand that legislation to include the whole construction industry—the housing industry—to protect not only people who get caught out by builders going broke, but also contractors who lose out when a builder goes into receivership and they are left out of pocket if they have done the bricks, tiled a bathroom, installed a roof—you name it? Will the government think about providing some security for those contractors, the tradies, who end up out of pocket as well?

**Mr R.H. COOK:** The implementation of the Building and Construction Industry (Security of Payment) Act is a pretty complex and long-term piece of work. I might just go through where that particular work is at. I accept that the member says that it should be extended.

**Mr V.A. CATANIA:** It is hard to find in the budget.

**Mr R.H. COOK:** It is not in there. I was going to say, “Get stuffed! It’s not in the budget”, but let me provide some information and I will ask one of the officers to provide some also.

**Mr V.A. CATANIA:** The minister is very kind. I have always said that he is a good minister.

**Mr R.H. COOK:** That act received royal assent in June last year. Sections 1, 2 and 98 of the act have commenced operation, with the remaining sections to be proclaimed to commence operation, and different dates will be set for the commencement of different sections. Last year’s budget had \$6.4 million going to the Department of Mines, Industry Regulation and Safety for the recruitment of new staff and industry awareness measures to implement and enforce the act. In September 2021, an action plan for implementation was released, setting out when the act will be proclaimed to commence operation. There are three stages to the implementation to enable community awareness measures to be delivered and industry to adapt to its practices. The majority of the act will be proclaimed and commence operation in August 2022. That is for stage 1. Stage 2 will occur in February 2023, and the third and final stage will occur in February 2024. The member will understand from that that the actual implementation of the act is a fairly long-term piece of work.

The nub of the member’s question was: will the government now extend that to the domestic construction industry? In the first instance, I think we should simply implement the scope of the act in its current form and make sure that it does all the things we want it to do and that there are no unintended consequences before we extend it beyond that. There is also a big difference between the domestic housing construction industry and the larger projects, as they tend to involve smaller contractors and even smaller subcontractors than we see on big projects such as Perth Children’s Hospital. From that point of view, it would be a more difficult approach. I will see whether the director general or any of his officers can shed further light on that.

**Mr R. Sellers:** There is a lot of work involved in this. I know that Mr Abdoolakhan has been involved in industry discussions around different levels, so maybe Mr Abdoolakhan can update us on some of those consultations.

**Mr S. Abdoolakhan:** What I can add to what the minister and the director general mentioned is that, at this stage, a lot of arrangements are done verbally—there are no written contracts between the builders and the subcontractors. What we are hoping will happen with the new laws is that as part of the \$6.4 million, a fair component of that will be on education about the new laws. We will go out and educate industry about the importance of having written contracts between themselves and the builders. We hope that through this more people will have proper recourse to the law, which they currently do not have because they do not have any written arrangement between themselves and the builder or head contractor.

**Mr V.A. CATANIA:** I have a further question on the security of payment legislation. Prior to that bill being introduced and assented to, a company called Pindan went into receivership. That company did a lot of work for the government. I do not know whether this comes under the Minister for Housing, who obviously has a lot of skin in the game in terms of the construction and maintenance of the government’s housing stock, but there was a settlement of somewhere in the order of 40¢ to 80¢ in the dollar for those contractors who lost out. Is the minister aware of whether that has been finalised and the subcontractors for the government have been paid in the order of 40¢ to 80¢ in the dollar? The minister can tell me if this is not the area to ask that.

**Mr R.H. COOK:** I think it is going to be more of the latter, but I appreciate the member’s concern.

**Mr R.S. LOVE:** I refer to page 248 of budget paper No 2, volume 1, and to the outcomes and key efficiency indicators.

**Mr R.H. COOK:** Is this under “Industry Advice and Regulation”?

**Mr R.S. LOVE:** Actually, it is under the heading “Protecting Workers and Supporting Consumers”. Sorry; it is on page 243. I am not really able to identify a specific line item for FuelWatch, but I would have thought that it

would come under protecting workers and supporting consumers—it comes under the department—so I will ask for some latitude. Is FuelWatch receiving the level of support it needs to properly inform the community about the situation with fuel? I will ask that and then I will ask a couple of follow-up questions on that matter. As the minister knows, the price cycle seems to have changed and now runs for a fortnight, and fuel prices have been affected greatly by overseas events. There is the potential for consumers to feel that they are being gouged on price. I just want to understand whether the FuelWatch program is being funded properly.

**Mr R.H. COOK:** I thank the member for the question. FuelWatch is uppermost in people's minds at the moment as we see the pressure on fuel prices. The member would be aware that the government announced just yesterday that it will extend FuelWatch to the ServiceWA app so that members of the public will have an even easier way to refer to the website and get guidance on the cheapest places to purchase fuel. I wish I had the number off the top of my head, but it is one of the government websites that receives the most hits. I do not want to spoil the officer's thunder, because I know that Gary has a lot of information that he would like to share in response to the member's question. With the chair's indulgence, I will ask Gary to make some comments.

[11.30 am]

**Mr G. Newcombe:** FuelWatch is relatively small in the sense of the number of people devoted to it, but our promotion of it uses media extensively. As the minister indicated, the website is one of the most visited of any in government. We average 1.5 million hits a month on that. We promote it very regularly. The fuel cycle changed from one week to two weeks. That was driven by a couple of retailers, Ampol being one of them. We do not have control over that and it is not FuelWatch's responsibility to control that. We have been very active in promoting the impact of that change and advising people to fill up—you see that physically, with people taking note of that, because petrol stations are very active on the days that we put fuel alerts out. That is covered free of charge by all media, including television. We regularly include that in all our other communications. From the point of view of communication, we believe it is a very well-known service within the public and well understood. We do not see a need for more work on publicity.

We have seen more focus on fuel prices, as the member has rightly said, with a significant increase driven largely by overseas conditions and partly also by the dropping Australian dollar, which has an impact on fuel prices in Australia because of the payment differential between the Australian dollar and the US dollar. We have also seen some activity around the commonwealth government's cut in the federal fuel excise. The commonwealth government did charge the Australian Competition and Consumer Commission with the responsibility for ensuring that cut was passed on. We are also actively monitoring that. We look at the difference between the terminal gate price, or the wholesale price that fuel is sold at, and the retail price. That indicates at the moment, and has since March, that retail margins are quite low—around the 5¢ a litre mark. We are actively in that space looking to see that gouging is not taking place. We have not seen any evidence of that at the moment. We are seeing as well a lot of fuel retailers taking more of their profit from non-fuel sales. Ampol, particularly, has rebranded a lot of its sites as Ampol Foodary. That is because it has a large-scale arrangement for selling non-petrol products.

We are very active in that space. It is very well known that we get a lot of consumer action, which identifies consumers are aware of the price alerts. The two-week cycle is a concern because many people cannot carry through on a full tank. Our advice to people in that case is if they cannot get through with a full tank by purchasing on the cheapest day of the two-week cycle, they should top up, not fill up, in the middle of that cycle because they risk paying a higher cost. FuelWatch also identified very major variations in prices on any particular day, so there is still an opportunity for people to make quite significant savings if they use FuelWatch. Some people do not use it and for them the price of fuel is not a major issue, but where it is, we believe we have the right level of engagement with the community and publicity around it for people to take advantage of it.

**Mr R.S. LOVE:** Back in March, I think, Josh Zimmerman's article in *The West Australian* highlighted that the government has the power to intervene in pricing fuel under the Petroleum Products Pricing Act, which is still in force. When the minister says the government does not have the ability to interrupt that fortnightly price cycle, that would seem to fly in the face of the powers that apparently lie under that act, and he could, in fact, intervene to ensure that it goes back to at least a weekly cycle so that motorists are not forced to pay sometimes 30¢ or 40¢ a litre more on a Thursday or a Sunday or whatever the cycle is. Has the government considered beefing up FuelWatch and making it more of an agency that can ensure that consumers are truly protected?

**Mr R.H. COOK:** As I mentioned, FuelWatch is now being migrated to the ServiceWA app, so everyone will be able to access that information much more easily. The FuelWatch website has 1.5 million hits a month, so we know it is a widely utilised and appreciated service. In relation to the act of Parliament the member referenced, I understand that was some time ago and it has never been utilised, and I think there are significant barriers to utilising it, but I ask Gary to make some further comments.

**Mr G. Newcombe:** It is true that under that legislation there is a capacity to set a fuel price. I can say that back in the early to mid-1980s that was used. However, what happened was the fuel price that was set and published weekly was always considerably above the maximum price being charged in the market. It never had any impact on reducing the price. Although this is a policy decision, so obviously not for me to say, the difficulty in setting price is manifold in that judgements need to be made about it and there are also questions about whether retailers or suppliers will

supply into Western Australia at a price lower, if it is set lower, than they can get in other jurisdictions. Governments normally do not set prices as a matter of course for consumer goods. I can say it was used previously, but it had absolutely no impact on the price charged in the marketplace, and many, many issues would need to be considered if that were used.

What tends to happen—the member has potentially observed this himself—is that often fuel stations that are at the peak of the price are selling no fuel; they do not have customers. If customers purchase on the lowest end of the cycle, in many cases they are buying fuel below the current wholesale price. The way FuelWatch is set up and the market has operated for a long time is to give consumers the information to make the choices and to purchase at the lowest point in the cycle. The member’s point about the two-week cycle has identified that that has created some complications. We are not sure whether that will continue and we are interested in seeing how the market operates. The last major increase that happened was last week, when we saw Puma, an independent that generally prices towards the bottom of the cycle, become the most expensive retailer in metropolitan Perth; it increased its price by more than 45¢ a litre. That is unusual. It is not clear why it has done that. From its point of view, I think it is a mistake, because the independents are real market positioners, driven by them being the cheapest.

As I say, there is that option; it is a matter for government about policy. It was used, but it was completely unsuccessful when it was last used and it has many problems attached to it. FuelWatch itself still gives consumers the information to make the choice to get the best price that is currently available.

**Mr R.S. LOVE:** The point I was making was not so much that the government should regulate the price, but that it could prevent this long cycle that prevents people from being able to pick a particular day when they can fill up at a reasonable price. I also suggest that it is a very unusual market in terms of structure in that we have very few players at one end, being the wholesale end. There might be competition in the retail market, but I am not sure it is by any means a perfect market, and left to its own devices, it may lead to poor outcomes for consumers. Getting back to that point on consumer protection, it is a reason for the government to make a decision to get a better understanding of what is going on and, if necessary, to act to do that. I ask again: if this two-week cycle continues, will the government act to try to bring that back to something we have been able to traditionally accept in Western Australia, being the one-week cycle?

[11.40 am]

**Mr R.H. COOK:** We continue to monitor all situations with regard to any economic pressures or strains. We know why the situation with the price of fuel is occurring at the moment. It has to do with international issues, and primarily the geopolitical situation in Ukraine. The member is right: Western Australia is a small market for the wholesalers and, to a certain extent, we are limited in how we can influence their activities. As Mr Newcombe said, they will simply divert their product to other markets where there is less regulation. The way that we empower consumers and make the market work better is to inform consumers to shift their behaviour consistent with the fluctuations in the price of fuel and to take advantage of those price fluctuations. From that perspective, I think the real role of the state government is to make sure that people, as best they can, are informed of any movements in price and can shift their behaviour accordingly.

**Mr V.A. CATANIA:** I refer to paragraph 6.1 on page 243 of the *Budget statements* that states —

progressing reforms to the *Residential Tenancies Act 1987* to promote security of tenure and reduce time to resolve disputes;

What is the progress of the reforms to the Residential Tenancies Act 1987 to promote the security of tenure and reduce the time taken to resolve disputes?

**Mr R.H. COOK:** The decision regulatory impact statement made recommendations on the first phase of reforms to the Residential Tenancies Act and is expected to be published in the second half of this year. The DRIS focuses on key proposals to improve tenants’ security of tenure, make tenants feel at home in their rental premises, and streamline the dispute resolution processes. As the member is aware, the act regulates the relationship between lessors and tenants. In December 2019, the Consumer Protection division of DMIRS released a consultation regulatory impact statement—CRIS—for public comment on the review of the RTA. The CRIS outlined a number of potential reforms of the RTA across the life cycle of a tenancy. These include measures to improve tenants’ security of tenure; streamline the dispute resolution processes; introduce minimum standards for rental premises; allow tenants to keep pets and make minor modifications; reduce the frequency of rent increases; and regulate boarding and lodging. More than 350 submissions were received in response to the CRIS proposals. As a result of the coronavirus pandemic, there was a range of delays. Key issues have been prioritised for implementation in the first phase of the reforms. The DRIS makes recommendations to the government on dispute resolution, security of tenure, frequency of rent reviews, and pets and minor modifications to premises by tenants. It is expected that the DRIS will be published in the second half of this year.

**Mr V.A. CATANIA:** Thank you, minister. I have a new question. Can the minister also provide an update on paragraph 6.3 on page 243 of the *Budget statements*, “progressing reforms to the Retirement Villages Act 1992”? When will that come before the house?

**Mr R.H. COOK:** The decision regulatory impact statement around retirement villages recommends making amendments to the Retirement Villages Act to improve consumer protection for residents and prospective residents of retirement villages, to streamline pre-contractual disclosure requirements and to manage significant changes that may need to be made to a retirement village. The member would be aware that there was a lot of coverage on this issue. One of the issues that impacted on residents in particular was when they moved out of a retirement village and had to wait three or four years in some cases before they received the proceeds of the sale of their premises. That put them under significant strain. Under those arrangements, the retirement village owner had to provide them with only the value of their property minus various fees and depreciation and so on after they then onsold the property. Some people were waiting for many months, and often years, before they could receive that entitlement. The CRIS received 156 submissions. We are continuing to work with government and industry on introducing a system of reforms to make sure that people receive their entitlements much sooner. There are discussions with industry about when that time will fall due. Obviously, we want to see that happen sooner rather than later. Industry is telling us it has cash flow issues that it needs to address, so that might require a transition period before implementing the recommendations. I will ask the department to provide further detail.

**Mr R. Sellers:** Thank you, minister. We had some independent work done that has started to get some granularity around what the difference might be in the cash flow for the businesses and for the people who are waiting. I might ask Mr Newcombe to talk a little bit about some of the other work we are getting done around this.

**Mr G. Newcombe:** The issue of exit entitlements has been undoubtedly the most contentious issue and has quite differing views from industry compared with residents. It is also an area in which very little work has been done in Australia to justify the positions that have been undertaken. We engaged Western Australian Treasury Corporation to undertake an independent analysis of the issues and what might be an appropriate set of options and what the financial impact of those various options might be for the way the industry operates. There is a bit of a distinction between the industry here in Western Australia and the eastern states in that a lot of the industry here is operated by what we call not-for-profits, as opposed to the commercial enterprises that tend to dominate the eastern states. This is the first work of its kind that has been done anywhere in Australia, and it has been made available and presented to industry. The industry is aware of the analysis and it contributed to and supported that analysis. That has produced a range of options that have been given to government. That is a matter for government to determine at this stage. But, for the first time, we actually have an independent economic assessment of the impact of the requirement to pay out at various times.

**Mr V.A. CATANIA:** Will these potential changes be done in this term of government?

**Mr R.H. COOK:** Yes.

**Mr V.A. CATANIA:** Does the minister have a specific time frame for doing that over the next three years?

**Mr R.H. COOK:** No. It is still subject to consultation.

**Mr V.A. CATANIA:** Surely the minister would be putting the people who are out of pocket first or whose ability to move elsewhere and put a roof over their head has been interrupted. Surely this is a priority for the government. There is a sense of urgency for this piece of legislation to protect the residents and allow them to move on. Surely it is a priority for the government, given that it affects quite a few people.

**Mr R.H. COOK:** Yes, member. We are very concerned about the impact it has on residents, particularly those who have to move on not just to another premises, but, potentially, into hospital or a higher level of care. I know that Mr Newcombe's division has done quite a bit of work around that cohort, so I might ask him to make some further comments on that.

[11.50 am]

**Mr G. Newcombe:** Yes, the member is absolutely right. Obviously, our focus is on this issue. Residents leave for three reasons. Unfortunately, one reason is that many actually die and it then becomes an issue for their estate and the estate has an interest. Others move on to higher levels of care and need to make payments for that. A smaller cohort of people might move out of the retirement village entirely or into a different retirement village. The reason it is contentious is that there is the question of when people are paid out.

I will just put the industry position on its behalf. Industry is concerned about the impact on financial viability and having capital reserves to make those payments in advance of a property potentially being sold. That is the point of tension. We have put a lot of emphasis on the need to ensure that residents are paid more promptly than they are now. That is the area in which we are developing some options on a continuum that government will need to consider. I know that government is talking to industry and resident representatives about that as well.

**Mr V.A. CATANIA:** That was one of the defences, or the defence, for not putting charitable trusts in the subcontractors' security of payment legislation, as committed to by the Labor Party. One of the reasons was that it affects the cash flow of companies that go from job to job or that use the money from one job to top up another job to get that cash flow. However, no-one is talking about the poor old subcontractor who is losing money because of the cash flow

required by these so-called big companies. This is the same sort of situation with cash flow. I understand the problems; I am not naive to them, but we have the cash flow of these not-for-profits or whatever and then there is a resident who is at the end of their life and cannot afford to go to a home or who has passed away and their son, daughter or family members need the money for various reasons and cannot get it cleared. One can understand the pain that it causes and also the anger, I would imagine, when everyone talks about the cash flow of the business. What about the cash flow of the individual who is at the end of their life and who does not deserve to go through this heartache? Anything we can do to hasten bringing on legislation to protect the resident or the inheritor is much needed.

**Mr R.H. COOK:** Thank you, member.

**Mr M. HUGHES:** I refer to page 242 of budget paper No 2 and paragraph 5. My question relates to the recommendations contained in the building confidence report. Can the minister provide an update on what the government is doing to implement those recommendations?

**Mr V.A. CATANIA:** In a note to *Hansard*, he has not got his budget paper open. He is reading from a sheet.

**Mr M. HUGHES:** So what?

**Mr P.C. TINLEY:** He is studious and has a copious amounts of notes, member. He does not need to refer to the papers.

**Mr R.H. COOK:** Member, that is exactly what the member for Moore did with his last question. I assume they have made notes.

**The CHAIR:** Members, we have only five minutes to go, so let us move on. Minister, go ahead.

**Mr R.H. COOK:** This runs off the back of the report by Professor Shergold and Bronwyn Weir entitled *Building confidence: Improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia*—otherwise referred to as the building confidence report. That report was commissioned by the building ministers' forum and it produced 24 recommendations to improve the national best practice model for effectively implementing building regulation and the National Construction Code. The McGowan government, in conjunction with all the other states and territories, responded to the building confidence report and committed to reviewing and strengthening the sector through a suite of law reforms. We have already made some advances with those reforms. Last year, the department published the comprehensive Building and energy: Building compliance audit strategy 2021–2024, which sets out the strategic five-year plan and vision for both general and specific compliance audits. The strategy received praise from Ms Bronwyn Weir, who commented on it. Last month, an enforceable code of conduct for building surveyors was approved and published by the Building Commissioner, which clearly sets out the standard of conduct expected of building surveyors operating in WA. In addition, a review into the registration scheme for building engineers in WA, which is a priority law reform, has been finalised and will be considered and released very shortly.

The department is also finalising a broader review to strengthen the state's building laws to reform the process for the approval, certification and inspection of residential and commercial buildings, as well as the registration of builders. I anticipate receiving the final decision regulatory impact statement with recommendations in the second half of this year.

This is an important issue in the context of people having confidence that when they are building, particularly investing in multistorey developments with multiple owners, all the certifications and standards that one would expect for a building of this sort are met. We do not want to see happening in Western Australia those things that we see happening in New South Wales whereby people move into these high-rise apartments and then have to vacate them for safety reasons and are left with no recourse, or a recourse that takes many months or years to receive an outcome on. This is an important initiative. I look forward to continuing to be a part of that national reform process.

**Mr V.A. CATANIA:** Will a common boundary wall that has not been constructed to specifications and may involve 10 to 20 properties in a housing development be potentially included in this legislation?

**Mr R.H. COOK:** It goes to the issue of the process certification. It is not necessarily about the quality of the wall, but the quality of the person assessing the wall. If the question is specifically about barriers such as fences and things of that nature, I do not understand the specifics of that. I might ask Mr Abdoolakhan to clarify that for the member.

**Mr S. Abdoolakhan:** The answer is no. The dividing fence laws come under different legislation. The part of the project that we have been working on is about reviewing the full approval process for buildings in general—single residential buildings and apartment buildings et cetera. As part of that, we are looking at the process for the registration of builders. We are proposing a system of improving the certification for buildings going forward. The work on dividing fence laws has not started. Our priority has been to focus our work on security of payment, which has been high on our agenda, and reforming the registration scheme, which is a bigger amount of work, and the approval process. The next item on our agenda will be dividing fences, but that will be further down the track. At this stage, we have not been devoting any resources to that.

**The appropriation was recommended.**

*Meeting suspended from 11.58 am to 1.00 pm*

**Synergy —**

Mrs L.A. Munday, Chair.

Mr W.J. Johnston, Minister for Energy.

Mr D. Fyfe, Acting Chief Executive Officer.

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

Mr J. Thomas, Acting Coordinator of Energy, Energy Policy WA.

Mr R. Sao, Chief of Staff, Minister for Energy.

Mrs A. Keogh, Principal Policy Adviser.

Ms Y. Lucas, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Just to be clear with everyone in the room, we will be conducting proceedings in half-hour blocks, so Synergy first, followed by Western Power, Horizon Power and the Gold Corporation. We will shut down each one of those at the half-hour mark when it is due.

The member for Cottesloe is dialling in to join us. I give the call to him.

**Dr D.J. HONEY:** On pages 790 to 791 in budget paper No 2, volume 2, 21 issues are listed, but there is no mention of the way in which reductions to the cost of electricity are being provided to customers. Is the minister able to outline any initiatives taken over the past five years that has reduced or will reduce the cost structure?

**Mr W.J. JOHNSTON:** I am not quite sure what the member means by that question. Is he referring to the electricity system or Synergy's operations?

**Dr D.J. HONEY:** I am referring to the cost of electricity to customers. One of the comments that the minister has made on a number of occasions is that as we develop the network, particularly towards renewables, that should lead to a reduction in the cost of electricity. But of course, we have seen a continued increase in the cost of electricity. I appreciate that the government has offered subsidies on two occasions, the one made before and the one it is offering for the future, but the base cost has continued to increase.

**Mr W.J. JOHNSTON:** I think the member is a bit confused. Firstly, I never said that the cost of electricity would fall. I said that the structure of the market in Western Australia is such that the price in Western Australia is stable and as we increase the amount of renewables in the system, that will add stability to the pricing. We need a network that works with a high level of renewables. That is a policy question that relates to Energy Policy WA. If the member is asking about the operations of Synergy, which is what we are doing here, I would say that the member is raising two separate issues: firstly, the price paid by customers for electricity and, secondly, the cost of producing the electricity.

In respect of that second issue, budget papers over the last years have outlined in detail how we are taking costs out of Synergy so that the subsidy paid by taxpayers to Synergy has fallen. It was in the billions of dollars when the last government was in power, and it is now down to the hundreds of millions. We want to see those subsidies reduced further and we have a continuing reform program going on inside Synergy, but that is about the costs of Synergy and about how much we subsidise Synergy from taxpayers. As I said, the subsidy today is significantly smaller than it was before I was minister, when Dr Nahan and Hon Peter Collier were ministers.

In respect of the price of electricity, the good news is that we continue to have very low price levels for consumers' electricity. In fact, in Western Australia, the budget papers show a two and a half per cent increase in the price of electricity, which equates to about \$45 on the average bill, but we are providing a \$400 rebate to customers of Synergy. That will not be provided by Synergy; that will be provided by Treasury. I noticed that the member did not ask any questions of Treasury about that. That would have been the member's opportunity to investigate that. I also make the point that on the east coast, in New South Wales the expected increase in the default market offers at the moment are between 8.5 per cent and 18.3 per cent, and for residential customers in southeast Queensland the increase is between 11.3 per cent and 12.6 per cent. The price of electricity in WA, which the member understands, is one of the lowest in Australia—only Tasmania has a lower price than us. Not only do we have a low price, but the price is going up only very, very marginally compared with the very extensive increase in the price of electricity on the east coast.

Nobody wants to put up electricity prices; that is why we have not followed through on the Liberal Party putting up electricity prices by 96 per cent. We are not doing that. Yes, there is a two and a half per cent increase in the A1 tariff. As I said, that is about an average of \$45, which will be completely offset by the \$400 rebate that the government of Western Australia will provide to Synergy customers. The good news is that is about the equivalent of three months' free electricity for most customers in Western Australia. I know from the feedback that I am getting—I am sure it is the same for the member for Cottesloe—in my electorate that the decision of the Treasurer; Premier to introduce the \$400 rebate has been widely supported. Indeed, I note that the member asked us to do that in the lead-up to the budget. I am sure that he is very pleased that we responded positively to him. Of course, we had already made our decision to do that, but as I said, the \$400 is a matter for the Treasurer. I note that the Liberal and National Parties did not ask any questions on that yesterday when the Treasurer was here.

We continue to have a program to drive costs out of Synergy's operation so that the subsidies that we are providing to Synergy fall over time. One of the other things we have done with the subsidies is that we are allocating to specific non-economic activity. As an example, we now provide a specific subsidy for the losses incurred because Synergy buys all the rooftop solar. That is an example of the subsidies. We now directly subsidise the energy assistance payment. That used to be borne directly by Synergy, but now Treasury pays for that.

We are reimbursing Synergy for its share of the tariff equalisation contribution that is paid to Horizon Power. We do it that way because some businesses in the system, other than Synergy, are paying the TEC. If we simply pay the TEC, the whole cost would fall on taxpayers, but by doing it this way, only the proportion of the TEC being paid by Synergy is being paid for by the taxpayer, and the rest—it is not the major part; the major part is Synergy—is paid by the private sector.

[1.10 pm]

The other thing we are doing is providing a specific subsidy to Synergy because it has to use its plant in a non-economic fashion to support stability inside the grid as we transition to a higher level of renewables.

There are three separate issues in the member's question. The first is the \$400 rebate. That is a Treasury question. The second is the price increase of 2.5 per cent. That is significantly below what is happening on the east coast. It keeps our A1 tariff significantly below the average price of electricity around the country. The third is costs. That is a continuing program. I am pleased that Synergy has responded so positively to our campaign to drive costs out of the business.

**Dr D.J. HONEY:** I thank the minister for the answer to that question. As the minister knows, I made sure that I donated my \$400 to some people who needed it.

I refer to budget paper No 2, volume 2, page 790, significant issues. Page 791 refers to climate change and a target of net zero greenhouse gas emissions by 2050. Page 793 refers to a 2022–23 budget target of a 50 per cent reduction in Synergy's scope 1 emissions compared with 2005 levels. That is direct emissions from Synergy into the network. How much of that 50 per cent reduction will be as a result of a reduction in generation from Synergy, because other parties have no doubt been contributing more generation to the network since 2005, and how much will be an actual decrease in Synergy's CO<sub>2</sub> generation in gigawatts or megawatts or whatever measure the minister chooses to use?

**Mr W.J. JOHNSTON:** Again, chair, I am not quite sure how to answer this question, because it is a policy question. We are examining Synergy. If the member wants to ask about policy matters, he needs to raise that when Energy Policy WA is here.

**Dr D.J. HONEY:** I am not asking a policy question. I am asking how much of the reduction has been achieved simply through a reduction in output by Synergy. Synergy has reduced proportionately the amount of energy that it is directly producing into the network, because rooftop solar and other sources of electricity are coming in. How much will the reduction in intrinsic CO<sub>2</sub> production by Synergy itself be per gigawatt or megawatt of power? It is not a policy question.

**Mr W.J. JOHNSTON:** The member does not seem to understand the way the system works. The member asked how much of the reduction in CO<sub>2</sub> emissions is because of the fact that we are using more rooftop solar. Synergy pays for all the rooftop solar energy that is injected into the system. Obviously, we do not pay for what is used behind the meter, but we buy 100 per cent of the rooftop solar energy that is produced. That is Synergy's energy. This is the whole point I keep making to the member. I apologise if the member does not understand this. I have tried to arrange briefings et cetera for the member so that he will have an understanding of these things. The whole purpose of the reform program is to have renewables as the generation of choice. The whole tenet of the member's question shows that he does not understand how the electricity system works. This is what we are doing. We are displacing old-fashioned technologies with new-fashioned technologies.

The member for Collie–Preston is in the chamber. I went to Collie just two week ago to engage again with all the people in Collie, because we will be closing Muja C5 in October, and I wanted to make sure that I was taking feedback from the people in Collie and that they would understand the transition that we are in. The basis of the member for Cottesloe's question shows that he misunderstands what is occurring. The member sort of dismisses that and says

Synergy is not responsible for rooftop solar. Of course it is responsible—it buys 100 per cent of the rooftop solar. That is why we have to change the way Synergy works. One of the new objectives that the Synergy board has endorsed is to become more involved in distributed energy resources. We are doing the pilot project—Project Symphony—in the south-eastern corridor. That is the whole point. The member is suggesting that is somehow unrelated to what we are doing. The member needs to get away from this old-fashioned thinking. Synergy is not responsible for the carbon emissions of others, but it has had a 50 per cent reduction in carbon emissions in its generation fleet since 2005. The New South Wales Minister for Energy and Environment, Matt Kean—I get on very well with Matt—has set a target of a 50 per cent reduction by 2030. Synergy has already achieved that. The member dismisses that as though it is not important. It is structural change. It is a different way of operating a business.

I regularly talk to the Synergy workforce about how proud I am of the work Synergy is doing to respond to the new way of doing energy. However, there is a consequence. There have been 40 redundancies because of the decision we have made. That is affecting real people. That is why I go down there and talk to them. I do not want them to think that I do not understand the sacrifice they are making because of the fact that we are changing the way Synergy works.

**Dr D.J. HONEY:** Thank you very much, minister. I think I have a pretty good understanding of how it works; however, the question was clearly imprecise for the minister. To put it another way, what were Synergy's CO<sub>2</sub> emissions in 2020–21 versus the anticipated emissions in 2022–23?

**Mr W.J. JOHNSTON:** The scope 1 and 2 emissions in the financial year 2020–21 were 5.2 million tonnes, and with the retirement of Muja C, that will fall to 4.7 million tonnes, so we will be reducing our CO<sub>2</sub> emissions by half a million tonnes. I want to make a point about this. The Collie coal-fired power station, which is obviously the largest one in the system, was not switched on once between the middle of September and the middle of November last year; for six weeks, it was not used. That is a massive reduction in carbon emissions. The member says that is only because rooftop solar has replaced it. That is the whole point. That is the strategy. That is what we are trying to achieve. The member dismisses it, and then he says he understands how it works. The member's question clearly shows that he does not understand how it works. That is the whole point of what we are doing. We are trying to build the space to allow renewables to come in. The best renewables are the ones that mums and dads pay for, because then the taxpayers do not have to pay for it. Western Australian taxpayers have invested significantly in renewable energy in Western Australia through Bright Energy Investments and also through the big battery in Kwinana. It is great that other people are doing the investment as well. The member is dismissing our strategy, but then he is describing it. That is our strategy.

**Dr D.J. HONEY:** Minister, the estimates debate is not supposed to be an opportunity for gratuitous insults. I have not dismissed any of those issues around the move to renewables or the move to rooftop solar. I am simply trying to ascertain by how much Synergy's operations will reduce its CO<sub>2</sub> emissions overall. In any case, what impact will that transition to a further reduction have on costs? Does the minister anticipate that it will be a significant cost, or does the minister think that it will continue to be a relatively minor component of the cost of moving to a further reduction in CO<sub>2</sub> emissions?

**Mr W.J. JOHNSTON:** Which costs is the member referring to?

**Dr D.J. HONEY:** The cost of moving from the current level, with scope 1 and scope 2 emissions. I note that the key performance indicator in the table on page 793 refers only to scope 1 emissions. Does the minister anticipate that the target of reducing CO<sub>2</sub> emissions from 5.2 million tonnes to 4.7 million tonnes will add any cost to the production of electricity, or does the minister think the cost will be relatively benign?

**Mr W.J. JOHNSTON:** Is that page 793?

**Dr D.J. HONEY:** Yes. The table at the top of the page, "Outcomes and Key Performance Indicators", refers to the reduction in scope 1 emissions. The minister has just told me that the target for scope 1 emissions is a 50 per cent reduction compared with 2005.

[1.20 pm]

**Mr W.J. JOHNSTON:** There are some costs. Now I understand the question.

**Dr D.J. HONEY:** The minister quoted the numbers for scope 1 and scope 2, which I am fine with; I am not fussed about that. Is there any additional cost or is that relatively benign?

**Mr W.J. JOHNSTON:** We have already taken a range of costs for the closure of Muja C. A range of costs are built into closing Muja C. They are already in the financial statements for the business. I was criticised by the member and others for the \$450 million writedown of the valuation of the assets of Synergy. Part of that writedown was the writedown in the valuation of Muja C. The valuation is done by looking at future earnings. Obviously, if the plant is switched off, the future earnings will disappear. Therefore, we have to write off those future earnings. That reduces the capital base, which allows us to make more profit in the future because we are removing the future costs. There are redundancy expenses. Interestingly, the rehabilitation expenses and the decommissioning expenses are not significant because they have to be paid anyway. We have to bring forward the decommissioning costs,

but they are not considered material in the future costs profile because it has to be done eventually anyway. All the cost impacts of closing Muja C were identified and included in the business's parameters when we made the announcement three years ago. The chief executive has just confirmed that there has been no increase in those costs that were identified three years ago.

**Dr D.J. HONEY:** I refer to page 797 of budget paper No 2 and the forecast loss of land from non-contestable customers for reasons that include competition from other retailers. Can the minister outline the anticipated mix? For example, does he anticipate that that is the natural growth in rooftop solar and households producing more of their own energy or does he foresee that other potential suppliers will be coming into that market?

**Mr W.J. JOHNSTON:** I point out that there is a full stop there. It states —

Synergy's energy demand from non-contestable customers is forecast to decline over the next five years.

Then it states —

Changes in customer expectations ... competition from other retailers ...

That does not refer to the non-contestable customers; that is a comment about all of Synergy's customers. Yes, we expect that there will be a continued decline in the volume of the A1 tariff because more people will be moving to rooftop solar. During the COVID pandemic, we thought there might have been a slowdown in the move to rooftop solar, but it accelerated. When I became minister, the planning assumption was about 200 megawatts a year; 250 to 300 megawatts is now the planning assumption. We expect the number of people moving to rooftop solar to accelerate and not decline. On the basis that we have the second or third highest rooftop penetration in the world, we expect that to go from the current 35 per cent to 50 per cent. Although that is a policy question, that is the planning assumption used by Synergy as well.

We also have an estimate for the number of people who will install batteries. We thought there would be a decline in the cost of batteries and that has not eventuated. Whether that holds up the rollout of batteries—currently, home batteries are not significant—whether our expectation matches what happens and whether that accelerates in the future, we think it will. That was on the basis that we thought the cost of home batteries would fall over time and that has not happened. Whether our planning assumption proves true is yet to be seen.

**Dr D.J. HONEY:** I refer to “COVID-19 Response” at the bottom of page 794. It states that \$1.6 million will be invested in the Smart Energy for Social Housing project. At the outset, I think that is a laudable thing to do—to ensure that not only wealthy people who live in the good suburbs can have solar benefit from it. Why will that be funded through Synergy and why is it not a measure of government itself out of consolidated revenue? I appreciate that, ultimately, being a 100 per cent government-owned agency, the minister might say it all nets out, but I would have thought it was more appropriate for it to be direct expenditure from consolidated revenue than Synergy taking it on. Could the minister explain why this will be done by Synergy?

**Mr W.J. JOHNSTON:** I am happy to do so. The equipment is actually the property of Synergy. One of the challenges was getting an understanding between the Department of Communities and Synergy so that Synergy could continue to own the equipment. The equipment that is being installed is an asset of Synergy. It is being funded by an equity injection. We are effectively buying shares, if you like, in Synergy. We are injecting additional capital. It is one of those examples of how we are providing money to Synergy to do activity that we want it to do, like we do with the energy assistance payment. It does come out of the budget. The member would have to ask Treasury where it deals with it. It is an injection from the general government sector to Synergy. Synergy then buys the assets and it will write those down over time. The electricity that goes to the residents is not free; there is a special SESH rate. One of the good things is that the Department of Communities is installing heat pumps that use energy during the day because that is effectively a battery. Hot water is created during the day when the electricity is cheaper because it comes off the solar panels. That means there is a significant reduction in cost. The heat pump has been the major component of savings for SESH participants. Of course, it is of benefit to the system because we are increasing daytime demand. As we know, daytime demand is critical for management of the system.

**The CHAIR:** Member for Cottesloe, I note that we have only about three minutes to the half hour for Synergy questions.

**Dr D.J. HONEY:** Thank you very much, chair.

I turn to the income statement table on page 796. I refer to the line item “Employee benefits”. There is a significant jump from the 2021–22 budget to the estimated actual. I see by the notes below that there is a significant change in FTEs. Then I see a reduction over time, which I appreciate is because the minister anticipates Synergy relatively reducing its input, if you like, into the electricity network. Could the minister explain that significant change in FTEs please?

**Mr W.J. JOHNSTON:** I thank the member for the question; it is an interesting one. We staffed up for a number of projects, including the Kwinana big battery and the decommissioning of the Kwinana power station. The change relates to short-term projects that unwind. Obviously, Synergy is not a government department; it is a business. When it executes capital projects, it takes on a team of people. That is the unwinding of the team of people who are being used to work on a range of capital projects.

**Dr D.J. HONEY:** What is the status of the Kwinana big battery, please?

**Mr W.J. JOHNSTON:** I might get Mr Fyfe to answer directly.

**The CHAIR:** And succinctly please!

**Mr W.J. JOHNSTON:** In that way, he can look after anything commercial.

**Mr D. Fyfe:** The big battery is a fairly substantial project for Synergy. I am pleased to say that the batteries are on their way. There are long lead times for batteries and large-scale transformers. I think the transformers are already in the country. Our target date is October. We are still striving for that. Like any project at the moment globally, there are a lot of supply chain issues that we are unpicking daily, but we are working very closely with our provider of that service and also the local WA-based contractor, GenusPlus Group, to maintain that schedule. It is challenging, but we are aiming for the battery to be in at the end of the year.

[1.30 pm]

**The CHAIR:** That completes the off-budget examination of Synergy. We will move to the off-budget examination of Western Power.

**Western Power —**

Mrs L.A. Munday, Chair.

Mr W.J. Johnston, Minister for Energy.

Mr S. Barbaro, Acting Chief Executive Officer.

Ms J. Hall, Chief Financial Officer.

Mr G. Landsborough, Executive Manager, Asset Management.

Mr J. Thomas, Acting Coordinator of Energy, Energy Policy WA.

Mr R. Sao, Chief of Staff, Minister for Energy.

Mrs A. Keogh, Principal Policy Adviser.

Ms Y. Lucas, Senior Policy Adviser.

[Witnesses introduced.]

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Go ahead, member for Cottesloe.

**Dr D.J. HONEY:** Thanks very much, chair. The minister would know that the issue of power reliability into Kalgoorlie in particular is pretty topical given the last few days. We saw the power outages over Christmas and the minister organised an independent review into that. One of the issues identified was the high loads because of the very high temperatures; in fact, I think 63 per cent of the total number of customers affected by outages related to load on the system. One of the confounding factors was the inability to re-initiate the system due to the bushfire management protocols effectively, or at least the fire ban protocols. For the outage we saw over the weekend, there did not appear to be an issue of extreme weather causing high demand. Neither can I say there was extreme weather with storms and the like for that particular outage. Is the minister able to tell us why we saw that particular outage over the weekend and obviously the more recent one yesterday?

**Mr W.J. JOHNSTON:** I am going to ask the chief executive to make some comments, but I just want to make the introductory remark that almost all the outages at Christmas time were in the distribution network, whereas the outage for Kalgoorlie is in the transmission network. The challenges that were identified in Michelle Shepherd's report are not related to the question that Mr Barbaro is going to talk about in a moment. I want to make it clear that one of the challenges is that electricity systems are very complicated. Not everyone who comes to it always understands the complexities that are involved. Of course, customers should not need to, but, for managing the system, a range of issues needs to be dealt with. For example, the Shepherd inquiry points out that Western Power does not have visibility over the distribution network. That, of course, is different with the transmission network. A table in Michelle's report sets out how much visibility Western Power has when the fault is at a different spot in the network. I want to highlight that the questions that occurred at Christmas time are not able to help us in understanding

this problem because it is a completely and utterly unrelated challenge. Of course, customers do not care because they just want their power. For the member's benefit, if he wants to be the minister, he needs to be able to understand the challenges that are involved here, because there cannot be simple answers to complex problems. I am now going to ask Mr Barbaro to make some comments.

**Mr S. Barbaro:** Thank you, minister. The statement in the question was correct that the outages on the weekend and yesterday were not related to load issues or excess load. On Sunday morning at about 9.30, the transmission line into Kalgoorlie tripped off. That fault was due to a protection setting and a bit of protection equipment in our west Collgar substation. That was found relatively quickly and was resolved within 30 minutes. Unfortunately, once we sought to switch power back on, there was another fault in the West Kalgoorlie substation, which took some time to resolve. We needed technical technicians to travel there to resolve it and then we were able to get customers back on. The outage started at 9.30 am and all customers were back on by 2.10 pm and most customers were back on by 1.30 pm. After that outage, we did a significant inspection of that transmission line with both helicopters and foot patrols. We found two or three issues that we thought may be problems going forward and we had planned to fix them this weekend, on Saturday. Unfortunately, we did not get to the weekend before one of those issues transpired into a fault. Again, on this occasion we relied on the generator quickly. We turned on a generator using a network control service contract we have in Kalgoorlie. Unfortunately, the signal that went to the NCS generator did not work. We do test that generator; we actually had it working for us with no issue between 10 and 13 May, but, for some reason, it did not switch on. We have technicians there at the moment working on that. We resolved the fault out of the West Kalgoorlie substation with a workaround and within two or three hours restored power to all people in Kalgoorlie. We now plan to have an outage maybe tomorrow or at the weekend to restore those other issues we found and also to put a permanent fix in relation to the issue that we found.

**Mr W.J. JOHNSTON:** I draw the member's attention to the *Final determination on network control service costs in the eastern goldfields*, dated 28 April 2021 by the Economic Regulation Authority. It deals with the question of the network control service contract that Western Power has. Of course, the counterparty is Synergy. This is for the power station that was closed by Dr Nahan. I am not criticising him for that. It was the correct decision because it was about getting Synergy underneath its generation cap. That power station does not receive capacity payments and does not participate in the market for electricity. It is just available for Western Power to support the network. Western Power asked for \$12.3 million for the period 1 October 2018 to 30 June 2022. When the ERA reviewed that application under section 6.76 of the Electricity Networks Access Code 2004, it determined that \$9.8 million was appropriate for the network control service in the eastern goldfields. That is the amount of money that Western Power is allowed to spend on that service—not the \$12.3 million that it requested but the \$9.8 million that was approved. Interestingly, nobody apart from Western Power made a submission on the draft report by the ERA. I want to highlight this because these matters are actually very transparent. One of the challenges we have is that we no longer have any journalists who write about energy policy in Western Australia. The things that used to be reported in the media are no longer reported, so there is no longer an understanding of some of these questions that arise. In the past, whether that decision of the ERA was the correct one would have been discussed more broadly in the community. I am not criticising the ERA for doing that.

I must say that I think the new chair of the Economic Regulation Authority is doing an outstanding job. He is to be applauded for going around talking to individual communities in regional Western Australia because that will allow him to make better decisions on our fifth access arrangement. I make the point that all this information is transparent and available to people but I understand that customers do not know that and they cannot find it. We try to keep all these things as transparent as possible.

[1.40 pm]

**Dr D.J. HONEY:** I have further questions on two separate issues. Perhaps the minister could expand on that answer a little bit more. I understand that there are two diesel-fuelled gas turbines potentially available to come back online in Kalgoorlie, but during outages those turbines did not come back on. I am happy for the minister to correct me on that. My question really goes to the capacity in Kalgoorlie. The minister has commented on a number of occasions that this is a very complex network with a number of parts, if you like, between the power generation and the customer in Kalgoorlie. Of course, the corollary to that is: is there a requirement for more backup in Kalgoorlie? Perhaps to save asking several questions, I know there are proposals around to develop, for example, renewable capacity and storage in that area, but what backup capacity is available in Kalgoorlie? Is it correct that during the outages we have discussed at Christmas and the last two those turbines were not used as backup to help resolve the problem?

**Mr W.J. JOHNSTON:** That is a very interesting question and I will get Mr Barbaro to talk about it, but first I will make a point. People think about generators but they do not matter; it is the electricity. At the moment, we provide network support through a generator but there could be other technology that can provide the same outcome. At the end of the current network control service contract, in accordance with the rules, Western Power will be obliged to take the requirement to support the network back to market. It will be interesting to see what comes of that because technologies other than the old gas-fired power stations could be offered up. Remember, those gas-fired power stations are not used by the system in the way that every other generator is, like the Parkeston power station, and that is a better outcome because the larger the load on the network, the lower the average cost.

Some people say we should island Kalgoorlie, but that would increase the risk of outages and the costs. It is much more expensive for Horizon Power to supply electricity than it is for Synergy, because Horizon provides islanded electricity. The challenge is for me as a minister, because every time the lights go out, it is the minister's fault, and I have never stepped away from that responsibility. The people of Kalgoorlie's electricity comes down a very, very long line. The outages they have had in the last four or five years were when a farmer ran a tip truck into the line one day, and another when a farmer ran a machine into the line and knocked over a pole. We have had fires and we have had lightning strikes. The longer the line, the higher the risk. What is the benefit of the long line? The benefit is, even though it sounds odd, that it is actually more reliable than having a standalone system and much more importantly for industry in Kalgoorlie, it keeps the costs down because the cost of electricity for industry in Kalgoorlie is the same as in Kwinana. If Kalgoorlie had a separate system, the cost of electricity would go up and no industry would settle in Kalgoorlie. Having Kalgoorlie connected to the network is absolutely essential, but of course it means that this complexity comes into the case.

I invite Mr Barbaro to comment on the performance of the network control service generator.

**Mr S. Barbaro:** The first comment I will make is that the generators in Kalgoorlie have two main functions. Firstly, they supply electricity to the town when we are performing planned works on the network. That allows us to turn on those generators and effectively island Kalgoorlie and then do the works we need to do in the transmission system without causing any interruption or significant interruption to customers. For that purpose, the generator is very effective and has increased the standard of supply to Kalgoorlie significantly. In the past, customers would suffer an outage whenever we were doing planned works and they are now able to go through those planned works with a supply.

Secondly, the generators function when we have unplanned outages. In that sense, although the generators are still very useful, there are challenges that come with that. With a planned outage, we know when we are going to turn off the network so we are able to dispatch the generators in advance and the generators are up and running at full capacity before we turn off the network, and that way everyone is connected. When we lose power without warning, so an unplanned outage, we send dispatch to those generators and it takes them time to ramp up; they are effectively very, very large motors. It takes the generators two to three hours to ramp up and we have put on load in stages. They are not quite instantaneous in the way most people think they are; the power is not there immediately at the flick of a switch. The generators ramp up and as they ramp up we put on some load, and then they ramp up a bit more and we put on some load. That can take two to three hours so it is actually always quicker for us to repair the network. Often, as with the Sunday outage, if we had not had that extra fault in the substation, we would have restored power within 30 minutes. That is much quicker than turning on those generators and waiting for three hours. When we see and we forecast that an outage is going to be for less than three hours, we will default to repairing the network, because it will be quicker and better for the customers. When we see outages, for example, we forecast will be a five or 10-hour outage, we will turn to those turbines. The turbines have been quite reliable and worked well.

We have unfortunately had a couple of unplanned outages when some of the communication, the remote communication, has not worked and we have had to send people out to dispatch and do manual works on the turbines. That has been unfortunate. As the minister said, we are relying on old units and we are looking at new alternatives going forward. Kalgoorlie is much more complex than somewhere like Kalbarri or Perenjori where we have done work with batteries and microgrids. They are very small areas that we can deal with very quickly with a small battery. Somewhere the size of Kalgoorlie—the load and the industry—is a much more complex scenario to resolve. We are looking at what are the best options going forward. We are also looking at how we can do that in a way that will meet community expectations on climate change and renewable energy, and we are really committed to that. We will be looking at the options for Kalgoorlie but in the interim we go to the generators, and those are some of the limitations that we have.

**Mr W.J. JOHNSTON:** To conclude that comment, one of the recommendations of the Shepherd inquiry was improved communication from Western Power. I have spoken to Mr Barbaro a couple of times this week about making sure Western Power is on the front foot on communications. As minister, if there is a criticism from me to Western Power, it is that the communications did not work on Sunday. But I am very pleased that Mr Barbaro has been on the front foot making himself available and answering questions. In fact, he will be in Kalgoorlie on Friday to talk to important community leaders. Unfortunately, the member for Kalgoorlie will not be there on Friday, but we will arrange a catch-up with her for Mr Barbaro at another date. Western Power's board and management are committed to implementing all the outcomes of the Shepherd inquiry. As minister, I am determined to see Western Power do that. We appreciate the challenges that these problems cause people. It is a modern society and it is very difficult to be without power.

[1.50 pm]

**Ms J.J. SHAW:** I refer to page 802 of budget paper No 2, volume 2, and "Objectives, Outcomes and Key Performance Information", specifically the provision of safe and reliable power supply. Firstly, I would like to take the opportunity to thank Mr Barbaro and Western Power for their management of the Wooroloo bushfire. I very much appreciated Mr Barbaro's attendance in my electorate, the multiple briefings he gave me and my constituents, and the extraordinary

efforts that Western Power went to to rebuild the network in our part of the world. It was a significant effort and quite a thing to see the establishment of, basically, a mini-Western Power city. The speed with which the network was replaced was incredible. Rather than rebuilding the network in certain parts of Wooroloo, decisions were made to roll out standalone power systems. I would like to understand how those standalone power systems are going, particularly because we are still part of the south west interconnected system. What learnings have been taken from the rollout of standalone power systems more broadly into peri-urban areas, like the electorate of Swan Hills?

**Mr W.J. JOHNSTON:** That is an excellent question. I note the report of the Economics and Industry Standing Committee of the last Parliament into microgrids and the strong leadership that the member for Swan Hills provided for that report. I invite Mr Barbaro to comment on the rollout of standalone power systems.

**Mr S. Barbaro:** I thank the member for her kind words in relation to the effort that went in from my crews and the other staff in terms of responding to the Wooroloo bushfire, which was a large logistical effort for my business. We actually put in two standalone power systems in response to the Wooroloo bushfire. I should also mention that during cyclone Seroja we took the opportunity to put in 36 standalone power systems instead of replacing the network, and in response to the Shackleton bushfire, again, there were nine standalone power systems, rather than replacing like-for-like. That is something that we are doing more and more, looking at better solutions for our customers. In the Wooroloo bushfire, customers were chosen mainly around the difficulty in accessing their locations to maintain the network. It is a very hilly location, and therefore it is very difficult to get heavy machinery in there. The information we get after looking at all the data is that the supply for them is equal to or greater than what they are getting off the grid, so that is very good from a reliability perspective. From a safety perspective, we struggled to access and maintain some of those areas in the hills, and they are now gone. We had difficult-to-maintain assets that have been removed, and we are learning all the time with standalone power systems.

We have actually changed the scope of our standalone power systems this year. I will try not to get too technical, but we had an AC coupling and we changed to a DC coupling, which allows the solar panels to continue to provide power to homes even when the battery is exhausted. With our early ones, when the battery was exhausted, we would have to rely on the generator to give it some charge before the solar panels would start to charge again. We have changed our solution, which allows more renewables to provide supply. We are constantly learning from standalone power systems. That is one of our innovations, and we are working very closely with our local suppliers to continue supply and to ramp up to meet our targets.

**Mr R.S. LOVE:** Further to the Western Power standalone power systems, I attended a briefing organised by the minister's office, and it was explained that there is a large number of units going in around the areas affected by cyclone Seroja, including Latham, Perenjori and Carnamah. When it occurs, it will leave the town of Latham in a position of isolation from pretty much the rest of the infrastructure. There was a negative reaction in the briefing to the idea of any sort of community process whereby there might be private investment into those types of arrangements to create a solution for such communities. I ask the minister for his views on that.

**Mr W.J. JOHNSTON:** We often have people come to us to talk about community solutions. In the end it is about who pays. We do not stop people from doing whatever they want; there is no law that says they have to buy their power from Synergy, but if the government is paying for the kit, then we retail the energy. People do not have to buy from us, and I am not saying that this is the price we pay, but let us say it costs \$200 000 for a standalone power system. We then sell the electricity for the A1 tariff of 30¢, or L1 or whatever; it is relatively low-cost, whereas if people go to private providers, they have to get a commercial return, so the cost of their electricity is probably going to be about \$1.50. That is the gap that people get because the government is doing it, but they do not have to buy from us. If people want to do their own thing, they are absolutely welcome to do so. There is no requirement to connect to Western Power and there is no requirement for people to buy from us. But if we are providing the kit, we recover some of the costs.

**Mr R.S. LOVE:** I refer to page 804 of budget paper No 2 and the heading "Growth". Paragraphs 6, 7, 8 and 9 talk about the growth in demand and the system distribution network. With regard to the midwest, is there any indication as to whether the existing transmission lines from Three Springs to Geraldton will be updated or upgraded, given the damage that was sustained by the network following cyclone Seroja and the vulnerability it exposed?

**Mr W.J. JOHNSTON:** We are not going to duplicate the transmission line; cyclone Seroja showed that the system works. Of course there was disruption, but the disruption was relatively minor. This significant outage was not because of the transmission system but the distribution system. The distribution system was shredded. Yes, we had 132 transmission poles taken out, which is extraordinary. It is very, very rare to have that many transmission poles taken out, but that was put back together quite quickly. It was the distribution system that took a long time to fix, because that is thousands of poles outside individual houses. There is reference on page 804 to \$178.5 million for customer-driven works and \$37.8 million for augmentation. Customer-driven works are works for which someone else is paying, and the \$37.8 million is where that comes out of regulated income. If, for example, there was large demand in Oakajee, the customers would pay for that. That is a problem, because they do not want to borrow the money, so the government is in conversation with people about how we can do this, but it is a problem all around Australia. We had a briefing the other day from some members of government who have actually done an analysis

across the country, and every single state has exactly the same problems around who pays. I have said this in public previously: the current transmission system to Geraldton is fit for purpose. There are no outages in that system, and the councils that I have spoken to up there understand that. It is not the transmission system that is causing the trouble for Geraldton and surrounds; it is the distribution system. The distribution system is a problem, and we are investing in a whole range of solutions to try to improve that. I am happy to provide a briefing for the member on all those things, but the transmission system is not the challenge.

[Ms A.E. Kent took the chair.]

**Mr R.S. LOVE:** Further to the point of meeting the challenges in those areas, is part of the challenge that there are not enough staff located in the midwest region and that people are travelling distances to get there and fix things?

**Mr W.J. JOHNSTON:** There has been no reduction in the staffing levels of Western Power in regional Western Australia since I became minister, and the number of day labour employees has increased since I became minister. The number of employees —

[2.00 pm]

**Mr R.S. LOVE:** But has there been a reduction specifically in the midwest region?

**Mr W.J. JOHNSTON:** There is no reduction anywhere. That is absolutely not happening. No; it is a complex system. There are very thin lines and there is very little duplication. It is very hard. In the metro area, everything is a circuit. Out there, it is a single line. It is much harder to manage.

**Mr R.S. LOVE:** There was one key employee up in the midwest who was lost —

**The CHAIR:** Member, through the chair, please.

**Mr R.S. LOVE:** One second. There was one key employee in public relations.

**The CHAIR:** Excuse me, member for Moore!

**Mr R.S. LOVE:** That is all I want to say.

**The CHAIR:** Member for Moore, you know the process.

**Mr R.S. LOVE:** There is no public face up there anymore.

**Mr W.J. JOHNSTON:** Yes. Western Power has to do better on public relations —

**The CHAIR:** Minister, we will finish. That completes the examination of Western Power.

**Horizon Power —**

Ms A.E. Kent, Chair.

Mr W.J. Johnston, Minister for Energy.

Ms S. Unwin, Chief Executive Officer.

Mr N. Wijayadasa, Manager, Finance.

Ms T. Sanderson, General Manager, Operations.

Mr J. Thomas, Acting Coordinator of Energy, Energy Policy WA.

Mr R. Sao, Chief of Staff, Minister for Energy.

Mrs A. Keogh, Principal Policy Adviser.

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Are there any questions? The member for Moore.

**Mr R.S. LOVE:** Thank you. I refer to page 813 of budget paper No 2, volume 2, and the significant issues impacting the government trading enterprise. Under the heading “Renewable Energy”, it states that Horizon Power’s zero refusal plan will allow all customers to connect rooftop solar by 2025. How will that be achieved with the centralised battery energy storage systems? How will Horizon Power go about actually achieving that outcome? It seems quite ambitious.

**Mr W.J. JOHNSTON:** It is absolutely ambitious. It will require world-leading achievement. Obviously, Horizon Power is the world-leading manager of market grids. At the moment, we cannot get to the point at which we have zero refusal, but that is our ambition. That is what is stated here. I will invite Ms Unwin to explain how the business is attempting to achieve this.

**Ms S. Unwin:** Thank you. In relation to zero refusals, we are speaking about rooftop solar of both our commercial and residential customers and how we can make sure that the issues created by intermittency in our much smaller systems, where the generation is much more limited, are able to be dealt with so that we get system security and reliability. The way we have demonstrated the ability to do that is through the distributed energy resources—or DER—project in Onslow, which is a distributed energy management program. In effect, it is a technological solution that enables us to see all the demand in the system, look at the supply that is available through both distributed rooftop solar and our centralised system, and then coordinate a dispatch of that through a dispatch engine. By doing that, we are actually able to connect every rooftop without needing to be, as we call it, limited by hosting capacity. That distributed energy resources management system—or DERMS—has been demonstrated in Onslow as successfully able to enable those connections. What we would now like to do is roll that out through our systems. We have a plan to look to do that over the next couple of years. However, it is very dependent on a secure gateway device that enables us to speak to the household and for our signal—“do this” or “do that”, based on the weather—to be listened to. It is a bold plan. It is a strategic plan to do it, because our view is that every rooftop should be able to connect, and we need to overcome our system challenges to do so.

**Mr R.S. LOVE:** Further to that, it will take a significant amount of investment to actually achieve those outcomes, will it not? How will that be funded? Will it be funded by tariff or by further injection of funds from the state?

**Mr W.J. JOHNSTON:** One of the interesting things about Horizon Power is it almost always sells its electricity at a loss. It costs the government less if it sells less electricity. The economic drivers for investment into Horizon Power are very different from the economic drivers in Synergy or Western Power. Just as an example, there is a particular town—I will not name it—in which we pay \$2.70 per kilowatt of power, which we then sell for 30¢. If we reduce the amount of electricity we sell, we will make more money, or we will lose less money, if you want to put it that way. The gap—it is a large gap; it is in the papers—between Horizon Power’s income and expenditure is paid for by the tech. We talked about the tech when Synergy were here. That is paid for by transmission customers of Western Power. Western Power collects it from transmission customers. About 90 per cent of transmission customers are Synergy customers, but there is a small number that are not, and that is then passed to Horizon. That tech is set by the Treasurer and is collected in that way. So, yes, we will need to invest, but the pay-off is that we will lose less money, and that is good for the taxpayers.

I will give the member the example of Esperance. The new arrangement in Esperance will save \$10 million a year. That does not mean that the people of Esperance will get a \$10 million saving; it means that there will be a \$10 million smaller subsidy to the people of Esperance. Of course, there is a contractual arrangement with the supplier, but the benefit for the taxpayer is that the tech goes down. The tech is the key there. Just as an example, when the member’s party was in government, every Horizon Power customer got a smart advanced meter. That is not true for Synergy customers or Western Power customers. Where was that paid from? Where did that capital come from? It came from the tech.

**Mr R.S. LOVE:** The minister mentioned Esperance. In the significant issues affecting the organisation, there is a section dealing with the Esperance electrification program. I would like to know how long it will take to transition those customers, and how much is it costing the taxpayer to pay the company to continue to supply these customers with reticulated gas for the duration of that program?

**Mr W.J. JOHNSTON:** The Esperance electrification program is the response to the decision of the privately owned business to cease to supply customers in Esperance. Obviously, we are very disappointed with the decision of the private company to walk away from its customers. We have worked with it to come up with a solution. I issued a media release on 26 April that announced \$10.5 million as the amount being spent on the transition away from reticulated gas for customers, so that is already public. That was made public at that time. Basically, we have a year to do it. We have to get it done by March next year. In fact, we were talking literally yesterday about the performance on this project, and I am happy for Ms Unwin to explain some of the challenges they are finding and the response of Horizon Power, but it is still on track.

[2.10 pm]

**Ms S. Unwin:** In relation to Esperance and the reticulation program, we have a year, so we have until March next year. It is a logistical issue. There are, I think, 388 residential customers and about 40 business customers, which range from smaller businesses to quite substantial gas-dependent businesses, such as the grain dryer and the laundromat. They all have unique challenges. Every household and every business has a different connection issue that we need to work through, so it is very individual. In Esperance, we have done a very considered community engagement plan that has seen us be in the community frequently but also have very clear lines of process for how customers can identify whether they are an affected customer, how we will assess the needs of that household—a household audit—and how we will move through a program of ensuring that we have a trade available to cut off

the meter for the gas supply, cut off the gas and then install electrical appliances. Our challenges will be in the supply chain. We understand that it is about a six-week lead time for the vast majority of those appliances. Our challenge will also be trades. We have I think eight trades already registered with us. We have gone through the prequalification checks on safety and the like. They are all local Esperance trades, but they have a number of installations to do their work on from a gas and electricity perspective. We have that period of time to do it under the arrangement with the gas supply company. We think those challenges will be mitigated and that we can deal with them in the time frame, however, based on the information we have to date.

**Mr W.J. JOHNSTON:** Basically, we are giving up one year of the savings, but it is a 25 or 26-year contract. That is why we are prepared to do it. We acknowledged in the decision to move to the new energy supplier in Esperance that the existing supplier might walk away from the business, but we could not control that because we had never had a relationship of selling gas to anybody in Esperance. Horizon had never done it; it was never involved in it. It was a decision that that supplier made after it got the original energy supply contract from Horizon many, many years ago. Having got that contract, it then went and did other things. We never asked it to do that and we were never involved in it, so it was very difficult for us to have transparency. We are very confident that the project will be completed on time. It is fair to say that most residential customers are not a challenge. It will be some of the businesses that will be a bit more complex than the residential customers.

**Mr R.S. LOVE:** The minister said that some of the businesses are more complex. Is that because they have a very high thermal load in terms of whatever process they are using?

**Mr W.J. JOHNSTON:** The example is the laundromat. We could electrify the laundromat, but it is a not a high-margin business—let me put it that way—so there are challenges around working with it. For the grain dryer, again, I think there is an electrification option, but it might be that there is another option that will suit it. We are trying to work with each of those, I think, four large-volume customers, and we are sure we that we can come up with a solution for them. Generally speaking, there is no real challenge with the residential customers.

**Mr R.S. LOVE:** I have a different question but on the same section more or less. I am looking at the Denham hydrogen demonstration budget. Is the project behind schedule; and, if so, how far is it behind schedule?

**Mr W.J. JOHNSTON:** I will get Ms Unwin to talk about one of her favourite topics.

**Ms S. Unwin:** The Denham project is world leading. We are really proud of the support of the state for this project because it will enable us to test what we call deep storage in an energy system. The problem of intermittency and how we firm up renewables will be demonstrated in Denham. It is probably four to six months late. It is late for two reasons. The first reason is COVID and the second reason is the complexity of integrating not new technology but a new application of the technology into an existing distribution system. Because of COVID, we experienced very substantial delays both in Melbourne and also in having equipment arrive into Australia, as pretty much every business has experienced, which put us back a number of months. But the challenge of actually taking a fuel cell, for example, and using the stored energy in there that comes from electrolysis through a distribution centre has a number of challenges, including as a hazard and operability study. Hydrogen in this state has not been through the rigours of a HAZOP assessment in the past because we have not used it for this purpose. There is a lot of work to do to establish what currently is a fledgling industry but is likely to be a very formidable industry for Western Australia. The delays are probably quite explainable given those challenges of COVID, the supply chain and the complexity of doing something that is a world first like this.

**Mr R.S. LOVE:** According to the *Budget statements*, it is a \$9.3 million project. Is it going to power the whole town or will it power a percentage of the town? How many homes or businesses will it actually power?

**Mr W.J. JOHNSTON:** I will invite Ms Unwin to talk about this project, which, just like in Onslow, is a globally significant trial. It will not power the whole town. It is a trial. It is a very expensive trial, but the thing about these new technologies is that they are not currently cost competitive; otherwise, everybody would do them. The good thing is that we are learning out of this so that we can then apply it. Again, when I talked before about the high-cost towns, the member can see that if this works, it might give us a solution that will work in those high-cost towns that is 100 per cent renewable, because that is what we all want. I invite Ms Unwin to speak.

**Ms S. Unwin:** One hundred homes in Denham will be powered through this solution. We have dedicated half of the solar farm—it is about 700 kilowatts—solely to producing the green energy for the purposes of electrolysis. It goes through that process and is then compressed and stored. It will go into a fuel cell and then out to approximately 100 homes in Denham. It is very much a demonstration of the technology. As I said, it is the first time its use in this way has been done in the world—that is, a fuel cell through the electrolysis process into the distribution network for firm renewables 24/7.

**Mr W.J. JOHNSTON:** I make the point that a range of safety questions arise with hydrogen because there is a range of different outcomes for risk with hydrogen that do not exist for methane.

**Mr R.S. LOVE:** There are a number of projects of that type—green energy projects—for Horizon in the *Budget statements*. What funding has Horizon secured or is it expecting to secure for further projects along these lines? They are demonstration projects mainly from the look of it.

**Mr W.J. JOHNSTON:** Not all the projects are demonstrations. For example, the regularisation of the power supply in remote communities is not a demonstration project. They wash their face. We are deeply committed to them and we are very pleased to see the state government put \$350 million into the remote communities fund, because obviously Horizon will ask for some of that money. Some are funded out of cash flow, some are funded out of equity injections, a small component for this hydrogen project came from the Australian Renewable Energy Agency, and some are tech funded. There are a range of funding sources. Different projects have different funding profiles.

**Mr R.S. LOVE:** I am looking at a number of the lines that refer to investing in a safe network. This could come under paragraph 1 of the asset investment program, which talks about providing a safe and reliable electricity supply to regional customers. In Horizon's distribution network—that is, areas in which Horizon has a network, such as Esperance—does it use different transmission poles from Western Power's wooden poles?

[2.20 pm]

**Mr W.J. JOHNSTON:** I will ask Ms Unwin to reply, but clearly it depends where they are. We need relevant technology because we do not want everything to be eaten. I invite Ms Unwin to speak.

**Ms S. Unwin:** I invite Ms Sanderson to answer this one.

**Ms T. Sanderson:** We have \$1.9 billion worth of assets across that 2.4 million square kilometres. We have a lot of assets, differing in age. We have upgraded our poles in a number of regions to be steel poles because they are more resilient against being eaten. In the past we have also trialled different methods to have wooden poles less susceptible, but largely now it is steel poles. We get our supply of poles through Western Power.

**Mr W.J. JOHNSTON:** On that topic of Western Power poles, one of the things that has happened recently is that the requirement for the disposal of poles has changed. The part that is extra-treated that goes in the ground now has to be disposed of as hazardous waste. We now have to send those parts off to whatever the name of the company is in the goldfields. They used to be disposed of, but now they have to be disposed of as hazardous waste, which has increased the cost of the disposal of wooden poles.

**Mr R.S. LOVE:** Does Horizon Power feel that the use of steel poles provides a more resilient network than using wooden poles does?

**Mr W.J. JOHNSTON:** Again, it depends where the poles are. The other thing is that Horizon Power is not a regulated business, unlike Western Power. Western Power is required by law to comply with the funding envelope provided by the Economic Regulation Authority and has to do the lowest cost option for whatever the solution is, whereas Horizon, leaving aside the north west interconnected system, is not a regulated business, so it has different pressures on it and can make bespoke decisions based on the specific location. Western Power has a range of challenges that come to it because of the ERA regulation, in the same way that the Australian Energy Regulator puts very similar obligations on the east coast. South Australia uses the famous Stobie poles because all the wooden poles get eaten there and they cannot be used. It is not that South Australia chooses to use Stobie poles, but if it does not, the system does not work. The problem with Stobie poles is that when cars crash into them people are killed. One of the challenges for the Electricity Trust of South Australia is managing the traffic risk, which we do not have because our poles do not have the same relationship to motor vehicles.

**Mr R.S. LOVE:** So the poles that Horizon uses are not the same as the South Australian poles?

**Mr W.J. JOHNSTON:** No. Does the member know what a Stobie pole is?

**Mr R.S. LOVE:** Vaguely, yes.

**Mr W.J. JOHNSTON:** They are two pieces of steel with concrete in the middle. It is very different from our poles. The first time I went to South Australia everybody was talking about Stobie poles and I had no idea what they were talking about. That is just what is done there. We do different things here because we have a different environment.

**Mr R.S. LOVE:** Western Power has a lot of trouble with pole-top fires. Does Horizon have that same issue?

**Mr W.J. JOHNSTON:** No, because pole-top fires are not caused by the pole but the build-up of pollution. Just park your car outside for two days and see what happens, particularly if there is light rain; there is build-up. People in an office building have their windows cleaned and a week later they are dirty again. The south west corner of Western Australia is different from all other places in Australia or other parts of the world. This is a Western Power question, not a Horizon question, but it is because of the environment the poles are in. Unfortunately, member, that little bit of the coast north and south of Geraldton is the worst spot for this problem.

**Mr R.S. LOVE:** It is an excellent place to trial some of those things.

**Mr W.J. JOHNSTON:** It is a wonderful place to live and people choose to live there, but there are other challenges that come up. It is harder for us to manage the network in that location because of its particular environment. The management of poles in Esperance is completely different from the management of poles in Kununurra. There are 37 microgrids and each one has its own challenges and Horizon needs to come up with a solution that works in each location.

**Mr R.S. LOVE:** I might defer to Dr Honey to see whether he has anything else he would like to ask.

**Dr D.J. HONEY:** That is putting me on the line, member.

**Mr W.J. JOHNSTON:** We can give the member a comfort break if he likes while we change, if he does not have a question.

**Dr D.J. HONEY:** To be honest, I am happy for the member for Moore to continue if he wants. The member asked a question about the Denham hydrogen plant, which I was especially interested in, and that has been answered well by the minister.

**The CHAIR:** That completes the examination of Horizon Power.

[2.30 pm]

**Gold Corporation —**

Ms A.E. Kent, Chair.

Mr W.J. Johnston, Minister for Mines and Petroleum.

Mr J. Waters, Chief Executive Officer.

Mr J. Sawyer, Acting Chief Financial Officer.

Mr R. Sao, Chief of Staff, Minister for Mines and Petroleum.

Mr J. Stephens, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

The member for Moore.

**Mr R.S. LOVE:** I turn to page 260 of volume 1 of budget paper No 2. The third significant issue impacting the agency refers to the retained dividend. How much of the dividend will the Gold Corporation retain to fund future infrastructure?

**Mr W.J. JOHNSTON:** The decision of government in the last financial year was for government trading enterprises to retain their dividends for future investments. We do not intend to ask them to send that dividend to us at a future date. The Gold Corporation will have to come to the government with a plan to spend that money, as will Western Power, Synergy and Horizon, not that Synergy worries about it because it does not have a dividend. That does not have to be done tomorrow; it can be done over time. There is no time line established by Treasury.

**Mr R.S. LOVE:** There is no plan involving spending that money. Is there no intention to spend that money?

**Mr W.J. JOHNSTON:** We are talking to each of the GTEs. The Water Corporation is quite famous because its dividend is allocated to the next desalination plant. We are in discussions with Gold Corp about what it might do with its dividend for its future capital activities. Gold Corp is not a big capital spender, but it has occasional projects and the dividend can be used for upgrades and worn-out equipment. There might be a few matters that the government will talk to it about later.

**Mr R.S. LOVE:** Chair, I want to clarify something. Has Dr Honey's line dropped out or is he no longer online?

**The CHAIR:** He has said goodbye. He is offline.

**Mr R.S. LOVE:** We might just check to see whether he is available. I will carry on in the meantime.

I want to talk about the asset investment program on page 262. I asked about the computer software program last year. There is a long history of the budget expenditure allocated for the development of the software program. I see that the one-future program had a budgeted amount of \$55 million previously and a further \$12 476 000 is attached to it. Is that project nearing completion or is it complete? Where is that at?

**Mr W.J. JOHNSTON:** The one-future project is now complete. The total approved cost was \$55.319 million. The expectation is that the final cost will be within that budget. The Gold Corporation is in the process of finalising research and development tax incentive submissions for the last two years of the project, and until these are finalised, the exact expenditure cannot be known.

**Mr R.S. LOVE:** What happened to the enterprise resource program? Is that complete?

**Mr W.J. JOHNSTON:** The answer is that it was part of everything and it is now complete.

**Mr R.S. LOVE:** Continuing on the same issue, there seems to be an increase under the asset investment program of \$17 million in total costs this year and \$10 million going forward. Is there an outline of exactly what that investment will be used for?

**Mr W.J. JOHNSTON:** Again, the member will see the plant and equipment replacement program just above that. That sets out what the money will be spent on. Some of that expenditure will come from the retained dividend.

**Mr R.S. LOVE:** I want to ask about something that is, I think, a little different, in a sense. I refer to the organisation's statement of corporate intent on page 260, which refers to responsible management et cetera. Is the minister aware of reports that are a couple of years old now in the context of some issues that have happened in Western Australia around money laundering? There were reports that Gold Corp had relationships with some organisations that were reported in *The Australian Financial Review* and other media as potentially having links to money laundering. I am wondering whether there is any comment about the relationship that Perth Mint has with a group called BFI Consulting.

**Mr W.J. JOHNSTON:** Obviously, I do not know the names of the individual customers of the business, and the member would not expect me to. I will clarify something. I remember the media reports in *The Australian Financial Review*, but that was about buying gold from artisanal goldminers in Papua New Guinea. That relationship has ended and Gold Corp does not trade with the person who is alleged to have used violence and standover tactics in respect of the artisanal miners. We do not have a relationship with that person anymore. Obviously, Gold Corp needs to comply with the commonwealth government's money laundering and terrorism financing regime. The Auditor General, of course, made comment about that in her report last year, and I am sure she will make comment on it again this year. What I would say is that from my conversations with the Auditor General, she does not believe that there is a challenge. Take it up with her. The member can ring her up and talk to her. That was the last occasion I spoke to her about money laundering. There might be other issues that she will raise, but not about money laundering.

[2.40 pm]

**Mr R.S. LOVE:** I think that first organisation I mentioned still has its name sitting somewhere on the Perth Mint's website, so it is not as though it is distanced from the Mint.

**Mr W.J. JOHNSTON:** I am not quite sure what the member is alleging, but I will make my point by inventing a scenario. I am not saying that this has occurred. Let us say that a gold bar was found in the car of a drug dealer. There could be cash in the car as well, but that does not mean that the commonwealth government has a relationship with that person. Once we sell our product to a person, we have no control over what they subsequently do with it. Our obligation, which as far as I am aware has been met, is that we have to know who we are dealing with. A range of questions have been asked about international counterparts. These sorts of things are always raised and we continue to exhort the Gold Corporation to comply with its obligations under the money laundering and terrorism financing legislation. I think that the Australian Transaction Reports and Analysis Centre is the organisation that, due to COVID, has not been here to do an audit. We thought AUSTRAC was coming last year, so we expect it to do an audit very soon, and we would welcome that because if there is anything that we do not know or are not aware of, we would like to know about it.

**Mr R.S. LOVE:** I want to put on the record that I am not accusing anybody of anything. The bottom line is that we have had the casino inquiry and we know that these things happen. I want to be sure that this is understood and that action is being taken to deal with it. As I said, this report from *The Australian Financial Review* is a couple of years old, but it points out that being a customer of the Mint's depository business allows clients to buy gold and store it at the Mint where it is backed by a Western Australian government guarantee. The Mint is the only refinery in the world to offer such a guarantee. I say this in the context of it being an attractive target for people who might want to store wealth somewhere that might make it easier to get away with it.

I mentioned that one company. Another company called Euro Pacific Capital also has the Perth Mint's name on its website. These people are out there. I do not know whether they are good, bad or indifferent, but they have been mentioned in that report.

**Mr W.J. JOHNSTON:** It is a bit like Macro Pty Ltd putting a video of Hon Brendon Grylls on its website. It is not possible for us to say what others are doing with our logo or anything, but I am very concerned about money laundering and terrorism finance. It is an issue that I have raised on a number of occasions with the former chief executive officer, the current CEO and the chair, and it was an issue that I personally discussed with the Auditor General not long after I took on the role as minister with responsibility. More recently, I have had a further conversation with the Auditor General and she should speak for herself; the member does not need to come through me to engage with her. But as I sit here, I am not aware of any challenges. When AUSTRAC does its review, and it will at some time, I would welcome that because if there is something that we are not aware of, we would like to know about it and fix it. Given that this is an issue that I have raised, I am not aware of any challenge in that space.

**Mr R.S. LOVE:** Can we seek an assurance that positive actions, reviews and steps are being taken to ensure that the organisation does not get caught up in that sort of behaviour?

**Mr W.J. JOHNSTON:** Yes. It is a significant risk for the reputation of the government of Western Australia; therefore, it is a matter that is in discussion between me, on behalf of the government, the chair and the chief executive. It is a matter that I have discussed with the Auditor General and I look forward to AUSTRAC doing its review. It reviews everybody. It is not picking on us; that is its responsibility. If it finds something that we have missed, that would be really good because we would then be able to improve our service even further.

**Mr R.S. LOVE:** Is that the review that was delayed because of COVID? When does the minister expect that to take place?

**Mr W.J. JOHNSTON:** I cannot speculate. It is up to AUSTRAC. It is a commonwealth government agency. I was advised by the previous CEO that there was an expectation that we would have a review last year. The understanding that I got from speaking to Mr Hayes was that it was delayed because of COVID. That sounds plausible to me. I have not personally spoken to AUSTRAC. Indeed, my policy adviser rang to ask some questions, but of course it is a regulatory agency, so it would not engage with my office. That is not a criticism. We just wanted to see what was happening, but it is like a police force and it does not want to tip off the government of Western Australia about its actions. I am just making the point that I would be aghast if there were any challenge in this space and therefore I have paid careful attention to it.

**Mr R.S. LOVE:** Would any of the minister's advisers be able to comment on the steps that they have taken?

**Mr W.J. JOHNSTON:** Mr Waters has been with us for three weeks. I will ask him whether he wants to make any relevant comments.

**Mr J. Waters:** I am happy to make a short comment. As the minister said, I have been in the business for a short while, but it has been apparent to me from day one the importance to the business of the program around anti-money laundering and counterterrorism financing and a general "know your customer" type of campaign. It is led from the board down and it is a key part of my role. Given the shifting environment in which we operate, it is an area in which we can never provide a complete assurance that we are perfect at any point in time. Customers come and customers go. It comes down to our ability to constantly track customer movements and to know and understand who they are, and when I say that, I mean in a very deep kind of way. We have deployed significant resources to that area and a significant body of work is underway within the Mint at the moment.

With regard to our relationship with the regulators, they are an important part of that cycle of achieving assurance because if we are subsequently found to have weaknesses in our program, we need to know that and to embrace it in a positive way so that we can make further improvements to how the business is operated. As someone who has been in the business for a short while, that is probably the best assurance that I can give. It is a key area of focus, as I said, from the board down, and it is one that we will be working on for some time yet to stay completely on top of it.

**Mr W.J. JOHNSTON:** I highlight that Sam Walsh, AO, is the chairman of the Gold Corporation. He is a prominent Western Australian businessman who has run multinational corporations. There are few people in Western Australia who have a bigger reputation than Sam Walsh. When the Premier was the responsible minister, he asked Sam Walsh to take on the role. It is fabulous that we have a person of that stature as the chair. I certainly would not want the Gold Corporation or the government of Western Australia to be facilitating any bad outcomes. That is why I welcome AUSTRAC, when it is ready, to come and have a look at us because if we have missed something or there is something that we do not understand, it will be really important for us to get that appreciation.

**Mr R.S. LOVE:** I thank the minister for the answer. I have a different question. It is one that I forgot to ask when I asked about the asset improvement program and the software. I asked about whether the enterprise resource planning system was complete. Can the minister outline how much has been spent on that program?

**Mr W.J. JOHNSTON:** I am happy for Jason to comment.

**Mr J. Waters:** I think that enterprise resource planning and one-future are terms that can be used interchangeably. ERP is a very general term in IT-speak for enterprise, corporation-wide, kind of core systems. Its working title in the business was one-future. It was, in effect, an ERP system. My take on it again, in the short time that I have been in the business, is that it has been installed. It went live in November last year. It is now providing exactly the services to the standard that we expected from it. I see no lingering ongoing critical issues with it. It works as we expected it to. It is still going through its bedding in phase, which means that we still have open tickets—little issues—that we hit from time to time that internal teams are working on to fix, but that is all just a normal part of the process of completion. Just to get on the same page, we have spent \$55-odd million on that system, subject to the final outcome around our research and development claims about the benefits. However, ERP and one-future are largely the same thing.

[2.50 pm]

**Mr R.S. LOVE:** So the total —

**Mr W.J. JOHNSTON:** It is in the budget paper.

**Mr R.S. LOVE:** Is the total cost of both enterprise resource planning and the one-future program all together \$55 million?

**Mr W.J. JOHNSTON:** I think we went through some of that last year. Some elements of the ERP translated into one-future and some did not. Remember we talked about this last year? ERP was a matter that started under a former government, but for the “One-Future Project” line item, \$55.319 million is reported in the budget papers on page 262 with dashes for the out years, because there is no expectation of any additional money for the capital component of one-future. Acknowledging those two other issues both reported here, there are some outstanding issues that need to be resolved, like with any other IT issue. Even just getting a new laptop in your office, stuff always happens. Then there is the clawback on the R&D claim listed in the budget papers.

**Mr R.S. LOVE:** I turn to page 264, under “Income statement” and “Expenses” is a line item for employee benefits. That is a pretty generic number for the entire amount there; it does not break anything down. Would it be possible for the minister to explain what extra employee benefits were accrued through the retirement of the former CEO?

**Mr W.J. JOHNSTON:** No. I do not have access to that. The member can put it on notice or whatever; I do not know what I am allowed to disclose. I assume it will be in the annual report anyway, because he was an executive. It will be in this year’s annual report. It is not like it is a secret; it will be published, but I do not know what it was. I make the point that Mr Hayes resigned. I know there was some allegation of him being marched out and all those things, which is not true. He had entitlements on resignation because he was a long-serving employee and he was paid out in accordance with his contract. As I said in Parliament when the member asked me a question about this, I indicated to the chair that it was entirely appropriate if the chair believed that he should be allowed to leave before the end of his notice. That is common practice for executives; they do not necessarily work out every day of their notice period. I am not aware of exactly how much, because he had some sick leave as well. I do not know how much he had. I have never inquired into how much of his notice period he worked and for how much he was allowed to go early. When Jason left Synergy, the same thing occurred there. For senior executives that is common practice, and, in my view, it was a matter for the chair to handle and not the minister.

**Mr R.S. LOVE:** I accept that. He actually made a statement about staying until a certain point and then suddenly he was gone.

**Mr W.J. JOHNSTON:** There is no question that that changed. Remember, the reason that he left, as he said publicly, was that his health was such that he did not want to continue working, and he put it to the workforce that he was retiring. Whether he goes and gets another job, I do not really care because it is not my business, but in respect of his departure, there was no sacking. As the member knows, because he FOI-ed me, I had no communication with the chair, either formal or informal, asking him to take any action in respect of Mr Hayes. Mr Hayes chose to leave and I do not want anybody to suggest there was some negative aspect to his departure. That was entirely his decision. If he had not resigned, I would have expected that he would continue until the end of his service as the CEO. As it happens, he chose to leave. The board, independently of me—as the member knows, under the act I am not directly involved in the selection—and the chair led a team of people, they used outside consultants, and guess what? They found that the best person in Western Australia for the job was the CEO of Synergy. David Fyfe was here a moment ago. Having been the unsuccessful candidate for the Western Power CEO job, he went to Synergy and the board chose to put him into the job. It was actually not too difficult for Synergy to replace Jason, despite the huge hole he left in the business when he moved to the Gold Corporation.

**Mr R.S. LOVE:** Under the income statement that we just examined, the revenue from operations is shown as growing from about \$24.5 billion up to a bit over \$30 billion into the out years. The total revenues seem to be matched pretty well with the total expenses. Given that there are many different prospects afoot at the moment in Western Australia, is that a likely trajectory, or would we expect to see a bit more growth in the revenue?

**Mr W.J. JOHNSTON:** That is an excellent question. It is the exact question that I wanted to get to the bottom of when I became minister. The thing is that the Gold Corporation does not hold gold; it does not take risk on gold. The only gold that it has is the stock to make the coins. It has no position on gold. On the day it buys doré from a mine, it sells the equivalent volume of processed gold. If the member looks at the sale of goods and services and the supplies and services, he will see that they basically match. There is a very, very small difference, and that is the refinery margin. I am learning every day that the refinery margins around the world are very, very small. Net profit after tax is a proportion of total revenue; it is like 0.15 per cent. The chairman says that is not the proper measure, funnily enough. He says that the proper measure is profit as a percentage of controllable costs. If you do that, it is about 20 per cent, which is obviously a fatter number. The reason that we have this huge volume of sales and supplies is that it is buying gold and selling it at the exact same time. That is why there is no hedging. If the price of gold fell, there might be other impacts on the business, but because we do not have a position on gold —

**Mr R.S. LOVE:** It does not go down with the market; it does not matter.

**Mr W.J. JOHNSTON:** Yes.

**Mr R.S. LOVE:** Further to that point, the other revenue that is listed there, what is the basis of that? Is that the sale of manufactured coins et cetera? What does that mainly come from?

**Mr W.J. JOHNSTON:** Mr Waters tells me it is interest on cash holdings. The coins and everything are in the sale of goods and services. There are a number of elements to the business; each of them are profit centres. The operation of the tourism facilities is not a profitable business. The operation of the refinery is a high-volume, low-margin part of the business. Other parts of the business are more profitable.

**The CHAIR:** That completes the examination of the Gold Corporation.

[3.00 pm]

**Division 16: Department of Mines, Industry Regulation and Safety — Services 1 to 4, Mines and Petroleum; Energy, \$367 589 000 —**

Ms A.E. Kent, Chair.

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

Mr R. Sellers, Director General.

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

Mr J. Haworth, Acting Deputy Director General, Resource and Environmental Regulation.

Ms J. Hammond, Executive Director, Government Sector Labour Relations.

Mr P. Stewart, Acting Executive Director, Corporate Services.

Mr R. De Giorgio, Chief Finance Officer, Corporate Services.

Mr J. Thomas, Acting Coordinator of Energy, Energy Policy WA.

Mr R. Gracias, Chief Financial Officer, Energy Policy WA.

Mr D. Kavanagh, WorkSafe Western Australia Commissioner.

Mr R. Sao, Chief of Staff, Minister for Mines and Petroleum; Energy.

Mrs A. Keogh, Principal Policy Adviser.

Ms H. Smith, Senior Policy Adviser.

Mr M. Andrews, Senior Policy Adviser.

Ms Y. Lucas, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. I will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to budget paper No 2, volume 1, page 258, and the mining rehabilitation fund. I want to ask about the expenditures from that fund. I understand that there was an announcement about the abandoned mining program and the contract that was awarded to an Aboriginal-owned corporation to undertake that work. Could the minister outline the terms of reference for that contract? This is in the context of approaches from people who are concerned about the possible loss of some mining heritage as a result of undertaking that program.

**Mr W.J. JOHNSTON:** The first thing to emphasise is that the only money available under the current law is the interest earnings on the fund, not the fund itself. That is why the payments are significantly lower than the income. What the department and I have talked about over the last couple of years is two issues. The first element is how we can use the mining rehabilitation fund to engage Aboriginal people, because we want to see Aboriginal people working on country to the greatest extent possible, and, if we have a capacity to do that, we should exercise that. The second element, which was in fact raised with me by a branch member of the Labor Party in Kalgoorlie, is abandoned features close to schools. I understand that a couple of years ago there was an attempt to map these abandoned features. We are now trying to do a better job of that. I invite Mr Haworth to explain what we are attempting to achieve.

**Mr J. Haworth:** To put the abandoned mines program in context, the Aboriginal company Gee Gie has been employed to assist in mapping the abandoned mines around schools. We have focused on three particular areas—Cue, Marble Bar and Yalgoo. As the minister quite rightly said, there was an incident where a shaft was discovered

near Yalgoo Primary School, and we have repaired that. We know from surveys that we did back in 2012 that there are approximately 265 shafts within one kilometre of the three schools that I have just mentioned—Cue, Marble Bar and Yalgoo. They obviously represent a safety issue. Although the company Gee Gie will map these features—it did a fantastic job in Bulong in 2021 engaging local Aboriginal people—the final remedial work will be further contracted out to capable and professional organisations. Right now, it is purely mapping where these features are.

**Mr R.S. LOVE:** The department produced an abandoned mines policy statement in 2016 or thereabouts. Does that still guide how these matters are carried out?

**Mr J. Haworth:** Yes, that policy still guides us. There are parameters around what we call risk management, and this falls within the context of risk management around the locality of roads, communities, towns and so forth. As the minister quite rightly said, our budget has been reduced due to the low interest rates, so we have had to be rather targeted in what we are doing. It is not just a schools' program. We are doing a program in Donnybrook that was raised by DBCA—I hate using acronyms—or the former CALM. That is because the shafts from the old goldmines in that area are on its property. People may remember the news article about a dog that fell down one of these shafts. We have been asked to look at that in particular, especially close to walking and cycling trails, but no further work has occurred at the moment.

[3.10 pm]

**Mr W.J. JOHNSTON:** That Donnybrook one might be the one that people talk to the member about. I have certainly had representations about the questions in Donnybrook. We do not want to unnecessarily destroy the cultural heritage of Western Australia, but, equally, we need to make sure that the place is safe. Bushwalkers and others are using that state forest, so we do not want to have tragedies either. The landholders asked us to deal with those. I have a letter from somebody complaining that one of them is being filled in, but, in the end, we still need to maintain safety.

**Mr R.S. LOVE:** I turn to something different now. I refer to page 67 of budget paper No 3, and the operating revenue under “General Government”, which refers to royalty income. Is it possible for the minister to outline the amount of royalties derived from the different categories of minerals, even by way of supplementary information?

**Mr W.J. JOHNSTON:** No, because Treasury is responsible for budget paper No 3. We do not have input into it. Treasury consults us about our expectations of volume and price, but they are its estimates, not ours.

**Mr R.S. LOVE:** I turn to page 245 of budget paper No 2. Under the heading “Build a Sustainable and Responsible Resources Industry” is a reference to the amount of royalties that are collected from all over the industry—in mining and oil and gas. I wanted to talk about a particular mineral about which I asked a question of the minister in Parliament last week—the royalty that is applied to that particular mineral or salt or whatever it might be. That is the question. I am talking about potash and the setting of the potash rate at five per cent. Why is potash seen as a concentrate when I am told that chemically it is a salt? Is that the final product?

**Mr W.J. JOHNSTON:** I am happy to answer the question. I make the point again that the industry itself, in its submissions to its shareholders and to the ASX, has set out that it was expecting a royalty of five per cent. There is a good reason for that. It is because the potash royalty has always been five per cent. As I outlined in the answer to my question in Parliament—I will ask the department to comment as well—it is like we just invented this ourselves. We have had an extensive engagement with the sector. When the industry started talking to me about the challenges of these projects, the first thing it raised was the question of the mining tenement rentals. Unlike, say, a gold mine, when we need the tenement to cover only the deposit and other ancillary activities, the ratio between the mining tenement rental and the royalty is very, very disparate. There is not much mining rental and there is a lot of royalty. However, in the potash industry, if we applied that same mining tenement rental, we would end up with the mining tenement rental being more than the royalty, and that is clearly not the intention. The department is full of clever people. We cannot charge people different rates for the same title. The department came up with a new mining tenement for minerals in brine. We have access to the ground, but we have access only to the minerals that are in the brine. For example, if there is a mining deposit that nobody knows about, we do not get the gold, whereas if we have a mineral tenement for nickel and there is gold, we get to keep both metals.

**Mr R.S. LOVE:** I am happy to talk about the tenement later.

**Mr W.J. JOHNSTON:** I am just explaining what the industry asked me for.

We did that. Then the industry came back and said that the mining rehabilitation fund is a negative issue for it because it has to have extensive ground disturbance because of the evaporation ponds. We went away and looked at that. Again, we cannot change the MRF because that is in legislation. We worked out that we could have a rate under the MRF for the evaporation ponds that is lower than the rate for other mineral activity.

The industry made another point to us, which is sensible. Let us say a gold mine has seven years of mine life, so the risk for the MRF is only over seven years. A brine project might continue for 20 or 30 years; therefore, the relative risk is much reduced because the project has such a long life. We then gave the industry a specialist rate for the MRF because it is common sense. Then it came back and said that the five per cent royalty was too high. The department looked at the flow sheets for the process of the projects and realised that, in fact, five per cent was the correct rate

because it was creating a concentrate in the same way as other projects create concentrate through the flow sheet that is applied for those other projects. It did the analysis of the projects and came back to me as minister and said, "Our considered view is five per cent is the correct rate." It was not like the department did it because it was not defined; it looked at it. The industry then still complained that the five per cent rate was too low. It said, "Why don't we do an open book examination of the businesses?" I think two businesses gave us complete access to its open books. I will not say who they are because that would be unfair. As we have done in other industries, like the lithium one a couple of years ago, the department worked through the open book information and then came back to me and said, "Having looked at the projects and having looked at the financing of the projects, we still confirm that five per cent is the right royalty rate." I want to specifically point out that this is a high-value product. I accept that the current price is extraordinary, but we can compare \$US1 600 a tonne with \$US150 a tonne for iron ore. This is not a low-margin business. Just think about this: the price of potash is 50 per cent higher than it was last year.

**Mr R.S. LOVE:** As are a lot of things.

**Mr W.J. JOHNSTON:** No. Think about this: this product belongs to the people of Western Australia. Those companies want to take it away and they are complaining about five per cent of their costs, but their income has gone up 50 per cent. We are asking for only five per cent.

**Mr R.S. LOVE:** I think a lot of costs might have gone up as well.

**Mr W.J. JOHNSTON:** Again, I am not going to name them but someone from one of the companies came and saw me and said, "Look at all these costs", but they were the capital costs of the project. They were saying that they would not be able to pay their capital costs. Of course not. Nobody pays their capital costs out of their cash flow; they pay it out over the life of the project. I do not understand why anybody would suggest that the government of Western Australia should give away a product that is worth \$1 800 a tonne for 79¢, yet that is what the companies have asked us to do.

**Mr R.S. LOVE:** For the minister, the situation is that it is either \$5 or 79¢. It is either a mineral concentrate and it is levied at \$5 or it is a salt and it is levied at 79¢, but there are other minerals, as I pointed out in the question, that are levied at different rates.

**Mr W.J. JOHNSTON:** Name one.

**Mr R.S. LOVE:** Diamond is one, I believe, that is not at five per cent. I think lithium hydroxide is not at that level.

**Mr W.J. JOHNSTON:** That is incorrect.

**Mr R.S. LOVE:** Diamonds are certainly not. They are specifically mentioned in the mining regulations as having their own rate.

[3.20 pm]

**Mr W.J. JOHNSTON:** Let me make it clear about diamonds. Nobody has ever paid the rate that used to be in the regulations. There are two diamond mines. One is the Rio Tinto mine, Argyle, which had a state agreement and it paid a royalty based on the state agreement. The other one was Ellendale. Even though the rate was in the mining regulations, there was a specific regulation for Ellendale. When we put Ellendale back to the market, it said, "Why do we have to pay more than the previous operator of the project?" We said that was perfectly reasonable so we set a rate, which is the rate that was always paid. There was no discount. We simply extended the rate so that nobody had a problem with it.

Let me make it clear about lithium hydroxide. There is a range of technical issues, but 2.5 per cent is charged on the hydroxide price, which is about 15 times higher than the spodumene price. That means that people pay five times more on the hydroxide than on the spodumene, which means that people would have exploited the spodumene. We said that five per cent is the spodumene rate and it is paid on the spodumene. There is no discount on the hydroxide. We are charging it on the spodumene, so whether it is exported or used within Western Australia, the rate is the same. If 2.5 per cent were charged on the hydroxide, no-one would ever produce hydroxide in Western Australia and that would be a crazy outcome.

Let me get back to this one. The price of this product, even at \$1 000, is four times higher than the maximum price ever realised for iron ore. This is not a low-value product. It is a very valuable product. I note that some farmers have put out media releases saying, "It's terrible because we won't be able to afford to use SOP". There are two things about that. The first is that all the sulphate of potash projects in Western Australia are predicated on exporting their product. None of them currently has a plan to sell SOP to Western Australian farmers. They all say that they want to do it in the future, but none of them currently does. That does not have an effect on farmers. The second thing is that because it is a royalty, it does not increase the price. What happens is that the commodity is traded and then the royalty is paid. It is not a value-added tax in which the price is set and then tax is added on top of it. That is not the way it works. It cannot increase the price of SOP for farmers; whatever the price is, it is the price. This is what they call a fungible product. That is why it is different from natural gas, for example, which is not fungible. The price is the price.

**The CHAIR:** Minister, can we try to go to the next question?

**Mr R.S. LOVE:** I had a question in there, but I do not think it was actually addressed. We have a situation in which the minister said it must be a salt or it must be a mineral concentrate at five per cent or it is 79¢ per tonne. Members of the industry tell me that at five per cent, they will not get their projects complete. The projects will not go ahead. How does that possibly benefit anybody?

**Mr W.J. JOHNSTON:** That simply is not true. What they are saying is —

**Mr R.S. LOVE:** I can tell the minister it is true; they have told me that.

**Mr W.J. JOHNSTON:** Yes, it is true they have said that. However, the project will be developed, but it will not be developed by the current owner. The minerals do not disappear just because the current owner does not execute their project. In fact, they are de-risking it for a future investor. The future investor will have a lower cost of capital than the current investor has. This is called the free market. These people are risking capital to make money. Sometimes in the free market, an investment is made and it pays off. Sometimes in the free market, an investment is made and it does not pay off. That is not the government's business. We do not do business. We protect the interests of the taxpayers. Just because an individual investor will not get a return on their investment does not mean the project will not go ahead. The project will go ahead, but there will be a different owner.

**Mr R.S. LOVE:** In the minister's response to me in Parliament last week, he said that he wanted projects up and running by 2024.

**Mr W.J. JOHNSTON:** That is correct.

**Mr R.S. LOVE:** Players have projects in train, but they may not get their projects up and running, and a new player will not get the project up and running by 2024 if such a person comes to the rescue. Is that not a contradiction in the minister's desired outcomes?

**Mr W.J. JOHNSTON:** No. Let me be blunt. These people can get their project to work. The idea that five per cent is going to kill their project is just not correct. I know that because two of the projects have provided their books to the department. The department has been through their cost structures in detail. Members of the department then gave me their professional advice that the projects can wash their faces with a five per cent royalty. It does not mean they want to pay a five per cent royalty, but they can afford the five per cent royalty. If there is any question that these projects could not proceed with the five per cent royalty, we would have to confront that question, but they can proceed. In fact, I am confident that they will proceed.

**Mr R.S. LOVE:** Can the minister guarantee me that the department has never indicated that a different royalty rate would be available to any of these producers? Some of them have told me that they have been told things like 2.5 per cent, 3.5 per cent and 3.75 per cent. It is not as though these people have been given clear and consistent advice all the way through.

**Mr W.J. JOHNSTON:** One company was given a letter when Norman Moore was the minister that specified the salt rate that would apply. That was done by an official of the department, not by cabinet government. I am happy for Mr Haworth to make any comment he would like on that topic.

**Mr J. Haworth:** There has been some confusion in the industry about where products sit within ad valorem and within the special 74¢ per tonne salt rate. To be clear, the department has always had the view it is five per cent. It does not fall under the concentrate 2.5 per cent rate and it does not fall under the salt regime. The minister quite correctly mentioned that that was put out. Unfortunately, that was an erroneous statement by whomever did that. The five per cent rate is pretty much standard for anything in the salt or potash. I guess there is a problem with the salt potash name versus salt, like salt from seawater. Again, we have done the studies—five per cent. With the Ukraine war, the price of potash has never been higher. We have looked at what would be a boundary kind of value for potash sales. We are saying that if it is above \$1 000 a tonne, there would be no real reason to do a rebate, such as we did with magnetite or anything like that. At the moment, the price is certainly not there. Yes, the five per cent rate is pretty much consistent with the department's views.

**Mr R.S. LOVE:** The minister has outlined that these are long-lived projects—slow return projects with a lower rate of return on the capital than a normal mining operation.

**Mr W.J. JOHNSTON:** I have not said that at all.

**Mr R.S. LOVE:** The minister has said that they are long-lived projects.

**Mr W.J. JOHNSTON:** Yes, that is correct.

**Mr R.S. LOVE:** I am saying that they are high-capital-up-front projects with low rates of return in a given year. That is the problem with them being treated as another mineral. Other minerals can be extracted with much greater margins than this particular product. That is what I am told by industry. I am not an engineer or a miner, but the industry tells me that this is the case. At the moment, iron ore, for instance, is making massive margins. This is a low-margin, low-return product with a steady return over a number of years. Members of the industry have told me it is more akin to a piece of infrastructure, if you like, than a traditional mine. That is why they put forward that there needs to be a review or these projects will not happen. Nobody is going to come and do them.

[3.30 pm]

**Mr W.J. JOHNSTON:** There has been a review; that is the point. The industry asked for a review and we did it twice. In my original answer, I told the member that. We did an internal analysis of what we expected would be the costs, what the industry would look like and what the flow sheets described, and the department recommended a five per cent rate. The industry reacted negatively to that position. The department then did the open-book review with two of the companies as samples, and again came back to me and recommended a five per cent rate. I have not invented this rate; this is the rate that the department recommended to me. I accepted that recommendation and I think the department is right.

With respect, these are long-lived projects. That means their cost of capital is lower, not higher, because they have a longer period to repay their capital. As I said, one of the projects said that it could not get its capital back in three years. I do not remember a corner deli getting its capital back in three years! These projects will be very beneficial for their shareholders, for the Indigenous people who own the land they are built on and for the taxpayers of Western Australia who own the product that is being exploited. If at any stage any of the issues raised by industry were confirmed by the department and it had made a different recommendation, I would have absolutely agreed to that. But the department has looked at it in detail on two occasions and on each occasion its recommendation was that five per cent was the correct rate.

**Mr R.S. LOVE:** The minister has outlined in some parts of this discussion how the determination of a five per cent rate was arrived at and we spoke in Parliament about the treatment of lithium. A number of other non-traditional minerals are coming into the mix for the development of batteries et cetera. One is vanadium pentoxide. Will each of those minerals be considered on their merits for a determination about the royalty rate and aspects of their production? Again, like lithium, we do not want to send the product offshore in a raw form if we can manufacture it here.

**Mr W.J. JOHNSTON:** Yes. We look at each of the products that are coming in. Certainly, we have talked to the vanadium people. The question about vanadium will probably be solved by the point at which the royalty is calculated. I will ask Mr Haworth to talk about it because there was a vanadium project in Western Australia previously and, to answer some of the questions raised by the industry, we need to look at what occurred then. I will give the example of Newmont. It sends out a copper–gold concentrate from its mine at Boddington. Newmont pays the gold royalty for the gold contained in the concentrate even though it is not separately extracted. That is what occurs. All the metals in a concentrate need to be paid for because they belong to taxpayers. I will invite Mr Haworth to talk about what happened in the vanadium sector.

**Mr J. Haworth:** I will say that a lot of minerals are coming up right now. Vanadium is one of them and there is lithium. The department is looking at it in the same way it looked at magnetite, with the rebate program done on a commodity and a company case-by-case basis, proving whether they can meet the criteria for assistance around the five per cent royalty. The three-tiered ad valorem royalty system works. Vanadium is interesting. The problem is people want to put it into batteries, especially stationary batteries. It would be better than lithium, in fact, for grid-based power. But the metallurgical price of vanadium is stopping the battery people from coming in; there is a bigger demand for its metallurgical properties.

The Windimurra mine that we were talking about that has been involved vanadium production has numbers in the tens of thousands—it is not a lot—and it has been open and shut and open and shut over several years. As the department has done with potash, it is quite willing to look at individual cases on a commodity basis, and I think we are currently looking at vanadium. We will continue to look at them because of that tension between the traditional uses of those minerals and the new uses for future batteries.

**Mr R.S. LOVE:** I refer to page 257 of budget paper No 2, volume 1, and mining tenement rentals. I am using that line item to talk about the rent relief the potash industry has received. The minister outlined earlier the minerals in brine lease arrangements that have been put in place. How many companies have taken up that lease at this point?

**Mr W.J. JOHNSTON:** I will do that by way of supplementary information. One company did not, which surprised me. It was one of the companies complaining about the royalty, yet it did not take advantage of the alternative tenement arrangement. I understand that was because of project financing questions for the company. That is its decision. I am not criticising the company for it, but I was surprised that it chose that pathway.

**The CHAIR:** Minister, for Hansard, can you state exactly what information will be provided?

**Mr W.J. JOHNSTON:** I will provide the name of the projects and the owners of the projects that have taken advantage of the minerals in brine tenement.

[*Supplementary Information No A16.*]

**Mr R.S. LOVE:** For the sake of the discussion, can the minister outline the discount per hectare for general mining tenements and for minerals in brine mining leases?

**Mr W.J. JOHNSTON:** It is public, but I do not have it in front of me. It is on the website; it is not a secret.

**Mr R.S. LOVE:** The point I am trying to make, minister, is that there is a considerable difference in the annual cost under the two tenements, and in nearly four years we have seen only one project transition. Is there a problem or a barrier in the process, through native title or some other thing, that is causing this delay?

**Mr W.J. JOHNSTON:** We do not do financing. These projects are all junior companies. If BHP does a project, it uses its own balance sheet to do it, but these companies have to do project financing. All project financing is difficult; it is not just sulphate of potash projects that have challenges in project financing. Look at the Perdaman project in a completely separate industry; it has enormous challenges in project financing. Indeed, the Inpex Ichthys project was done through project financing, which is extraordinary given the size of it. If projects want to use other people's money, it is hard. Remember, the discount we are offering is worth tens of millions of dollars to the industry. It is a massive discount.

**Mr R.S. LOVE:** That is the point I am making. Is it very difficult for people to negotiate their way through the process to get to the point at which they have one of these minerals in brine leases from the original lease? What are the barriers that are preventing more people or organisations taking up this opportunity?

[3.40 pm]

**Mr W.J. JOHNSTON:** I cannot answer a question about the financing of these projects.

**Mr R.S. LOVE:** I am not asking the minister to answer a question. I am asking him about the process.

**The CHAIR:** Member for Moore, you have asked the question. Let the minister answer.

**Mr W.J. JOHNSTON:** The member is effectively asking me why the projects are not proceeding. That is a financing question, and I cannot speculate.

**Mr R.S. LOVE:** We want them to proceed, surely.

**Mr W.J. JOHNSTON:** Of course we do, and we want them to reward the people of Western Australia for the fact that they are able to exploit the minerals that belong to the people of the state. For the six companies in the potash industry, it is estimated that \$43.6 million will be saved because of the lower rentals on the 61 000 hectares that are expected to be used by those six projects. That is an extraordinarily large amount of money that we have discounted from the mining tenements for these projects. We did that because they had an argument that it is a different style of project and therefore the traditional mining tenement rentals did not work for them. The same went for their mining rehabilitation fund contributions, because they are long-lived projects, they need evaporation ponds and they are there for a long time.

**Mr R.S. LOVE:** Perhaps we will just accept that people can go to the website and see the exact distance. That is okay; I just thought the minister would have that information.

I have a new question relating to budget paper No 2, volume 1, page 245. I am looking at paragraph 24, which talks about the fast-tracked mining approvals strategy and additional resources allocated to approvals processes et cetera. What level of resources are being put into the department to enable it to undertake the process of going through the eligible mining activities?

**Mr W.J. JOHNSTON:** The \$13.1 million over four years is the first injection and then there is \$14.3 million being injected for different parts of the activity. The first step is reducing assessment time frames by increasing resources for approval processes and regulatory oversight, and minor improvements such as Warden's Court integration and online approval tracking and lodgement. The second element is undertaking a digital transformation initiative to expand and modernise existing Department of Mines, Industry Regulation and Safety digital capabilities. So that is \$13.1 million for the assessment time frames and \$14.3 million for the digital transformation.

**Mr R.S. LOVE:** Just as a follow-up to that question, has the department been able to recruit staff into these programs? Is the department losing staff as quickly as they are coming in, as I am told?

**Mr W.J. JOHNSTON:** It is a challenge for the department to recruit and retain. We are competing in the same market that everyone else is working in. We have provided funding for an additional 35 FTE and we are doing our best in recruitment; however, 12 of those 35 positions remain vacant. We have been able to recruit people from outside the agency, as well as bringing people up the skill pathway from inside the agency.

**Mr R.S. LOVE:** I refer again to budget paper No 2, volume 1, and the accommodation line item under "Expenses" on page 252. Is the department considering the future of accommodation? There is a bit of a rumour that it is on the move. Can the minister confirm that the department will not be moving from Mineral House?

**Mr W.J. JOHNSTON:** I will invite the director general to comment on the future strategy for accommodation.

**Mr R. Sellers:** Just to clarify that, the \$18 million is for leases for offices, building maintenance, electricity and water. This is not directly on the member's question, but separate to that, we have a number of sites around Perth. As for what will happen in the future with regard to buildings, there is no policy at the moment to do anything with Mineral House, but it certainly would be considered as part of a future mix, I am sure.

**Mr W.J. JOHNSTON:** I would just like to emphasise that Mineral House belongs to the government, but much of the other accommodation that the Department of Mines, Industry Regulation and Safety uses is rented. I think there are four main sites: Mineral House, Cannington, one40william and St George's Terrace. We would not break a lease, but at some point in time we might want to bring the agency together at a single location. It is being contemplated, but there is no plan or proposal—nothing like that. The director general would not be doing his job if he were not thinking about the medium-term strategy, but there is no immediate plan to do anything in that space.

**Ms J.J. SHAW:** I refer to page 242 of budget paper No 2, volume 1. Paragraph 1 talks about the government tasking Energy Policy WA with delivering stage 2 of the energy transformation strategy. Can the minister give us a bit of an update on where that program is up to, specifically with the recommendations of the Economics and Industry Standing Committee's microgrid progress report, *Taking charge: Western Australia's transition to a distributed energy future*?

**The CHAIR:** May I say what a wonderful report that was!

**Mr W.J. JOHNSTON:** That is an excellent question, and that was a very good report. We responded to that report, supporting the recommendations, because they were common sense. We have a range of projects going on around stage 2 of the energy transformation strategy. I might invite Mr Thomas to make comment.

**Mr J. Thomas:** The energy transformation strategy stage 2 has 14 key actions or work programs within it. Many of those relate to the recommendations of the microgrid inquiry report. Specifically, there is one action in relation to progressing the regulatory settings for disconnecting small towns from the Western Power network in the form of a disconnected microgrid, when it makes economic and reliability sense to do so. We are progressing the reforms required for that to ultimately allow, firstly, for a pilot project and then, secondly, for the business-as-usual application of that. More broadly, the energy transformation strategy stage 2 initiatives continue. We report periodically on those activities. From stage 1 we had the *Distributed energy resources roadmap*, which took a five-year time horizon. We are about to release a two-year update on that document, basically outlining our progress over two years. It is in various stages of delivery across those 14 actions, some more fulsome than others, and ultimately we continue to engage with the energy sector on delivery of those actions on a regular basis.

[3.50 pm]

**Mr W.J. JOHNSTON:** One of the interesting things that has happened in this space, of course, is the emergency solar management. It sounds counterintuitive, but the ability to turn solar off means that we can have more of it. We are not the first; we are following South Australia, but we are better than South Australia in that pathway. We currently do not have that much controllable solar, but because it is going on so rapidly, it will make a big difference to our ability to manage low-load situations. As the member knows, it was one of the challenges that was referred to in the report. Who would have thought that low load was going to be a challenge? If we go back 10 years, it was about peak demand; now it is about low load. That is an example of something we have done in response to the issues that were canvassed in the report.

**Ms J.J. SHAW:** Obviously, there have been some quite significant changes to the Electricity Networks Access Code and there have been quite significant reforms to the Electricity Industry Act and the Electricity Corporations Act. Does the minister anticipate any further reform to either that legislation or to the ENAC itself?

**Mr W.J. JOHNSTON:** I know that Mr Thomas is really going to jump out of his skin to answer this question, but, yes, we continue to look at what needs to be done. My suggestion to Energy Policy WA is that it takes it as bite-sized chunks, because there is an ambition to do everything. I will invite Jai to make comment.

**Mr J. Thomas:** Thank you, minister. Obviously, in the energy transition, the reform never stops and we continually need to review our legislative and regulatory instruments to make sure they keep pace with that transition. Within the energy transformation strategy stage 2, we have a legislative request or agenda to progress to really make sure that we are keeping pace. The first of those, which we had cabinet approval to progress with late last year and will be proceeding with the drafting, is a regime to oversee what we call alternative electricity services, or emerging business models that have come over the last couple of years. Those are things like power purchase agreements, virtual power plants and better networks. We have a situation within the legislative framework whereby the traditional approach of a licence or an exemption is either too onerous or too light, so we need a more appropriate regulatory oversight mechanism as those business models are merged simply to make sure that consumers are as protected as they need to be, and that the arrangements in place are practical as those business models emerge. So, yes, we have a legislative agenda, and the first of those is the alternative energy services.

**Mr W.J. JOHNSTON:** I make the point that I think it was 30 per cent of customers on exemptions got into dispute with their provider compared with about one per cent for Synergy, so one of the challenges was that we dealt with the technical aspects of having alternative services, but we were not dealing with the consumer issues. The new framework that Energy Policy WA has developed will allow those innovative business models, but still provide protection to consumers, because that is obviously critical. We do not want to have people leaving a government monopoly just to go into a private monopoly; that is not common sense. We need to ensure that there is a mechanism for them to resolve disputes with their provider.

**Mr R.S. LOVE:** I turn to page 244 of budget paper No 2, volume 1, and item 15, which refers to the establishment of the Mental Awareness, Respect and Safety—or MARS—program to address serious mental health workplace culture and safety issues in the mining sector. I think that the budget provides only \$362 000 for this program for this year; that is outlined at page 253.

**Mr W.J. JOHNSTON:** No, that is not correct.

**Mr R.S. LOVE:** That is not correct?

**Mr W.J. JOHNSTON:** No.

**The CHAIR:** Do you want to ask the question and the minister can respond?

**Mr R.S. LOVE:** I was going to ask: Will the program be continued? What is the future of the program? We have heard the reports from the industry about fly-in fly-out safety et cetera, so how will that program provide safety in the FIFO sector?

**Mr W.J. JOHNSTON:** MARS is a response to the excellent reporting work done by Caitlyn Rintoul, for which she won an award, showing the level of challenges for women working in the mining sector. Of course, it responds to that, but it goes to a broader level. The MARS program is funded out of the mine safety levy, so the industry is paying for it. The \$362 000 is for one aspect of the project, but it is a much larger piece of work. I am going to invite Mr Munns to make comment.

**Mr I. Munns:** Thank you. Yes, the item that the member has referred to there, as the minister has correctly indicated, is only a small portion of the whole program. That particular amount of \$362 000 is a grant payment that has been made to the Mental Health Commission for it to engage a number of staff to work with us collaboratively in the delivery of the whole program. The total amount for the program over the current period up to the end of the current financial year is \$1.9 million and in the forward estimates it is \$6.5 million for the next financial year.

**Mr R.S. LOVE:** Sorry; could you just repeat that for my benefit? What were the amounts?

**Mr I. Munns:** The amount the member has referred to there is funding for the Mental Health Commission to engage some staff members. That \$362 000 comes from a total of \$1.9 million in the current financial year, and in the 2022–23 period, there is an allocation of \$6.5 million.

**Mr W.J. JOHNSTON:** I just emphasise that this program was developed when the Department of Mines, Industry Regulation and Safety, through Mr Munns and Andy Chaplyn, was the regulator. Of course, from 31 March, the WorkSafe Commissioner has been the regulator, so the Work Health and Safety Commission is working cooperatively with the department on this project. There might be more aspects of the project. One aspect is a research piece that I talked about in Parliament a couple of weeks ago, whereby we are getting the Curtin University Centre for Transformative Work Design to do an extended project of research. We are getting it to do a report within six months, but it is a four-year project, because we want to have a deep dive. Of course, although work health and safety legislation regulates this issue, the principal regulator is the commonwealth government's Australian Human Rights Commission, and a secondary regulator would be the Western Australian Commissioner for Equal Opportunity. Obviously, we do not have control over what the AHRC does. The Fair Work Commission and the Fair Work Ombudsman also have a role, because every single employer in the mining industry is a national system employer. I am pleased that there has been a change of government, because I think we might get better engagement from the new government than we did from the previous government on those important issues, too.

**Mr R.S. LOVE:** I turn to page 241 of budget paper No 2, volume 1, and the Aboriginal empowerment strategy that the minister announced on 5 May. I do not want a run-down of the strategy, because that is in the release. I just want to understand how the department sees that interplaying. We have the Aboriginal Cultural Heritage Act going through. Is there a relationship with that?

**Mr W.J. JOHNSTON:** No.

**Mr R.S. LOVE:** What will happen with that?

**Mr W.J. JOHNSTON:** I was meeting with some traditional owners. Remember that we cannot issue tenements without engaging with native title parties. It struck me while we were talking that we have all these liaison and other groups that work in industry, and we did not have a similar relationship with Aboriginal people, so I have worked with the department, and this is the first part of its strategy. There is a group—I can never remember the name—at the Department of the Premier and Cabinet that convenes as the peak coordinating body between the government and Indigenous people. We are not trying to reinvent that; we will continue to deal through that, but this is about providing greater integration between the department and traditional owners, remembering that most of our interaction as the Department of Mines, Industry Regulation and Safety is actually about tenement management, not Aboriginal heritage, which is dealt with by others.

**The appropriation was recommended.**

*Meeting suspended from 4.00 to 4.30 pm*

**Division 16: Department of Mines, Industry Regulation and Safety — Services 1 to 4, Industrial Relations, \$367 589 000 —**

Mr S.J. Price, Chair.

Mr W.J. Johnston, Minister for Industrial Relations.

Mr R. Sellers, Director General.

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

Mr P. Stewart, Acting Executive Director, Corporate Services.

Ms J. Hammond, Executive Director, Government Sector Labour Relations.

Mr D. Kavanagh, WorkSafe Western Australia Commissioner.

Mr R. De Giorgio, Chief Finance Officer, Corporate Services.

Mr R. Sao, Chief of Staff, Minister for Industrial Relations.

Mr J. Welch, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for North West Central.

**Mr V.A. CATANIA:** I refer to paragraph 8 on page 243 of the *Budget statements* on the Industrial Relations Legislation Amendment Act 2021. It states in part —

The Easter Sunday public holiday provisions of the IRLA Act were proclaimed on 12 February 2022 and the remainder of the IRLA Act will be proclaimed when the necessary regulations are finalised.

Is there an expected time line for when those regulations will be finalised?

**Mr W.J. JOHNSTON:** I cannot give a firm date, but we are trying to get them done some time in June.

**Mr V.A. CATANIA:** Is there a rough time line?

**Mr W.J. JOHNSTON:** Why do we not say Monday, 20 June as a random date?

**Mr V.A. CATANIA:** So the answer is no! Have the impacts of Easter Sunday becoming a public holiday been monitored by the department?

**Mr W.J. JOHNSTON:** No, there really is no impact. The ambition was to give an extra holiday day, but different industrial instruments have different impacts when a public holiday falls on a day that a worker does not work. The majority of workers do not work on that day. For those workers who do work on Easter Sunday, often it made the day voluntary rather than compulsory. That was the ambition—to give people more flexibility, particularly in the retail and hospitality sectors.

**Mr V.A. CATANIA:** I refer to the same paragraph. On Tuesday, the member for Moore raised a question about local government having transitioned from the federal to the state industrial relations legislation. Noting that local governments have flagged that the costs associated with this transition could be in the millions, has the state government considered funding to support the transition for local government?

**Mr W.J. JOHNSTON:** I met with the Western Australian Local Government Association only recently and it came up with this ridiculous figure of \$15 million. I have asked WALGA to explain how it arrived at that figure, because it is fanciful. For example, WALGA said that one issue is that it will have to review the transitional agreements to see whether they exceed the Minimum Conditions of Employment Act. WALGA gave an example of where the act provided for days and an agreement might provide for weeks. Because that is not what the Minimum Conditions of Employment Act does, that is clearly not a realistic option. If WALGA could actually come back and tell me what it is actually talking about, as I have been asking it to do for three years, I would have a conversation with WALGA, but I have not had anybody explain to me what the extra costs are.

**Mr V.A. CATANIA:** So the minister is not averse to providing some financial assistance to local governments to do that transition, provided it can be justified?

**Mr W.J. JOHNSTON:** What I am saying is that I have not seen anything to suggest that there is any cost involved in the transition. It would have been good if WALGA had set out for us three years ago what the challenges were, because we could probably have dealt with them in the meantime. I am not saying no, but the clock is ticking. If the legislation comes into effect relatively soon and the commonwealth minister makes a decision in a reasonably short time frame, by the time WALGA gets back to us to tell us what it needs, it will probably be a moot point. I have never had any local government raise any challenge about the transition. I have had WALGA raise issues, but never a local government. I would love to see local government explain to me what it is they think the challenge is, and then we could deal with it at that point.

**Mr V.A. CATANIA:** I suppose WALGA is the peak body of the 139 local governments in Western Australia, so it is advocating on behalf of those 139.

**Mr W.J. JOHNSTON:** No; sadly, that is not what is happening.

**Mr V.A. CATANIA:** I am just assuming that that is the case.

**Mr W.J. JOHNSTON:** That is not what is occurring.

**Mr V.A. CATANIA:** Mind you, I am not the lead on IR. Unfortunately, David Honey, the member for Cottesloe, is not well. In terms of the \$15 million that WALGA come to the government with, did it have any detail on that \$15 million?

**Mr W.J. JOHNSTON:** No, it did not. I met with WALGA in February 2021 when I was still the IR minister—before I was not the IR minister. That was in the lead-up to the election, when we made the commitment to reintroduce the legislation. I said to WALGA then that it really needed to tell us what it had a problem with, because we could have dealt with it at that time. I want to make clear that WALGA has told local governments that it will cost \$15 million; local governments never told WALGA what the costs are. It is not correct that it is representing local government on this. This is WALGA's invention. Early in the piece, before the legislation was drafted, WALGA put a report to its members that contained factual errors. That is one of the challenges—WALGA is not representing its members; it is telling its members what it thinks. That is not what we would ordinarily expect in these circumstances.

**Mr V.A. CATANIA:** Out of the 139 councils in Western Australia, has not one council approached the minister to say that this changeover has a potential financial burden?

**Mr W.J. JOHNSTON:** That is correct; not a single local government has ever raised it. I have had local governments write to me to tell me they support the transition, but while I have been minister—I do not know what happened when Hon Stephen Dawson was minister—I have never had any local government write to me to say that they oppose it.

[4.40 pm]

**Mr V.A. CATANIA:** On page 244, paragraph 18 at the bottom of the page refers to the WA building and construction consultative committee. Is the minister able to advise who is on this committee?

**Mr W.J. JOHNSTON:** No, I am not. We have had nominations from outside organisations, but it has not yet been to cabinet. That is imminent.

**Mr V.A. CATANIA:** What is meant by “high-level consultative forum to provide advice”?

**Mr W.J. JOHNSTON:** Thank you for the question. We do not want to get into the weeds about individual projects; it is about the bigger picture of the industry and the issues that people have at that higher level. I am not restricting what people should raise, and it is based on what is being done in Victoria. The primary role of the committee will be to provide a forum for regular consultation between government and these stakeholders to provide advice to the Minister for Industrial Relations on economic and industrial relations issues in the commercial construction sector.

**Mr V.A. CATANIA:** Is advice provided to the minister, and how is that advice provided? What will be the process for the committee to provide advice to the minister?

**Mr W.J. JOHNSTON:** The private sector labour relations division of DMIRS will provide the secretariat support for the committee. When there is consensus or other issues raised at the committee, I will be advised. I have had conversations with building industry representatives about the poor relationship between employer organisations and unions in the building industry, and it was talked about here in the chamber during the passage of the IR legislation. That is not in anybody's interest. As a Labor government, we want good relationships, so we see this as an opportunity to deal with those high-level issues and try to find some common ground, because there is always common ground. If we find some common ground, we might find more later on. That is the aim of the committee.

**Mr V.A. CATANIA:** The department will be the facilitator, I suppose. It will provide secretariat services, so minutes will be taken. Will they be made public?

**Mr W.J. JOHNSTON:** I have not thought about that. It will be up to the committee to determine those sorts of details. I am pretty sure that everyone will know what happens. It is not like the organisation will be reporting back. There is an independent chair, and a respected person from business will be the chair. I hope that the committee will encourage open dialogue, but it is not like it is a secret forum and it is not a decision-making body, so I expect all the representatives on the committee will feed back to their stakeholders; otherwise, there would not be much point.

**Mr V.A. CATANIA:** I go back to the make-up of the committee that the minister cannot disclose.

**Mr W.J. JOHNSTON:** I cannot disclose the membership because it has not gone to cabinet.

**Mr V.A. CATANIA:** Will the committee have someone from the construction side and from the residential building side?

**Mr W.J. JOHNSTON:** No, because it is aimed at the commercial construction sector.

**Mr V.A. CATANIA:** So union and —

**Mr W.J. JOHNSTON:** Yes.

**Mr V.A. CATANIA:** Will it include the Housing Industry Association or something like that?

**Mr W.J. JOHNSTON:** There will be the Master Builders Association and others on the representative side and perhaps some large employers. I have written to a range of organisations requesting that they provide a nominee. It is fair to say they all agreed to provide a nominee, but because the names need to go to cabinet and that has not occurred yet, I am not in a position to disclose it.

**Mr V.A. CATANIA:** I accept that, but how many are there? Is it five or 10?

**Mr W.J. JOHNSTON:** It is 15 members, including the independent chair.

**Mr V.A. CATANIA:** It is quite a large committee then.

**Mr W.J. JOHNSTON:** There are public servants on the committee as well. It is a large group. It is not a decision-making body. It is a consultation body.

**Mr V.A. CATANIA:** I am still on page 244 and I now refer to paragraph 14. How is the mentally healthy workplaces grant program going?

**Mr W.J. JOHNSTON:** The election commitment was to make grant funding of \$1 million per annum available to initiatives such as MATES in Construction and Steering Healthy Minds. The mentally healthy workplaces grant program funds organisations to implement initiatives that prevent mental injury at work by managing work-related psychological hazards and promoting positive practices at work that support mental health and wellbeing. Half the funding, which is \$250 000 per annum over four years, is applied by direct grants to both MATES in Construction and Steering Healthy Minds, which are initiatives that provide peer-to-peer mental health support for workers in the construction and transport sectors. They both submitted funding proposals and they have signed agreements with the department. The remaining half—that is, \$500 000 per annum over four years, given that two others will get \$250 000 each—is being made available to other mentally healthy workplace initiatives by an expression of interest. Additional funding might be available through the Mental Awareness, Respect and Safety program in the mining sector.

The EOI process has finished with assessment of the applications completed by DMIRS and the Mental Health Commission cross-agency panel. The panel's recommendations are currently in my office to be determined. I must say that I have not read the file yet, but it is apparently in my office. Recommendations for the funding of mining industry-specific initiatives through MARS will be submitted in the second week of May for ministerial determination. Some questions have been raised about the selection criteria, but the department handled that process independently of me. The decision to give the funding to MATES in Construction and Steering Healthy Minds was made by the former minister. This process will end up on my desk very soon.

**Mr V.A. CATANIA:** I understand in Victoria there has been a recent successful legal case whereby a former solicitor in the Office of Public Prosecutions sued for PTSD. What is the minister's department doing to limit this liability to government?

**Mr W.J. JOHNSTON:** My department is the regulator; we do not have responsibility for public sector health and safety, which is executed by the Public Sector Commission. It would be a conflict of interest, given we are the regulator, if we were the agency responsible for managing the health and safety risk in the public sector. That is handled by the Public Sector Commission. DMIRS engages with the PSC and we conduct support for agencies in executing their health and safety obligations, but we are not principally responsible.

**Mr V.A. CATANIA:** I refer to page 245 and paragraph 20 regarding energy transformation.

**Mr W.J. JOHNSTON:** Is that not what we just talked about? I am not allowed to answer this.

**The CHAIR:** Yes.

**Mr W.J. JOHNSTON:** I raised this before the tea break. I was trying to get this —

**The CHAIR:** We are only dealing with the industrial relations section; the energy part is over.

**Mr V.A. CATANIA:** I was not there.

**Mr W.J. JOHNSTON:** That was the thing. I tried, but the clerks would not let me. It is not my fault!

**Mr V.A. CATANIA:** Fair enough.

**Mr W.J. JOHNSTON:** Why not ask the question and see whether I can answer it.

**The CHAIR:** Go on.

[4.50 pm]

**Mr V.A. CATANIA:** The note states that Energy Policy WA has established an energy industry development team to accelerate the transition to renewable energy at remote mining sites. As we have government people involved in this area already across several agencies and the mining sector is ahead of government on renewables, what can this new team offer that is not already in the marketplace?

**Mr W.J. JOHNSTON:** Obviously, the member did not write that question. It does not reflect reality.

**Mr V.A. CATANIA:** Like I said, the member is not here.

**Mr W.J. JOHNSTON:** I understand the member was asking it on behalf of someone else. I am not trying to criticise the member. This came out of conversations with people in the mining industry. Many people in the mining industry, particularly the junior miners, do not know what is available and they do not see energy as important to them because they are just trying to dig up gold or whatever. We have created a small unit of two people to engage with people in the junior mining sector in particular to let them know what is able to be done and then put them in touch with the technology providers. If the member thinks about it, those at the big end of town know what they are doing. They have their own plans and are off doing their stuff, but the mid-tiers and juniors are not in the same position. The team is not marketing on behalf of Horizon Power or something; this is more about the other technology providers.

**Mr V.A. CATANIA:** Do they look at —

**The CHAIR:** Member for North West Central, we have other divisions we need to work through.

**Mr V.A. CATANIA:** It is just a quick one. This is quite important, given that I have a lot of junior miners in my electorate.

**The CHAIR:** As long as it is short.

**Mr V.A. CATANIA:** Will it look at other opportunities that other mine sites close by may have that have extra generation? Is it doing any of those connectivity type of things?

**Mr W.J. JOHNSTON:** It could do, but it is focusing on the renewable side of things. The director general pointed out that maybe a commonwealth program can help out. Often it is about capital because the mine has a short life and a longer life is needed for the project.

**The CHAIR:** The way the program was structured is unfortunate. If you have other questions, put them on notice.

**Mr V.A. CATANIA:** I am happy to put them on notice.

**The CHAIR:** Are we finished with this division?

**Mr W.J. JOHNSTON:** I think there is a question over there.

**Mr G. BAKER:** I refer to the number of work-related traumatic injury fatalities on page 247 of the *Budget statements*. What action is the government taking to work together with the agricultural industry to improve its safety performance?

**Mr W.J. JOHNSTON:** It is a very good question, member; I am pleased the member thought to ask it!

**Mr G. BAKER:** I was riding on the back of a tractor the other day and I thought of page 247 of the budget papers!

**The CHAIR:** In South Perth!

**Mr W.J. JOHNSTON:** Over the period 2010–11 to 2019–20, 172 people were fatally injured in traumatic workplace incidents in Western Australia, of which 41 occurred in the agricultural, forestry and fishing sector. That is 24 per cent of fatalities in a sector that represents three per cent of the total hours worked in Western Australia. Members can see that it has disproportionately eight times the number of deaths. We know that agriculture can be a particularly dangerous industry. A range of hazards is present in the workplace in the agricultural sector. Often people work

with plant and equipment in an isolated location and often they are on their own. Consistent with this commitment, a new agricultural safety advisory committee will be formed under the new Work Health and Safety Act to provide advice to the Work Health and Safety Commission and the commissioner on matters relating to safety in the agricultural industry. The committee will work to identify major health and safety issues in the industry as we work to get zero harm in the agricultural sector. This committee will replace two former agricultural advisory bodies that have been supported by the department—the agricultural working group, which was an advisory body to the commission, and the agricultural industry safety group, which was the consultative forum convened by the department. The commission is in the final stages of endorsing the proposed membership and finalising the terms of reference.

The department is also in the advanced stages of planning a major project for the government that will focus on work health and safety outcomes in the agricultural industry. The safety initiative, the ag industry in Western Australia project proposal, is currently being finalised by the department and will be informed by data, research and analysis of agriculture-focused safety projects conducted by other regulators, including WorkSafe Victoria's *Agricultural strategy 2020–23*; the SafeWork NSW *Agricultural work health and safety sector plan*; and the commonwealth Department of Agriculture, Water and the Environment-funded Farmsafe Australia's *National farm safety education fund strategy 2020–21*.

I highlight that when I was previously the industrial relations minister in the first term, I engaged with a range of representative and stakeholder bodies. It is tragic that many of the people who have been killed in the industry are family people in the industry. We have to do this. We have to improve. Some equipment is tens of years old and is not being properly maintained. The agricultural industry does not have the same safety culture as other industries, so it is time for change. We want to work with the industry to change the culture. Health and safety is the responsibility of employers. They need to accept that responsibility. We want to work with them. In the end, there will be enforcement, because that is what the law is, but we want to reduce the risks and change the culture because we do not want to see people die in the agricultural sector.

**Ms M.J. DAVIES:** Does the minister envisage—or is there provision in the budget as part of what the minister has just spoken to—that that will entail education? I make the point of asking that question because there has been a proliferation of what I would call shysters peddling really expensive consultancies to people who are quite scared about their liability. I think the minister will find that most people want to adhere to the law. They do not want to break the law. They also desperately do not want to see injuries on their properties, but there has been, as a result of the legislation, I would say, a wild and varying number of consultants who are charging, in some cases, eye-watering amounts for something that I know is provided at a very reasonable price by others. Does the department keep an eye on that and will it also play a role in providing pro forma advice to assist in that circumstance?

**Mr W.J. JOHNSTON:** It is a serious issue. There is a budget allocation for the Department of Mines, Industry Regulation and Safety to undertake its project of highlighting the new legislation. One of the challenges, of course—I acknowledge that the National Party supported us in the end; I am not here to criticise the National Party—was the hysterical commentary, around the time of the legislation, that was very extreme and, therefore, people in the broader community listened to that extreme commentary.

**Ms M.J. DAVIES:** It was not from me.

**Mr W.J. JOHNSTON:** No, as I said, I acknowledge that the National Party was on the side of the angels for that one time, but others were not. There was a hue and cry and other things were happening. On the matter of the excessive costs, one of the interesting things is that the act now requires the service providers to be accountable for their work, because that was previously not the case. That was actually one of the controversial provisions at the time that the Chamber of Commerce and Industry of Western Australia opposed the legislation. That is a level of protection for the Leader of the Opposition's constituents. I will ask the commissioner whether he wants to make any comments on this topic.

**Mr D. Kavanagh:** Thank you, minister. The agricultural industry has been advocating for this. As the minister pointed out, a number of people stepped into the realm to provide advice and, to use the Leader of the Opposition's word, there were some shysters, which was a bit of a problem. There are now provisions relating to that. Section 26 allows the commission to look at WHS providers. If it finds that the advice is not fit for purpose or does not address the hazards, we can look at that, as the regulator. In terms of the broader education, the department is putting together programs that it will talk about and release information on soon. That program will provide information and education to the agricultural industry.

I would say that there has been some movement with some of those previous committees that the minister referred to. A number of the farming associations are working towards trying to improve the performance of the agricultural industry, but there is still a long way to go as the fatality rates indicate that we are starting from a very low base. My interactions with the association have indicated that there is a lot of movement around the work, health and safety legislation. Farmers are looking at their systems and starting to make the changes that are necessary and that turns into better industry performance.

[5.00 pm]

**Mr I. Munns:** In terms of the budget, we would be doing this sort of activity as part of our general everyday business. When we identify these major projects or campaigns—as we refer to them—a common approach is to firstly identify the sorts of information needed by the industry sector specifically to assist them. Part of that will be to develop things such as a checklist that they can utilise in their workplace to assist them to identify the risks and hazards that they might encounter in their workplace but were not aware of, and then to work to find solutions that will resolve that. That is certainly part of the education process that precedes any activity we might do on the ground with them through the inspectorate.

**Ms M.J. DAVIES:** From my experience, having been through a number of change-management scenarios, presenting that information to the sector using the peer-to-peer method gets the highest level of success. If we start from the base that we are not trying to be punitive, but trying to change the outcomes and improve safety, can the minister give me an indication that the department is trying to embed organisations within the sector so that we can have people who talk their language delivering that information? I am not sure that there is anything that they like less—I would not like to generalise, but I hesitate to say this—than shiny bums coming from Perth telling them how to operate, notwithstanding the very learned people sitting in this room.

**Mr W.J. JOHNSTON:** Yes, that is right. That is why we want to streamline the committee structure that already exists and engage genuine representatives of the sector. We cannot get culture change from outside the sector; only the sector itself can change the culture, but we want to partner with industry to provide the support that we can, and that should include information in a language that is going to work.

I want to make it clear that in the end there is also enforcement. We cannot have a failure to comply with law and no consequence, because then we may as well not have the law.

**Mr V.A. CATANIA:** The pastoral industry is very vast and often a person has to fix things simply because they cannot get someone to do it for them—whether it be solar panels or whatever the case may be. Accidents happen and, unfortunately, things go wrong. The minister talked about going to a property, such as a pastoral station, and going through the solar panels or the sheds or whatever it may be. Is the type of enforcement that the minister talked about where an inspector goes from property to property?

**Mr W.J. JOHNSTON:** Yes. The WorkSafe Western Australia Commissioner has already issued a statement of regulatory intent. I accept what the Leader of the Opposition said; I cannot imagine that a farmer has read that. However, the commissioner has his statutory responsibilities so he is trying to explain to people how he will approach it, which is engagement first and enforcement second. The question for the agricultural industry is: how long is it until industry accepts that there will be enforcement? When I was the industrial relations minister, that was the challenge that I put to industry: how long will we continue to forgive them for not complying? In the end, the obligation is on the employers. The obligation is not new; it has actually been there since 1986. The new act did not create a new obligation, but simply modernised the obligation into the contemporary workplace. The obligation has actually been there since 1986 that a workplace is required to provide —

**Mr V.A. CATANIA:** Nearly every day I have those debates with those people who do not want that scrutiny, and I can understand why, but I can also understand why it is important to save lives. As long as that dialogue happens, and often it has to be one-on-one dialogue, before that enforcement is put in place. Often, for a small business or a family-run business, compliance is really low on the agenda because there are so many other things to do. Ultimately, that can mean that the employer has to pay a large fine or go to jail; that is a real concern. As long as there is that ability to have dialogue, then at some point a line has to be drawn in the sand.

**Mr W.J. JOHNSTON:** That is correct. I will throw to the commissioner and then Mr Munns.

**Mr D. Kavanagh:** I will refer to the statement of regulatory intent that lays out the plan that we will adopt when implementing the WHS legislation. The start of the statement says that we will provide information on and education about the new changes and that our inspectorate will adopt an educative approach to understanding what the obligations are under the WHS legislation. That is clearly the instruction that we have given to the inspectors so that when they go to a workplace, they work with the workplace to understand its obligations. Not all workplaces want to meet their obligations. Often our inspectors come across recalcitrant-type workplaces. In those circumstances, the inspectors have the discretion to use the powers, whether it be through an improvement notice or a prohibition notice.

Just to go to the member's point about the one-on-one approach, we have inspectors from industry who go from farm door to farm door and work with the agricultural industry. Over the past 12 months, some material has been produced in conjunction with the large agricultural associations that uses their terms and is written in their language. When members of the agricultural industry read that information, it will resonate with them and give the best effect possible to achieve that change. A lot of work has gone into the areas of information, education and encouragement, but there are a building number of circumstances in which stronger compliance requirements need to be looked at. We need to continue to work with industry, but we need to start seeing some dramatic movement in its compliance with the WHS legislation.

**The appropriation was recommended.**

**Division 10: Registrar, Western Australian Industrial Relations Commission, \$13 087 000 —**

Mr S.J. Price, Chair.

Mr W.J. Johnston, Minister for Industrial Relations.

Ms S. Bastian, Chief Executive Officer and Registrar.

Mr M. Hadfield, Executive Director, Finance, Data and Technology.

Mr R. Sao, Chief of Staff, Minister for Industrial Relations.

Mr J. Welch, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information he agrees to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for North West Central.

[5.10 pm]

**Mr V.A. CATANIA:** I refer to page 121, division 10, “Spending Changes” and the last line item on that page, “2022–23 Streamlined Budget Process Incentive Funding” with \$190 000. Can the minister explain what that \$190 000 is for?

**Mr W.J. JOHNSTON:** When agencies do not make budget bids, they get a percentage increase in their budget. This has been around for quite some time. If an agency does not want anything special, it just gets an uplift in its budget.

**Mr V.A. CATANIA:** By \$190 000?

**Mr W.J. JOHNSTON:** No, by a percentage. It is a small agency, so the relevant percentage amount is only \$190 000. Originally, the streamlined budget process, as it is called, was available only to small agencies; now it is available to everybody. About two years ago, the Department of Mines, Industry Regulation and Safety did it as a large agency and the figure was millions, but in a small agency like this, it is \$190 000.

**Mr V.A. CATANIA:** That is interesting, minister. I refer to page 122 under “Service Summary”. What impact has COVID-19 had on the services of the commission?

**Mr W.J. JOHNSTON:** COVID did not have a significant impact on the agency. It continued all its functions for the whole period. Some of the time it went to virtual activity, but all its activity was continued.

**Mr V.A. CATANIA:** Have there been any industrial relations disputes relating to COVID-19 mandates since the last budget?

**Mr W.J. JOHNSTON:** That is not a matter that can be raised here. This is for the operations.

**Mr V.A. CATANIA:** I refer to page 123 under “Service and Key Efficiency Indicators”. About a quarter of the way down the page is the line item “Employees (Full-Time Equivalent Positions)”. For 2020–21 there are 27, for 2021–22 there are 30, and in 2022–23 they go up by two. The funding for extra staff is for two more for supporting the commission and the Industrial Magistrates Court and two for the conciliation and arbitration team. Is it anticipated that those roles will be filled by the end of the 2022–23 financial year?

**Mr W.J. JOHNSTON:** I am advised that they were previously funded and have now been filled.

**Mr V.A. CATANIA:** They have been filled now?

**Mr W.J. JOHNSTON:** That is what I just got told.

**The appropriation was recommended.**

**Division 27: Department of Justice — Services 9 and 10, Corrective Services, \$1 118 418 000 —**

Mr S.J. Price, Chair.

Mr W.J. Johnston, Minister for Corrective Services.

Dr A. Tomison, Director General.

Mr G. Budge, Acting Commissioner of Corrective Services.

Mr M. Hainsworth, Director, Advisory Services.  
 Mr A. Beck, Deputy Commissioner, Women and Young People.  
 Mr D. Brampton, Deputy Commissioner, Adult Male Prisons.  
 Ms K. Connolly, Deputy Commissioner, Operational Support.  
 Mr P. McMullan, Deputy Commissioner, Offender Services.  
 Ms K. Maj, Executive Director, Strategic Reform.  
 Mr S. Kerr, Executive Director, Corporate Services.  
 Mr J. Deery, Director, Finance.  
 Mr R. Sao, Chief of Staff, Minister for Corrective Services.  
 Mr B. McShanag, Principal Policy Adviser.  
 Mr J. Stephens, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the Leader of the Opposition.

[5.20 pm]

**Ms M.J. DAVIES:** As with the previous division, we have lost the member responsible for this particular division due to COVID. We will do our best to make sure that the hours of preparation work that I am sure have gone into this are not wasted. It is not my portfolio area; I am getting up to speed very quickly.

I refer to budget paper No 2, volume 2, page 431. It is point 13 under “Significant Issues Impacting the Agency” but it could easily go under “Service Summary” as well on page 433, because it is about the delivery of services that aim to improve prisoner outcomes and increase operational efficiency. My question is focused on operational efficiency, noting that recently, on 18 May, the Auditor General handed down the report *Staff rostering in Corrective Services*. One of the comments she made was that the department had one of the worse public administration environments she has ever seen in Western Australia. She also found that there have been persistent financial audit findings from Auditor Generals, not just under this government, but previously—it has been long term; we acknowledge that—around accuracy in overtime hours, leave, and payroll certification, and that goes to safety and also financial issues. I would like to know whether there is a response from the minister in general to that matter. I would then like to go into some specifics.

**Mr W.J. JOHNSTON:** I am grateful that the Auditor General has looked at these matters in her report. I am particularly pleased with the positive way in which she has looked at the department’s response to the challenges that she has found. I draw the member’s attention to her comments on page 2 of the report, where she said —

I am encouraged by some of the recent determined tangible efforts by the Director General, new Commissioner and the new Minister in tackling these issues.

I was quite pleased that she singled out Dr Tomison, Commissioner Mike Reynolds and myself for the hard work that we are putting into getting on top of these issues. There is no question that Corrective Services has had challenges over a long period of time. I assume the reason the Premier asked me to take on this portfolio, given that I do not have a social policy background, was to get on top of the challenges inside the management of the prison service. We have had to respond to the budget challenges. A \$360 million budget cut was left to us by the former government. It was never allocated to operations; it was just said that \$360 million would be saved in the prison service at some time in the future. When I became the minister responsible, that budget saving was still rolling forward, because it had never been allocated to actual activity. The department and I looked at the things that were involved, and we found about \$124 million in savings. We have been forgiven the balance of the savings, but only if we achieve the savings that were identified. That is the reason for the reference the member has drawn on that page to the prison service evaluation. That is a process where Treasury and the department work together to identify savings.

A ministerial oversight committee meets every six weeks and is dealing with achieving the identified savings, because it is one thing to identify them; it is another thing to achieve them. That is a big reform piece. We need to change the way the prisons operate.

At the same time, the Premier, as the Minister for Public Sector Management, has asked the Public Sector Commission to review operational matters in human resource management, and that has led to a series of recommendations. That has also been referred to that group that I chair. We now have the Auditor General's report and her conclusion about the good work that we are doing through the PSC. I have briefed the Auditor General on that and she has had access to all our notes, agendas and minutes et cetera. All that stuff was in front of her, which is why I assume she said what she has said in her report. I think I can fairly say that the director general, who of course is responsible for admin in the department, understands my high level of expectation. Sandy Kerr, who is the finance guy, also understands, because he also comes to those meetings when we look at this. I make it clear that the ministerial oversight committee also includes the Attorney General, and representatives from the Department of the Premier and Cabinet, Treasury and the Public Sector Commission, as well as the departmental people. They all attend that committee, so it is a very strong group.

I will give the member an example: workers' compensation. Workers' compensation was always cost-plus. We were funded separately for workers' compensation for whatever the premium was. We are now trying to take a more businesslike approach. That means that we are now incentivising the department to reduce the risk of injury, because there can be a benefit from that. The insurer is the Insurance Commission of Western Australia, but it is fair to say that there was no process for closing out long-term cases. I think there were 48 cases that were more than seven years old. It was extraordinary. As a former workers' compensation officer in a union, I had never heard of workers' compensation claims hanging around for seven years. That is because the Western Australian system is about getting to settlement and closing out cases. The department now has an active process to close out all the workers' compensation claims that have gone on for a number of years. It is using medical boards to make sure that people who are never going to return to the service can get on with their lives, because that, again, is what the workers' compensation system is designed to do. That is just one example.

We have also had a redundancy round on the administration side of the department. We offered 50 redundancies to public servants in support functions of the department. We are placing a much stronger focus on the business—the prisons. I assume that is why the Auditor General was complimentary of the work that we are doing. Part of that is, of course, implementing a fully digital management system for rostering and overtime. The Auditor General made the point that the paper-based system is completely inadequate, and she is right. I think that is a comprehensive answer, but I have the DG here, and Sandy Kerr at the back, if the member wants further commentary.

**Ms M.J. DAVIES:** Thank you, minister. That was very comprehensive, and it needs to be, given the nature of the Auditor General's report, which is the one that we see publicly; we do not see some of the internal issues that the minister has raised. Certainly for me one of those flags was the fact that she mentioned that 49 per cent of prison officers had had a workers' compensation claim in the period that she looked at. That number seems extraordinarily high. Can the minister attribute that just to how the system was set up or are other factors playing into that?

**Mr W.J. JOHNSTON:** I might get the director general to talk about this. We had a meeting with ICWA upstairs, in this building, six months after I became the minister responsible, to go through the issues. There are six main causes. The number one cause is being attacked by a prisoner. There are some genuine issues. There is a reason for a high level of workers' compensation. It is not as though there is malingering. I do not want to be seen to be saying that. That means that there should be a proper health and safety response. One of the things the department is doing is providing resources into health and safety officers inside the agency and taking a more proactive approach. I will ask the DG to outline some of administrative changes, such as the online management scheme and those sorts of things.

**Dr A. Tomison:** As the minister said, we have made some investments to try to improve our response to workers' compensation and also obviously reduce the number of claims that we get. It is an industry where we can get a fair number of workers' compensation claims. That is probably fairly evident across the nation. At the same time, we were not actively managing with ICWA some of those claims, so they were becoming long-tailed and we were not getting people back to work, which is our intent. We want people to come back and be productive in their jobs if they can; and, if they cannot, we need to resolve those matters, as the minister said. We have now reduced the number of long-tailed claims to well below 50 per cent by having a medical board make a formal assessment about whether the person can come back to work, when it may have been some time since they were last in the workplace.

[5.30 pm]

The nature of prison officer work means that if an officer is not physically able to do the work, there is not much else we can do with them in those sorts of roles. If they cannot apply for jobs in the normal public service—the normal administration-type roles—often the outcome is a payment out and the person leaves the service. We need to resolve that. A lot of work has gone into an electronic management system to actually manage active matters better. We have invested in some staff at some of our key locations where we have high workers' comp claims to

better manage people back to work and also identify the risks and mitigate where we can. Of course, that plays into the new WorkSafe legislation and the obligations that the department and senior staff have in creating a safe workplace and maintaining that.

We have also been trying to look at some of the causation around the workers' comp claims. As the minister said, assaults by prisoners is a key driver, and that can be hard to manage. There are also things like literally pulling a hamstring or dislocating a limb when they are actually involved in manhandling a prisoner or restraining them because the prisoner is acting out. It may not be an assault but in the course of the work, physical injuries are not uncommon, particularly when we have a relatively mature workforce—not like 20-year-olds; we have a lot of 60-year-olds. That can also exacerbate some of the risk. We are looking at that as well.

I guess some of the other things we have been looking at is improved systems and processes. We are trying to put in the resources to assist the priority sites. We have improved our working relationship with ICWA and we are also trying to get it to help us actively manage the claims—to resolve them, if you like, either back to work or out of the service if we cannot bring someone back within a reasonable period of time. That has been an important element of the work.

The OAG report goes into other issues as well, also looking around our overtime regime and making sure that we have that balance. We are making sure the facilities that we have are safe, but at the same time, we do not want individual workers or prison officers doing too much overtime because that in itself can become dangerous. We are trying to manage that. The electronic rostering system that we have put in, which is now active at Casuarina Prison, will be rolled out over the next year across the other parts of the estate—the other prisons. That will give us a lot of capacity to monitor what is happening but a lot better capacity than what we have with the paper and pen system that we have had forever. They are some of the things that we are doing. Mr Kerr might have more information.

**Mr S. Kerr:** We are investing in a workers' comp strategy. We have had three reviews, including advice from ICWA. A risk provider has come in and reviewed our processes. We have also had an audit of our personal leave and absenteeism that has informed that strategy. The strategy cuts across the three areas that drive workers' comp or can reduce workers' comp, which are prevention, identifying hazards and eliminating them and better training for staff—making sure their fitness standards are better. Obviously, in the recruitment phase, we are baseline testing, which is when people come in, and we make sure that they are not coming in with existing issues and things like that that could get compounded in our environment. The other stream we are trying to do is better treatment. That is about better case management—reducing the time that they are away from the workplace, reducing that lost time and getting them back to work quicker. The third one is challenging. That is about contesting where there might not be 100 per cent legitimacy to the claims that are coming through and getting better at being able to contest that so that people can see us visibly challenging that and hopefully think twice about putting that in. That also gets back to misconduct and our people, culture and standards division that we have set up to address misconduct better so that people can report through. It is a comprehensive strategy made up of about 10 solutions. We are aware of it and we are taking it very seriously and investing in getting better.

**Ms M.J. DAVIES:** Does the department benchmark workers' comp claims and some of these matters that it is looking at against other jurisdictions? I think someone said that it is below 50 per cent. That still seems high but I am not familiar with what that looks like across other jurisdictions. Can we start with that?

**Mr W.J. JOHNSTON:** Reducing the claim is the ratio of the long-tail claims; it is not all claims. We do not want the long-tail claims because they are more expensive. Resolving them, whether that is a return to work or the person going on to a more interesting job, reduces the costs. It is better for the worker and it is better for the business. The 50 per cent figure was about reducing the long-tail claims; it was not about the total number.

I want to make it clear that the best way to reduce workers' comp is not to have injuries. Therefore, there is an investment in health and safety. The union is correct in saying that we need to focus on that, because the number of injuries is from interactions with prisoners, whether that is being assaulted or as part of the process of gaining control of a prisoner. The WA Prison Officers' Union has some suggestions about that interface. The department does not necessarily agree with each item that the union raises, but we are considering those questions. We have a higher focus from each facility on health and safety. One example of that, at the suggestion of ICWA, is that we have gone online for claims management. That means that ICWA can see things faster, which means that it can get person-appropriate assistance faster so they get treated for their injury more quickly, even before the claim itself has been accepted. It is going to be cheaper for ICWA to pay up-front for the medical side of the claim than to delay and a person's claim become more complicated by waiting for the claim to be accepted. Likewise, the union thought it was a good idea to have doctors' surgeries that are close to the facilities so that people can go to those clinics straightaway. When I put that proposal to the unions, they thought that was a good idea. That way, people can get treatment faster.

We are trying to look at every aspect of the challenge and not take a one-dimensional response. It is a complex business. If we think about it: if we put 6 500 of the naughtiest people in the state together, it would be hard to manage. Forty per cent of male prisoners have diagnosed mental health problems. It goes on and on. It is a difficult cohort to manage. We want to support the workforce because it is the key to our business, but we have to get better outcomes.

**Ms M.J. DAVIES:** The minister mentioned the safety aspect and the efficiency. I think somewhere in the earlier response, the minister talked about the length of shifts. The Auditor General found that officers were working in excess of 16 hours and people were working more than seven days in a row, often more than once, which is quite excessive. I presume that is due to staffing shortages or is it just a normal practice that has been embedded and become part of the culture?

**Mr W.J. JOHNSTON:** It is a bit complicated. The Auditor General's report refers to an employee who swaps every shift so they only work at night. In theory, that should not occur. There are some management practices that we have to get on top of, and that is about the superintendents, the detailed management of each individual facility and then the culture. Last year, the commissioner issued an instruction that there be only one shift swap and the place went off! We nearly had a strike because that was very negatively received by the workforce. But there has to be better management of the shift swap because the current scheme does not suit. We have the negative outcomes that the Auditor General spoke about and we have negative outcomes from the business because people are not moving through all the occupations on a site.

**Ms M.J. DAVIES:** The department has tried to implement change and that has not been well received. Change is required. What is the next step from a government perspective?

[5.40 pm]

**Mr W.J. JOHNSTON:** I do not think the member should say that change is not being accepted because I think there is an understanding, even from the union, that change is happening. There are things the union thinks I am doing a good job on and some things the union thinks I am not doing a good job on. The job of a corrections officer is very difficult. Many of the guys in prison they deal with are not the nicest people. I understand and support the prison officers in the need to have adequate staffing to provide security. Our prisons are about two-thirds full, so we do not have a capacity problem anymore. If we go back five years, there was a capacity problem. Fran Logan did a great job in effectively building a new prison inside the existing prisons. Given that the perimeter is the most expensive part, that saved a lot of money. Now we do have more flexibility in the system because we are not triple-bunking everybody. The union says that our adaptive routines, which is our response to the staffing issues, are raising the pressure in the prisons. I understand its perspective, but we think we are on top of that because, in the end, we think prisoners have enough time to engage in social and other activities. They cannot be left in their cells all the time. Of course, we have COVID in the prisons at the moment and that is a really big challenge. We have had to have a lot of COVID management over the last three months. In fact, if the member wanted to, I would invite the DG to talk about COVID. We might get some other people to talk about what has happened in prisons with COVID because it is quite a remarkable story. Given that prison is a cross-section of society, we have had pretty good outcomes in the circumstances.

**Dr A. Tomison:** Thank you, minister. To follow what the minister was saying, as he said, we use an adaptive regime that essentially goes to how much overtime a particular prison site can utilise on a particular day. That is set to ensure that the prison remains safe, but it is a reduction in some of the overtime we have had in the past when the facilities were full of prisoners—at full capacity. We are not at full capacity; it is about 25 per cent down at the moment. That has been the case for the last two years, since about March 2020. At this time, we are not seeing the rise we would have expected. COVID has had a significant impact there. There is always going to be some overtime, because overtime gives us the capacity to manage absentees, when people take planned and unplanned leave, and also the workers' compensation-type issues that we have been talking about. We manage that and we have been doing that quite well. As the minister said, COVID has made that more difficult, because we have had officers away isolating or officers away who were COVID-positive. I can give members the figures for how many officers are away at the moment, as of today. We have a regular count and it does vary from day to day. Although one could argue that in the community, we are seeing some reduction in COVID prevalence, in our facilities it is still quite high and we are still managing quite significant risk but doing it very well. I will talk about how we are doing that in a minute. Essentially, as of today, 133 prison officers across the state are away isolating and 190 are away because they are COVID-positive. We have an additional 45 civilian staff in the prison estate who are COVID-positive and 150 are isolating. At the moment, we have 213 COVID-positive prisoners in the estate across the whole state and we have 1 543 who are in isolation.

We have been managing those figures for a few weeks now because we have had quite a significant amount of COVID risk coming in. Of course, prisoners come and go as they get arrested and charged, remanded or sentenced and they also finish their time. A lot of those prisoners are Aboriginal prisoners. Mr Budge can talk to members about their vaccination rates and how we have managed to keep the rate of vaccinations very strong in prisons. We have done a whole range of things and that started two years ago when we set up an incident management team, which has been in place now for a bit over two years. It was designed to set up business continuity plans for all our sites and to set up a central coordination model that could also work with police and with health, ensuring that we were doing the right thing and following all the directions but, at the same time, trying to keep COVID out of prisons or, if it got in, to manage it with limited effects. I am very pleased to say that, as of today, we have not yet had a case of a prisoner having to go hospital because he or she was so sick with COVID. I am very surprised.

No-one has died from COVID in our facilities, which is great. Staff numbers have been affected, of course, but, again, that is being managed. Although we have had to call on people on overtime to do that, and in the last couple of weeks it has been quite challenging, the reality is we have actually managed our sites pretty well. We have managed the isolation regimes across multiple sites and we have managed prisoners who are COVID-positive in a safe and secure way as well, without exacerbating the risk. I am actually pretty proud of what the team has been doing. It has been a big effort. We have utilised personal protective equipment and social distancing. We have a range of mandatory directions around reduced social visits and we reduced professional visits for a period as well. People have to be vaccinated to get into one of our prisons, whether they are a staff member or a visitor. Essentially, we have been doing a whole range of other things to prevent spread and also reduce the impact of that spread. As I said, part of that also involves a vaccination regime. We have had more than three vaccination rounds in prison. If the minister is okay, I will get Mr Budge to talk us through the actual details of where we are at with our vaccinations at the moment.

**Mr W.J. JOHNSTON:** Mr Budge.

**Mr G. Budge:** Thanks, minister. The task force had a strong philosophy of preparation and prevention prior to COVID arriving in prisons in February this year. Much work was done on airflow testing in prisons to ensure that we were aware of the infrastructure in prisons, and the limitations of some of the infrastructure, and the closeness of the cohort living together. We are very aware of PPE issues and we have purchased PortaCount machines to do fit-testing of N95 masks for all our staff. We have also been very strong in reviewing our outbreak management plans, containment plans and emergency plans over the period of time. The foundation, of course, of our preparations was vaccinations for our staff and for prisoners. From a prisoner perspective, currently 89.9 per cent of all the population have had at least one dose and 5 300, which is 83.9 per cent, have had two doses or more. About 875 prisoners declined to have a vaccination and it is not mandated that they have to. We are reasonably pleased with the rate of vaccination of the prisoner population. They have been very good, in fact, in stepping forward and having vaccinations. We do not have a permanent population within prisons, so with many still coming in who have not been vaccinated and some leaving who have been vaccinated, it keeps it around the 90 per cent mark.

For Aboriginal prisoners, the vaccination rate was not good in the early stages and a lot of work was done by the prisons to encourage prisoners, particularly in the north of the state, to have a vaccination. There had been some poor communication in the north of the state on the dangers of vaccines. I am very pleased to say that the rate of first-dose vaccinations for Aboriginal prisoners is now 90.6 per cent, which is in fact higher than that for the general population. We are very pleased to be able to say that. Of those, 82 per cent have had two doses or more. The reason they have not had three doses is that, after the second dose, there is a waiting period before they can have their booster. We now have a program in place with a private provider that has a contract to go to the prisons across the state and provide those extra doses when they are needed. We have also done the planning for the fourth dose for prisoners who are over 65 years old, Aboriginal prisoners who are over 50 years old and those who have some comorbidities or health issues.

The raw statistics for our detention centre are not as good. About 61 per cent of people have had vaccinations. We have a very large number of detainees who are with us for a short period and that has impacted that statistic. Overall, just over 2 000 prisoners and 49 detainees have had COVID.

The reduction in prison numbers has been an issue for us. In the past two years, from March 2020, there has been a reduction of 957 prisoners.

[5.50 pm]

**Mr V.A. CATANIA:** Were people in prison offered Pfizer or AstraZeneca vaccines? Did they have a choice?

**Mr G. Budge:** There was not a choice. It was —

**Mr V.A. CATANIA:** AstraZeneca.

**Mr G. Budge:** No, it was not AstraZeneca. It was Pfizer. The three doses have been Pfizer and it is planned to use Pfizer again for the booster.

**Mr W.J. JOHNSTON:** I want to make a comment about this. There has been some commentary in the media about the vaccination program. The media did not fully understand that we cannot make prisoners get vaccinated because they have to come into prison. Are we going to tell them they cannot come in because they are not vaccinated? The community might see that negatively. Of course, just because a person was in prison in October last year does not mean that they were in a prison in January of this year, because we have a churn of people coming in and going out. The people who arrived to replace the people who left were not in prison in October last year; they were in the community. Their ability to get vaccinated was not related to their sentence status; it was related to where they had been in the community and they had the same access to vaccines as the broader community. The Department of Health helped us with two rounds of vaccination. Now, as the director general and Mr Budge explained, we are using a private provider. But that was misunderstood and people thought we were being “unfair” to prisoners. Everybody who had been in prison in the long term had had the opportunity to get two doses, but at that time many chose not

to be vaccinated because of a range of reasons, and the ones who arrived later had had their chance in the community to be vaccinated and whether they were vaccinated or not was not up to us. When we went to the private provider, it was to catch-up the people who had not wanted to be vaccinated previously in either the community or the prison previously but now wanted to be vaccinated. We gave them that opportunity but that was not fully understood by the media.

**Mr V.A. CATANIA:** As the rates of infection have increased in jail, have the rates of vaccination increased?

**Mr W.J. JOHNSTON:** Yes, that is right. Last year, a lot of prisoners chose not to be vaccinated because they did not think it was relevant, or whatever was on their mind. If they were with us in October, they had had the chance to be vaccinated. If they were not vaccinated, it was not because they could not be vaccinated; it was because they had chosen not to be vaccinated. Others who had been in the community who joined us later had had their chance in the community. This is about catching up those who chose not to be vaccinated and who then wanted to be vaccinated, and we got it done as quickly as we could.

**Mr V.A. CATANIA:** If a person in jail who is not vaccinated wakes up one morning and decides that they want to get the jab, how easy is it for that prisoner to get that jab?

**Mr W.J. JOHNSTON:** I will go to Mr Budge but I make the point that it is not straightforward because they do not do one vaccination at a time.

**Mr V.A. CATANIA:** People cannot just walk down to a room and get it done.

**Mr W.J. JOHNSTON:** Yes. It is a little bit complicated. I will ask Mr Budge to explain.

**Mr G. Budge:** There is a rolling program of works by Aspen Medical, the company doing the vaccination program, but it depends on which prison the person is in. It is reasonably quick to get a dose in the metropolitan area. In some regional areas, we have had very good support from the WA Country Health Service. WACHS staff will go to a prison and provide vaccinations if there is the capacity to do that. It really depends on where a person is in the state and whether others have the capacity to do that. Generally, it takes a short period of time, and if a person wants a vaccination, they will get one.

**Ms M.J. DAVIES:** I refer to page 431 of budget paper No 2, volume 2, and paragraph 15 on the Broome Regional Prison. I understand that the Shire of Broome council is meeting tonight to consider that matter. In fact, if it has not already, the council is probably making a decision as we speak. Noting the government has put forward three proposals already and this is the fourth, what will happen if the shire rejects the proposal? I understand that the office's recommendation is that identified land is not conducive to that land use.

**Mr W.J. JOHNSTON:** There is quite a deal of misunderstanding about the site selection process and there are two separate issues. Firstly, is the land available for use by the Department of Justice? Remember that the land belongs to the Nyamba Buru Yawuru. It is not crown land; it is NBY land. Secondly, is the land being made available suitable for a prison? The land available might not be able to take the prison. We have investigated 29 sites.

**Ms M.J. DAVIES:** This is the fourth?

**Mr W.J. JOHNSTON:** No. There were 29 sites and the site that is being considered by the council tonight is called site 29.

**Ms M.J. DAVIES:** I see what you mean.

**Mr W.J. JOHNSTON:** The 12 Mile site was site 16 or something like that. There has been an extensive investigation of sites. Some sites are not available because the owners of the land will not let us use it. The Crab Creek Road site is one example of that. There was confusion in the community because a former minister said that is where we are going. He acted in good faith but in the end the owners of the land did not make that site available. We cannot put the prison somewhere if the owner of the land does not want us to. It is not crown land. The 12 Mile site is available and suitable but the community reacted negatively. I held a meeting in 12 Mile at which the council said it had not been consulted. But the process did not involve the council; it involved the landowners and was about the suitability of the land.

We were pleased to engage with the council. We went back and looked at a number of the sites we had looked at previously and a couple of new ones including site 29, which is the one being considered tonight. The council gave us an indication that site 29 was a superior to the 12 Mile site. I held a meeting in Broome with the 12 Mile residents and let them know that the site at the industrial estate was available for us to consider. A prison cannot be put on that site because it is not zoned for a prison. However, it is a suitable site so it could take a prison. At the suggestion of the council, we made an application to the council for rezoning. I understand the recommendation tonight is that we do a planning analysis. We will wait for formal advice but obviously we will not say no to the council. I have not talked to the director general about this but I am sure he is not surprised to hear me say that. If that is the recommendation, we will go away and do that.

We need to get out of the Broome prison as soon as we can, not before that. The Broome prison cannot function as a prison for much longer. Even after site selection, it will be years before we can execute the prison. We have

approval from the Expenditure Review Committee only for planning; we do not have approval for construction. It is a pretty hot construction market. It will probably be a little while before we get ERC approval to build a prison and then it will take a couple of years to build it. We are still years away from having a prison anywhere. In the end, we cannot use the current prison because it was first used as a prison in 1894 and it is past its use-by date. It does not provide security for the prisoners, for the workforce and certainly not for the Broome community and it is in the wrong location. It is in a tourism precinct. If we were doing a planning process, would we put a prison in that location? No.

[6.00 pm]

**Ms M.J. DAVIES:** It is convenient for visitors.

**Mr W.J. JOHNSTON:** Yes. We look forward to hearing what the council says and we respect the assistance it has given us on this process, but in the end, the question for us is: are we allowed by the owner to put a prison here? The second question is: can we put a prison there? Not every site is suitable. The third question is: is there planning approval to do it? That is the order in which we need to look at it.

**Ms M.J. DAVIES:** It is a bit hard to do the what-if game because it is probably making a decision right now, but the recommendation is that the request to change the zoning of the land is deemed premature and does not address the planning concerns raised with regard to the site, and it is inconsistent with the strategic direction that the shire has for its community. Where does that leave the department? Does it then move to the next point of the next 29 sites?

**Mr W.J. JOHNSTON:** If the council says we cannot use that site, we will return to the 12 Mile site. We made that clear. It is up to the council whether it wants a prison on this site or at 12 Mile, because in the end it has to go somewhere. We cannot build it in the sky. When we had the meeting at 12 Mile, the council made it clear that it believed there were better sites than the one at 12 Mile. Through that process of conversation between the department and the council, it identified a site next to the airport, in an industrial zone. If the council in the end decides that that is not a suitable site, I suppose it could tell us what it thinks a different suitable site would be. We would then have to find out whether the landowner wants us, whether it is physically capable of having a prison located there and whether we can get planning approval. If the council has a suggested site, it knows our requirements and it should tell us where its suggested site is.

**Ms M.J. DAVIES:** Has it not, in the minister's view, been made clear by the council that it has a preferred site?

**Mr W.J. JOHNSTON:** I am not speaking for the council.

**Ms M.J. DAVIES:** Has it been asked by the department to identify its preferred site?

**Mr W.J. JOHNSTON:** At the meeting I held at 12 Mile, the council made it clear that it believed there were suitable sites in the Broome region that would meet the needs of the department, and we have been talking to it about what it says is a suitable site. If it says tonight that that is not a suitable site, that is up to the council; I am not speaking for it. But it would then need to tell us what it thinks is a suitable site; otherwise, we will end up with the prison staying where it is, and that is not in anyone's interest.

**Ms M.J. DAVIES:** Agreed. All the minister's commentary has been around the fact that the current prison is no longer fit for purpose. In the interests of staff and prisoner safety, is there a date at which we have to say that that is it and that another location will have to be found, or else staff and prisoners will have to be diverted to another facility in the state?

**Mr W.J. JOHNSTON:** It is not possible to divert people to other sites. Remember that that prison was actually closed when West Kimberley Regional Prison opened. It was proven—not by me as minister and not even by the director general, but by previous prison management—that we still need a facility in Broome, because it is the logistics centre for the Kimberley. It does not work having a prison only in Derby; we need a facility in Broome. As I said, it was not us who worked that out; Broome Regional Prison was reopened a long time ago.

**Ms M.J. DAVIES:** Just on a point of clarification, I am not saying we should not open a prison in Broome, I am saying that if the minister is saying that the current one is in such a dire state, is there an internal conversation about needing to do this now because of the safety issues for workers and prisoners?

**Mr W.J. JOHNSTON:** Yes. We have just put in a new kitchen and some other refurbishments. I give the example of the prisoner who escaped recently. He was a protection prisoner; he could not be kept in the male unit because there were other male prisoners in the facility that he had to be kept away from for family reasons to do with the offence that he was alleged to have committed. He was being kept in the women's unit, and I make the point that there were no women in the prison at the time. He then escaped from the women's yard—which a woman had done previously—and ran off down the street in the middle of Broome. It does not function as a prison in the way that it should. Yes, we can continue to use it, and it is not a case of, "We need a date of 5 March"; it is not like that, but it is not a contemporary prison environment. There are other prisons in the state that are also not exactly what we want today. Take Roebourne Regional Prison as an example; we would not build Roebourne in the form in which it exists now. It does not have to be rebuilt, but we still would not build it in that way now.

**Mr V.A. CATANIA:** It still does not have air conditioning, though.

**Mr W.J. JOHNSTON:** The new bit does, but the old bit does not. The point is that it was built to code for the time it was built. If we built it today, we would not build it in that configuration, and it is the same with Broome, but Broome is much older.

**Ms M.J. DAVIES:** I refer to the same point around safety and security for prisons, budget paper No 2, volume 2, paragraph 13 on page 431, which refers to the prison services evaluation project. The last part talks about improvements to safety and security. I have a copy of the letter that was written to the minister—I was copied in on it—from the Sworn Officers Professional Association of Australia, regarding some of the issues we have already talked about. One of the matters raised in the letter relates that on 10 May the personal duress alarm system stopped working at Casuarina Prison and that officers had been advised that their radios were the only source of contact when they required assistance. Is that correct, and is this a regular occurrence? How many times has that occurred?

**The CHAIR:** Member, that is an interesting question, but it is not really a budget-related question. I will let the minister respond if he wants to.

**Mr W.J. JOHNSTON:** The WA Prison Officers' Union is the principal representative body and it is the one that is registered in the Western Australian Industrial Relations Commission as the respondent party to the award and the industrial agreement. As I understand it, the Sworn Officers Professional Association is an organisation that is not a registered union; it is certainly not a registered union under the Industrial Relations Act. We engage with the Prison Officers' Union on a regular basis. I am not saying that it agrees with everything I say; I make that 100 per cent clear. We value its perspective, but I am happy for Mr Kerr to talk on this issue.

[6.10 pm]

**Mr S. Kerr:** Thank you. I can confirm that that was a one-off bug—a teething issue with the new units at Casuarina Prison. They had intermittent problems with getting the signals working. It was out of balance, if you like. I do not think it was intermittent for more than a week, and I think it was fixed reasonably quickly.

**Ms M.J. DAVIES:** It is not a regular occurrence?

**Mr S. Kerr:** It is not regular, no. It was just a teething problem with the new units.

**Mr W.J. JOHNSTON:** I point out that with our radios, we do not share the network, but we do share the band with the police, so as the police upgrade their radios, we will upgrade ours, too. In future they will be digital, the same as the police.

**Ms M.J. DAVIES:** Are those upgrades to the radio network allocated in the budget?

**Mr W.J. JOHNSTON:** Yes. Again, Mr Kerr may want to provide advice.

**Mr S. Kerr:** There has been a partial allocation to upgrade equipment. The full business case has not yet been supported for the whole network, but there has been significant funding put into the police budget. Just to clarify, corrective services hangs off the police radio network. The Western Australia Police Force owns and runs the network. We have some funding allocated to us to upgrade our equipment related to the network, because that was going to be a changeover as part of the new network. The business case in full has not been supported, as I understand it, but, yes, it is in the police budget.

**Mr W.J. JOHNSTON:** This is an example of items that are being funded out of the budget allocation for the digital capability fund. All agencies can bid into that fund on a competitive basis to get funding for IT projects, and this is a funding source for us.

**Ms M.J. DAVIES:** I am on page 433 of budget paper No 2, volume 2, under the service summary, and the line item "Adult Corrective Services". Could the minister give me an understanding of the level of staffing at each of the sites in terms of the percentage of staffing that the department has under the current workforce? I know that there are workforce shortages impacting all parts of the public service. Obviously, that comes with bigger implications when we are dealing with not having the appropriate number of staff to manage individual prisons. Perhaps the minister can give us an understanding of whether it is operating at 50 per cent or 75 per cent staff capacity?

**Mr W.J. JOHNSTON:** Across the prison estate, custodial officers are about six per cent down on Corrective Services' planned level, but, of course, we are 23 per cent down on prisoner numbers. There is a small variation in the prison officer number, but it is a much smaller variation than in the number of prisoners. Again, this is the argument that we have with the WA Prison Officers' Union, I am not saying that it agrees with everything we talk about, but this is where the adaptive routines come in. We change the pattern of management of the prisoners to maintain a safe working environment.

**Ms M.J. DAVIES:** If a prison does not have the appropriate staffing for a day, which services get hived off first as part of those adaptive regimes?

**Mr W.J. JOHNSTON:** It depends on the prison. I make the point that there are significantly fewer prisoners in the prison system. What the Prison Officers' Union says to me—I do not know what it says to the department—is that it will close an entire wing so that the prisoners can be concentrated into a more manageable space. The

department says that that is not necessarily the best approach. If we look at the number of prisoners and the number of prison officers, the ratio is within the acceptable range. The Prison Officers' Union says that every line should be filled, but we do not have to fill every line because there might not be work to be done on that line.

**Mr V.A. CATANIA:** Now I know why crime has been out of control in Carnarvon and the Kimberley!

**Mr W.J. JOHNSTON:** That has nothing to do with it. Seriously—this is a complete misunderstanding about the way we work.

**Mr V.A. CATANIA:** I was being quite cheeky.

**Mr W.J. JOHNSTON:** I know, but the point here is that we get them after they have been to court. Whether they are on remand or sentenced, somebody else has given them to us. We look after them while they are in the prison and in the community through community corrections, but the number of people we have in our care is actually not related to that issue. The member should remember that there are fewer convicted criminals in Western Australia today than there were two years ago, because there has been less crime. There might be individual pockets of challenges in individual communities, but there is actually less crime in Western Australia now than before COVID.

Does the member want to know about the adaptive regimes? I can get the director general to talk about them.

**Ms M.J. DAVIES:** Yes, thank you.

**Mr V.A. CATANIA:** That was the question I was going to ask!

**Dr A. Tomison:** As the minister said, if we have fewer officers than we would expect on a particular shift, there are a number of things we can do. One option that has been proposed at different points by the department as well as by the unions would be to close particular wings or units, because then, of course, we can concentrate prisoners and staff and run a normal day, if I can call it that. It also depends on the nature of the staff who may be absent. For example, if our vocational support officers—our chef trades, or those who work in the workshop and take prisoners to do various activities—are absent or we do not have a full complement, that will reduce the number of activities that we can have prisoners do. We may have to go and play footy instead of teaching a vocational trade. If our prison officer cohort is reduced down, we tend to roll lockdowns at particular hours of the day across different units and essentially try to even things out so that everyone gets a bit of time out of their cell, but they may not get as much time as on a normal day, when they would expect to be out of their cell for 10 hours or more. It will vary.

COVID has made this a lot more difficult because right now, of course, we are managing the thousand-odd individuals who have to be isolated, plus the 150-odd prisoners who are COVID positive, plus managing staff who may be absent because they are COVID positive or in isolation themselves. That has made it much more difficult, so we will bring staff in on overtime who have to try to manage the regime and keep it as normal as possible. But prisoners in isolation wings will have a lot less time out of cell than we would normally expect without COVID. We have also identified staff at head office whom we can bring in to supplement our staffing cohorts when needed, again to try to maintain as much of a normal regime as possible. Last week, as an emergency measure, we identified that we would authorise staff who are close contacts but not showing symptoms to be able to come in under the furlough system to work in prisons in particular roles, provided they had a negative rapid antigen test result that day et cetera. We are doing all these things. The overall intent is to maintain as normal a day as possible, because we want prisoners to get time out of their cells and we want them to get their vocational, health and educational supports and the other supports that they can get, but sometimes it means that the regime is reduced down from time to time in particular units.

We have also worked with the Prison Officers' Union in the last year or so to make our staffing model a bit more flexible. I will give a made-up example. If unit 4 at Hakea is fully staffed but unit 5 is pretty much closed down because no-one is available to staff the unit as normal, if we can, we will move staff to where the prisoners are and again allow the prisoners to have as much of a normal regime as possible whilst maintaining the safety and security of the prison. That is our foremost concern. We want our officers to be safe, we want the prison to be safe and we do not want things to go wrong. That is probably the best summary I can give, but I can say more if the member would like me to.

[6.20 pm]

**Ms M.J. DAVIES:** I have another question on page 433. How many staff is the department short in terms of prison officers?

**Mr W.J. JOHNSTON:** This is the argument. We do not believe we are short-staffed. The WA Prison Officers' Union says that we do not have somebody for every line. We say that we do not need to. Does the member see the difference? We think we have enough staff to manage the cohort of prisoners. Yes, we are six per cent below what the union says we should have, but we have 23 per cent fewer prisoners. In our view, we can manage the prisons safely with the staffing we have available.

**Ms M.J. DAVIES:** Are there no vacancies? I mean, there are vacancies across every department in government.

**Mr W.J. JOHNSTON:** We are always hiring.

**Ms M.J. DAVIES:** The minister is talking about a staffing ratio. I am asking whether there are warm bodies in the FTE for the number that the department believes, not the union, should be there.

**Mr W.J. JOHNSTON:** The director general has just provided me with the example of Broome Regional Prison. There are three vacancies. We have 61 substantive officers and the agreed staffing level is 64.

**Ms M.J. DAVIES:** That is a better way of asking it. How much short is the department on the agreed staffing level?

**Mr W.J. JOHNSTON:** There are clearly challenges in regional Western Australia. In Kalgoorlie, we have shut a unit. There is a whole section of the prison that is not being used. When I met with the mayor one time, he said we should hire all these extra people. Traditionally, Kalgoorlie was staffed by transfers from the metropolitan area. What we are trying to do instead is to hire locally. We are managing the number of prisoners in the prison to match the number of prison officers available. As we hire more, we can bring people there. It is not really a suitable method to do everybody by transfer. That is not in the interests of the local community. It is much better to hire Kalgoorlie people, so we are running training programs in Kalgoorlie. Of course, it is harder to hire in Kalgoorlie than in Perth, but we will get a better outcome because we will have local people doing local jobs.

**Ms M.J. DAVIES:** Is there an agreed staffing level across all the sites? Does the minister have a number? What is it in terms of actual warm bodies to meet that number?

**Mr W.J. JOHNSTON:** That is always a good question. I will get Mr Kerr to comment.

**Mr S. Kerr:** We have one staffing level for each prison, and that staffing level is based on the full capacity of the prison. Our staffing agreements in full require 2 327 officers for 6 382 prisoners. At the moment, we have 2 177 officers to manage 4 923 prisoners, so there is quite a large difference. It points to the need to have a flexible staffing model. We are dealing with a new phenomenon that has only come in with COVID, in that our planned prisoner number is about 1 100 lower than we had forecast pre-COVID. We have basically been running at plus-95 per cent capacity for year on year on year. This is a new phenomenon where we are below 80 per cent capacity. We are working on a staffing model that can flex with the prison population, because that is what Treasury would have us do. It would not necessarily allow us to have full rein and staff numbers up to the full measure when we are not managing the full number of prisoners, if you like.

**Ms M.J. DAVIES:** That is an interesting concept. The number coming into the system cannot be predicted, I presume.

**Mr W.J. JOHNSTON:** No. It used to be relatively predictable, but the last two years has changed that. There was a thing called Project 260, under which the department staffed up for an expected number of prisoners. Obviously, we cannot just go out on the street and get a prison officer; we have to put them through a training program. What it did was to say, “Okay, at this date we are going to have this many prisoners, and therefore we need this many prison staff”, so it hired additional staff in advance of needing them, and then the prison numbers fell. Given that it is funded by Treasury on the basis of the number of prisoners, that led to challenges in managing the finances of the prison system.

### **The appropriation was recommended.**

#### **Division 33: Office of the Inspector of Custodial Services, \$3 676 000 —**

Mr S.J. Price, Chair.

Mr W.J. Johnston, Minister for Corrective Services.

Mr E. Ryan, Inspector of Custodial Services.

Mr D. Ferguson, Deputy Inspector.

Mr D. Summers, Manager, Corporate Governance.

Mr R. Sao, Chief of Staff, Minister for Corrective Services.

Mr B. McShanag, Principal Policy Adviser.

Mr J. Stephens, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Leader of the Opposition, do you have a question?

**Ms M.J. DAVIES:** I am on page 505 of budget paper No 2, volume 2. Just under the heading “Inspection and Review of Custodial Services”, which comes under the key efficiencies indicators, is the total cost of service. The minister might tell me that I have missed my chance, but I have a question about the report that has been handed down. Should I have asked it in the previous division?

**Mr W.J. JOHNSTON:** Yes.

**Ms M.J. DAVIES:** Never mind. Perhaps the minister could explain how many reports like this are done throughout the year, how it is anticipated that they are done and how those reports are prioritised.

[6.30 pm]

**Mr W.J. JOHNSTON:** I invite Mr Ryan to comment.

**Mr E. Ryan:** Thank you, minister. Our legislation requires that we inspect every prison and the youth detention and court custody centres once every three years, so there is a rolling process of inspection that we keep up with, which results in prison inspection reports every three years, and seven in one year. In addition to that, we have a review function that allows us to do essentially thematic-type reviews. There is no statutory number prescribed for that, so that can vary. Our target is usually two or three reports a year. This year we will probably publish four, which will be unusual. That is essentially the rolling program. Our target is nine and we will produce sometimes eight, and this year we will produce 11 reports.

**Ms M.J. DAVIES:** Mr Ryan mentioned that number is unusual. Can the minister explain what has led to the higher number of reports?

**Mr W.J. JOHNSTON:** Certainly. I just emphasise that the inspector is independent of the government and makes his own decisions. Having said that, I asked him to do a particular review, which I am able to do under the legislation, but other than that one, they are all the inspector’s decision.

**Mr E. Ryan:** This year we are doing our normal inspection round. We did an additional inspection into the Banksia Hill Detention Centre, which was published in April, so that is an additional report. We have changed the way we do thematic reviews. We are trying to do shorter, sharper reports rather than a long 50 or 60–page report. We are trying to produce reports that still cover the issues, still do the depth of analysis, but we are looking at 30 to 40 pages. With those changes and a little bit of a change in philosophy, we have been able to produce more thematic reviews in the last year, particularly this year. That is the reason we are tabling 11 reports. Ordinarily we would have tabled 10, but for the Banksia Hill inspection, which is only one more than our KPI target.

**Ms M.J. DAVIES:** When the inspector says the office does an inspection, can he explain what it is that it does?

**Mr E. Ryan:** In our inspections we have free and unfettered access to everybody and everything within a prison. There is no set process. If the member would like, I can elaborate a little on our methodology. Our office has been going for 20 years, so our inspection methodology is tried and proven.

It basically starts with an announcement that we are going to inspect a prison. That is required in the act. We have to publish the upcoming inspections in our annual report. We do a detailed document request to the department, gathering all sorts of information—about the number of prisoners, the programs, education, staffing and so on and so forth. There is a whole range of data. We do pre-inspection surveys of staff, which is an online survey. We do in-person surveys of prisoners, so we go to the prison and do surveys. We also have the Independent Visitors Service, which is community volunteers appointed by the minister to undertake visits to prisons, listen to prisoners, take complaints and those sorts of things, and we do an analysis of its work. All that work is aggregated and informs our inspection plan. We also have meetings with community providers; for example, Wungening Aboriginal Corporation, which goes in and provides services to the prison, and that is included in the regions. We have community consultation meetings with those providers just to see how their engagement level is with the prison. All that is fed into an inspection plan.

There is an onsite inspection process. We take in a team of between four and six people, but it could be 10 for some of the bigger prisons. We often bring in experts. For two recent inspections in the last year we brought in a forensic psychiatrist because we had a particular focus on mental health. We go to the prison, and we get free and unfettered access. We can look at everything and everybody. We have meetings: general meetings with staff; specific meetings with staff; and meetings with cohorts of prisoners like peer support prisoners, prisoners due for release and prisoners undertaking programs. All that then goes into detailed note-taking and reporting within the team, and gets fed into the report that will ultimately be tabled in this place.

**Ms M.J. DAVIES:** On page 504 of budget paper No 2, volume 2, under “Service Summary” is the inspection and review of custodial services. My note says that Roebourne Regional Prison was last scheduled for inspection in March. Did that occur? How long is it typically between the inspection and provision of the report and when we are likely to see the outcome of that report?

**Mr E. Ryan:** Yes, the inspection did go ahead and we are in the process of drafting the inspection report. Traditionally, it takes about four to four and a half months to draft the report. Then we are obliged to give it to the department for comment. The department reads the draft report and looks at the factual analysis and drafts recommendations. If there are any other parties beyond the department—for example, Acacia Prison—we provide a copy to the private service provider. There is a standard process for response and a five-week deadline for that response to come back. Ultimately, the reports probably take a little over five months to be prepared. Our legislation requires that once the report is finalised, it lays with the Speaker and the President of the two houses for 30 days before it is actually tabled. That adds an additional month at the end of the publication. It is around six months.

**Mr H.T. JONES:** I refer to budget paper No 2, volume 2, page 503, “Significant Issues Impacting the Agency” and paragraph 2 at the bottom. It says that the office has been nominated as a national preventive mechanism as part of the United Nations Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. Can the minister provide an update on this?

**Mr W.J. JOHNSTON:** Excellent question there, member. OPCAT is the process that we were engaging with the commonwealth government on and it has been delayed 12 months. The commonwealth has indicated that it will ask the UN to delay the implementation of OPCAT in Australia by 12 months. I wrote to the previous government asking a series of questions about how it was going to manage OPCAT inspections in commonwealth detention facilities because we were keen to copy its procedures. It advised us that if an inspector wants to do an unannounced inspection of a state detention facility, they have to be admitted to the prison or other facility within 15 minutes of their arrival, which would be very difficult to allow to occur. Could members imagine, on a Saturday afternoon, a bunch of people walk into a prison with a card saying, “I am from the United Nations, let me in.” In the same way as Mr Ryan’s inspectors coordinate to get access, it would be difficult for us to have that. We were surprised to find that the commonwealth’s intention is that it would allow unannounced inspections of commonwealth facilities because it has immigration detention facilities. We had this unusual situation in that the commonwealth was expecting us to meet a standard that it would not be applying to itself.

[6.40 pm]

Of course, Western Australia is the first state to have the national preventive mechanism, which is the inspector in conjunction with the Ombudsman. We were the first state to get ourselves ready for that. That will expand the role of the inspector because there are facilities that are not prisons and not detention facilities but are still places of detention—for example, police cells or the courts’ infrastructure and other thing like that. I think the courts fall within the Inspector of Custodial Services, but police cells do not. It will expand the inspector’s responsibilities but only in respect of the OPCAT obligations, so we are surprised. We look forward to working cooperatively with the new federal government on these things because we want to meet the commitments that Australia is entering into with the United Nations, but we would like to have a better understanding of how these things should be done.

**The CHAIR:** Any questions, Leader of the Opposition?

**Ms M.J. DAVIES:** No.

**The CHAIR:** Excellent.

**The appropriation was recommended.**

**APPROPRIATION (RECURRENT 2022–23) BILL 2022**  
**APPROPRIATION (CAPITAL 2022–23) BILL 2022**

**The CHAIR:** The question is —

That the clauses, schedules and titles of the bills be agreed to.

**Question put and passed.**

*Committee adjourned at 6.41 pm*

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