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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

Tuesday, 23 May 2023

Legislative Assembly

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ESTIMATES COMMITTEE A

The meeting commenced at 9.00 am.

Division 1: Parliament, \$70 302 000 —

Mr S.J. Price, Chair.

Mrs M.H. Roberts, Speaker of the Legislative Assembly.

Ms K. Robinson, Clerk of the Legislative Assembly.

Mr R. Hunter, Executive Manager, Parliamentary Services.

Ms P. Traegde, Deputy Executive Manager, Parliamentary Services; Director, Member and Operational Support.

Ms B. Corey, Director, Information Services.

Ms E. Ozich, Chief Financial Officer.

[Witnesses introduced.]

The CHAIR: We are dealing with division 1, Parliament.

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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 12 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Do we have any questions?

Mr R.S. LOVE: Madam Speaker, it is good to be able to have this discussion today and find out a few bits and pieces regarding the budget. One of the major issues at the moment is the accommodation for parliamentary staff and the switch to the new building over the road. I understand that most of the accommodation cost will be picked up by the Department of Finance. Is that correct?

The SPEAKER: That is right.

Mr R.S. LOVE: What will Parliament's contribution be towards the fit-out of the new premises, and when is it anticipated that staff will be completely moved?

The CHAIR: Madam Speaker, just before you respond to that, member, we do need some reference to a particular part of the division. The Speaker seems okay to respond to your question, so I will let the Speaker respond.

The SPEAKER: You are right, chair; normally, we would get a page number and a line number. The Leader of the Opposition is also right; this is one of the significant issues for us that has been in development over the last couple of years. It will hopefully come to fruition very soon, with the fit-out and people moving in. I will ask Mr Hunter to add something in a moment. Towards the end of the year, people will actually move in. I was advised some time ago that the top floor of the building would be available to the Parliament, which we did not originally anticipate. We have also been given associated fit-out costs for that space. It has also meant some internal changes in terms of financing, because in having that space, a couple of buildings that the Assembly and the Council leased previously were part of their budget, so that money will not have to go out there now. An allocation has been made to the Parliamentary Services Department through Treasury. I will ask Mr Hunter to give the member some more details. From my perspective, the project is going very well.

Mr R. Hunter: The project is due to be completed towards the very end of this year. We anticipate that we will be moving in around January, just after the parliamentary sittings conclude.

In terms of our contribution, which was the Leader of the Opposition's first question, it has been fully funded by the Department of Finance, with the exception of a contribution we are making for some of the IT components, which at this stage is somewhere in the order of \$70 000 to \$80 000. That is the extent of our contribution.

Mr R.S. LOVE: Madam Speaker, could you expand on the use of the top floor? You mentioned something about the top floor of the building. What will it be used for?

The SPEAKER: One of the floors will be exclusively for the Legislative Assembly and another floor will be exclusively for the Legislative Council. This will mean that more staff will be able to move to that building, which will free up space in Parliament House. As everyone is very well aware, the working conditions for staff here are cramped. Members of Parliament continue to share offices. Once space is freed up in this building, potentially more members of Parliament will be able to have their own office here. From the feedback I have had, most of the staff who will have the opportunity to potentially relocate across the road are very happy to be moving into brand new fabulous premises. Again, in terms of the use, I am happy for Mr Hunter to add some more.

Mr R. Hunter: The top floor of the building became available about four months ago. We took the opportunity to accept that offer. It means that we can decamp some staff from Parliament House, which will free up more space for members' accommodation, particularly members' offices. That move will be a bit slower than the other three floors, which is a different scope. This scope means that around May, about a year from now, we will be trying to get hold of that top floor. The design work has only just commenced, so we are a little behind compared with the other floors. That project is being run by the Department of Finance.

Ms L. METTAM: I refer to page 41 of budget paper No 2, volume 1, and the second line under the service summary, "Provision of Information and Services". It shows funding falling from \$12.927 million in 2023–24 to \$12.591 million in 2025–26. What is the reason for the reduction in funding?

The SPEAKER: I will refer that question to Mr Hunter or Ms Ozich.

Mr R. Hunter: Can I just get that question correct? Is the member referring to a fall in the provision of information services?

Ms L. METTAM: From the budget year 2023–24 to the out year 2025–26.

Mr R. Hunter: We have been funded in the order of \$427 000 for the digital capability fund, which is a fixed four-year term. We are currently into our second year. After that, there is no guarantee that those funds will be available. That amount of money will drop off in the fourth year. Our hope is that we will be able to continue to acquire those funds and, therefore, there will not be a drop-off, but we cannot put it in the budget papers without a guarantee that the funds are coming.

Ms L. METTAM: Can Mr Hunter clarify the name of the fund? Did he say it is a disability capability fund?

Mr R. Hunter: It is the digital government capability fund.

[9.10 am]

Ms L. METTAM: Can the Speaker clarify what certainty is required to ensure that funding will continue?

The SPEAKER: Basically, the way the budget process works is that funds are allocated for a set time. In this instance, as Mr Hunter has outlined, it is a four-year program. In the area of digital government generally, there is obviously constant review. There is an Office of Digital Government. It would be fair to say that Treasury and the Office of Digital Government constantly review the needs of various government departments and agencies, and that includes Parliament. From Mr Hunter's explanation, there was a four-year commitment to developing this and we are in the second year of that. Parliament goes into the budget process and the Expenditure Review Committee process the same as other government agencies and departments. Right across all departments and budget areas, programs have a finite end date because the government commits to a two-year, three-year or four-year program and at some point in there, the decision has to be made whether to continue the funding. It is up to Parliament in a future budget year—maybe next year or the year after—to make the case for that fund to continue for a year or two or three or four more, or, alternatively, to apply for other funds to fulfil those needs if those needs still exist.

Mr R.S. LOVE: On page 35, there is an amount of \$124 000 for "2023–24 Streamlined Budget Process Incentive Funding" under "Spending Changes" and "Other". Could the Speaker explain what that budget process incentive funding is for and what that program is?

The SPEAKER: My understanding is that, generally, streamlined budget process incentive funding is available to most, if not all, agencies and departments. That is effectively to encourage agencies not to go back during the year after they have had a budget allocation for additional funding. If an agency does not put up for new projects and extra funding and so forth, effectively the incentive or reward is that it gets that amount of money. That is to encourage agencies to stay within their budget framework on an annual basis. I do not know whether Mr Hunter wants to add anything more. The Clerk would like to add some more.

Ms K. Robinson: At the moment, it is an additional two per cent of our budget. We have to apply for it and, as the Speaker said, it enables us to have an additional two per cent on top of our budget on the understanding that we do not then go back and ask for more. This is available to most other agencies. It does not appear in the out years

because we have to apply for it every year. That is why it appears in this year and it is approximately \$124 000. We have earmarked that for member and staff development and training and consulting services relating to system improvements, so that is the sort of thing we would be using the money for in the next financial year.

Mr R.S. LOVE: Is this a one-off fund or does it potentially apply in future years as well?

The SPEAKER: This is available, as I understand it, each year, but each year it has to be applied for.

Ms L. METTAM: I refer to the outcomes and key effectiveness indicators on page 42 and I note that a number of indicators, such as “Average Member rating of infrastructure and facilities” and “Average Member rating of information and services” had an almost perfect outcome of 100 per cent in 2021–22 but fell in 2022–23 to the forecast 90 per cent. Is there any particular reason that these are trending down?

The SPEAKER: I do not know. Maybe the year after an election people are really happy just to be back here and then the gloss wears off a bit. But I am not quite sure how we came up with these percentage amounts, so I might see whether Mr Hunter or someone else wants to explain how they have been arrived at.

Mr R. Hunter: First of all, targets were established by Treasury and Parliamentary Services some 12 years or so ago. This is based on a survey. When members are surveyed for their satisfaction and they rate something as good or better, it counts as a tick, if you like. For “Average Member rating of infrastructure and facilities” or “Average Member rating of information and services”, we are saying that members have said it is good or better. It sounds like there is a fairly good satisfaction with information and services based on feedback. However, there might be a question about whether the survey methodology needs to be reviewed, because if it is good and people are not saying it is average, I am assuming we will get good scores consistently—which we are not unhappy with.

Ms L. METTAM: Of course not.

The SPEAKER: I think, potentially, in the first place, it is more about the cycle of where we as members are at.

Mr R.S. LOVE: Under cost of services in the Legislative Assembly’s income statement on page 37, it shows “Employee benefits” and year after year it has been \$25 million.

The SPEAKER: Which line number?

Mr R.S. LOVE: It is not a line number. It is “Cost of services”, “Expenses”, “Employee benefits”. There are no line numbers to refer to, but that is the line. For the number of employees that the Legislative Assembly has, it seems to be quite an extraordinary figure. It works out to nearly \$1 million per person. Could the Speaker explain how that figure is arrived at and what it represents?

The SPEAKER: That also includes members and staff, so it is not only our employees.

Mr R.S. LOVE: To clarify, that is staff of the members of Parliament as well?

The SPEAKER: It is the members of Parliament.

Mr R.S. LOVE: It is the members of Parliament.

The SPEAKER: We are not actually employees.

Mr R.S. LOVE: We are classified as employees under the budget.

The SPEAKER: We have to have some title, I suppose.

Mr R.S. LOVE: That is quite interesting.

The SPEAKER: From a payroll perspective, I suppose we are.

Mr R.S. LOVE: If members of Parliament are classified as employees, can the Speaker perhaps define the liability that the Parliament has towards their safety when conducting their business outside the Parliament?

The SPEAKER: I am not really confident that what the member is asking is a budget question. I think the member is really asking about potentially a legal opinion or something of that nature, so I do not believe the question is in order.

Mr R.S. LOVE: We have been having a discussion with Parliament around the liabilities of members of Parliament under the new occupational and health arrangements and also the liability owed to members of Parliament. In terms of a budget question, I think it may be that we need an understanding of what the responsibilities are if we are to set aside money for it. We have been trying to get to the bottom of that, but we have not been getting any straight answers.

[9.20 am]

The SPEAKER: I suppose all I would add is that just because the heading “Employee” is here, it does not necessarily mean that members of Parliament are legally employees as such. I think we would end up in quite a legal argument about that.

Mr R.S. LOVE: I am happy to leave it at that point.

Ms L. METTAM: I refer to page 43 of budget paper No 2 and the asset investment program. With regard to the asset investment program for Parliament, can it be advised what will be undertaken over the forward estimates? I note parts of the building such as the water fountains are in disrepair and that the Department of Finance is funding the building across the road. Is there a list of projects that need to be undertaken that are yet to be funded?

The SPEAKER: The member is right. The asset investment program this year was allocated to things like air conditioning here at Parliament House. As members will have seen, there was also the sealing and lighting of car park areas. There was also the fountain lighting, electric vehicle chargers, the conservation plan, and various building works, repairs and maintenance et cetera. The smaller items we have spent on this year would be catering equipment and things of that nature. For capital projects for 2023–24, we are looking at IT and telephony replacement and the Legislative Assembly meeting room broadcast upgrade. We are looking to upgrade the division bells, for which the old system is very antiquated and in pretty dire need of replacement. We are looking at the accessibility to our parliamentary reserve. By “accessibility”, I am talking about disability access and the like. For example, if someone is parked on Harvest Terrace, to get to our front entrance they have to negotiate the stairs near what we refer to as the “fern garden”. It is proposed to have a disability lift going there to bring us up to standard. Having that external lift will improve accessibility. For that same purpose, there will also be some tactiles and a footpath from the upper parking lot. We are proposing a universal toilet on the ground floor. The first floor kitchen servery needs improvement. There are some other smaller items of IT infrastructure and the like.

Ms L. METTAM: What was the overall cost of the EV charging stations, including implementation? What are the costs associated with the accessibility lift or disabled access near the fern garden?

The SPEAKER: The accessibility lift, the external lift, the tactiles, the footpath et cetera from that upper parking lot are in the order of \$780 000. I think the member also asked about the EV chargers and fountain lighting—I have a group heading there. The electrical upgrade, including members’ car park lighting and infrastructure for EV charging, was \$325 000 over two years, and for 2022–23 that component was \$29 000.

Mr R.S. LOVE: I refer to page 36 of budget paper No 2 where there are the services and key efficiency indicators that support the operations of the Legislative Assembly. There is a total cost of service there in 2023–24 that is significantly lower than in 2022–23, at \$6.5 million last year and \$5.937 million this year. Is this simply the transfer of the accommodation to parliamentary services or is it caused by some other reduction in cost?

The SPEAKER: Yes, that is largely the cost of transfer of accommodation. Accommodation costs for the premises we have been utilising across the road have effectively been paid out of the Assembly funds. Under the new arrangement for the new building, those funds will be paid for by the Parliamentary Services Department, so it is not a really big difference; it is about who is allocated the money from Treasury to pay those accommodation costs. There will also be some marginal differences there in terms of the public sector wages policy and things of that nature, but the biggest component there is just that change in the financial arrangement so that rent is not paid by the Assembly in the future but by PSD.

Ms L. METTAM: I refer to page 44 and “Country Schools Travel Subsidy” under the heading “Details of Controlled Grants and Subsidies”. The actual for 2021–22 was only \$2 000 compared with \$5 000 for all the years of the forward estimates. Can it be confirmed that the reduction was due to the impact of COVID and can it also be advised how much of this subsidy is utilised in a normal sitting year?

Mr R. Hunter: The subsidy is when we give a school contribution towards bus costs. That particular year, 2021, was obviously a COVID year and there were fewer people travelling so the budget was significantly less, but the budget returns to \$5 000. We generally see that whole \$5 000 expended, and it will probably be reviewed again depending on the patronage we get from schools in country areas.

Ms L. METTAM: Is this subsidy likely to ever be oversubscribed? What happens in that circumstance?

The SPEAKER: There is sufficient flexibility in the general budget area that if, for example, demand was much higher in a particular year, we would look at providing additional money because, as a general thing, we are very keen to have our Parliament accessible and to have student groups through here, and we are particularly keen to have regional students able to come to Parliament House and make use of those funds. The demand is relatively closely monitored. Most of the school tours are booked well in advance, and given that we are talking about a relatively small amount of money here, there is sufficient flexibility for us to meet a little extra demand if there is any. If there was a lot, in the following year we would hopefully allocate money for that purpose.

Mr Chair, I am at the committee’s disposal, but I point out that some time before 10 o’clock, the Parliamentary Commissioner for Administrative Investigations will need to be invited in if members have questions for him.

Ms L. METTAM: I refer to page 37 of budget paper No 2 and the line item “Employee Benefits” under “Income Statement”, which shows the total costs for 2023–24 are \$25.779 million for 28 employees, which equates to \$920 000 per employee per annum. Could it be explained why the salary benefit costs are so high, and are leave entitlements managed?

The SPEAKER: Again, in this instance, that line item covers members of Parliament. It also covers the actual leave entitlements for Legislative Assembly staff.

Ms L. METTAM: I did not catch the second part of the Speaker's response. It also captures —

The SPEAKER: The leave entitlements of the Legislative Assembly staff.

[9.30 am]

Mr R.S. LOVE: I turn to page 43 and the asset investment program for parliamentary services. It refers to furniture and equipment and heritage conservation, and there is an estimated total cost of \$3.3 million, with \$500 000 a year provided over a number of years. Is this aimed at a defined project, or is this just expenditure on, shall we say, the maintenance of heritage aspects of the building?

The SPEAKER: As with any heritage building, we could probably spend a limitless amount of money here. The maintenance costs of a building of this nature are very, very high. We have a spending envelope that we are effectively managing within, and that job falls largely to Mr Hunter. The \$500 000 a year is money that we did not previously have. That was first allocated last year. For the first time, that has enabled the Parliament to have a maintenance fund to do some projects. Would we benefit from having more money? Yes, we would, but I will leave it to Mr Hunter to say some more.

Mr R. Hunter: The \$500 000 is directed each year towards heritage conservation types of works. It has enabled us to dedicate some of our maintenance budget towards these projects. It could be stonework, travertine, doors, furniture, air conditioning or a number of other things that are heritage related, which means we can defer some of our original \$1 million capital funds to critical things such as IT infrastructure.

The SPEAKER: I think perhaps the thing to clarify here is that this money is not going on some kind of heritage beautification project. This is a heritage building, and these are fairly essential repairs to the fabric of the building.

Mr R.S. LOVE: The next line down is “Infrastructure and Equipment—Asset Refurbishment and Replacement Program”.

The SPEAKER: Are we still on page 43?

Mr R.S. LOVE: I refer to page 43 under works in progress and the asset refurbishment and replacement program. I know that a number of the offices on the east side at least have been renovated already. How far is that program advanced and when will it be complete?

The SPEAKER: Sadly, it is a long way from being complete. The member will be well aware of the parts that have been done, but it is a long, slow process. I will let Mr Hunter talk on the detail.

Mr R. Hunter: Everybody wants to have that work done. It is just a matter of priority. This year, we are not going to be focusing on air-conditioning upgrades, which trigger the room renovations. When we do the air-conditioning upgrades, we tend to strip back the walls, run all the cabling again, obviously the air conditioning goes in the ceiling, and then we recarpet, paint and put in furniture. Our air-conditioning program goes over 10 years. The next stage is stage 7, so we have a few stages to go. I suspect that people who are currently sitting in offices that are not refurbished will probably not get them done for about two years.

Mr R.S. LOVE: I refer again to that asset refurbishment and replacement program. I notice that there is a number of works of art around the Parliament. Is that where the funding for that artwork comes from, or is there a separate pool for that funding?

The SPEAKER: There is a separate allocation. I will ask Mr Hunter or one of the staff to refer to that.

Mr R. Hunter: The allocation for art is very small. Each of the parliamentary departments—the Legislative Assembly, the Legislative Council and the Parliamentary Services Department—puts in \$20 000, so we have about \$60 000 a year contributed towards art or art projects. The rest of the art is through relationships we hold with Edith Cowan University or Murdoch University. Sometimes we get even better deals with other people, so we get a bit of art to display; otherwise, there is no dedicated allocation. It just comes out of our operational budget.

The SPEAKER: On that, I will say that the President and I have tried to make the most of getting art on loan from elsewhere. As the member will recall, in my corridor, for example, we have had an artwork there for the last two years, and we have recently had that replaced. That is on loan from the Art Gallery of Western Australia, which has very kindly agreed to loan both those artworks, and it would seem that it is minded for the foreseeable future to replace that artwork from time to time, which is very good for us. Likewise, there is a lovely artwork in my suite that is on loan from Edith Cowan University. The exhibition that is currently in the Edith Cowan foyer and those wings of this floor has been generously loaned to the Parliament by Janet Holmes à Court for a period, and the President and I have also spoken with other galleries and universities that have significant art collections. Quite a number of people and organisations have shown a willingness to display some of their artwork here, so that is very fortunate for us.

Mr R.S. LOVE: Page 44 of budget paper No 1 shows the income statement for parliamentary services. I refer to “Income” and “Other revenue”, which is at zero; there is no other revenue being received. Where does the department record the business that is undertaken in the running of the dining room, canteen, bars and the like? How is that business accounted for if it is not in these documents?

The SPEAKER: I will ask Mr Hunter to respond.

Mr R. Hunter: Is the question related to the revenue that we receive from the dining room, cafeteria and bars et cetera?

Mr R.S. LOVE: Those three services, yes.

Mr R. Hunter: That is not the subject of these estimates, but I will answer the question. The context is that the parliamentary refreshment rooms is a separate entity that has been running for over a hundred years. Essentially, the income from those outlets goes back into the parliamentary refreshment rooms, and we work on cost plus 10 per cent. We never see revenue from those outlets in our budget books.

The SPEAKER: The member is very welcome to come along to our Parliamentary Services Committee meeting, at which members ask a lot of questions about the catering, the charges and all that. From memory, I think we meet about every two months.

Mr R.S. LOVE: Are the staff who are involved in the provision of those services reflected in these statements as income?

The SPEAKER: Yes, they are.

Mr R.S. LOVE: Why does the department selectively put in the costs of the employees, but not the returns from their efforts? I am not quite sure why that system has revolved over the last hundred years.

[9.40 am]

The SPEAKER: Yes, it is the system that has been in place for a very, very long time. Generally, the staff who are employed here have always been part of our budget and our process here. The food and beverage services have been paid for by members, and Mr Hunter has referred to the cost plus 10 per cent. The argument has been raised for over 20 or 30 years, that I am aware of, as to why these things are separated. My understanding is that the view is that the actual costs of food and beverages should not be paid for in any way out of the public purse, so that money has to be collected from members of Parliament, but the cost of employees has always been met by the Parliament.

The appropriation was recommended.

Division 2: Parliamentary Commissioner for Administrative Investigations, \$12 855 000 —

Mr S.J. Price, Chair.

Mrs M.H. Roberts, Speaker of the Legislative Assembly.

Mr C. Field, Parliamentary Commissioner for Administrative Investigations.

Ms M. White, Deputy Parliamentary Commissioner for Administrative Investigations.

Ms M. Marsh, Senior Assistant Ombudsman, Operations.

Ms R. Poole, Head, Office of the Ombudsman and President.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 the 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 be examined only in relation to their portfolio responsibilities.

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Do we have any questions? The Leader of the Liberal Party.

Ms L. METTAM: I refer to page 49 and paragraph 4 under “Significant Issues Impacting the Agency”. On average, how many own-motion investigations are undertaken each year?

The SPEAKER: Mr Field.

Mr C. Field: I thank the chair and the honourable Leader of the Liberal Party for her question, and an excellent question it is. It will vary from year to year, but it will be somewhere around two to four a year. In fact, when I first commenced as Ombudsman, we did not have own-motion investigations; in Europe they were called “own initiative” investigations, and I made the decision some years ago for a capacity to do these very significant, systemic

investigations into public administration, so we established that team and we have an outstanding team that does those. We will generally undertake around two to four a year, but we have an additional role that that team undertakes, a commitment I made to Parliament many years ago to the then Leader of the Opposition and shadow Treasurer that we would, 12 months after tabling one of those own-motion investigations, examine the implementation of those recommendations as well. I think we may still be one of the only ombudsmen in the world that does that. We table those reports in this Parliament—they can be three or four volumes long; they are significant pieces of work—with recommendations at the end. Twelve months later we report back to the Parliament, directly from me to the Parliament, and we brief parliamentarians outside this chamber, on how those recommendations have been implemented and what positive effect they are having on public administration in Western Australia.

That is a long way of saying around two to four a year!

Ms L. METTAM: How many are currently occurring?

The SPEAKER: Mr Field.

Mr C. Field: Leader of the Liberal Party, we are currently examining our next two investigations. We have just finished a series, late last year and early this year, and we are looking at our next two investigations areas. We take a very broad range of feedback, which can be from any member of Parliament; the public, of course; our own surveys of the interest of other public through various public reporting sources; and complaints. We look at what systemic issues are coming through. Over the last several years we have tended to look at issues that might be of most effect for women, children and other marginalised and vulnerable populations in the community, such as Aboriginal Western Australians and their communities. We will announce another two investigations; they are always publicly reported and I will always keep Parliament up to date and briefed about the progress of those investigations.

Mr R.S. LOVE: I have a question, but I must admit that I am struggling to hear the commissioner's answers. It would be much better if he could speak a little louder.

Mr C. Field: I am so sorry; I am relying too much on the microphone!

Mr R.S. LOVE: It does not matter; I am sure Hansard got it all!

Mr C. Field: I need to rely more on projection, honourable Leader of the Opposition, so I will do that from now on!

Mr R.S. LOVE: It is okay; I am not an "honourable", so that is fine!

Mr D.R. MICHAEL: Hear, hear!

Mr R.S. LOVE: Okay, yes, thank you!

The SPEAKER: Everyone heard that!

Mr R.S. LOVE: I heard the commissioner mentioning something about the outreach programs. I am talking here about paragraph 5 under "Significant Issues Impacting the Agency". Could the commissioner explain what he is doing to enhance the awareness of the service and exactly what programs he is running to do so?

Mr C. Field: Leader of the Opposition, it is a really good question, and once again a question that goes to the fundamental nature of the office of the Ombudsman and our commitment to providing access to justice to all Western Australians. We do a range of things. We certainly look to make sure that people are aware of our services in the metropolitan region through a range of outreach and other mechanisms, but we have a particular focus on rural and regional Western Australia. Some many years ago we started a process of visiting, over the course of years, every single region in the state. I do not need to tell the Leader of the Opposition what a vast and significant state this is geographically and, of course, in terms of the diversity of people's interests and what affects them in a way that would make them want to come and use an office like mine. I think, over the course of that regional program, we have undertaken more than 30 visits and visited every single region at least once and many regions multiple times. There have been two visits over the last year; next year we will be looking at up to four. We are sending out a team of four or five staff who are very expert in these areas, usually with an Aboriginal Western Australian, and we are going out on local radio, meeting local governments and local community support people, and holding complaints clinics and advertising them. We write to local members and say, "This is when we're coming. Would you like to send your constituents? Would you like to advertise these posters we have?" We find that take-up has been really outstanding. We have had many people come through to us through those complaints clinics and, pleasingly, we are often able to solve their complaints, their concerns with local government, on that day they are with us. If not, we certainly treat them as a priority. It is a very important area to us. It is an excellent question the Leader of the Opposition asks for a matter that is personally important to me. We have a really profound commitment to access, particularly for regional and remote Western Australia.

[9.50 am]

Mr R.S. LOVE: I refer to page 51 and the services and key efficiency indicators. The table lists employees, or full-time equivalents, and shows a growth to 91 in the current budget year. Is that because of the introduction of programs such as the reportable conduct scheme and other activities, such as the work under the Charitable Trusts Act 2022? How will those extra personnel be used?

Mr C. Field: The Leader of the Opposition is precisely correct; that is where the growth in staff comes from—from that number to the number quoted, around 90. It comes from those new jurisdictions that we have commenced in relation to reportable conduct and charitable trusts, and one or two others in there as well, with not quite as many staff involved. The bulk of those staff are for reportable conduct and that jurisdiction is now well-established in Australia and arises out of the Royal Commission into Institutional Responses to Child Sexual Abuse. The Australian Capital Territory, New South Wales and Victoria have those jurisdictions. We now have a similar jurisdiction courtesy of the significant and excellent deliberation of this place and the other place to create that legislation and give us that function. Our office will take reports about all allegations around child abuse. That is where a significant number of those staff are. However, as the Leader of the Opposition says, there are some other functions as well—insignia law, protected precincts and charitable trusts. They are our four major new functions of the past period and that is where that staff growth comes from.

Mr R.S. LOVE: I refer to page 48. Under “New Initiatives” in the spending changes table is a line item for investigations by the parliamentary commissioner under the Charitable Trusts Act 2022. How have those estimates been arrived at—namely, the \$198 000 budgeted this year and \$303 000 for the following year? What is the expectation of the number of investigations that will be required and how is something like that estimated when a new act will bring in a process that did not exist before?

Mr C. Field: If I may say so, that is another excellent question from the Leader of the Opposition. We basically have two processes when we are asked to consider a new jurisdiction. Of course, when Parliament passes legislation, I must execute that jurisdiction, and I am delighted to do so. Normally, we examine very carefully the experiences of other jurisdictions with either exactly the same or very similar legislation. We will often have the benefit that they may have been doing that sort of role for many years. The New South Wales Ombudsman had been undertaking the reportable conduct jurisdiction for a decade-plus, so it gave us a great sense of what we would have. Similarly, with charitable trusts, we will look at what has been done up until the time that function was given to us by this Parliament under legislation. We will then make an estimate based on the expertise of our staff, which these days is strong in terms of investigations. We have what the economists would call a scale-and-scope efficiency because we have a number of staff now. It will not cost us as much as it would if it were given to a standalone or very small agency, so we factor in all those economics. We will consider the depth and breadth of the investigations.

To take charitable trusts as an example, those investigations tend to be somewhat more complex. There will tend to be slightly greater resources required for that sort of investigation in terms of both the level of person we will employ and the depth and length an investigation may go. Last of all, and something I was very keen to achieve—it is only a modest amount of money in the overall scheme of things—I wanted the small amount of money to also be able to visit regional Western Australia as part of the charitable trusts function, as an example, because so many of those charitable trusts affect Aboriginal Western Australians, particularly in remote and regional areas. I get concerned about making decisions for those living regionally and remotely, particularly Aboriginal people, without having the chance for my staff to speak to them and listen to them on land as opposed to doing that completely remotely. We will consider a raft of things. However, I will say this—my staff know this by repetition over many years: I am aware that every time I spend money, I am walking up to someone at Forrest Place and I am taking money out of their wallet and putting it into my pocket, so as much as possible we try to reduce the amount of money for every function we do. We are not profligate in our budget estimating; I give the Leader of the Opposition that promise.

Mr R.S. LOVE: I sincerely hope the parliamentary commissioner is not literally pocketing the money! I understand what he means.

Ms M. BEARD: I refer to page 50 and the outcomes and key effectiveness indicators. I note that for 16 years, 100 per cent of recommendations from the Ombudsman have been accepted. However, it seems from that table that only 57 per cent were implemented in 2021 and only 72 per cent were forecast to be implemented in 2022–23. The budget states that this is due to a fluctuation in improvements. Can the parliamentary commissioner elaborate on this point and explain why we are not seeing the same 100 per cent improvement in recommendations?

The SPEAKER: I note that the number of improvements to practices is not actually a percentage; it is a number. I will ask Mr Field to respond.

Mr C. Field: Yes, lest it be, and for the permanent record of *Hansard*, I was talking very much about metaphorical pockets; if it were literal pockets, I would not be sitting here today!

We have a record of having 100 per cent of our recommendations accepted over the 16-year term that I have had the great privilege of holding the office of Ombudsman, which is an unusually high figure. The office is one of the few in the world that holds that figure. Of course, we must remember, too, that we have a process of every year following through to see what has been the outcome of the acceptance of those recommendations. It is not just about making the recommendations and having them accepted, but about seeing what quality improvements they are making in this state for the wellbeing of Western Australians.

The member is absolutely correct about those numbers. Those numbers are not percentages, but numbers of improvements that have been achieved through the Ombudsman’s practices. They will fluctuate from year to year.

They are not a percentage, but an actual number. The member will see that 57 were achieved in 2021–22, and we estimate 72 in 2022–23. We have a budget figure of 100. Those figures will vary from year to year depending on what matters we are examining in that year. They are the figures for when we have achieved a clear improvement to practices or procedures as a result of the Ombudsman undertaking an investigation. They are a number as opposed to a percentage. It is still an excellent question, but that is the difference.

[10.00 am]

The CHAIR: We are just about out of time. Is there a quick question, Leader of the Opposition? You will have to be really quick.

Mr R.S. LOVE: Very quickly, on page—now I have lost my page because I closed my book. I think it was on page 53. It refers to other revenue in the income statement. What other revenue sources does the parliamentary commissioner’s office have other than the public purse?

The SPEAKER: Mr Field, you will have to be very brief in the amount of time.

The CHAIR: Sorry, commissioner; we are actually out of time.

The appropriation was recommended.

Division 11: Treasury, \$9 305 922 000 —

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Mr M. Court, Acting Under Treasurer.

Mr R. Watson, Assistant Under Treasurer, Agency Budgeting and Governance.

Mr M. Andrews, Assistant Under Treasurer, Strategic Policy and Evaluation.

Ms A. Jalleh, Assistant Under Treasurer, Advisory Services.

Mr A. Jones, Assistant Under Treasurer, Economic.

Ms P. Burton, Chief Finance Officer.

Ms L. Cook, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only 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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Do we have any questions? I give the call to the Leader of the Liberal Party.

Ms L. METTAM: Thank you and good morning. My first question is from page 3, budget paper No 3. I refer to “Perth Consumer Price Index growth”. The CPI in the budget is forecast to fall to 3.5 per cent in 2023–24. I note that Perth’s CPI figures exclude the electricity subindex as the electricity credits skew those forecasts. If the index was included, what would CPI be over all years?

Mr M. McGOWAN: It would make very little difference because we had an electricity credit in the same magnitude last year.

Ms L. METTAM: Are Treasury’s forecasts for next year overly optimistic, given the Reserve Bank of Australia is forecasting it to be over four per cent, or are they structured in a way to assist wage negotiations?

Mr M. McGOWAN: Do you mean CPI?

Ms L. METTAM: Yes, CPI.

Mr M. McGOWAN: We estimate by the end of the coming financial year, the inflation rate for Western Australia will be 3.5 per cent. Currently, we are at 5.8 per cent whilst the eastern states are at seven per cent, so we are significantly lower, which is a great thing. I was able to advise this at the business briefing on the budget I did in Sydney on Friday. We are significantly lower than the other states, which is terrific. The big difference between us and the other states is electricity prices. Our electricity price increases are so much lower than those in the other states. From memory, the increase for Sydney is 25 per cent; for Queensland or Brisbane, it is about 22 per cent; in Victoria, it is around 10 per cent; and for South Australia, it is around eight per cent. I do not have the figure for

Tasmania in my head. Overall, the electricity price increases in the eastern states are massively higher than those in Western Australia. In New South Wales, it is 10 times what it is here. That means its inflation rate, naturally, will be higher than that in Western Australia.

Ms L. METTAM: What is Western Australia's increase?

Mr M. McGOWAN: The electricity price increase in the budget for the next financial year is 2.5 per cent. We are predicting an overall inflation rate of 3.5 per cent by the end of the next financial year. Victoria's budget is coming down today. I suspect its predictions will be higher. In New South Wales, it will probably be significantly higher simply because its increase in power prices is so much higher than ours. Its increase in power prices is due to two major factors we can determine. One is that it has little control over it because the last Liberal–National government sold off all its electricity assets. Secondly, the input costs are so much higher there simply because it does not have a domestic gas reservation policy, which, as members know, Alan Carpenter and the government I was a part of in 2006 brought in so that we have much more certainty of supply input. It is a significant difference in the cost of living on top of that. I do not think housing is included, but house prices over there are double what they are in Western Australia.

Ms L. METTAM: I refer to page 9 of budget paper No 3. It states that the state's population was expected to grow by two per cent in 2022–23. I am trying to understand how this growth and the subsequent demand for infrastructure compares with population growth that occurred during the previous Barnett government boom. If population growth is lower than during the previous years, can the Treasurer explain the spending record of \$11 billion on infrastructure if the population growth does not support it?

[10.10 am]

Mr M. McGOWAN: I will see whether there is anything more specific I can provide the member, but broadly, population growth of two per cent is relatively high, certainly compared with the last few years because international and interstate borders opened. Having said that, we were one of only two states during the COVID period that had population growth—Queensland and here. Basically, both jurisdictions were relatively COVID free and people left New South Wales and Victoria to come to live here. There were also returning Australians.

Those factors meant that we had interstate migration into Western Australia, for the first time in a decade, during the COVID period. The population growth of two per cent is higher than the long-term average because of the borders reopening and the incredibly strong jobs market.

The increase in the budget for infrastructure over four years is \$39 billion, which is very high. That high infrastructure budget reflects the fact that much of our rail program is reaching peak construction. The Yanchep, Ellenbrook, Thornlie–Cockburn and Byford lines will all be generational projects that will avoid some of the issues the eastern states are having with trying to build rail lines. Today, I saw that a rail line in Melbourne cost \$150 billion—for one. It was \$150 billion for what they call the suburban rail loop. They recently had to even defer or cancel some projects over there because of the incredible cost and because they have such high levels of debt in the eastern states, which we do not have.

The infrastructure program is large, reflecting Metronet, and also the decarbonisation agenda, which is not really related to population growth. That is related to the fact that we will adhere to our national obligations to reduce our carbon emissions. The ageing generation infrastructure and the nature of solar and wind take-up, which is just happening organically, mean that we have to provide better storage options. If we had not done this at some point in time, we would have had to build new coal-fired power stations or what have you at enormous cost in any event. Rooftop solar continues to grow every single day, and that means that the infrastructure investment in batteries and storage, paid for by the government, will be a significant part of the capital works program but, as I said, that is not really related to population growth.

Ms L. METTAM: I reflect on population growth and the Treasurer's visit to Rome and Europe. The Minister for Police was also in the UK, making efforts to attract skilled workers to Western Australia. Does the Treasurer have any figures on the success of those efforts and programs in obtaining or attracting the workers we need?

Mr M. McGOWAN: I went to Rome in June or July last year on the first direct flight. The visit to Italy was not really about attracting workers but was more about promoting tourism and the first direct flights, and meeting Italian businesses that have investments here and encouraging further investment.

When I went to Ireland, it was more about that. I went there for a couple of days, from memory. The Minister for Police went and did similar things, particularly in Britain and Ireland. The advice I can give the member about her question is about some of the measures we have taken in the budget. I do not have figures directly on how many people have come from those places, but measures in the budget include our announcement from before the budget of the \$11 million program for \$10 000 grants to help visas for particular people working in residential construction. The state-sponsored migration program, which we changed to include a whole bunch more occupations and so forth, reflects the strength of the labour market, which is significantly different from six and a half years ago. Changes to the state-sponsored visa scheme make it easier for skilled migrants to connect with job vacancies here. Obviously, we are trying to attract additional international students who fill a lot of the roles we need. We are doing a whole bunch of things.

I am not sure that we control the number of people who are coming in as migrants. We expect an increase in migrants, obviously, of two per cent, so I suppose we are factoring that into those considerations. We will see a boost in the number of people moving to Western Australia. Obviously, that has other issues. When we attract people to build houses, there is then concern that we already have a lot of people looking for homes, but we have to have people to build homes. It is a bit of a catch 22, really. If we want to attract skilled migrants to build homes, we have to attract them and get them here.

During the COVID pandemic, we saw a lot of changes in the way people lived. A lot of people did not want to share homes anymore. A lot of people moved out of existing arrangements. We saw a lot of relationship separations. That changed the patterns of how people were living, and that has impacted the housing supply. A lot of Australians returned home from overseas because Western Australia was a far safer place to live, compared with living in Britain, Italy or America. Older Western Australians in particular returned home. That affected everything across Australia; even Victoria and New South Wales, which did not have our COVID experience, had lots of people returning home. It affected the housing supply. I went to Sydney last week, and our problem with housing and the cost of housing is nowhere near as dire as it is there, but it is an issue everywhere around Australia, which we are attempting to address through multiple measures.

Ms L. METTAM: Just to clarify, does the Treasurer not have any insight into or idea of how many people will be attracted to move to Western Australia as a result of the seemingly significant efforts by the Minister for Police and the Treasurer to encourage people?

Mr M. McGOWAN: At the midyear review, overseas migration into Western Australia was predicted to be 17 535 for this year, but the budget is now suggesting that for the coming year it will be 36 645, which is a significant increase in numbers.

Mr R.S. LOVE: On page 11 of budget paper No 3, which has economic forecasts for Western Australia, the dwelling investment is forecast to fall in 2024–25 by 7.75 per cent. I am asking about the rebound of 7.75 per cent that is expected the following year. How has the department come up with these investment predictions? What does the Treasurer expect will turn the market around to a positive situation in 2025–26?

Mr M. McGOWAN: In 2024–25, expenditure in the lead indicators in new dwelling investment is anticipated to fall by 7.75 per cent. That reflects interest rate rises and the bringing forward in demand that we put in place during the peak of COVID. This is set to occur at a time when the current backlog of work is expected to be largely complete. Nevertheless, investment is forecast to recover in the final two years of the budget period, supported by growth in the state's population. I think that broadly answers the question.

Mr R.S. LOVE: The building industry would have a period of time with lessened demand and a bit more slack in the supply of trades and materials. Is Treasury forecasting that the government's own work in social housing would in some way be ramped up in that period to match the downturn in private sector demand, therefore providing a better return, perhaps, for the government in its investments?

[10.20 am]

Mr M. McGOWAN: It will assist. Over time, we will construct 4 000 homes as part of last year's budget and this year's budget. Obviously, that will assist, but it will not match the totality of the private sector. Currently, around 27 000 private sector homes are being built. We are not in that ballpark, and no government in Australia is. In terms of new dwelling investment, expenditure is expected to lift through 2023–24 as the current backlog of work is anticipated to sustain the overall level of dwelling investment in the near term. As I said, there is predicted to be a 7.75 per cent decline. We must remember that in terms of the workforce, it is not just about housing investment as people who work in residential housing often work in other areas. The state government's pipeline of infrastructure investment is massive. Then there is the private pipeline of infrastructure investment, which is also large.

When it comes to social housing, I think we have made one of the largest investments in social housing on record. We have invested about \$2.6 billion on social housing and homelessness. There is the Bentley residential project; the redevelopment of the Brownlie Towers site; water and land infrastructure for a lot more housing; the regional development assistance program; the Government Regional Officers' Housing program to upgrade houses in regional WA; and Aboriginal remote communities, to which we have allocated \$350 million. By state standards, it is a fairly large investment. Intuitively, we just know that as pressure eases and as more housing is completed, people have more confidence to sign contracts. The current boom in residential construction is slowing down other construction. As that eases, builders will be able to deliver more quickly and we will see more sign-ups. That is just market forces operating.

Ms L. METTAM: The Treasurer spoke about this significant investment in social housing. How confident is he that those funds will be expended as outlined? Social housing stock has gone backwards and it has been significantly challenging to compete with the private sector to deliver on these contracts. How confident is the Treasurer in the time frames and that these funds will not just effectively be sitting in special purpose accounts?

Mr M. McGOWAN: For the record, when we came to office, a lot of the social housing was in an awful state and there were ghettos; Brownlie Towers and the Stirling Street flats were some of them. There were others in Fremantle

and I think there were some in Carine. There were other examples of social housing that were either ghettos or dysfunctional. Lots of housing stock was completely wrecked. At some point in time a government had to deal with that, so we dealt with it. That obviously led to a reduction in the overall numbers of stock. Basically in numbers terms, if we remove a flat that is a drug den, a property is removed from the social housing stock. If we just look at overall numbers, we can say that the number of social houses has gone down, and that is terrible. On the other hand, my government dealt with a longstanding social issue that was causing huge grief. We dealt with that, particularly Brownlie Towers and the Stirling Street flats. I do not know whether the member remembers the Stirling Street flats; they were pretty appalling. Some of those things were dealt with. That meant that we dealt with some of the social issues, and now we are investing very significant amounts in refurbishments and new builds. We intend to have 4 000 social houses to supplement the stock base and the waitlist demand. We have already provided 1 200 of those and 1 000 are under construction or under contract. The number of houses disposed of is at historically low levels as a result of some of the measures I mentioned, such as demolishing some of these dysfunctional places.

The program itself is over the forward estimates but I expect there will be additional investments in future years. We will continue to invest and more houses will be provided. I would expect that more houses, if not additional, will be completed in the next few years.

Ms L. METTAM: I take it from the Treasurer's comments that the government has no regrets about the speed with which it sold off the social housing stock for these so-called ghettos or social housing homes in an effort to replace them. There was obviously a significant lag, which meant that our stock numbers went backwards. Hindsight is a wonderful thing, but does the Treasurer have any regrets about the government's approach to this matter? We are the rough-sleeping capital of the country.

Mr M. McGOWAN: It all depends on the approach the member wants to adopt to social housing. I do not know if she ever saw Brownlie Towers or if she ever went to Stirling Street flats. I saw both, and they were pretty appalling. As I said, they were dysfunctional and crime ridden, and residents were using huge amounts of drugs and other things. They were ghettos. If the member's analysis of this sort of thing is that it is better to keep ghettos than not, that is something she can argue. On the other hand, at some point in time, a government had to deal with it and we dealt with it. I think we dealt with this longstanding issue in 2018 or 2019, or maybe 2017. We were then able to redevelop those sites. The Bentley redevelopment will have a huge amount of social housing. We will be able to provide more housing over time that is more appropriate and more liveable.

Social housing is never going to be a property on the river in Peppermint Grove, nor should it be, but at the same time it should not be housing where people are cooking meth next door. Social housing is in the middle of that. We dealt with a longstanding issue. I personally think it was a good achievement to remove ghettos. It reduced the overall stock whilst we then built more. I have seen it in Washington, America. Some of the properties are awful; children should not grow up there.

The strategy was, and now is, a pause on sales and demolitions because we have dealt with the worst examples, and we have made a huge investment in refurbishments and a major investment in buying and building new stock, with \$2.6 billion across the forward estimates.

The CHAIR: If we can drag questions back to something of relevance in the budget, that would be helpful.

Mr R.S. LOVE: Page 10 of budget paper No 3 has a paragraph that says —

Capacity constraints within the economy are impacting on current investment activity. Houses ... are taking longer to complete due to labour shortages ... new demand has also been impacted by elevated costs and rising interest rates.

This feeds into delays and labour shortages. Can the Treasurer explain to me why the government has chosen to develop the very large program that it has put in place for this year instead of deferring some of those expenditures to a time when there is less capacity constraint in the economy? For instance, the shutdown of the Armadale line and the launch of the elevated railway stations will no doubt cause a lot of competition for concrete and other resources. Was there ever any thought that perhaps that could be delayed and pursued at a time when there is less capacity constraint in the overall economy?

[10.30 am]

Mr M. McGOWAN: The member spoke about elevated rail on the Armadale line. The entirety of the Armadale line down to Byford will have 13 level crossings removed. Six level crossings will be removed in the Victoria Park–Cannington area and seven level crossings will be removed in the Byford area. Armadale station will be elevated and there will be five new elevated stations through Cannington and Victoria Park. We received a significant amount of commonwealth funding for all those.

The member's question is: why do we not delay it all? I think I saw on the news last night criticism from the opposition saying that we are not building it fast enough, just so the member knows. The program has been worked up over a number of years to get to this point. We are confident that we can do it at a very, very significantly reduced price compared with the eastern states. The cost of building rail in Sydney is somewhere between 15 to

20 times more a kilometre than it is here. I am very confident we can get this done and that it will pick up some of the slack. As the member can see, economic growth next year will go down to 2.25 per cent and the year after that it will go down to 1.75 per cent. Obviously, there will perhaps be a little more capacity in the economy than there is now. This is about not only making sure the economy remains very robust, but also putting in place a long-term program.

I do not know whether the member is familiar with the level crossings through Cannington and Victoria Park, but they are very debilitating for people who live in that area. The level crossings in Byford are restrictive and access to decent transport is pretty limited. The two components of this project are a little unknown in the broader community, but they will be significant improvements that in time to come will be seen as great projects for the state.

Mr R.S. LOVE: The Premier feels that there will be more construction capability when most of this work will be done, yet the concrete for the elevated railway sections is being poured at the moment, as I understand it, so I cannot see how that will be down the track.

Mr M. McGOWAN: This financial year the growth figures were 4.25 per cent, which is the strongest in nine years. In the next financial year, because of interest rates and because of the fact that more and more Western Australians are holidaying overseas, we expect that the growth figure will go down to 2.25 per cent. That is still amongst the strongest in Australia, but it shows there is extra capacity in the economy. As our immigration numbers increase and our population increases and we have programs to bring in qualified tradespeople, naturally there will be some greater capacity to build things. That is just a reality.

We cannot win because, as I said, I saw on the news last night the opposition complaining that we are not doing it fast enough and now the member is arguing we should do it slower.

Mr R.S. LOVE: Page 34 of budget paper No 3 refers to the additional allocation of \$1.4 billion from the commonwealth, largely to transport projects, including Metronet. I am wondering whether Treasury is confident that that will be enough money to complete those projects or whether further cost escalations on those projects before they reach completion are possible.

Mr M. McGOWAN: We have funded some escalation in the costs of some of the rail and road projects. We are not budgeting for further cost increases but we cannot rule them out. As I said to the member, when I was in Sydney on Friday, it was indicated that the cost escalation on two rail projects in Sydney—I think the total distance was 40 kilometres—was \$22 billion. The cost escalation on five or six separate projects is somewhere above \$1 billion. We will find the detail. The cost escalation on our projects is a bit over \$1 billion. That is because the cost of steel has gone up 60 per cent, the cost of concrete has gone up 254 per cent, the cost of ordinary labour has gone up 20 per cent and the cost of specialised trades has gone up 54 per cent.

If we go to page 196 of budget paper No 3, we see \$1.2 billion in additional spend on the Morley–Ellenbrook line, the Yanchep line, the Thornlie–Cockburn Link and Bayswater station. Those things are regrettable but unavoidable in the current environment. That is the nature of things. As I said, that is good compared with New South Wales, where two railway projects have gone up by \$22 billion. What is happening over there is unbelievable. The Morley–Ellenbrook line has gone up by \$528 million; Thornlie–Cockburn by \$244 million; Yanchep by \$375 million; and Bayswater station by \$107 million. The cost per kilometre for the Metro West line in New South Wales is \$1.06 billion. The cost per kilometre for the Yanchep line here is \$67 million. The cost in New South Wales is more than 15 times per kilometre. For Byford it is \$99 million per kilometre. For the Melbourne Suburban Rail Loop East, it is \$1.33 billion. It is 13 times per kilometre. In other words, our rail projects are significantly, massively, more affordable. The major reason for that is that we plan ahead. Other states try to retrofit their projects and they try to get through existing suburbs, and then they have to buy properties and tunnel through rock, whereas we plan ahead and build them in ways in which we do not do that. Were we to try to do all this in 20 years' time—although I suspect none of us will be here—the cost would probably be similar to what is happening in Sydney or Melbourne because we would be trying to go through existing areas. When I explained this to those in the investment community in Sydney on Friday, they were gobsmacked by the difference in cost. It is quite remarkable.

[10.40 am]

Mr R.S. LOVE: Just on those extra grants for the increased costs, at the moment the budget document has the Yanchep line at \$982 million, yet when the minister was announcing the laying of the track—the Treasurer might have been involved as well —

Mr M. McGOWAN: Yes.

Mr R.S. LOVE: — figures were bandied about of the total cost being \$1.1 billion. Can the Treasurer confirm whether that project has blown out by \$100-odd million since this budget was written?

Mr M. McGOWAN: The total cost is \$1.082 billion, but that includes land acquisition. That is different from just construction costs.

Mr R.S. LOVE: To be clear, the budgeted figure of \$982 million does not include the land. Is that the difference?

Mr M. McGOWAN: The budget has \$1.082 billion in it, which is the construction plus the land acquisition costs. Obviously, just the construction costs will be cheaper than having land acquisition.

Ms L. METTAM: Is the Treasurer saying that he does not anticipate Metronet to cost more than \$11 billion, or is he expecting additional cost blowouts with this project?

Mr M. McGOWAN: Cost increases cannot be ruled out because that is just the nature of the market we are in, but the current estimates are what are there. The member has to remember that we have doubled the number of projects since the original commitment. The original commitment was nine projects; it is now 18 projects. Some of those additional projects we have added are very significant, so it is a much more comprehensive program than it originally was. As I said to the member earlier, and I had the figures wrong, in New South Wales, two metro rail projects totalling 54 kilometres have blown out in cost by \$21 billion. That is what is happening there. Our increases are very small—in fact, one-twentieth of that. Our cost increases on the five major projects are one-twentieth of the blowouts on two projects in New South Wales. In large part, not all, these sorts of things explain a lot of the budget positions of New South Wales and Victoria—that is, their ambition in terms of infrastructure and building at a time when it is too late because they should have built decades ago. That partly explains why their budgets are in such dire positions.

Ms L. METTAM: I refer to page 12 of budget paper No 3 and household consumption growth, which is expected to fall to 1.5 per cent in 2023–24, reflecting higher interest rates. What modelling has Treasury undertaken on household consumption if interest rates were to continue to increase? We have had another two interest rate increases of 0.25 per cent each.

Mr M. McGOWAN: The budget is obviously predicated on what Treasury assumes will be the economic position facing Western Australia. Our position is significantly different from that elsewhere, so I suspect that even if there was another interest rate increase, it would have limited impact here compared with other parts of Australia. There are a couple of reasons for that. The first is that our average weekly earnings are higher than anywhere else in Australia, bar the ACT. The second is that our house prices are around half those of New South Wales, nearly half those of Victoria and significantly lower than those of Queensland and South Australia, remarkably. Although the interest rate increases do have an impact, it is not as dire as the impact in the eastern states. I am not sure whether Treasury has modelled another interest rate increase. We assume a slowing in household consumption, which is referred to on page 11 of budget paper No 3. We assume a slowing in household consumption based upon interest rates. We assume they have largely peaked. If there is an increase, I would not think there would be more than one, which I expect would have a very marginal impact in a state like WA. We currently see non-essential spending weakening. Households are also expected to spend less on some one-off items such as vehicles and furnishings, following record levels of spending over the last few years, but there is a spending recovery in domestic and international travel, so people are still travelling. Higher migration levels to the state will also support household spending, so things will even out a little bit. In overall terms, the domestic economy will slow down to a degree, which is the purpose of the interest rate rises. I am not sure that Treasury has modelled other interest rate increases. The assumptions on interest rates are taken into account in the forecast.

Ms L. METTAM: Does the Treasurer still stand by his earlier comments that WA will enter a recession this coming financial year?

Mr M. McGOWAN: I said that the world may enter a recession this year; that was the forecast I provided late last year: major countries may enter a recession this year. That may happen. I understand that some of them already have technically entered some sort of recession. That is why I was saying in the context of demands for wage increases of 10 per cent that it was unwise for us to do anything near that, because it would reduce the state's financial capacity should there be a requirement to spend more in the future should the world enter a recession and Western Australia had to cope with that.

Mr R.S. LOVE: I turn to page 35 of budget paper No 3, which has a discussion of expenses of \$963 million for the state's cost for additional participants in the National Disability Insurance Scheme. Can the Treasurer give me an idea of how the numbers of people in that scheme have changed from what was first forecast, and what is now expected to be the continued growth in the state's commitment under the scheme?

[10.50 am]

Mr M. McGOWAN: The state's original budget settings for its National Disability Insurance Scheme contributions were based on the minimum participant numbers in the 2017 transition agreement. In 2023–24, that was 40 684 participants. Since 2021, NDIS participation growth in Western Australia and across Australia has continued to trend higher than forecast, with around 7 700 more Western Australian participants anticipated to access the scheme in 2023–24, bringing the revised forecast to 48 420. In February 2023, there were 47 198 participants in the scheme. Under the transition arrangements, which cap WA's NDIS contributions at its maximum participation—that is 48 420 in 2023–24—Western Australia's 2023–24 contributions are forecast to total \$1.3 billion across the forward estimates.

We are in the final year of our six-year transition to the NDIS. Under the terms of the transition agreement, the state contributes 50 per cent of the costs based on the actual number of participants in the scheme up to a maximum cap. That agreement has benefited the state.

Mr R.S. LOVE: What is the maximum cap?

Mr M. McGOWAN: There is no cap on the number of participants in the scheme, but there is a cap on our contribution.

Mr R.S. LOVE: Do we know what that cap is?

Mr M. McGOWAN: The cap on our contribution is 48 420 participants. If the number of participants goes above that, the commonwealth will pay 100 per cent of those above that.

Mr R.S. LOVE: Above 48 420 participants?

Mr M. McGOWAN: Yes; the cap is 48 420 participants, up to which we share the cost with the commonwealth. If the number of participants goes above that, the commonwealth will pay 100 per cent of the cost of those people above that cap.

Sorry; before I said it was \$1.3 billion across the forward estimates. It is \$1.3 billion for the 2023–24 financial year. That is just WA's contribution. In the budget, we coincidentally put in another \$1.3 billion across the forward estimates. Western Australia is making a very large contribution.

Mr R.S. LOVE: The Treasurer mentioned the transition agreement. I assume that when we first signed up, that was agreed for five or six years.

Mr M. McGOWAN: It is six years.

Mr R.S. LOVE: That agreement is due to be renegotiated very soon. What is the expectation of any change? Are preliminary discussions being held? What is the likely outcome for Western Australia?

Mr M. McGOWAN: We are currently negotiating whether we go to the full scheme on 30 June or continue the transition arrangement. Obviously, nationally, there is a lot of flux in this program. At the last national cabinet meeting, it would be fair to say that the commonwealth and the states were very concerned about the dramatic cost increases compared with what was predicted in the program, and how to ensure that the scheme is sustainable. That is why the commonwealth has an ambition to bring the cost growth down to eight per cent a year. It impacts the commonwealth more than us, because the growth in participant numbers over a certain level is its responsibility. When the number of participants goes over the cap, it becomes the commonwealth's responsibility, so the risk is largely the commonwealth's. Having said that, the state has had to put in significant additional money. However, the fact that we entered into a transition arrangement has financially benefited this state compared with other states.

Mr R.S. LOVE: The Treasurer mentioned that we have a better arrangement compared with other states. Are there different arrangements between each state and the commonwealth? Is it just the number of participants, or is there a different arrangement in some other way?

Mr M. McGOWAN: The member may not recall, but I think I signed the transition agreement in 2018 with Christian Porter. I do not know why it was him. Certainly, I made the announcement with Christian Porter. We estimate that because of the arrangement we entered into, we have saved \$1.8 billion compared with other states. To a small degree, that partly explains our financial position compared with the other states as well. We have always been more careful about everything than they have.

Ms L. METTAM: What is the time frame for the bilateral agreement? I understand that it has been extended between the states and the commonwealth government.

Mr M. McGOWAN: As I said before, the transitional arrangement is due to expire at the end of next month. We are currently in negotiation with the commonwealth about whether we enter the full scheme or continue with the transitional arrangement. As I said, as I learnt at national cabinet, the scheme is in a great deal of flux, because the commonwealth is trying to arrest the cost growth. I think that the commonwealth is conducting a review that will report in October about how to try to arrest the growth in cost. Its ambition is to bring cost growth down to eight per cent per annum. When we think about it, that shows how the scheme's costs are growing. As was indicated at the national cabinet meeting, it has been a bit of an open-ended scheme. It has had a great deal of cost growth without any real effort to deal with that over the last 10 years, so the commonwealth now has to try to deal with that. As the member can imagine, it is a politically sensitive and fraught area, because it is a service that deals with people with disabilities and their families. That is what the commonwealth is trying to do, and there is a review coming in October that may give it a way forward. We are currently working out whether we transition to the full scheme in July or continue with the transitional arrangement.

Ms L. METTAM: I refer to page 100 of budget paper No 3 and the resourcing for GST reviews. There is \$1.6 million for staff to engage in the reviews on the distribution of GST. Are they called "fairness fighters"?

Mr M. McGOWAN: It is a very imaginative name—fairness fighters! I can imagine them out there in the jungle!

Ms L. METTAM: What will the fairness fighters—these staff—actually be doing that Treasury has not already undertaken pre-fairness fighters?

[11.00 am]

Mr M. McGOWAN: That is a good question. From memory, it is \$1.6 million for 2023–24 to 2026–27. The commonwealth is undertaking two reviews—one by the Commonwealth Grants Commission and one by the

Productivity Commission. The Commonwealth Grants Commission takes public submissions and holds hearings; it does all those things, so we have to be there with very substantial and significant arguments that are well researched and well prepared. We noted that the former New South Wales government took on board people to argue its case, which we assume will continue. Treasury and I were of the view that it would be irresponsible for us not to do the same, in light of these two reviews. We take heart that the commonwealth government has said there will not be any changes; we expect, but are not certain, that the federal opposition will take the same view. Notwithstanding that, this is, in overall terms, a very small investment to ensure that we can present the best case to all those reviews and have the arguments refined.

The other thing about it, and I queried this, was: would it be worth outsourcing this to an accountancy firm or what-have-you? The Commonwealth Grants Commission and equalisation processes are so technical and inside government that it is actually better to employ people who understand these things and who might have worked at Treasury before. I think Treasury has a view as to whom it might employ who might understand these things very, very specifically, to beef up the existing staff who work on this. There are already four or five staff who work on this; this will add a further three employees, which means we will have a team of five to eight people who will work specifically on GST and Commonwealth Grants Commission issues over the next three years, including providing specific submissions and support for our arguments before the Productivity Commission and the Commonwealth Grants Commission.

[Mrs L.A. Munday took the chair.]

Ms L. METTAM: The Treasurer touched on staff numbers. Can he provide a breakdown of how that \$1.6 million will be spent?

Mr M. McGOWAN: The \$1.6 million will support the creation of three additional full-time employees for the calendar years 2025 and 2026. That includes a consulting budget of \$200 000. In the overall scheme of things, it is a very small investment. If we did not do this and something unexpected or catastrophic happened, everyone would say, “Why didn’t you do this?”, so this is an insurance mechanism. It is also in place to counter any of the arguments put by the states that are most aggrieved by it. New South Wales, Victoria, Tasmania, South Australia and the Northern Territory are really the big winners out of the GST distribution. They may seek to put submissions in; perhaps all the other states will join forces to put submissions in. I do not know, but I think it is a wise investment to make sure that our arguments are well-researched and well-presented. Certainly, it will help whoever is in government in those years to argue the case publicly as well.

Ms L. METTAM: I understand Treasury had an intergovernmental relations unit that dealt with the former GST methodology and process. I wonder what happened to the people who were in that area previously. Further to that, will any members of the previous team be employed in this team to do that work?

Mr M. McGOWAN: Those people are still in Treasury. We need to remember that GST is just one thing. I think there are, from memory, 52 national partnership agreements across government on everything from health to education. There are also all the capital grants that we share spend on, particularly transport projects and other infrastructure projects across the state. They deal with all those things also. That is a massive task; it is not just a matter of GST. Western Australia’s GST share and commonwealth government contributions are actually the smallest parts of our budget compared with any other state. We are more self-reliant than other states, and certainly the territories. Those people deal with all those issues as well.

Ms L. METTAM: Just to confirm, will any members of the previous intergovernmental relations unit, which is still running, given the other issues it deals with, be part of this new unit of fairness fighters?

Mr M. McGOWAN: Well, they will assist. They might be deputy fairness fighters! We will have to work out what sort of badging we provide them with, or uniforms—capoes, perhaps! They will be able to assist the new people we bring on. They already have a pretty full load, when you think about it. There are eight people in that area. That group of five to eight works on all these things—as I said, 52 national partnership agreements and all the capital works and so forth. We have been very successful with getting money out of the commonwealth government; we put a lot of effort into it. The ministers have specific tasks to go and ask for commonwealth government money. The Minister for Transport, in particular, has been very good at getting money out of the commonwealth government. That has meant a significant boost to the WA budget, which was not there before we arrived in office.

Ms L. METTAM: Since the Treasurer raised that issue, are any of the commitments made by the commonwealth government to transport and other projects under any risk? I understand a review was undertaken by the commonwealth government and there were concerns that transport or other funding might be at risk.

Mr M. McGOWAN: We discussed this in national cabinet. The Prime Minister and the commonwealth government announced a review of the commonwealth government’s infrastructure program across Australia. I think a large part of that was to look at some projects that had had massive costs escalations with limited public benefit. There was one called Inland Rail, in Victoria, New South Wales and Queensland, that has grown in cost by \$31 billion—I kid you not! I think the review was looking at that project. I think it was also looking at Geelong Fast Rail in

Victoria and other projects. I note that the other day the Victorian government suspended work on its Melbourne Airport Rail project because of that review. I do not know whether that project will recommence or not, but it was a \$15 billion project. The review is looking at all those things.

I queried this matter in national cabinet, and the Prime Minister assured me that Western Australia's projects were not at risk. Our budget assumes a commonwealth government investment of somewhere around \$1.3 billion for some of the increases in costs. We expect that that money will come from the commonwealth government in the midyear economic and fiscal outlook towards the end of this year. Our cost escalations have been minuscule compared with those in the eastern states, for the reasons I outlined earlier. Another thing we should be very proud of as a state is that we are able to build things far more cheaply than the eastern states can, and our cost increases have been far, far less, despite COVID and the war in Ukraine, which both created pressure. We have not had the extraordinary cost increases that the eastern states are going through. I note that the prediction in the Victorian budget is that its net debt will hit \$165 billion by 2024–25 or 2025–26, which is eye-watering, compared with ours. A lot of that will be the escalation of these projects. We have not had nearly the escalation Victoria has had.

[11.10 am]

Mr R.S. LOVE: I refer to page 67 of budget paper No 3 and taxes on gambling. I understand that in Victoria, Crown casino was found to have not paid all its tax liabilities and had to make a contribution to the Victorian Treasury. Has there been an investigation by Treasury into whether Crown has paid all its due gambling taxes; and, if not, is an investigation likely to occur?

Mr M. McGOWAN: Treasury has not. The Department of Finance has the Office of State Revenue that runs the taxing arrangements across government. The question would be appropriately directed there; Treasury has no knowledge of it. I will defer to Mr Jones to provide more information.

Mr A. Jones: The Department of Finance does not have a role in the collection of gambling taxes. The regulator is obviously the gambling commission. As part of that royal commission response, I think Crown was required to get an external auditor to audit its tax and that was put through that process. Neither Finance nor Treasury has done an investigation into the tax.

Mr R.S. LOVE: That is fine; I can take it up with that department later.

I refer to the services and key efficiency indicators on page 137 of budget paper No 2. Under service 3, "Evaluation and Planning of Government Service Delivery and Infrastructure Provision" it refers to Treasury's role in investigating agencies' operations in areas such as infrastructure delivery. How does the delivery of that service interact with Infrastructure WA? Does duplication occur between Treasury determining what should be appropriate infrastructure delivery and what Infrastructure WA works with and on?

Mr M. McGOWAN: I will let Mr Court comment on that.

Mr M. Court: The Department of Treasury is the custodian of the strategic asset management framework and, as part of that, provides advice to agencies around capital works planning issues. That includes things such as business cases and project definition plans. Any new proposal comes through Treasury for evaluation and advice to the Expenditure Review Committee as part of the budget process. Analysts work with agencies to evaluate all capital works projects and then consolidate that into the government's capital works program, or asset investment program, as part of the budget papers. Infrastructure WA has more of a strategic planning role. Its focus in evaluating infrastructure is around major projects above \$100 million. It does a major project assessment and checks that the business case has followed the right processes and has gone through appropriate due diligence. It undertakes a due diligence role. It does not necessarily then make a recommendation as to whether the project should be funded. That is done by Treasury. It is useful to assist in our advice to government around the priority of the investment, to make sure that it has gone through the proper problem definition and has looked at the right options, that the financial analysis is robust and that it has recommended reasonable options and stacks up from a logic point of view. It abstains from then saying that the project should be funded; that is done as part of a prioritisation process by Treasury across government in support of ERC and includes all projects, including those below \$100 million.

Mr R.S. LOVE: Would Treasury not consider that Infrastructure WA is in any way approving of a particular project, even if it examines it as a standalone project? As I understand it, Infrastructure WA's role includes coming up with a state infrastructure strategy, but it is also to assess those major projects. If it has made an assessment of that major project, how does that reflect in Treasury's discussions in terms of ERC?

The CHAIR: That has to go through the Treasurer to allocate to Mr Court.

Mr M. McGOWAN: It gives some assurance that the business case has been done effectively for major projects.

Mr R.S. LOVE: I refer to page 135 of budget paper No 2 and commercial advisory. Reference is made to Westport and to Treasury having commenced an independent analysis of options to reduce the state's risks in relation to Gold Corporation and a number of other matters. Is there a time line for the development of those advisory option discussions and exact costs for each of them? Gold Corp, coal and Keystart's governance arrangements are mentioned.

Mr M. McGOWAN: On 3 April 2023, ERC approved Treasury undertaking an options analysis for the future operations of Gold Corp. Nearly \$1 million was set aside for that. We expect a report back to ERC by the second half of this year. The commercial adviser will be appointed by Treasury through the commercial and economic adviser panel. There is a prequalification process for that. The panel has a range of advisers on it. The adviser panel is expected to be appointed later this month. It will look at how to reduce risk exposure; financial impacts on the state and Gold Corporation for any options; identifying any stakeholders who might be impacted; potential impacts on the gold industry; market sounding with potential buyers should it resolve that the best solution is to dispose of other Gold Corporation options; and presenting preferred options to government. There are no perceived notions about the outcome of this process. I think I have answered the detail of what the member asked.

Mr R.S. LOVE: I do not think that was the full answer. I asked about the three processes: Gold Corp, coal and Keystart's governance arrangements.

[11.20 am]

Mr M. McGOWAN: Did the Leader of the Opposition say coal?

Mr R.S. LOVE: Yes, coal. The paragraph mentions three separate matters: Gold Corporation, the negotiations around coal and due diligence on potential changes to Keystart's governance arrangements. I am asking about all three.

Mr M. McGOWAN: That was the Gold Corporation. The adviser's role will be to assist the state with the state agreement extension, which was introduced to Parliament last week. As the Leader of the Opposition knows, we provisioned \$19.5 million earlier this year as part of a financial assistance agreement with Griffin Coal. That is where that matter is at. The advisers will assist with that because obviously Griffin has had financial issues for a considerable period. The advisers are assisting the state to ensure we have continued supply. As members know, the requirement for coal-fired generation will diminish naturally over time. Certainly in this state, it will be diminished by the end of this decade. We are making sure that these arrangements support the ongoing generation of power until that point. That is what the state has to do. There have been financial issues for Griffin in particular for a long time—10 or maybe 15 years. It has been an ongoing process.

On Keystart's governance arrangements, the budget contains \$2.219 million for work to review the governance arrangements for legal accounting and tax advice as well as internal resources. We are reviewing options to improve governance and reporting arrangements. The Government Trading Enterprises Bill is considered timely to review the suitability of the existing arrangements for Keystart. The priority is to standardise and strengthen accountability and governance across key commercial activities of government, including Keystart. All Keystart's existing functions and lending products are expected to continue to apply, with no operating impact for staff and customers. I understand that, in Australia, Keystart is unique in how it works and operates. It has meant Western Australia has a much higher and stronger first home buyer market than that in other states. We also have to make sure risk to government is limited. That is what this review is about.

Mr R.S. LOVE: I think in his answer the Treasurer gave a bit more detail on Gold Corporation and I gather that there are number of people to whom he will turn for advice. Is there already an existing panel that is used for commercial advice? Given the very unique nature of some of these issues, is that the best approach or might someone outside the Western Australian bubble, so to speak, be able to give better advice?

Mr M. McGOWAN: I will give the Leader of the Opposition a bit more detail on gold. Treasury will appoint a commercial adviser through its commercial and economic adviser panel. The panel has been utilised as advisers have already pre-qualified through an open tender panel selection process. There is a range of advisers on it and all their terms of engagement are pre-agreed, so utilising the panel is a more efficient process. If these panels are not used and we go to some other process, it will take a lot longer. We are expecting to appoint an adviser by the end of this month, which is not far away.

Mr R.S. LOVE: This is an investigation by Treasury. It is not being instigated by the responsible minister but by the Treasurer, presumably, because both are mentioned in the act. What are the terms of reference for the person who is appointed? Will they be made public?

Mr M. McGOWAN: This was decided by cabinet. The options analysis for Gold Corporation will involve detailing the options available to reduce the risk of exposure, identifying the cost benefits and risks associated with the options and identifying a preferred option. There will be a detailed analysis of the financial impacts upon the state and Gold Corp for each option. Any stakeholders that may be impacted will be identified, including potential concerns from stakeholders and options for addressing those concerns. It will identify any potential impacts on the gold industry in Western Australia and how those impacts can be addressed. Should the options analysis conclude that a full or partial sale of the government's interest in Gold Corporation is the preferred option for reducing the state's risk, market sounding with potential buyers, engaging with the commonwealth Department of Finance on Gold Corporation's licence with the Royal Australian Mint and preparing a draft implementation for preferred options will be carried out. There are no preconceived ideas on what should occur. These are the things the options analysis will examine.

Mr R.S. LOVE: The paragraph I referred to mentions that the department is undertaking this analysis to reduce risk and the Treasurer has outlined some of the risks that the state is exposed to. Will there be an attempt to quantify the potential liabilities the state faces under any of the actions currently surrounding Gold Corporation—either the AUSTRAC inquiry or the US code violations?

Mr M. McGOWAN: The Australian Transaction Reports and Analysis Centre review is examining issues going back 20 years or so. It is independent of us so it will report in due course. We allocated \$34 million or so to provide upgrades to IT systems and so forth at Gold Corporation to deal with some of the issues that were identified. This review will look at the future of Gold Corp and what the best model is going forward. It has always been advised to me that, historically, Gold Corp had to be kept in government ownership because of the guarantee that was there, which provided certainty for industry and so forth. I suspect the review will work out whether that is still the case or otherwise. The options analysis will look at that and what the best model is going forward. There is one other gold refiner in Australia and it is not government owned. The analysis will look at the best model.

Mr R.S. LOVE: Is it fair to say that what will be examined by the commercial adviser will really just be the governance and ownership of Gold Corporation rather than the operation of it?

Mr M. McGOWAN: The assessment is largely around the risk of ownership to government—whether that is the best option, or what the best option is going forward. It will determine whether there are any other options or whether the existing option is the best way forward.

Mr R.S. LOVE: The Treasurer identified that one argument for the retention of Gold Corporation in the past has been the guarantee. I have also heard him or perhaps the minister talk about its unique status in providing a market for the gold. Will the commercial adviser be tasked with examining whether those are still relevant considerations or will this purely be around risk reduction for the state and Treasury?

[11.30 am]

Mr M. McGOWAN: I think it said that it will examine potential impacts on the gold industry and how they can be addressed in Western Australia. The options analysis will look at all those issues. It is a bit of a unique model in that the government owns it and provides a guarantee. It has operated that way for more than 100 years—something like 108 years. Naturally, it has a risk to government; that is the nature of it. That risk has never been a problem before, but it is worth looking at again, particularly because another refinery in the eastern states is not owned by government and does not have a government guarantee.

Ms L. METTAM: In relation to this point and the supply of coal in the short and medium term, the Premier referred to the state having provided \$19.5 million so far to prop up Griffin Coal. When will this end? How long does the Premier anticipate supporting Griffin Coal, and what is the scope of support the state will provide?

Mr M. McGOWAN: We provided that support. Obviously, we will have to keep coal-fired power stations going for the next seven years. I do not want to speculate on what it might cost because it is commercial, and negotiations and discussions are ongoing with the coal companies, particularly Griffin, in relation to all these things. If I start saying figures or otherwise, it may prejudice any such discussions.

The whole energy system in Australia is in transition, and it is in transition here in Western Australia. That is unavoidable. The member might recall that the opposition took a policy to the election that it would close it all down by 2025. It will transition over a longer period, through to 2030, but there will be a transition. That is just the nature of what is happening in Australia and around the world. We have to make sure that we provide a stable energy supply until alternatives that can meet the needs of the community are available. In the budget, we announced nearly \$3 billion of initiatives to decarbonise and provide that “firming”—I think is the word—for electricity generation and supply throughout the network.

Ms J.L. HANNS: On page 29 of budget paper No 3, “Chapter 3: Fiscal Outlook and Strategy”, the fourth dot point refers to net debt. Western Australia is projected to record its fourth consecutive year of net debt reduction, declining to \$27.9 billion. Can the Treasurer explain how the government is able to deliver this reduction in debt and outline how this reduction compares with previous forecasts?

Mr M. McGOWAN: Unlike other Australian states, we are paying down debt. The Victorian budget came out today, and its net debt is now forecast to reach \$171.4 billion. By the end of this financial year, our debt will be \$27.9 billion. Theirs is climbing to about six times ours, but Victoria has two and a half times our population. Our debt will go down to \$27.9 billion, which is \$16 billion lower than projected under the last government, and that has a huge interest saving for us, particularly in a higher interest rate environment. We estimate that the overall saving because of the interest reduction will be \$4.3 billion. When this government arrived in office, the debt was \$35.6 billion and climbing to \$44 billion over the forward estimates. It is a significant reduction in debt.

The forward estimates have predicted an increase in debt because we conservatively or very cautiously estimate resources prices, particularly iron ore prices, and we assume that we spend all our asset investment programs. Although the budget might predict an increase in debt over time, the lived experience has been that debt has gone

down every year for the last four years. That is just cautious budgeting. In light of what is happening across Australia, being the one place in Australia that has cautious budgeting means that we are in a much better position than anywhere else in the country.

We made investments without adding to debt, so we have managed to set aside money in special purpose accounts for the new women's and babies' hospital; the new decarbonisation initiatives; the new desalination plant; the new plantations, so we can phase out native forest logging; and additional capability in Aboriginal housing. We have been able to do all those things without adding to debt. Over the next four years, there will be \$39 billion in infrastructure investment, in hospitals, schools, Metronet, regional roads, decarbonisation and ports across the state. We have been able to provide the strongest cost-of-living support to households of any government in Australia while having the cheapest housing and the lowest electricity price increases.

The other day I saw some commentary that said we had failed on debt; I do not understand that when we are the only government in Australia driving debt down. Debt is \$16 billion lower than predicted by the last government and \$8 billion lower than when we arrived in office, and the government has had to invest around \$12 billion in COVID-related initiatives and cope with big increases in infrastructure escalation caused by the war in Ukraine and COVID. I do not really get that commentary, but some people will be critical just for the sake of it.

We assume that the iron ore price will hit the long-term average of \$US66 in the year after next. We assume that the annual average will be \$US74 in the next financial year, but we also assume that it will hit \$US66 a tonne from November 2023 and across the forward estimates. The risk is all upside. That is what we have done every budget. The member for Collie–Preston was not here, but the government under Treasurer Porter and Premier Barnett put in place a very high assessment of the iron ore price and then spent accordingly. Then, the iron ore price dipped, and their debt and deficits blew out massively. We are not doing that.

We have the highest operating surpluses in Australia. Our operating surplus was similar to the commonwealth's recent overall cash surplus. In dollar terms, theirs was stronger, but considering our population, ours was significantly stronger.

Standard and Poor's has said —

Western Australia should comfortably beat its own medium-term forecasts and further pay down debt ... extending its impressive run from fiscal 2020.

Moody's has praised Western Australia's responsible management, saying —

... fiscal surpluses will be maintained over the forward estimates ... which continues to underscore the stark contrast between the state and its domestic peers

The other day, I met with Moody's in Sydney to put the case for a further improvement in our credit rating. Last year, I met with Standard and Poor's, and our credit rating was lifted in July last year to AAA. We are the only state in Australia with a AAA credit rating from Standard and Poor's. The commonwealth and WA both have that. We are hopeful that Moody's will provide a further credit-rating lift, which will soon take us to the strongest level, and we certainly think that our performance as a state, which is economically and fiscally as good as anywhere else in the world, would warrant that. That is where our debt situation sits.

[11.40 am]

Ms L. METTAM: What is the total amount of royalty income that the state has enjoyed since 2016–17?

Mr M. McGOWAN: We are dealing with this year's budget. I can give the member the total from this year's budget. If she wants to look at past budgets, she can probably find those amounts. It is all on pages 69 and 71 of budget paper No 3. The estimated actual for 2022–23 is \$11 158 000.

Ms L. METTAM: What is the collective amount?

Mr M. McGOWAN: I do not have those figures. The member will have to look at past years' budgets. Obviously, royalties have been strong because there has been demand for our products and commodities overseas, in particular iron ore, which is the lion's share of it. Lithium is growing to become the second biggest royalty payer ahead of gold, alumina and so forth. That has been very notable. Royalties have been strong because there has been demand for our products and prices have been relatively high. I do not think they are as strong, certainly in terms of prices, as they were back in the boom period of 2009 to 2012, but they have been strong. We managed to keep the industry open during the COVID-19 pandemic, which was very good for both Western Australia and Australia.

Ms L. METTAM: I have a further question relating to debt. I refer to page 44 of budget paper No 3, which refers to interest savings of approximately \$80 million per annum, due to debt being reduced by the government. With debt increasing over the forward estimates and new borrowings required, as illustrated by cash deficits across the forward estimates, can the Treasurer advise whether new or existing borrowings will need to be refinanced over the forward estimates and the subsequent interest costs associated with those borrowings?

Mr M. McGOWAN: The assumptions around borrowings are on page 3 of budget paper No 3 under consolidated account borrowings. It shows the interest rate percentage. As I said to the member, the forward estimates are

deliberately pessimistic. We did not want to do what the last Liberal government did and make heroic assumptions and then spend accordingly and blow out the debt and deficit. There is a chart somewhere showing that when the former government came to office, debt was \$3.6 billion, and when it left office, it was \$36 billion, climbing to \$44 billion. I can certainly get that chart for the member if she wants it. We did not want to do that, so we put in pessimistic assessments of our revenue based upon low assessments of the iron ore price and the assumption that we invest all of our asset investment program. That means that there is a strong upside risk. We did that in this budget year. I think it was predicted to be a cash deficit and there is a cash surplus. It is upside risk. It is just cautious budgeting, assuming things might go bad so that we do not spend in a way that is beyond the state's capacity if things do go wrong.

As I said to the member earlier, as announced today, net debt in the Victorian budget was \$171.4 billion. Ours is \$27.9 billion. There are different situations around Australia. Western Australia is in a far stronger position than any other state or government in Australia. My expectation is that debt will not climb in coming years as the budget indicates, but we are just being cautious.

Ms L. METTAM: As part of the government's cautious budgeting and this cautious process, Treasury must have a figure of what the cost of refinancing would be over the forward estimates and the subsequent interest cost associated with those borrowings, understanding that the government is taking an overly cautious approach, given the significant windfalls that the state has already enjoyed.

Mr M. McGOWAN: If the member turns to page 44 of budget paper No 3, she will see that, in 2022–23, \$2.1 billion of consolidated account debt was repaid, which is a significant improvement in savings on interest payments. Again, we are the only government in Australia doing that, although Queensland might have improved.

The financing of our debt is done by the Western Australian Treasury Corporation, which will be here later. That would be the right time to ask that question. I wish to make one point. I met with investors in Sydney on Friday; I was part of a major event with them. There were 80 to 100 investors. I did a presentation on our budget. Officials from the Western Australian Treasury Corporation and the Under Treasurer were also there. The reality is that although it would be fair to say that they were very complimentary about our budget management, it basically means that our borrowing requirements are lower than any other state, so the potential income for those banks and organisations is lower. They like governments that need more debt, and we are not one of those. We are in a far better position than any of the other states.

Ms L. METTAM: Has the government enjoyed over \$44 billion in royalties since 2016–17?

Mr M. McGOWAN: I do not know the answer to that; they are past budgets. The royalty income is on page 69 of budget paper No 3. Just looking at it, I could not tell the member, but it is a major income source for the state now, which is terrific.

Mr R.S. LOVE: I turn to page 135 of budget paper No 2, volume 1. I refer to service 3, "Evaluation and Planning of Government Service Delivery and Infrastructure Provision" in the service summary on the bottom of that page. I see that in the forecast for next year, there is a considerable fall of \$3 million in that area. Can the Treasurer explain why the government expects to spend less money on evaluating and planning service delivery in 2024–25 compared with this year?

[11.50 am]

Mr M. McGOWAN: Is the member saying it will go from \$36.327 million to \$33.665 million?

Mr R.S. LOVE: Yes.

Mr M. McGOWAN: Sometimes fixed-term projects expire and that explains those things. I will see whether I can find it exactly. Treasury seeks fixed-term advisory services and some of them come to an end and, as described, there is a lumpy spend. Some of them come to an end and therefore we spend less. This is largely on consultants. It is a reduction in spending on consultants.

Mr R.S. LOVE: Would the service area that is being delivered by that money include evaluation and planning for infrastructure that might be delivered under the resources community investment initiative?

Mr M. McGOWAN: There are some consultancies there. For instance, it may well have related to the TAB sale, which obviously we did not proceed with for a range of reasons. A lot of that is staff providing advice to government and then some consultancies. I do not expect that will be used under the resources community investment initiative. The advice I have is one full-time equivalent will come in and assist with that as part of the budget, and they are funded as part of that.

Mr R.S. LOVE: Will Treasury have a role in evaluating those investments?

Mr M. McGOWAN: A steering committee is chaired by the Department of the Premier and Cabinet. The Under Treasurer is Treasury's representative on that committee.

Mr R.S. LOVE: That involvement is for advice on the appropriateness of some of the investments. Who will have governance of the fund?

Mr M. McGOWAN: The Department of the Premier and Cabinet will have the overarching committee, which is independently chaired by Reg Howard-Smith, whom the member might know, and it will have representatives from the Chamber of Minerals and Energy of Western Australia, Treasury and the Departments of the Premier and Cabinet and Finance, I think.

Mr R.S. LOVE: Will delivery of the projects be down to the Department of Finance or the Department of the Premier and Cabinet?

Mr M. McGOWAN: It is financed with the line agency. Perth Concert Hall will have finance with the Department of Local Government, Sport and Cultural Industries. It is the same with the Aboriginal cultural centre. It is not that dissimilar to the delivery of any other project. Finance has oversight and works with another agency to do it. The initiative is nearly up to \$800 million now, so we are hoping for significant further contributions from some parts of the industry. The budget does not allocate any of that money just yet.

Mr R.S. LOVE: Is there an estimate for the amount of money that will be contributed going forward? Is the money being contributed up-front or is it just a pledge at this point? How does it operate?

Mr M. McGOWAN: As the member knows, the six foundation partners announced a global provision that they provide over time. The money will be provided by them as project agreements are signed for the individual projects to which they wish to contribute. I think there are six original projects. We are sort of flexible with what they want to provide or whether they have some other project that they want to particularly fund, particularly with other participants who want to join, as long as it does not have an ongoing cost to government. This is not a cost transfer to government exercise. They can provide those other projects and the oversight committee will examine that. It is independently chaired. Reg Howard-Smith used to run the Chamber of Minerals and Energy and I think he is chair of some of the training organisations out there. The advisory committee will oversee the expression of interest process and will be responsible for matching contributions to projects in consultation with companies and the government. The advisory committee will provide advice to me as Premier for endorsement by cabinet. This will provide a range of great projects for the state without the state having to meet the cost.

Mr R.S. LOVE: To be clear, the state will not accumulate the money in some sort of trust fund arrangement. It will simply turn to the organisations at a given point in time.

Mr M. McGOWAN: That is to be negotiated. We may get contributions up-front and then spend them, as we do as milestones are reached on major building projects; or it may be that we receive the proceeds in arrears. Either way, with the companies we are dealing with, I am 100 per cent certain that they will meet their commitments.

Mr R.S. LOVE: The projects, when selected, will be totally funded by the organisations that are contributing, so there will not be, for instance, consideration of approaching another agency, the federal government or someone else for joint funding. Would that not be entertained?

Mr M. McGOWAN: There are two projects. One is the Aboriginal cultural centre and the other is Perth Concert Hall. Perth Concert Hall has gone for decades without funds for appropriate maintenance being spent on it, which is very disappointing. But the money has not been spent on what is required there. We will have to close it for up to two years to do all the works that are needed and we are going to do it properly. We have allocated \$150 million to that. A lot of it will be funded from this initiative, but there is already money from the state, commonwealth and local government there. Again, from memory, there is around \$4 million from the City of Perth. There is \$12 million from the commonwealth. There is \$70-something million or \$80 million from the state. We are upping the state's contribution by another \$50 million, largely through this initiative, so the total will come to \$150 million. The concert hall will be completely refurbished and improved and all the structural issues will be addressed and the West Australian Symphony Orchestra will have a permanent home. It has been a longstanding request from WASO since the ABC studios were closed on Adelaide Terrace maybe 20 years ago. We are going to do it and do it properly. There is already a commonwealth contribution, a local government contribution and a state contribution in there. The RCII will contribute to that.

The commonwealth government has already contributed \$50 million to the Aboriginal cultural centre. The state has already contributed \$50 million. The rest we expect to be funded from the resource community infrastructure initiative. As the member can imagine, the major miners are keen to contribute to that for obvious reasons. We expect that initiative will be completed towards the end of this decade. Obviously, it has to go through a lot of consultation and business case planning and so forth. The member for Collie–Preston has responsibility for shepherding that project and working with Aboriginal communities. Her predecessor, the member for Wanneroo, was doing that role as well. It is an important project. I am very keen for it to be an iconic building and a huge attractor to Western Australia—I would not say like the opera house because there will never be another opera house, but something we will all be very, very excited about and proud of once it is complete.

[12 noon]

Mr R.S. LOVE: Will the contribution from industry groups take the form of an amount from each of the organisations or have specific organisations indicated that they want to contribute to these projects?

Mr M. McGOWAN: They will have the right to say. It is their money so they will have the right to say which of these initial projects they want to contribute to and the amount, and they can do that in consultation with government and the committee looking at individual projects, but the global amount they will contribute is set. For instance, Woodside might have a specific interest in the concert hall or Rio Tinto—I am speaking advisedly here—in the Aboriginal cultural centre. There are others there. There is the Perth Zoo master plan. We have already put \$50 million into redeveloping the Zoo. I love the Zoo; I want to see it focus on conservation initiatives and endangered species, so we will do as much work as we can on that. There is also Telethon, which has a benefit statewide. We also included remote Aboriginal community housing; one, it is in the areas in which the companies operate; and, two, although we put in \$350 million, the last federal government withdrew any support. This will allow for the companies, should they wish to allocate a proportion towards those projects—which are not those iconic projects, but still important to do—they can assist with that. There was one other project, but I cannot think of it off the top of my head.

The CHAIR: Can I just make members aware that it is 12 o'clock with two divisions left. We will just push on.

Mr M. McGOWAN: I want to keep going.

Ms L. METTAM: I refer to page 52 of budget paper No 3 and the foreign buyer transfer duty. New South Wales has determined that its foreign buyer surcharge is inconsistent with international tax treaties and is refunding payments. How will this affect payments made in WA? If refunds are to be paid, what impact will this have on the budget?

Mr M. McGOWAN: We are currently monitoring it. It would obviously be a disappointing development, considering anyone who has paid that premium was prepared to do so in order to obtain property here in Australia. We are monitoring the situation. We estimate that in 2022–23 it will raise \$22.6 million, and by the end of the forecast period it will rise to \$27.6 million per annum. They are the forecasts on the amount. I have had no advice that we need to repay any money at this time.

Ms L. METTAM: Does the Treasurer think New South Wales has jumped the gun?

Mr M. McGOWAN: I do not know. Does the member want me to get started on New South Wales?

Ms L. METTAM: What is the risk here?

Mr M. McGOWAN: It is relatively minor, because the member has to remember that if it only applies to purchasers from New Zealand, Finland, Germany and South Africa, that is a small proportion of international foreign investors in property. It would be relatively minor, but we are monitoring it. I think New South Wales or Victoria first implemented the foreign buyer surcharge, and obviously their property markets have been significantly stronger than ours and have been a significant revenue source for them, so I can understand why they did it. Lots of countries around the world do this. In fact, some countries do not allow foreign property buyers at all. I think the member would find that the public would think it is a relatively fair and just duty or tax compared with any of the alternatives. All the other jurisdictions in Australia are currently leaving it in place and are monitoring developments. As I said, foreign buyers from New Zealand, Finland, Germany and South Africa would be a small proportion of foreign buyers.

Mrs R.M.J. CLARKE: My question refers to page 7 of budget paper No 3 and the cost-of-living package. Can the Treasurer provide some more details on the cost-of-living package and outline how the government is using its strong budget position to support Western Australia households and businesses?

Mr M. McGOWAN: I thank the member for Murray–Wellington. We are providing \$750 million in cost-of-living measures as part of the budget. That includes a minimum \$400 household electricity credit split over two payments, July–August and November–December, so people will not get it all at once. It is a significant assistance for all households. For those in need of support, there are 350 000 households eligible for the energy assistance payment. They are people who have a commonwealth Health Care Card, a pension card, veterans' pension card and those sorts of things. That is 350 000 households. Including the indexed energy assistance payment, they will receive \$826 off their electricity bill. A great many of them are also eligible for a hardship utility grant scheme grant, which has been increased by 10 per cent as well, depending on the circumstances. I expect that once all the state budgets have been handed down we will have the smallest increase in electricity prices by a long way and the most generous support for households, combined with the lowest house prices, the highest average weekly earnings, the lowest unemployment and the highest participation rate. Western Australia is doing well.

For households eligible for the energy assistance payment, the one with a commonwealth card attached to it, it is a \$500 credit split over two payments in July and November, and the \$326 energy assistance payment, which I think is paid every second month over the entire financial year. That is \$826 for those households. One-third of households get \$826 and two-thirds of households get \$400. That is \$750 million worth of benefit. The commonwealth is funding \$116 million of that, so we are paying the vast majority of it. That builds on the \$400 credit in last year's budget and the \$600 credit in the year before. That means there will have been \$1 400 to all WA households over the course of the last two years or so.

Small businesses that use less than 50 megawatt hours of electricity a year will be eligible for a \$650 credit to their account. That is a significant benefit to small businesses as well. As I said, the commonwealth is funding about one-seventh of all that.

We kept household fee increases at 2.4 per cent. If household fees and charges are not put up, it just builds in big increases in future years, so we have kept them low to avoid those big jumps in future years. The cost of providing services does not stop, but it is more than offset by the household electricity credit and the payment to lower income households by a long, long way.

In overall terms, including the \$400 and \$826 credits, the costs of a household basket will be lower this year than in 2018–19. I do not know if anyone can think of anything else that is cheaper now than it was in 2018–19; I do not think many things out there are cheaper now, other than state government services. As I said, Sydney has had an increase of 25.7 per cent in power prices; ours is 2.5 per cent.

The seniors cost-of-living rebate will be increased in line with inflation. That will be a boost for people. The hardship utility grant will go up by 10 per cent to \$640 per household. For people above the twenty-sixth parallel it will be \$1 060 per household. We are providing free public transport on the first Sunday of every month, which will not only help people but also encourage the use of public transport. Once people try public transport for the first time, we are hopeful that they will think, “I could do this all the time. I’ll use a train or bus to get to work or go places.” It becomes relatively easy when people learn how to do it. We are hopeful that will increase the take-up of public transport. We are spending another \$20.7 million on the regional airfare zone cap to support affordable flights for regional residents, following its introduction in July 2022. The fares are capped depending on how far someone is from Perth. I think that the scheme applies to 12 separate airports, from which the cost is capped for regional residents coming to the city. That scheme has had a huge take-up; I cannot remember the exact figures, but it has had a massive take-up. We will be renewing that scheme. It is part of ensuring that the cost-of-living benefits are shared all around the state. We also subsidised water and power in regional communities to the tune of \$2.7 billion across the forward estimates to ensure that there is one set of power and water prices pretty much wherever someone lives in Western Australia.

[12.10 pm]

Mr R.S. LOVE: I am looking at page 129 of budget paper No 2, “Grants, Subsidies and Transfer Payments”, towards the bottom, item 29, the Noongar land fund account. I note that there is a payment of \$2.8 million this year and \$5.6 million in the following years. My understanding was that the total amount to be paid under the terms of the agreement was \$48 million; is that correct?

Mr M. McGOWAN: In the budget year 2023–24, there is \$2.8 million for the Noongar land fund account, going to \$5.6 million each year after that. Under the terms of the Indigenous land use agreements that comprise the south west native title settlement, a special purpose account has been established for the Noongar land fund. This will support land, joint management and heritage activities. The settlement commenced on 25 February 2021 and is administered by the Department of the Premier and Cabinet. Through the fund, a maximum of \$46 850 000 will be distributed over a 10-year period. I think that might be the figure that the member referred to. Under the terms of the settlement, the fund was established as a Treasurer’s special purpose account to meet the obligations under the settlement’s ILUAs. Access to annual funding will be determined by budget proposals submitted by state agencies and individual regional corporations established under the settlement. In addition, each of the six regional corporations will access a portion of the land fund each year—\$83 000—to facilitate joint management arrangements for the conservation estate within each region. That is basically what it is. I think, as the member said, it is \$46.85 million.

Mr R.S. LOVE: This is intended for some freehold purchase of land. Is that the intention of the land trust or this allocation of funding?

Mr M. McGOWAN: It has been established to support land, joint management and heritage activities.

Mr R.S. LOVE: A process has been underway for some time to identify areas of land that are of interest. I think that for many communities, there has been a lack of understanding about how that process is being played out. At this rate, would it be fair to say that we are looking at a number of years before that purchase is finalised? Is there any way that an indication can be given within an earlier time frame to local governments and others about what land will go into that trust?

Mr M. McGOWAN: I think that the Department of the Premier and Cabinet administers this, so I might be able to get the member more detail this afternoon. I do not have more detail than I have already told the member. Native title sits with Minister Buti, but I think the DPC will know about this. I think we are dealing with that division at two o’clock.

Mr R.S. LOVE: I seek a point of clarification from the Treasurer. If we want to talk about funding for state debt, would that be with the Western Australian Treasury Corporation rather than with Treasury?

Mr M. McGOWAN: For the issuing of bonds and the refinancing of loans, yes.

The appropriation was recommended.

Meeting suspended from 12.17 to 12.21 pm

Western Australian Treasury Corporation —

Mrs L.A. Munday, Chair.

Mr M. McGowan, Treasurer.

Mr R. Moulton, Chief Operating Officer.

Mr S. Morhall, General Manager, Client Services.

[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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Leader of the Opposition.

Mr R.S. LOVE: I refer to page 146 of budget paper No 2 and the discussion under the heading “Environmental, Social and Governance (ESG) Considerations”. Paragraph 13 refers to ESG debt instruments having grown significantly. I am wondering whether it is possible to quantify the percentage of government borrowings needed to have those types of ESG-supporting instruments.

Mr M. McGOWAN: Which page was that, sorry?

The CHAIR: Page 146.

Mr M. McGOWAN: I might get Mr Morhall to comment on the Leader of the Opposition’s question.

Mr S. Morhall: Within Western Australia, under the ESG banner, we have yet to actually issue any debt within that space. We recognised some time ago—back in late 2020, early 2021—that this was an ongoing requirement or need for investors, so we set about developing an environmental, social and governance information pack, which was released by the Premier back in November 2021 and subsequently updated for the May 2022 budget. That document signalled the Western Australian Treasury Corporation’s—the state of Western Australia’s—intention to issue under that banner.

Subsequent to that, we have also engaged a third party to provide a second-party opinion and have developed a sustainability bond framework for the state. The framework describes how WATC will meet required global standards for issuing ESG bonds or green, social and sustainability bonds to support the WA government’s ESG objective. This involved extensive coordination across government to assess eligible projects. Once approved through the state budget, government oversight is provided by the portfolio oversight group for climate action and environment, which reports to the Ministerial Taskforce on Climate Action. We recently released the ESG framework and had a global ESG research firm, Sustainalytics, a second-party opinion provider, work through it. That process was rigorous and required coordination across the WA government. As a result of that, the bond framework was released very recently.

At the moment, the Under Treasurer and the WATC CEO are in Asia doing a marketing program for Asian investors and we have two other representatives in Europe doing a marketing program for European investors on the ESG bond or potential issue, so, hopefully, relatively soon, we will issue under that banner.

Mr M. McGOWAN: Just to expand on that, the CEO of WATC is currently in Japan talking with potential investors and so forth. When I was in Sydney the other day, we met with Moody’s—this is something of interest to it—in terms of upgrades. We were able to talk about the renewable energy investment in the budget, nearly \$3 billion, which is a subject of considerable interest to Moody’s, as is the fact that we are not going to be cutting down our native forests anymore and some of our governance arrangements, including improvements in transparency in some of the legislation we have passed—those sorts of things. Renewable energy, the desalination plant and the plantation program are also the sorts of things Moody’s is interested in. WATC expects to issue a green bond by the end of the current financial year, of which we expect some take-up.

As I said to the Leader of the Opposition, we are a government that has not as much interest in it from investors because we have declining levels of debt; they like governments with more debt, because then they get more opportunities to finance that debt and therefore make more money. Having said that, they are very complimentary about our performance and the fact that we are doing these things, particularly the green bond. Our significant investments in environmental initiatives and other social initiatives give us a stronger prospect of Moody’s upgrading our credit rating to the perfect level, which is where Standard and Poor’s currently has us.

Mr R.S. LOVE: Will the green bond that the Treasurer refers to wrap up a particular project or stream of projects for funding—for instance, a big battery or something? Will the government look for a bond or fund specifically for that project, or is it more about presenting a particular profile to the general market?

Mr M. McGOWAN: The advice I have is that it is a pool of projects. We will include transport infrastructure within it, particularly rail, to reduce emissions and improve amenity. We will also be reducing emissions from the electricity network, particularly through the big battery and the wind farms, and enhancing climate resilience through the new desalination plant. Those are the three main ones that we have included within the pool of projects under the green bond. I might ask for further expansion from either Mr Morhall or Mr Moulton.

Mr R. Moulton: The projects are assessed to ensure that they meet the requirements of the sustainability bond framework. There is a governance process around that. The projects are identified and they have a period of a short look-back—money that has been spent—and a look-forward to money that is forecast to be spent on specific projects. The governance around that is across government and that is then communicated to the investors, who then invest in the green bond. There is then an ongoing reporting requirement on the performance of those projects in terms of what the expectations were.

[12.30 pm]

Mr R.S. LOVE: Would the strong ESG statement result in any difference in the expected interest payment, or would it just be the ability to more easily find an investor?

Mr M. McGOWAN: I might get Mr Moulton to answer, but the broad advice I have is that because our performance has been so strong, upgrades are largely built into the assessments the credit rating agencies do now, even though our credit rating may not have been upgraded. This improves the prospects of an upgrade to the credit rating. If both Moody's and Standard and Poor's give perfect assessments, it improves our capacity to borrow—there are limited issues to borrowing. It sends a message to the broader investment market in Western Australia, not just in bonds—for projects, construction, mining or whatever it might be—that this is a safe place to invest because the government is less likely to make wilder or more significant revenue decisions that could impact potential investors in projects in Western Australia because our finances are under control. It means we are a lower sovereign risk jurisdiction. I ask Mr Moulton to comment further.

Mr R. Moulton: Specifically in relation to the rates, we do not anticipate a materially different interest rate outcome, although it also provides the opportunity to reach a broader pool of investors, particularly those who are focused on this particular area. We are hopeful that it will broaden our investor base as much as anything else.

Mr R.S. LOVE: Typically, how long does the Western Australian Treasury Corporation anticipate it would be before a bond reaches maturity? What turnover is there in the state's debt portfolio?

Mr R. Moulton: Generally, we hold our bonds to maturity. Part of having a diversified maturity profile, if you like, of bonds is that it reduces refinance risk, so all the bonds do not mature within a short period; it is diversified over a period. We would generally hold the bonds to maturity. As they start to get closer to maturity—within the two years, 18 months, 12 months—we will start to be more active in looking to buy them back so that the level of refinance risk is reduced. Generally, they are held to maturity.

Mr M. McGOWAN: Who are they held by?

Mr R. Moulton: They are held by a range of investors.

Mr R.S. LOVE: In terms of the state's exposure to increased costs from interest payments from increasing interest rates around the world, what is the forecast for a year-by-year increase in our interest burden as some of those long-term instruments come to an end?

Mr M. McGOWAN: Page 3 of budget paper No 3, table 1, assesses the consolidated account borrowing interest rates. For the current financial year, the assessment is 3.3 per cent; in 2024–25, 3.1 per cent; in 2025–26, 3.1 per cent; and in 2026–27, 3.1 per cent. That is the assessment; as the Leader of the Opposition knows, interest rates can change. That is the beauty of having declining debt levels and, therefore, a higher credit rating and a lower interest rate. As debt levels go down, even if interest rates climb, interest payments can be reduced, which is basically what happens with a household. We assess the interest rates based upon each of the big four Australian banks, expectations of the future path of the Reserve Bank of Australia's cash rate and the Australian government bond three-year and 10-year fixed rates. WATC also produces a high scenario to allow sensitivities to be calculated. The approach to producing the high path is to add an increasing spread to the expected path for each point across the interest rate maturity curve—90 days, 180 days, three years, five years and 10 years—at each successive quarter. I assume the Leader of the Opposition has processed all that and will have a question on that maturity curve!

Essentially, as I said, we are putting out a new bond. The most important thing we are hoping, although it does not get great attention, is for Moody's to upgrade us because it means we are a lower sovereign risk jurisdiction and any potential increases in interest rates based upon other factors will be minimised by that. It is also a great demonstration to the international investment community that we are one of the few subnational jurisdictions in the world with essentially a AAA credit rating from both major credit rating agencies. The Australian government

has a AAA rating from both, even though it has nearly \$1 trillion of debt; New South Wales has a AAA rating from Moody's; and Western Australia has a AAA rating from Standard and Poor's. All other states have something less than that. We do not know what will happen with New South Wales' AAA credit rating from Moody's. I assume it is waiting for the New South Wales budget in September. New South Wales' debt climbed significantly just by selling off nearly all its assets. It did that thing called asset recycling, which was a buzzword a few years ago. It was meant to keep debt low and build infrastructure, but that did not happen. It now has a very high debt level and infrastructure that has blown out significantly in cost and it has lost its assets.

Ms L. METTAM: Page 321 of budget paper No 3 refers to WATC's borrowings. What is the current breakdown of debt and who holds it, including offshore domestic banks and long-term debt?

Mr R. Moulton: Page 326 refers to the holdings of WATC debt. The footnote states that it can be difficult to get exact numbers because investors can hold in proxies and, therefore, it can be difficult to get an accurate view. It is estimated that about 58 per cent of our bonds are held by Australian banks to meet their regulatory obligations as their high-quality liquid assets. We spoke earlier about the offshore perspective and a green bond; we estimate that between 15 and 20 per cent of our bonds are held by offshore investors.

Ms L. METTAM: How has that composition changed over time, if at all, and what is the average maturity length?

Mr R. Moulton: We saw some reduction in offshore investors in our holdings during the pandemic period—not materially. We estimate it is between 15 and 20 per cent; it may have been 25 to 30 per cent, but not a material reduction. As mentioned, we are hopeful that will increase with things such as the sustainable bond, or green bond, which attracts a broader group. The average maturity of our debt runs at 3.8 to four years. As the member would appreciate, it varies as time moves on and debt comes closer to maturity.

[12.40 pm]

Mr M. McGOWAN: We will have to continue to borrow for a considerable period. Debt matures. New debt and bonds are issued as debt goes down. I do not know whether Western Australia will ever get to zero debt and then create sort of a future fund. I do not know. That would probably be a good thing, but it would be some time off before we get to that point. The main thing is that we are on the right trajectory. Once we get to that point, I do not think there would be any need for the Western Australian Treasury Corporation—would there be? Would we need WATC at that point? Sorry, these guys probably did not like that answer! We will continue to keep our state on the right track.

Ms L. METTAM: I refer to a question I tried to ask before when we were dealing with Treasury. It relates to debt and net debt. I referred to the government's cautious approach to debt in the forward estimates. Debt is going up and the budget makes mention on page 44 of savings of approximately \$80 million per annum due to debt being reduced by the government. With debt increasing over the forward estimates and new borrowings being required, as illustrated by cash deficits, can the Treasurer advise whether new borrowings or existing borrowings will be needed for refinancing over the forward estimates and what the interest costs associated with those borrowings would be?

Mr M. McGOWAN: Over the last four years, debt has gone down. There have been six consecutive years of operating surpluses and, for four years, debt has gone down. Operating surpluses are different from cash surpluses, as the member knows. That means there has been a cash surplus for four years. Our estimate across the forward estimates is that debt will climb relatively modestly to \$35 billion, but our expectation is that we will do better than that because we budget cautiously. I have explained that a number of times. In reality, our situation will be significantly better than that. We may continue to pay down debt. There was a lot of spend this year, which was partly investing in climate initiatives, decarbonisation, the maintenance fund for government buildings, the extra \$2.7 billion for health, extra money for social housing, extra cost-of-living relief and so forth, and bringing to book a lot of the enterprise bargaining agreements that were required. We still expect that our situation will be strong. Our asset investment program is going to be \$10 billion a year. We may not hit that; that is just the reality of the strength of the economy. It may be that our borrowing program does not have to be that significant. I will get Mr Moulton or Mr Morhall to comment specifically on the answer to the member's question.

Mr R. Moulton: Based on the budget forecasts, we anticipate that we will refinance all maturing debt that is coming due. We have forecast what we call a new money program, which is new debt over the period. I think our forecast is around \$500 million a year, which is relatively small in the scheme of things.

With regard to the costs, we talked earlier about the forecasts. That is a whole-of-portfolio forecast, so it takes into account existing debt as well as new debt that is coming on with those forecasts we discussed earlier and the interest costs on debt.

Mr R.S. LOVE: I think we will move on.

The CHAIR: Member for Balcatta, just a quick question, please.

Mr D.R. MICHAEL: On page 148 of budget paper No 2 under "Statement of Financial Position", it refers to lending assets and loans to authorities, including government, local government and universities. Is there any information to break down where the WATC lends money to? Have there been any trends in the borrowings over the last few years? Is there a breakdown of the borrowings for those sectors and have any trends been noticed in the last few years?

Mr M. McGOWAN: I will get Mr Morhall to comment.

Mr S. Morhall: At a high level, page 322 of budget paper No 3 has a breakdown of borrowings from the Western Australian Treasury Corporation by sector. That will give the member the main sectors. Universities and local governments are captured under that “Other” component. From a local government perspective, we have roughly between \$580 million and \$600 million for specific projects that they undertake. We saw a small drop-off through the COVID pandemic, but borrowing is starting to pick up again. Generally, in my time, I do not think the local government sector has been over \$700 million. From a percentage perspective of our overall book, it is relatively small. The university sector is smaller than local governments. It is down around the \$225 million to \$250 million-mark. When COVID hit, there was concern about universities’ borrowing. The government set up a short-term lending facility through WATC to enable local governments and universities to manage any liquidity crises or issues at that time. There were no drawdowns on those funds. That is roughly where those sectors are in relation to WATC’s overall book.

Mr M. McGOWAN: WATC manages borrowings for both those sectors. They have not had significant increases over COVID.

Mr S. Morhall: No, not at all.

Mr M. McGOWAN: What happened over COVID was that governments at all levels were meant to borrow, which the commonwealth and state did, to spend to keep the economy afloat, meet health expectations and so forth. During the national cabinet process, local government was asked to do the same thing, but, obviously, local government did not quite deliver in the same way as the state and commonwealth governments did, so it did not have such an impact on the public finances. If we collate it all, we spent around another \$12 billion on COVID-related initiatives. Because we kept everything relatively normal—we kept COVID out—we were able to generate large amounts of revenue from the mining industry in particular, which offset a lot of that. That meant we were able to continue to drive down debt. In other states, Victoria is estimating that around one-third of its current debt levels are related to COVID. I suspect it will probably be similar in New South Wales, but maybe not as high, because Victoria had a worse experience. They were the factors involved.

I do not know why university borrowings are so low. Is there an answer to that?

Mr S. Morhall: It would depend on universities’ capital requirements going forward or, alternatively, they may seek borrowings outside WATC from the private sector. It would be driven by their capital programs and other sources of funding.

The CHAIR: That completes the examination of the Western Australian Treasury Corporation.

[12.50 pm]

Insurance Commission of Western Australia —

Mrs L.A. Munday, Chair.

Mr M. McGowan, Treasurer.

Mr R. Whithear, Chief Executive.

Mr D. de Nooyer, Chief Finance Officer.

Ms A. Wilson, General Manager, Governance and Stakeholder Relations.

[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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

The first question goes to the Leader of the Opposition.

Mr R.S. LOVE: I refer to page 175 of budget paper No 2 and the significant issues impacting the trading enterprise. There are a couple of points I want to raise, the first of which is in paragraph 7, which states —

Over the past few years, the government workers’ compensation class of insurance has experienced a sustained increase in the proportion of long duration claims associated with increased severity of injury ... This trend in higher claims costs is expected to continue ... resulting in increases to RiskCover Fund agency premiums.

I would like to get an understanding of what, in the view of the commission, is driving that trend.

Mr M. McGOWAN: I will let Mr Whithear comment.

Mr R. Whithear: A range of factors are driving increased workers compensation costs. We keep an eye on our peers around the rest of the country. We are experiencing a lower rate of growth than in those other jurisdictions, but it remains a concern because it forces the price of workers compensation up. It suggests that agencies could perhaps do a little more to try to get people back to work a bit faster as the duration of workers compensation claims is extending and that is a significant factor driving the cost.

Mr R.S. LOVE: Is there some comparison between workers in the private sector and workers in the government sector that we can look at to see what could be a benchmark?

Mr M. McGOWAN: I will hand over to Mr Whithear.

Mr R. Whithear: We do have those figures. WorkCover collects figures about premium rates for government and other employers. We have the ability to provide that to the member on notice, but it does not look like I have those figures with me.

Mr R.S. LOVE: I will put something on notice to that effect. I have one other question. Paragraph 8 refers to global reinsurance and insurance market conditions and relates that to natural disasters globally et cetera. Can the Treasurer give me an understanding of what that means for the state government in insuring against natural disasters such as tropical cyclone Ellie and how that might influence costs in the future?

Mr M. McGOWAN: I will let Mr Whithear respond to that question.

Mr R. Whithear: Reinsurance markets around the world, but traditionally those based out of London, although there are some continental European and United States participants, are seeing insurance market conditions tighten. Natural disasters, particularly in the United States, are forcing up the premium, particularly in the property class of reinsurance, so we are seeing an increase in reinsurance premium pricing, which is pretty consistent around the world. That is on the natural disaster front. There is also pressure in the liability classes and cybersecurity, as might be expected.

Mr R.S. LOVE: I refer to page 175 of volume 1 of budget paper No 2 and paragraph 6. Was the transfer of funds from the third-party insurance fund to cover historic sexual abuse claims a decision of government or a decision of the Insurance Commission of Western Australia? How did that transfer arrive?

Mr M. McGOWAN: It was a decision of government to, firstly, join the National Redress Scheme and, secondly, change the law to allow for the removal of the statute of limitations. It was this government's decision to allow for that. That obviously has costs attached to it, but I think most people would accept that that is a cost that is fair. We have changed the arrangement for child abuse claims for organisations outside of government, so there was not a way that we could say that government is exempt. I think most of the claims are against organisations outside of government, but we could not have a two-tiered system—one for private organisations and one for government. I will hand over to Mr Whithear to comment further on that.

Mr R. Whithear: After the changes to the laws that the Premier referred to, we carried an unspecified amount of liability for those claims. In recent years, we have been able to work with our actuaries to quantify the claim value in total, which is close to \$300 million. Rather than paying a dividend to the government from the third-party insurance fund, largely funded by our investment activities, we recommended that those funds be allocated to the government insurance fund to fill an unfunded liability. Now we are close to having the total of \$300 million there for the payment of those claims over time.

Mr M. McGOWAN: It was one of those things that was just the right thing to do. I do not think many people would object to that, but it does have a significant cost attached to it.

Ms L. METTAM: I refer to page 176 and the catastrophic injuries fund insurance cover. How many claims have been made over the past financial year and how does this compare with the projected number of claims at the time of the scheme's introduction?

Mr M. McGOWAN: I will let Mr Whithear comment.

Mr R. Whithear: The number of catastrophic injury claims received under the catastrophic injuries fund last financial year was 22 and under the third-party insurance fund, it was 17, making a total of 39. That was lower than expected.

Mr M. McGOWAN: What was it in past years?

Mr R. Whithear: In 2020–21, we had 30 in the catastrophic injuries scheme and 13 in the third-party insurance fund, taking that to 43. While I am at it, in this financial year, we have had 17 in the catastrophic injuries fund and 11 in the TPIF, for a total of 28 for the year to date. Generally, it is a pretty stable trend of about 43 in 2020–21 and 39 in 2021–22 and 28 thus far in this financial year.

The CHAIR: Given the time, that completes the examination of the Insurance Commission of Western Australia.

Division 12: Office of the Auditor General, \$14 013 000 —

The appropriation was recommended.

Division 19: Economic Regulation Authority, \$1 726 000 —

The appropriation was recommended.

Meeting suspended from 1.00 to 2.00 pm

Division 3: Premier and Cabinet — Services 1 to 3 and 6, Premier; Federal–State Relations, \$151 737 000 —

Ms M.M. Quirk, Chair.

Mr M. McGowan, Premier.

Ms E. Roper, Director General.

Ms A. Pickrell, Deputy Director General, Intergovernmental Relations and Strategic Priorities.

Mr C. Clark, Deputy Director General, Infrastructure, Economy and the Environment.

Ms F. Hunt, Deputy Director General, Aboriginal Engagement and Community Policy.

Mr D. Stewart, Assistant Director General, State Services.

Mr A. Brender-A-Brandis, Chief Finance Officer.

Mr G. Italiano, Government Chief Information Officer.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard. The daily proof 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 be examined only in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the Premier to indicate what information he agrees to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 2 June 2023. If the Premier suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the call to the Leader of the Opposition. Before I do so, I just counsel members to please keep the questions short. I am happy to give you further questions, but any rhetoric or hyperbole will be ruled out of order quick smart. I give the call to the Leader of the Opposition.

Mr R.S. LOVE: Welcome to all the advisers. Premier, I refer to page 70 of budget paper No 2, volume 1. Note (b) to the income statement states —

The FTEs for 2021–22 Actual, 2022–23 Estimated Actual and 2023–24 Budget Year are 813, 864 and 876 respectively.

I note the further explanations in the key service indicators of additional staff but they in no way account for this number of staff. Can the Premier outline what roles these new staff members will be performing?

Mr M. McGOWAN: I thank the Leader of the Opposition for the question. The staff numbers are designed to deliver key priorities, including COVID-19 coordination, intergovernmental relations and the digital economy. The increase to 876 in 2023–24 is to support the delivery of the function of the interim chief data officer, the ICT delivery unit, workforce review and native title resourcing. I might hand over to the director general to expand further.

Ms E. Roper: That is a new FTE that was added through that budget process. It also includes a corporate overhead. The numbers in terms of headcount versus what is actually in the budget paper includes a corporate overhead. There is also, in spending changes, a conversion of some temporary resourcing to permanent under-departmental resourcing. That is not reflected in those numbers because FTE are already in place this financial year, so they will not look different into the next financial year.

Mr R.S. LOVE: I have a further question relating to the office that has been established for the interim chief data officer and the general capability project. Is that the full complement of staff or are there more to come in the future as that program builds?

Mr M. McGOWAN: I will hand over to the director general. I think she will ask Mr Italiano to respond.

Ms E. Roper: Yes, I will hand over to Greg for that one.

Mr G. Italiano: It is only one FTE for an interim chief data officer at this time. That was the additional FTE we received through the budget. It is anticipated that, in line with future legislative intentions with respect to privacy and responsible sharing of information legislation, a future business case will be prepared and that business case will provide options to government in relation to further resourcing for the chief data officer function.

Dr D.J. HONEY: Just in relation to that, Premier, the Auditor General recently completed a report into cybersecurity, which found the majority of government agencies were not meeting the benchmark for the required protections in their agencies. Is there sufficient focus on that area, given that finding for such an important area?

Mr M. McGOWAN: I think the member will find that lots of government organisations around the world are attempting to step up their efforts on cybersecurity. We saw some remarkable breaches of some major private sector organisations over the last year. In the last two years, we invested pretty much \$1 billion in ICT upgrades across government. In terms of the investment, it has been a competitive process, which has funded scores of projects across government. In terms of specifics around cybersecurity, in November 2021, the government allocated \$25.5 million in additional money to the cybersecurity unit—\$4.6 million to establish a cybersecurity uplift team, \$2.2 million to establish a hunt and incident response team, \$14.7 million to expand the WA government’s Cyber Security Operations Centre, and then there is additional funding from the digital capability fund for the security operations centre. The SOC currently provides services to 66 WA government entities. We make it a priority and we raise it with agencies all the time because this is a growing area of concern for all governments. I might ask Mr Italiano to respond further.

Mr G. Italiano: It is indeed the case that over the last year, the expert judgement is that the cybersecurity environment and the threat environment have deteriorated further. The number of threats and the sophistication continues to grow in terms of risk. We are very focused on uplifting cyber maturity across the sector, particularly in agencies that represent higher risk. Through the cybersecurity unit, we are working in conjunction with those agencies to improve their cyber maturity. We are very focused on the core issue of the Australian Cyber Security Centre’s essential eight, which is generally the standard accepted across Australia for where the focus ought to be to prevent the majority of attacks, and we have made good progress against those essential eight controls. The security operations centre has been a major benefit—66 agencies connected. We see threats in real time now across the sector, and we can manage and respond to threats very quickly. We are very focused on improving cybersecurity but it will be a journey without an end because every time we improve our defences, the community that would attack us is also becoming more sophisticated in the way in which it proposes to attack us. It is just going to become one of those things that is an essential ongoing part of managing risk in organisations.

[2.10 pm]

Dr D.J. HONEY: I appreciate Mr Italiano’s response, particularly on the high-level end of intercepting risks before they even come into agencies, but the risks that the Auditor General identified included really basic things such as agencies not requiring staff to change passwords and staff using passwords of staff who had resigned from the organisation, which showed really poor internal control. Will this new position have an overarching responsibility across all agencies? I will explain that a little bit, Premier —

The CHAIR: No, I think you may ask a further question. I think that is clear enough.

Mr M. McGOWAN: For those sorts of things we are dealing with 140 000 people or thereabouts. I understand we have education programs, and advice and so forth goes out to staff, but we are dealing with people. I always find that when we deal with people, wherever it is—in the private sector, the public sector or community organisations—they do not always do what we want them to do. I will ask Mr Italiano to respond further.

Mr G. Italiano: I make the point that password sophistication is the area in which we have made the greatest progress. There are now very simple programs to detect whether people are using simple passwords, but in reality password strength has passed by as one of the major controls. Multifactor authentication and having more than passwords protecting systems is considered good practice.

To the Premier’s point, we see that sometimes in cybersecurity it is not about the technical control. Some of the things that lead to failures are simple things relating to behaviours of people and that, of course, as has been indicated, is a significant challenge.

Just to the last point, the chief data officer role that we have been talking about today is not a cybersecurity-centric position. We already have a chief information security officer, but through the chief data officer we will add further capability so that when data is shared, it is shared responsibly.

Dr D.J. HONEY: Does the Premier expect the majority of the Auditor General’s findings to be dealt with? One of the Auditor General’s concerns was that the majority of previous findings had not been responded to.

Mr M. McGOWAN: Is that in relation to cybersecurity?

Dr D.J. HONEY: Yes, that is in relation to cybersecurity in agencies.

Mr M. McGOWAN: We continually improve, and I outlined before that we have \$1 billion of spending. I will ask Mr Italiano to respond.

The CHAIR: Before he answers, you are trespassing a bit away from the line item, but you might be mindful of that.

Mr G. Italiano: One of the initiatives that we have taken in the course of the last 12 months is to ask the Premier to issue a circular requiring agencies to provide us with their management letters that they receive at the conclusion of audits. Prior to that, the reports we saw tabled in Parliament did not tell us which agencies the findings related to and

often the findings could be quite dated by the time we read them in a report. Having those management letters has given us much better visibility of the findings and, of particular relevance, their significance. From a risk-based perspective, addressing significant issues is the best place to start to try to lift maturity. We are presently analysing those management letters and we will provide advice to government about the achievability of addressing those recommendations, noting that one of those will be to make sure that the most important recommendations are addressed first.

Mr R.S. LOVE: If we look at page 63 of volume 2, we see the fourth paragraph under the significant issues impacting the agency is “Commonwealth–State Engagement and Reforms”. It refers to the department supporting the Premier’s participation in national cabinet meetings and says —

The Department continues to play a critical role in addressing policy and funding opportunities and risks for the State arising from the Commonwealth Government’s extensive reform and election commitment agendas.

Earlier, in the Treasury division, we discussed the GST arrangements. Is discussing the future of the GST arrangements also part of the department’s activities in supporting the Premier?

Mr M. McGOWAN: National cabinet is the successor to the Council of Australian Governments. The Department of the Premier and Cabinet provides me with briefing materials and verbal briefings before such time as we attend, and then provides the personnel support at the meeting. The director general attends the national cabinet meetings and other staff are there but not actually in the meeting. If the GST issue were on the agenda, the Department of the Premier and Cabinet would provide that support. To my memory, I do not recall it being a specific agenda item in recent times. It sometimes comes up in conversation, but it is not a specific agenda item. Therefore, Treasury would provide the support for the broader debate. It may well come up in what is called CFFR, which is the commonwealth federal financial relations body with all the Treasurers, and Treasury provides the support for those meetings.

Mr R.S. LOVE: In relation to this paragraph, what part of the commonwealth government’s reform agenda does the Premier or the department see as being a significant risk to the state?

Mr M. McGOWAN: Which paragraph?

Mr R.S. LOVE: The fourth paragraph. The last sentence states —

... funding opportunities and risks for the State arising from the Commonwealth Government’s extensive reform and election commitment agendas.

Which of the commonwealth government’s agenda items causes the Premier to feel there is a risk to the state?

Mr M. McGOWAN: There are lots of issues on which the commonwealth and state interact. I have been assured many times that the GST floor arrangement is safe, at least under this commonwealth government. I take it at its word on that. Other issues pose a risk to the state. The interaction of the commonwealth in state health systems is always an ongoing issue for every Premier and Chief Minister simply because the decline in bulk-billing is putting pressure on our emergency departments and too many people who should be in nursing homes, aged-care facilities or disability facilities are in our hospitals. That is an ongoing issue between the state and commonwealth. Fortunately, at the last federal budget, the commonwealth allocated \$3.2 billion for additional bulk-billing, especially after hours. It has bulk-billing clinics—I forget what they are called—rolling out around the country. That will reduce the risk, but it is an ongoing issue between the state and commonwealth. Every state has health as its number one issue in state–commonwealth relations.

I refer to the National Disability Insurance Scheme. At the last national cabinet meeting we were very keen to ensure that we work with the commonwealth to make sure the systems are sustainable, but not on the basis that people or costs are pushed onto the state. It should be the responsibility of the commonwealth. That is one that could perhaps be interpreted as something to watch, and then there is the ongoing funding of infrastructure, which is, as the member knows, a range of rail and road projects funded either 50–50 or 80–20, and the commonwealth is doing a review. I have been reassured that there is no risk to our funding, but we have to be vigilant about that as well.

Mr R.S. LOVE: Has the department identified the change to the environmental protection arrangements, which has been discussed with the federal government, as a risk to our state in future development?

Mr M. McGOWAN: The department has not given me advice at this point in time that it is a risk, but, obviously, if the issue makes it onto the national cabinet agenda or I get advice to put it on the agenda, that would probably then be elevated to be in this category.

[2.20 pm]

Ms L. METTAM: I refer to page 66, service 3 and the explanation of significant movements. There is a reference to the Collie delivery unit. How many people are involved in that unit and what is their role?

The CHAIR: It is paragraph 2 under the explanation; is that right?

Ms L. METTAM: Yes, it is in paragraph 2 and in paragraph 1 as well.

Mr M. McGOWAN: How many people are involved?

Ms L. METTAM: Yes.

Mr M. McGOWAN: With the Collie delivery unit, I am very proud of what we are doing in Collie. At the last meeting of the national cabinet the Prime Minister advised the other states who were having issues with the transition from coal-fired generation to lower carbon generation to look at Collie as the example for how to manage it. We are fortunate that Collie is perhaps a smaller and more discrete community than some of the eastern states ones, but it is an example of how a community can be worked with to transition it and make it as successful or more successful than before. The other Premiers were advised to look at it, even to go there. I would organise a program if they wanted to look at what we have done there.

The Collie delivery unit has eight positions—three are based in Collie, five are based in the metro area and one is currently in the process of being filled.

Ms L. METTAM: What are the roles of the eight positions and what is the background? What sorts of positions are they?

Mr M. McGOWAN: As I said, there are three in Collie. Their role is to work with the local community on the transition initiatives to make sure that good ideas are assessed with perhaps a local lens. The positions in Perth are there to assess potential projects for the Collie Futures fund. We are spending something in the vicinity of \$650 million on Collie, of which \$200 million is specifically industry attraction. On top of that, there was the recent announcement of the big battery in Collie. That will be a major project for Collie as well. The roles assess projects, rank them, work out whether they are worth proceeding with and get them to a point at which the state can make an investment decision or provide financial assistance.

I was there maybe six weeks ago for the announcement of the support for the Magnium Australia project, which is a magnesium plant. There is another project I announced while I was there, which was International Graphite. All those projects have to be assessed at due diligence, and a ruler placed over them to make sure that they are justifiable for investment of government money. This is our commitment to Collie to make sure we do what we can to attract industry there and put the state's balance sheet behind it to assist the community to transition. There are no other examples of a town like Collie in Western Australia, but there are lots of them around Australia, where there are coal communities that have supported the country for a century or more and then, through no fault of their own, this transition process is occurring, so we want to make sure that all those people and that community remain strong and vibrant. The sorts of projects the Collie delivery unit has delivered are the Collie trails project; the Collie dam mural, which is just remarkable; and the Lake Kepwari project. There are some specific industry projects such as the WestTrac training facility, the call centre, the fire truck servicing facility and the transfer of some of the fire training facilities to Collie and Pinjarra. Then there are these new projects that we are working on like Magnium Australia and International Graphite. There were some others we have achieved for Collie. There is also the big battery. There is strong training, the one-stop shop and the jobs and skills centre we opened recently. There are a lot of things going on in Collie.

Ms L. METTAM: How many of these eight roles are communications roles? Are they public relations roles? What is the skill set of the eight employees?

Mr M. McGOWAN: One of the positions is a communications role. That is important. We want to promote Collie. I want Collie to be seen as a great place. We are investing \$10 million in trails. The mural is \$1.5 million or something like that. We did Lake Kepwari, which is \$5 million or \$6 million, including all the camping facilities and so forth. There is also the land allocation and the promotion of industry. The role also includes engagement with the community, because as a community transition, there is nervousness; people are nervous about what the future holds. What does the future hold for someone who owns their house there and whose kids go to school there? All those things require some engagement and communication with the community, which I think is fair enough. As I said, I think this is a story of national significance. Shows like *7.30* or *Four Corners* should go to Collie to look at what is happening there as an example of what can be done in the coal communities of Victoria, New South Wales or Queensland—how a town can transition, still remain strong and vibrant, and still have blue-collar industry as part of that transition. I really think what is occurring there is a nationally significant event, and I encourage people to look at it. As I said, the Prime Minister was glowing about it at the last national cabinet meeting.

Mr R.S. LOVE: I am looking at page 63 of budget paper No 2, “Service Summary”, and the second line item “Administration of Parliamentary Support”, with an amount of \$37 514 000 this year and similar amounts rising a little bit as we go down the track, but not significantly. I have two questions in this field. First of all, has there been any thought or discussion at any stage about transferring that support directly to the Parliament to administer rather than the Department of the Premier and Cabinet? I will perhaps ask another question on that same item.

Mr M. McGOWAN: I think it was considered by the last government as well and no-one made the decision to do it. Perhaps the cost benefit of doing such a thing is not there. It would require the transfer of all staff, systems and so forth. I am not aware that there are any problems or issues that come up by DPC running these things. Certainly, in the eight and a half years I was in opposition, and the four years I was in opposition the time before, those governments did not do it either.

Mr R.S. LOVE: The out year 2025–26 will be the first full year of the operation of the different Legislative Council arrangement. During the debate on the shift to having a whole-of-electorate situation for upper house MPs there

was some discussion about the extra resourcing that might be required for those MPs. I can certainly find references to that in *Hansard*, but I will not go through that now. Is there any plan to increase the resources for members of the Legislative Council so they can represent the entirety of the state, get across it and communicate with it?

Mr M. McGOWAN: It is not often I hear a member of the Assembly advocate for additional resourcing for members of the Legislative Council, but there we go! After 27 years here I have finally heard someone say that!

Mr R.S. LOVE: We are very generous people!

[2.30 pm]

Mr M. McGOWAN: This is a first for me! As part of those reforms, we will create an extra position, so an extra Legislative Councillor, which I think takes it to 37 members.

The process is that it will be a chamber with one electorate, so it will be, basically, purely democratic. That means there will have to be an assessment by the Salaries and Allowances Tribunal of additional allowances, travel allowances and charter allocations, depending on where members live and/or where their electorate offices are located. That is a process it will have to go through. I will leave that to the Salaries and Allowances Tribunal to sort out. If a member is genuinely regional and has to travel from home or around the electorate, there will be an allocation.

We do not want people setting up electorate offices in Mandurah in order to get additional allowances; we want genuinely regional people. Not that Mandurah is regional, but the further a member is from Perth, the greater, I would have thought, the assessment is of what the entitlement might be. That is a process that the Salaries and Allowances Tribunal will go through.

In terms of additional electorate staff, I do not have any intention of giving any additional staff, but in terms of remuneration and allowances for MPs, that will be a matter for the Salaries and Allowances Tribunal.

Ms L. METTAM: I refer to page 62 and “Department Resourcing” under the spending changes. There is \$508 000 allocated for 2023–24. Can the Premier please explain what department resourcing is and why it increases in the forward estimates?

Mr M. McGOWAN: I will let the director general explain.

Ms E. Roper: That resourcing is for the conversion of about 20 temporary roles to permanent. It is effectively internally funded in that first year through underspends or reallocation of moneys for temporary funding for FTE, like COVID, communications and the like, and then it is fully funded in the out years through the papers. That is across a range of policy areas.

Ms L. METTAM: Is that in some respects making permanent the temporary staff who were put on board during COVID?

Mr M. McGOWAN: I will let the director general answer that.

Ms E. Roper: No; a straight line cannot be drawn to that. It is not simply those roles. We had temporary funding for a range of initiatives, royal commissions and the like. Just 20 of the subset have been made permanent, but some of them were, yes, ostensibly the funding for COVID roles but now they have been reallocated to other policy functions—for instance, health.

Mr M. McGOWAN: It is a competitive labour market as well, which explains this. If people have temporary roles, it is difficult to keep them. Therefore, providing people with more certainty means we are more likely to keep people we might need.

Mr R.S. LOVE: I refer to page 66, “Government Policy Management—Whole-of-Government” and the third dot point about emergency management policy advice to the Premier, ministers and government agencies. That could refer to the COVID situation and to situations we faced with other emergencies like the recent cyclones et cetera. Can the Premier explain how the interaction between his department and the Department of Fire and Emergency Services unfolds in the case of an emergency, such as the one we had in the Kimberley recently?

Mr M. McGOWAN: The Department of Fire and Emergency Services is very professional and knows how to respond to an emergency very quickly. There is the need to acquire commonwealth resourcing at times. When the floods were on, I went up to that area. I have been up there twice, I think. I found a range of commonwealth people on the ground, particularly from the military—Air Force, Navy, and Army people. The Department of the Premier and Cabinet often helps with those processes. Then there are the ongoing processes of the recovery and the costing around that. DFES combined with Treasury and DPC would assist with those things because, generally, the costs are shared between the commonwealth and state on a whole range of matters, and disaster recovery is on a 50–50 basis. DPC assists with all those things. If there are any others I will ask the director general to comment.

Ms E. Roper: I think that covers it. When necessary, we play a whole-of-government coordination role in partnership with DFES for the implementation of recovery activities, for instance. We had a role in the response to COVID. With the cyclone recently, we supported DFES and the Premier with policy advice around the Premier’s payments in the region. That is a budget item this year as well.

Mr R.S. LOVE: If there is an emergency situation and federal government support is sought, does that come through an approach from the Premier and from the Premier's department and not from any other government agency? Is the Premier's department the only avenue for that?

Mr M. McGOWAN: There are federal–state relations. I am the Minister for Federal–State Relations. Within the department, we handle a range of those communications, but the Department of Fire and Emergency Services has its own networks through to the commonwealth government and through to the Defence Force as well. It is coordinated by everyone working together. I have seen many, many natural disasters over my political life—bushfires, floods, fires and cyclones. I think there is always great coordination across government. The way it all swings into action very quickly between the commonwealth, the state and volunteers is amazing. DPC assists, but DFES also has its networks.

Mr R.S. LOVE: In relation to the outcomes that are achieved when the commonwealth supports the state in the emergency response and money is put up for a program, does the Premier play a role in ensuring that it is fit for purpose? I am thinking of the situation with tropical cyclone Seroja when a very large amount of money was put forward by the commonwealth government, but it did not actually hit the ground. I am not going to go through all the details, but a lot of the money was found not to fit that situation; the criteria were not right for that money to be expended. Is there a role for DPC in ensuring that there are lessons learnt from that to improve the flexibility of funding into the future?

Mr M. McGOWAN: DFES manages the applications. I sometimes sign them, but DFES manages preparing the applications to the commonwealth for funding assistance. I am able to sign the application to the Prime Minister under the DRFA, the disaster recovery funding arrangements, but there are certain criteria. I think that the commonwealth is quite firm on us. Sometimes, it is one we may argue about, but the commonwealth can be difficult. It does not like scope creep, for instance. I will give the member an example of a road that has been washed away. When we rebuild that road, we want to rebuild it to a higher standard so that it might withstand the next flood. That would mean building the road to a more expensive standard. We would like the commonwealth to meet half that extra cost. I am not sure the commonwealth would agree with that, because it would just want to fund exactly what was there before; however, if it was washed away by a flood before, we want to build it to a better standard so that it does not get washed away again in the next flood. Those are things we sometimes debate.

There are also issues with private insurance. I think sometimes people think that the government should fund what should be funded by a private insurer, so there are ongoing processes around that. In the case of cyclone Ellie, most, if not all, of that housing was government owned, so private insurer arrangements did not necessarily come into play. That means the cost of recovery is significantly higher because it is the responsibility of the state and the commonwealth to rebuild the houses. At this point in time, I think that the cost of cyclone Ellie is \$322 million. It may grow, because I am not sure that includes the bridge. The old bridge is currently being demolished by a concrete-eating machine and work will start on the new bridge soon. There is a low crossing across the river; there are trucks and cars going across now as we speak. A lot of the roads are being repaired. There is quite a remarkable recovery effort going on in one of the most difficult and inhospitable environments in Australia—perhaps the world.

[2.40 pm]

Ms L. METTAM: I refer again to the spending changes table on page 62, the reference to “ServiceWA App New Services” and “ServiceWA App Operation”, and the funding that has been committed for 2023–24. There is also a reference at the bottom of the page to the integration of more services into the ServiceWA app. How will the ServiceWA app be further expanded?

Mr M. McGOWAN: Obviously, Minister Dawson would know more about this than I do, but I might ask Mr Italiano to respond.

Mr G. Italiano: We are putting new services into the ServiceWA app, which has been funded from the last midyear review. Some of the more important services relate to the first digital credentials we are going to put in the app. We are currently implementing a digital wallet for the ServiceWA app to hold a skipper's ticket and a recreational fishing licence as the first two digital credentials. That work is funded and in flight. We are also going to improve services in the app for things like FuelWatch, whereby people will be able to get notifications from FuelWatch as they see fit to set them up, and we continuously look for opportunities to add other services to the app and work with agencies to do that. Another example is we are working with the Department of Primary Industries and Regional Development to add a fish catch function to the app, whereby anglers could record their catch in the context of the demersal fishing changes that have taken place. We hope that the app will increasingly become an important service that Western Australians can use with a broad range of government services made available to them.

With respect to future services going into the app, certainly the large one under consideration is, for example, a digital driver's licence, which a number of other jurisdictions in Australia have implemented or are in the process of implementing. There would be an association with a proof-of-age card and the like. One thing we are trying to achieve, of course, in the context of the data breaches that we have seen, is whether we can have a digital identity that works effectively so that people will not need to have their driver's licence and other credentials scanned and

held somewhere where they can be breached. Therefore, creating an effective digital identity ecosystem is a very important security function, as well. We are investing in the app, new functions are going in, and we look forward to adding others in the future, subject to decisions of government.

Ms L. METTAM: I understand that it is anticipated in other states, and it has been talked about here, that we will be able to use apps to tap on and off when using public transport. Is that still some time away?

The CHAIR: Member, I think this might be a different portfolio area.

Mr M. McGOWAN: Yes, thank you, chair. I think the Minister for Transport is working on that, so the member might want to raise that with the transport minister.

Ms L. METTAM: I refer to a question I have asked previously. On page 62, for department resourcing the amount of \$508 000 goes up to \$3.3 million in 2024–25. How many FTE does this relate to in 2023–24 and 2024–25?

Mr M. McGOWAN: It is 20 FTE.

Dr D.J. HONEY: I go back to page 66 to “Government Policy Management—Whole-of-Government” and managing intergovernmental negotiations. When we discussed this issue earlier for federal funding for capital projects, the Premier mentioned that he did not expect any change. There is a Senate inquiry on foot on this matter. The relevant departmental secretary said that there had been no prescribed outcome for that; it is a completely hands-off audit of that program that is independent of government. How can the Premier have confidence that we will not see material change if that official is saying that an audit of those programs is underway and there has been no final outcome of that audit?

The CHAIR: Member, I am finding the preamble a bit perplexing. Are you able to rephrase the question more succinctly for the Premier?

Dr D.J. HONEY: The Premier’s statement that he does not anticipate any changes seems to be at odds with the fact that this is an independent review of that whole capital program.

Mr M. McGOWAN: I thank the member for the question. The commonwealth is undertaking a review of infrastructure projects that it is participating in funding across Australia. It has engaged a range of reviewers. Most, if not all, of the projects are related to transport. I think that one of the reviewers is Reece Waldo, a former director general of the Department of Transport here in Western Australia and a respected figure. The review is particularly concerned with projects that have not already started, although I note that the Victorian government has suspended work on the airport rail, which was a project costing about \$15 billion. The review involves the commonwealth looking into its contribution and whether it will continue to contribute, particularly for those projects that have had massive cost escalations. One example that was given to me at the national cabinet meeting was what is called the Inland Rail—a project whereby a railway line is being built from Melbourne up through country Victoria through inland New South Wales up to Brisbane, I think. At this point, the cost blowouts of that project are at \$31 billion. Obviously, the commonwealth is looking at how it can arrest that one. Another example I was given was a fast transport rail line to Geelong. There may well be others.

I indicated to the member that I do not expect there to be impacts on jointly funded commonwealth–state projects in Western Australia because the Prime Minister indicated that it is not about our projects, which have relatively modest costs—very modest costs, comparatively—and also most of our projects have already started. The amounts of money that we are seeking from the commonwealth are minuscule compared with the cost blowouts of projects in the eastern states.

[2.50 pm]

Mr R.S. LOVE: I refer to the table headed “Spending Changes” on page 62 of budget paper No 2, volume 1, and the line item “Department Resourcing” under “New Initiatives”, with an amount of \$508 000 this year and \$3.3 million in each of the subsequent out years. Can the Premier explain in detail what resourcing that is covering?

Mr M. McGOWAN: I think you have asked that. I think it was asked twice, actually. Three times lucky!

Mr R.S. LOVE: I was concentrating on other things while they were talking!

The CHAIR: Members, I remind you that in addition to this division, we have the Public Sector Commission, Governor’s Establishment, the Salaries and Allowances Tribunal, Infrastructure WA and the Lotteries Commission to six o’clock. We might need to move on, unless there are further questions.

Dr D.J. HONEY: I have a further question.

The CHAIR: Do not feel you have to!

Dr D.J. HONEY: I have upset my file now! Thanks very much, chair. Premier, I refer to page 68 and the table headed “Supporting the Royal Commission to Inquire into and Report on the Affairs of Crown Casino”. There are no more moneys going forward on that, but unpaid taxes was an issue identified in the Victorian royal commission. Did the support include a review of whether Crown casino in Western Australia had paid adequate taxes? It was found in Victoria that it had not paid adequate taxes.

Mr M. McGOWAN: The Department of the Premier and Cabinet has been involved in policy responses to and working on the establishment of new legislation for improvements to the Gaming and Wagering Commission and the appointment of the Independent Monitor. That role is not in respect of taxes or anything of that nature. This question was asked this morning during the Treasury estimates hearing, and from memory Treasury indicated that it had not been advised of any underpayment. It is an issue for the Commissioner of State Revenue under the Department of Finance as to whether there have been any underpayments, but I certainly have not been advised that there has been anything of that nature, to the best of my recollection.

The appropriation was recommended.

Division 4: Public Sector Commission, \$28 637 000 —

Ms M.M. Quirk, Chair.

Mr M. McGowan, Minister for Public Sector Management.

Ms S. O'Neill, PSM, Public Sector Commissioner.

Mr L. Warner, Executive Director, Workforce Policy and Diversity.

Ms T. Milici, Executive Director, Data Analytics and Technology.

Mr S. McLeod, Acting Executive Director, Organisational Governance and Development.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only 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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Leader of the Opposition.

Mr R.S. LOVE: Welcome along. Premier, I refer to the list under “Significant Issues Impacting the Agency” on page 76 of budget paper No 2. The first paragraph refers to data collection of the public sector undertaken through a census in 2022–23. I wonder whether the Premier can explain how that was actually undertaken, whether it would be possible to simply aggregate the information supplied by the various departments through their normal reporting processes in a desktop review, and how this actually occurred?

Mr M. McGOWAN: I will let the Public Sector Commissioner explain to the Leader of the Opposition the data reform census and direct access.

Ms S. O'Neill: We ran a pilot in 2021. The census is a little different from the stock standard data collection of workforce information; it goes beyond that. We already collect information from agencies and publish a quarterly report on general workforce collections, but the census goes further than that. It asks about staff's experience of working in their agencies, across a range of factors that are not just about whether they work part-time or full-time. It looks at their experience in terms of diversity; whether they feel welcome in the workplace; and where they live, obviously de-identified, so that we can look at how we map where people work. It is a much richer data source than the standard workforce data that we collect, and always have done, to inform agencies' planning.

We did the pilot, and this year there was a trial for all public sector staff. We had a very large response rate—more than 47 000, which is five times the number that responded to the old perception survey we used to do for employees. It is the largest data collection we have done of this kind, and the first time we have done it.

Mr R.S. LOVE: Thank you for that. Premier, the information actually looks at workforce experience as well. I wonder whether it has also provided insights into where there might be difficulties in finding staff with the correct experiences to actually work in the sector. Can the Premier offer some insights into where there are some glaring issues in terms of shortages of those experienced staff?

Mr M. McGOWAN: I will hand to the Public Sector Commissioner to answer the Leader of the Opposition's question.

Ms S. O'Neill: The collection does not carry out the strategic workforce planning role of finding out where vacancies are, agency by agency; as I said, it is a different kind of collection. Agencies are responsible for vacancy management, so each agency will undertake its workforce collections to align to their strategic priorities and where they need to have staff. This workforce collection is, as I said, based on best practice design methodologies and looks at the wealth of information that we do not get from the standard workforce collections. For us, it is a combination of having

the quarterly workforce report, which as I said is made public, and this new collection, which is a vast data repository. That report will become available later in the year, with our state of the state report. A lot of information will be there. It goes into job role and function. There is a breakdown in that collection of different jobs that people do and the functions they undertake. Also, interestingly, we are looking at the education qualifications that people have in their current roles. That is also really good information for the future to align where we might place people, or they might be interested in other roles alongside the education qualifications that they bring to the role. It is not a collection that looks at the gaps in where we might have staff; that is more in agency workforce planning.

[3.00 pm]

Ms L. METTAM: I refer to paragraph 3 on page 76 of budget paper No 2 and the significant issues impacting the agency. How many reports of misconduct were received over 2022–23 and how many of those were investigated?

The CHAIR: Just one at a time, member. You can ask further questions.

Mr M. McGOWAN: The number of year-to-date matters of minor misconduct reported is 381. By the end of last year, excluding vaccination issues, there were 454. On that basis, it is probably tracking slightly below last year. It is a 16 per cent reduction.

Ms L. METTAM: How many of those 381 matters were investigated?

Mr M. McGOWAN: I will let the Public Sector Commissioner answer this.

Ms S. O'Neill: Of the 381 matters as at 31 March, because we are on a year-to-date data collection, 126 were matters that were assessed as not being minor misconduct, so there was already one-third or so out of scope. As per the normal process after we assess them—all matters are assessed under our responsibility under the Corruption, Crime and Misconduct Act—121 were referred to authorities for their investigation and then to provide a detailed report back to us for review. Seventy went back to the authority and the authority was required to advise the commission of the outcome of the action taken. Forty-six were referred to a third party—primarily the CCC—in cases in which we might have suspected potential serious misconduct. Eight were referred to the authority but we did not require anything further. Ten of those 381 matters were ongoing with us at the time of this data publication.

Ms L. METTAM: How many of these matters resulted in disciplinary action?

Mr M. McGOWAN: I will ask the Public Sector Commissioner to respond.

Ms S. O'Neill: I know that as at 31 March, 19 dismissals had been finalised. We have had no claims resulting in breaches of standard so far. In terms of tier 1 officers, we have not had any terminations for minor misconduct. I am looking for the general breakdown, but I might have to come back to the member while we find that.

Ms L. METTAM: Can I clarify that this breakdown was until 31 March year to date?

Ms S. O'Neill: Yes.

Ms L. METTAM: When making a comparison between 381 and 454, they are both 12-month periods.

Mr M. McGOWAN: Correct.

Ms L. METTAM: There were 19 dismissals in the previous 12 months to 31 March. How many dismissals were there in the year before that?

Mr M. McGOWAN: I will hand it to the Public Sector Commissioner.

Ms S. O'Neill: I do not think we have the comparison with the previous year with us.

Ms L. METTAM: Can this breakdown, with a comparison of the previous year, be provided by way of supplementary information?

Mr M. McGOWAN: I am not exactly sure what the member is asking for.

The CHAIR: You will need to articulate that, member.

Ms L. METTAM: Yes. I am asking for a breakdown of cases of misconduct in relation to reports received, how many matters resulted in dismissals and how many matters had been directed to the Corruption and Crime Commission.

Mr M. McGOWAN: I think we have that information; perhaps we can read it out now.

Ms S. O'Neill: Remember that there is a difference between matters and allegations, each matter can have multiple allegations. In the matters, they are broken down into 639 allegations that relate to 403 individuals. That is the number that has been closed so far, remembering that not all those cases would be closed. Nineteen individuals were dismissed, as I said. On a three-year trend since 2020–21, 50 individuals have been the subject of 82 allegations that were dismissed. From 2020 to 2023, 50 people have been dismissed, whereas year to date we are looking at 19 so far. It is a reasonably steady comparative picture for dismissals.

Ms L. METTAM: What was the nature of the 19 dismissals?

Mr M. McGOWAN: What for? There are about 166 000 people in the public sector, so there will always be issues. Do we have a breakdown? I will ask the Public Sector Commissioner.

Ms S. O'Neill: There is a range of categories of allegations. The large number of allegations in the public sector for any potential misconduct is around the personal behaviour category, so most likely many of those, excluding the mandatory vaccination that occurred in the previous year, would be in the personal behaviour subcategory.

Dr D.J. HONEY: On page 76 of the budget papers, paragraph 2 refers to the commission's agency capability review program, which was a trial. It cost \$2 million a year or a bit more. Could the Premier please explain what that program involves?

Mr M. McGOWAN: It is a program that we are implementing progressively across various agencies to review individual agencies and identify capabilities that might need to be improved. It uses a framework for effective public sector management and administration to assess an agency's current capability and the extent to which it has the right structure, governance systems, processes and resources to achieve the highest possible outcomes. Each review is led by an independent external reviewer or reviewers, supported by a dedicated team at the commission and a senior reviewer co-opted from within the public sector. Eight agencies have been reviewed so far: Department of Biodiversity, Conservation and Attractions; Department of Mines, Industry Regulation and Safety; Department of Water and Environmental Regulation; Department of Planning, Lands and Heritage; Department of Local Government, Sport and Cultural Industries; Department of Finance; Department of Communities; and Department of Primary Industries and Regional Development. The executive summaries of the review findings are available on www.wa.gov.au. The total cost of the program is \$3.9 million, including internal resources as of 31 March 2023. The trial is due to conclude at the end of June. I expect that we will undertake further of these going forward and other agencies will be subject to them. It basically provides an analysis of an agency that is then provided to cabinet and ministers and senior staff in the agencies so there can be a continual process of improvement. It has been highly recommended by the Public Sector Commissioner as a way of improving the performance of government agencies. As I said, we publish the executive summary. We must be careful about identifying people by their names. That is the process we have gone through.

[3.10 pm]

Dr D.J. HONEY: Is the Premier able to provide an example of where that review has led to a change in an agency—where a particular change has been made as a result of that review?

Ms S. O'Neill: There has been a range of improvements but one that I would talk about is workforce planning. Across a number of the agencies we have identified that workforce planning needs to be strengthened, and that builds on the back of shortages as well. It is evident to us that the longer term view of supply and demand of staff needs to be strengthened in some agencies. Some agencies do it well. That would be an example of an area where going in, talking to staff from the lowest level to the highest level, to stakeholders, to other experts in the area, that more can be done in a number of agencies around workforce planning. As a result, as a commission we work with agencies to build and strengthen that aspect. For example, on the basis of that theme, we will put out new guidance, new materials, that support those agencies. Although there is an individual benefit to agencies, we bring that together to develop further advice that can be used across the public sector.

Dr D.J. HONEY: When the government came to power, the Premier made some major changes, forming mega-departments, as some have described them. Does this review process look at the effectiveness and the outcomes of that process in delivering the efficiencies or the synergies the government expected?

Mr M. McGOWAN: I would probably dispute the member's term "mega-departments".

Dr D.J. HONEY: Larger departments.

Mr M. McGOWAN: Just so the member knows, Victoria has eight departments and Western Australia has 26.

Dr D.J. HONEY: I am aware of that.

Mr M. McGOWAN: Victoria has eight, we have 26, and Victoria has two and a half times our population.

Dr D.J. HONEY: The Premier explained that it was a basket case.

Mr M. McGOWAN: I have never said that Victoria was a basket case, but it has eight departments and we have 26. The argument that there are mega-departments does not really hold water. I would say that it is a more rational allocation of agencies, particularly coming down from 41.

As I said earlier, the commission has reviewed some of the agencies that were brought together—I gave the member a list—and it uses a framework to work out whether they have the right structure, governance systems, processes and resource use in place.

Dr D.J. HONEY: I appreciate that the Premier explained that the commission is reviewing those internal structures. Does that also include consultation with the organisations or groups the Premier would consider to be customers of those agencies to see whether they believe the agency is meeting the needs?

Mr M. McGOWAN: Yes; some of the reviews would go to 60 or 70 stakeholders or related entities.

Ms M.J. DAVIES: I refer to page 77 of budget paper No 2, under public sector leadership, and the Solid Futures Aboriginal traineeship program and the deferred implementation of a high potential senior executive development program. What was the target for the Solid Futures program and how many undertook the program?

Mr M. McGOWAN: We have a target of 50 in the 2023 calendar year. Thirty-six have commenced this year, but that reflects the very strong labour market; a lot of people got jobs elsewhere. Last year and the year before it was 47.

Ms M.J. DAVIES: Does the commission measure the attrition rate—of those who commence, how many finish?

Mr M. McGOWAN: Obviously, we do not for this year because it is only May. In 2021, 47 commenced and 35 completed. In 2022, 47 commenced and 20 completed, but four part-time trainees are not included in that as they are due to graduate in August this year. As the member would understand, there is a significant attrition rate.

Ms M.J. DAVIES: Is that program run through the Public Sector Commission? Obviously it is in this sector, but it is a little difficult to understand where some of these programs land now, given that there is no department of Aboriginal affairs. Who has control of the program and how does that work between different departments?

Mr M. McGOWAN: I am advised that the Public Sector Commission employs them and they are farmed out to various agencies around the state. I will get the Public Sector Commissioner to elaborate.

Ms S. O'Neill: We run the advertising and recruitment. Solid Futures is a new brand for the Aboriginal traineeship program, as it was once called. We are trying to invigorate and generate more interest in the program to start with and position it well for young people. We used a lot of young people to help us design that. We recruit and employ—they are employed by us—and then they are placed in agencies. Agencies are really keen to have those young people, so they sit out there and work in the agencies in that sense, but they are employed by us, and we then have a group of mentors who work with those. Out of the 36, 30 are in the metropolitan area and six are in regional areas at the moment. We work with young people in the regions as well. To try to do something about the numbers we are getting in the current market, we also worked with another provider to see whether it could source any other young Aboriginal people that we were not reaching who might be involved. We are also looking at increasing the age range; it is up to 24. It might be that some slightly older, but still very young, people might be interested in taking on a traineeship. We are trying to strengthen it. The other thing we are now doing in this area is looking at getting into universities much earlier and looking at young people from an Aboriginal and Torres Strait Islander background who are working their way through university to see whether we can do early offers. The private sector has historically been more proactive in early offers into the university sector than we have. We are trying to do a range of things around Aboriginal employment. Primarily Aboriginal people are employed by agencies, but we take some responsibility for this group.

[3.20 pm]

Ms M.J. DAVIES: Can I clarify, out of the current cohort, are six in regional Western Australia?

Mr M. McGOWAN: I am advised that is correct.

Ms M.J. DAVIES: Is there an aspiration or a target to increase that number in regional communities?

Mr M. McGOWAN: The target is 50 across the state. We are doing more promotional work to attract people. As I said, if people are getting jobs outside the public sector and we cannot recruit enough, it is good that people are getting jobs. It is good that the labour market is strong. It is an opportunity for people, should they wish to take it.

Ms L. METTAM: I refer to page 80 and “Income” under the financial statements. It refers to the deferment of the high potential senior executive development program. Why was the program deferred?

Mr M. McGOWAN: Where is that on the page, sorry?

Ms L. METTAM: It is on page 80, the second paragraph up the top.

Mr M. McGOWAN: I will get some more fulsome information, but there was a deferral of that program on the basis of people being deployed to COVID-response initiatives over that period. The commission is now working on a new high potential senior executive initiative. The initiative identifies high potential senior executives across the sector who have demonstrated potential to move into critical agency roles such as assistant or deputy director general positions. Identified leaders will be engaged in a bespoke development program to provide them with accelerated development to prepare them for what it takes to be a state leader in Western Australia. That is something the commission is currently working on. I will let the Public Sector Commissioner expand. We are furiously hunting for a piece of paper and will no doubt find it by the end of today’s proceedings.

Ms S. O'Neill: We started developing the high potential senior executive initiative a couple of years ago. We really want to give people the experience and learning to make the next shift in their leadership journey. During the COVID period, we redirected internal resources so that the people who were working on this program assisted in other areas of the commission. It was an internal redirection of those resources because it was not a program that was committed publicly. It was something we had been working on and developing. We sought to change our funding level to show that where we were going to collect fees for that program, we would not be doing that over last year and the next period. It was a deferment. The Expenditure Review Committee approved that as part of the 2022–23 midyear review process.

The CHAIR: After one further question, would the Premier like a comfort break?

Mr M. McGOWAN: I am tracking okay, as far as I can tell.

Ms L. METTAM: Can the Premier advise how many of these positions the public sector currently has approved in previous years?

Mr M. McGOWAN: The program was deferred because of COVID. The commission is looking to reinstate it. I thought I said a number a moment ago. The anticipated number of people is 25. Is that what the member was asking?

Ms L. METTAM: I asked whether any of these positions have been filled in previous years.

Mr M. McGOWAN: I will let the Public Sector Commissioner comment.

Ms S. O'Neill: If the member is referring to the new high potential roles, they have never been created before. They are brand new. It is something we are developing and working on. We anticipate that it could be 20 to 25 people, but with all high potential development processes, a testing benchmark is set and perhaps a target of 20 to 25, but depending on the number who come through the process successfully, we might end up with 15 or 18 or whatever the number will be. There is no such program in existence, so we cannot identify a previous number. That is the whole point. We are trying to get on the front foot and do some high-end development of exceptional leaders who can move from general leadership into senior leadership.

Mr M. McGOWAN: That is a good idea across the public sector. Obviously, we have to renew the leadership in agencies over time. Because of distance and a range of other factors, attracting people from interstate is not as easy here as perhaps it is in other states where people move around a bit. Training and grooming our own people for these roles is very sensible. As the member would know, directors general and deputy directors general move on, particularly in a very tight labour market, so it is very important to have a group of people willing or ready to fill in. I think this is a terrific initiative and I urge people across the public sector to look at it, once it is up and running. If they are of the mindset to go into a higher role, they should take advantage of it.

Ms L. METTAM: I refer to the spending changes table on page 75. The agency capability review comes under “Ongoing Initiative”. What is the general length of time to complete a review of an agency?

Mr M. McGOWAN: It is up to six months.

Ms L. METTAM: I note the cost of \$2.1 million. Will the cost differ across different agencies? What is the breakdown in cost for those reviews?

Mr M. McGOWAN: For agency capability reviews, the anticipated total cost for each review is \$476 000. That is the average cost for each of the reviews. We have done eight so far and we are looking at doing more over time as a progressive program to improve the performance of government agencies.

Ms L. METTAM: How are the key reviewers chosen for these reviews, or is it done in house?

Mr M. McGOWAN: I will let the Public Sector Commissioner explain.

Ms S. O'Neill: We have a panel contract with which we go out to seek people who are interested in undertaking such a review. We set the specifications for them. Then we match potential reviewers, depending on which agencies we choose. Obviously, we want to look at their skills, expertise and background to make a match for them. For example, we have used Colin Murphy, the previous Auditor General, who did the review of the Department of Planning, Lands and Heritage. That is one example. We do a matching process of their background and then I recommend to the Premier which reviewers might be suitable for each review. On one occasion we used two lead reviewers. For example, we are doing one of the Department of Communities right now because it is an enormous department with lots of complexity. Each lead reviewer is engaged under a contract. The departments pay the cost of the lead reviewer. They are capped at \$93 000. The agencies pay for that themselves through us. The total process for those lead reviewers is that we have a selection process to get them on the panel, we match them, we recommend the reviewer to the Premier, we appoint them and then they undertake their review.

[3.30 pm]

Ms L. METTAM: Is the panel independent? Is everybody on the panel independent of government?

Mr M. McGOWAN: They are independent and respected people. As the commissioner said, we can choose from these lead reviewers: Colin Murphy, PSM; Diane Smith-Gander; Carmel McGregor, PSM; Professor Margaret Seares, AO; Dr Michael Schaper; Mr Reece Waldo; and Susan Hunt, AM, PSM.

Ms L. METTAM: How are the reviews actioned if issues are found or the agencies are lacking?

Mr M. McGOWAN: The review comes back to cabinet. The executive summary is published. The relevant minister is briefed. The leadership of the relevant agency receives a copy and is briefed, with a remit to take note of whatever the review found they need to improve. I will let the Public Sector Commissioner provide a further answer.

Ms S. O'Neill: It is put into the director general’s performance agreement. Each agency also has to develop a statement of commitment, which is what they are going to do as a result. They also report that in their annual report.

It is quite a rounded process from review to implementation to follow up with those agencies. In fact, over the next couple of weeks, we will go back to the first agencies reviewed, and we are having meetings to discuss their process on the review findings.

Ms L. METTAM: I have one last question.

The CHAIR: Last question—that is a relief.

Ms L. METTAM: It is my last question on this section. When is it anticipated that the review on the Department of Communities will be complete?

Mr M. McGOWAN: At the end of June this year.

Ms L. METTAM: I refer to the public sector training programs on page 81 of budget paper No 2.

The CHAIR: That is at the top of page 81.

Mr M. McGOWAN: I am waiting for the member's question with bated breath.

Ms L. METTAM: What is the yearly update of the public sector training programs?

Mr M. McGOWAN: The three that are run by the Public Sector Commission include the graduate launch program, which has a participation level of 108 people in 2023; the Elev8 program, which has 26 participants; and the Propel program, which has 221 participants. They do different things. There are a range of other continuous improvement courses for public sector staff. It might take a while to give details of all those, but lots of people do lots of training.

Mr M.J. FOLKARD: I refer to the outcomes and key effectiveness indicators on page 77 of budget paper No 2, volume 1, in particular, KEIs to enhance diversity in the public sector. I understand that the government has set aspirational targets for the representation of women in leadership in the public sector. Can the Premier advise what progress has been made to meet the women in leadership target?

Mr M. McGOWAN: I thank the member for the question, and thanks to you guys for working so hard this afternoon!

Mr D.R. MICHAEL: It is a great quorum.

Mr M. McGOWAN: That is right. The members are really kicking goals over there.

We made a commitment at the last election to ensure that women would comprise 50 per cent of the senior executive leadership. When we came to office, 34 per cent of the senior executive were woman and I think 60 to 70 per cent of the public sector were women. As of February this year, 50 per cent of the senior executive leadership were women, from 34 per cent in 2017. The commissioner is leading a number of key initiatives and has coordinated events over the last year with senior public sector executives to discuss the issues impacting women in the public sector workforce. To facilitate ongoing gender parity in the sector's executive positions, the Public Sector Commissioner launched the women's executive leadership initiative as part of International Women's Day this year. The initiative enables departments and SES organisations to appoint a woman in their agency to a temporary level 9 position for 12 months. The selected women will be part of their agency's corporate executive to expand their leadership exposure and skills. This is a deliberate move to promote women across the sector. We have done a range of these sorts of initiatives but to go from 34 per cent senior executive positions held by women to 50 per cent over six years would be almost unprecedented.

Ms M.J. DAVIES: I have a further question. That is 50 per cent across the sector. I would assume that is not consistent across each department. Are some departments performing better than others and where does the Premier see there needs to be improvement? Which departments need improvement?

Mr M. McGOWAN: That is an average. I will ask the commissioner to respond. For instance, I think about 70 per cent of the Department of Education's workforce are women, so naturally it may well do better in the percentages of senior executive positions. I do not know about the other agencies, but off the top of my head, the Department of Mines, Industry Regulation and Safety probably has more men in its ranks. Maybe it has a different profile. I will ask the Public Sector Commissioner to comment more fully.

Ms S. O'Neill: That is right. Some agencies have quite a bit more and some are just below. Everyone is certainly focused on it. For example, the Department of Fire and Emergency Services appointed its first woman deputy commissioner in the last little while. Treasury had its first Assistant Under Treasurer in the last months. Agencies that have not had high numbers of women in diversity in the executive are coming up. It is true to say that everyone is coming up a bit; some have come up a lot. We have a list of not only those departments, but also SES organisations because it is more fulsome than just the 20 departments that are not yet at that target. That is a subject of discussion with me, ongoing with them.

[3.40 pm]

Ms M.J. DAVIES: Does that get published? Is there a key performance indicator in the budget for the targets that the Public Sector Commissioner is talking about or the work that is being done? How is it measured or is it just an internal policy target as opposed to something that gets reported on in the budget?

Mr M. McGOWAN: We had an election commitment and we delivered it. I do not think there are KPIs for anything broader, but I will ask the Public Sector Commissioner to comment.

Ms S. O'Neill: It is an election commitment and the target that is expressed in the government's public sector diversity plan is 50 per cent women. We have gone on and reticulated, if you like, that target—not formally but in discussions with agencies—that agencies will meet 50 per cent. We also work with them and provide to them a quarterly diversity dashboard across all the diversity targets. We are then able to have discussions with them about their actual outcomes in the state executive service, but each agency's set target is not officially published.

Ms M.J. DAVIES: Is the government aiming for 50 per cent women across the public sector or 50 per cent within each department or service?

Mr M. McGOWAN: The target is 50 per cent across the SES, because naturally some agencies will have more women in senior positions—it is just the nature of the workforce and people coming through—compared with other agencies. I think that is sensible.

Ms M.J. DAVIES: Does it include government trading enterprises?

Mr M. McGOWAN: No, it does not.

Ms M.J. DAVIES: This is just the departments.

Mr M. McGOWAN: Only agencies have SES officers and, as the member knows, the boards of GTEs appoint the CEO to manage the organisations in accordance with Australian Securities and Investments Commission rules and so forth.

Ms M.J. DAVIES: I snuck in late so my apologies if it has already been asked. It may have been asked before I walked in, so the Premier can correct me. I refer to page 76. Paragraph 5 under "Significant Issues Impacting the Agency", in part, states —

... modernise employment frameworks and policies, and support the public sector to manage staff attraction, retention ...

The question is general, with regard to attraction and retention. Is it possible to provide some advice on attrition rates? Are we seeing more workers leave than we are attracting to the public service in total?

Mr M. McGOWAN: Vacancy rates are held by individual agencies. I am advised that the Public Sector Commission does not have that information to hand. It is obviously a competitive labour market; that is staring us all in the face. Generally with the public sector, when economic times are not as good, people are less willing to give up a secure job, and when economic times are so extraordinarily strong, people are prepared to move elsewhere. That is just the nature of these things. We do not have those figures so the member would have to ask the individual agencies.

The CHAIR: No, it had not been asked yet.

Ms M.J. DAVIES: Thank you. Is there any oversight from the Public Sector Commission on global figures around attraction and retention for the public service?

Mr M. McGOWAN: We know the total number of people employed in the public sector, but we do not keep a running tally on retention rates of individual agencies. We may develop that in the future. As the member well knows, people are moving on to other opportunities.

Ms M.J. DAVIES: They may well be.

Mr M. McGOWAN: I know someone.

The appropriation was recommended.

Division 5: Governor's Establishment, \$8 104 000 —

Ms M.M. Quirk, Chair.

Mr M. McGowan, Premier.

Mr H. Gretton, Official Secretary.

Mrs R. Hamilton, Chief Finance Officer.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard. The daily proof 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only 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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the call to the member for Vasse.

Ms L. METTAM: I refer to page 84, division 5, “Governor’s Establishment”, and spending changes. The budget provides \$480 000 for “Ongoing Initiative” and “Government House Security”. Could the Premier provide some further detail regarding this line item and also explain why it is allocated for only one year?

Mr M. McGOWAN: I am a little reluctant to talk a lot about security for Government House, but, obviously, we have had to invest significantly in security for senior public figures in light of what has occurred in the last couple of years in Western Australia. There is an additional security presence at Government House. The member may recall a break-in there a couple of years ago and people may also note, when they drive down the street, some of the issues that go on there. That just requires additional expenditure. I will hand to the official secretary, but that is obviously judged on a yearly basis, based upon assessments.

Mr H. Gretton: The \$480 000 is for what could be described as extra ongoing security, so we have security personnel at Government House who are employed by Government House, but during Governor Beazley’s time there was the break-in and, subsequently, it was decided that two security personnel should be on site at all times. To make sure that we have two security personnel on site at all times, we need the extra security and we use outside security agents for that. That is what that cost is. We do not have ongoing funding for that at this stage, so that is the amount of money that is spent to provide that security.

[3.50 pm]

Ms L. METTAM: Just to clarify, there is obviously no ongoing funding here under Governor’s establishment, but is there ongoing funding provided by another agency?

The CHAIR: If it is another agency, I am not sure that the Premier is required to answer.

Mr M. McGOWAN: There is an ongoing security review. Obviously, the Governor, like other senior people such as the Chief Justice or me, has police resources sometimes allocated to them depending upon the circumstances and the decision of the police. That is just an ongoing thing that has been in place for Governors, Chief Justices, Premiers and opposition leaders at times, and visiting federal and international figures forever. That is what occurs. There is enhanced security. The member may have noticed that there is a new fence at Government House. It is just the nature of the way things have developed in the last few years, which we all understand, but I do not think we need to really talk about it too much.

Ms L. METTAM: I refer to page 85 of budget paper No 2 and paragraph 2 under significant issues impacting the agency. How is public accessibility to Government House being improved?

Mr M. McGOWAN: I know that over time Governors have been hosting more events in the Government House grounds. There are swearing-in ceremonies and the grounds are opened for picnics and so forth on scheduled days. In 2022–23—bear in mind this has not finished—there were 32 Executive Council meetings, 25 swearing-in ceremonies, 93 callers, one reconstitution of the ministry, 193 Governor-hosted functions and 18 school visits. Then there is also access to the grounds, and I have participated in some events there. That is a good thing and I suspect that will continue to grow. It will be very different to what it was historically when not much of that would have happened, so that is good use of a major facility in the centre of the city.

Ms M.J. DAVIES: I refer to page 85 of budget paper No 2 and the service summary table, which shows spending on the Governor’s establishment falling from \$8.313 million for 2023–24 to \$7.42 million for 2024–25. Can the Premier explain that cost reduction? There is also another entry on the income statement page in relation to lower accommodation costs and spending on supplies and services.

Mr M. McGOWAN: To explain the reduction, the security arrangement covers one year and then we assess whether it continues or there is another arrangement, so that is \$480 000. Conservation funding expires this year, and that was to address priority maintenance. I do not know whether the member has been to Government House lately. It has been improved out of sight. The building is 170-something years old so it needed some refurbishment. I was watching a program last night about the Tower of London. That is what happens with old buildings; over time they cost a lot. When I went to Canberra when Malcolm Turnbull was in office, he told me that the refurbishment of the Lodge was \$21 million. Honestly, after having seen the building, five Lodges could have been built for that, maybe 10! The nature of these old buildings is that the refurbishment and maintenance continues to cost money. A program has been implemented that is expiring. The roof has been replaced, a lot of water issues have been resolved, as have problems with the air conditioning, damp and other ongoing issues. I suspect there will not be a big problem for decades.

The CHAIR: You are not after some sort of imperial honour, are you, member for Vasse?

Ms L. METTAM: Hey?

The CHAIR: It is all right, go on!

Ms L. METTAM: I refer to page 88 and the table under income statement. The footnote tells us that staff numbers have increased from 34 to 38 this year. What are the extra staff doing and why are they required when the Governors of the past have coped with lower staff numbers?

Mr M. McGOWAN: The Governor filled some vacant positions. The FTE numbers have not increased but some positions that were vacant were filled.

Ms L. METTAM: Four positions?

Mr M. McGOWAN: Four positions that were vacant were filled.

The appropriation was recommended.

Division 7: Salaries and Allowances Tribunal, \$1 074 000 —

Ms C.M. Collins, Chair.

Mr M. McGowan, Minister for Public Sector Management.

Mr L. Cullen, Executive Officer.

[Witness introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only in relation to their portfolio responsibilities.

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I give the call to the member for Vasse.

[4.00 pm]

Ms L. METTAM: Thank you. I refer to page 100 of budget paper No 2, volume 1, and the research undertaken as a result of the proclamation of the Constitutional and Electoral Legislation Amendment (Electoral Equality) Act 2021. Can the Premier advise what will be the potential impacts on allowances for Legislative Council members in the next term of government?

Mr M. McGOWAN: I will start on that. I think I outlined to the member before that the Salaries and Allowances Tribunal is going to investigate what appropriate allowances and support should be in place for Legislative Council members elected after the changeover in the upper house in late May 2021—something like that—and in 2025. Prior to the next state election, the tribunal will issue a determination to set out the allowance framework for Legislative Council members.

As I outlined to the member before, considering there is now one electorate—it is a democratic system as opposed to the system that was in place before—there will have to be an assessment based on where people's electorate offices are and I think where they actually live. Those sorts of things will need to be considered by the Salaries and Allowances Tribunal. Other states have this system, so there are models around the country to look at. But, obviously, if someone is living in Newman, Broome, Kalgoorlie or Esperance, and certainly if their office is there, that would impact their entitlement to allowances for travel, accommodation, charters, vehicles, and all those sorts of things. It is just a process that the Salaries and Allowances Tribunal will go through. I suspect the trickier thing will be ensuring that people do not set up their electorate office somewhere and then live somewhere else and claim allowances that they would not be entitled to; that will obviously be a bit of an issue, but I am sure that the Salaries and Allowances Tribunal will work through that. Perhaps Mr Cullen has something to add to that.

Mr L. Cullen: Yes, thank you. The Premier has pretty much summed it up. The tribunal is very much in the investigation stage at the moment; it is collecting data. There are no firm decisions on what the allowances will be or whether there will be any changes, so there is no figure on the potential changes. In 2024, the tribunal will probably be in more of a position to issue a determination and set out all those changes.

Ms L. METTAM: Does the Premier think there will be significant changes? I note the comment the Premier made earlier. I guess the Premier is saying that regional MPs will still have quite similar travel allowances to take into account the distances and the costs of supporting a regional community?

Mr M. McGOWAN: I would not think there will be any changes to lower house regional allowances; I think that is pretty well set. With respect to upper house MPs, it will be a matter of coming up with an arrangement that reflects

where their offices are and where they are located. I am sure the Salaries and Allowances Tribunal will work that out. I expect there will be significantly enhanced allowances and support for travel and so forth for genuinely regional MPs, depending upon how far they are from Perth. I think that is the existing arrangement; that would be the continuing arrangement. I want to encourage people to have their offices and live in regional WA, so we have to encourage that. However, we do not want people to seek allowances without actually being regional. That can happen now, of course, but we want to make sure that, as much as we can, people are based in regional communities, wherever it is around the state.

Ms M.J. DAVIES: I understand the rationale. It may just be something to throw into the mix that every member in the upper house is going to be representing the whole state, so one would assume that there would be accommodation within the allowance for people to be able to actually do that properly, not necessarily just based on where their office or home is. If we are expecting every member to be able to cover the entire state, that comes with expenses, as well.

Mr M. McGOWAN: That is true. This is an interesting discussion, because, obviously, all the lower house metro members of Parliament—I can see three of them here—have an interest in regional WA, as well. We do not want the allowances and pay, if you like, and whatever else to be too far out of kilter between the upper house and the lower house. Certainly, I would expect the Salaries and Allowances Tribunal to take that into account. We have to remember that, currently, I think every MP has \$6 000 or \$7 000 per annum for travel. It is called the parliamentary travel and study allowance, and it allows city MPs to travel anywhere around the state or the country for whatever purpose. But I know that the Salaries and Allowances Tribunal takes this seriously, and it has a considerable period before it will make a determination; I suspect that it will make a determination sometime next year. I encourage the Salaries and Allowances Tribunal to sit down with members opposite and get their views on that sort of thing, and I will ensure that is passed back so that John Day, Barry Sargeant and Margaret Seares sit down with members opposite and hear their concerns. As members know, John Day is a very reasonable person who understands what it is like to be an MP. I suppose we could say his electorate was quasi-rural. He would understand the issues. The member makes a good point; it is worth considering. I do not want to discourage people from establishing offices and living in the regions, but I do not want someone to get the same allowance for an office in Kununurra as they would if their office were in, with all due respect, Northam or Mandurah.

Ms M.J. DAVIES: I appreciate that, but there is still a requirement for us to be able to cover the state. Regardless of whether my office is in Northam or not, as a shadow minister or someone in the opposition or government, I have a responsibility to be in all areas of the state. The Premier said that we should sit down with the Salaries and Allowances Tribunal; I welcome that opportunity and I hope that the SAT will. What kind of consultation will SAT be doing in advance of that determination?

Mr M. McGOWAN: I will let Mr Cullen comment.

Mr L. Cullen: At the moment, we are doing a lot of jurisdictional research, speaking to administering agencies, and just getting in a lot of data. The plan is to write a discussion paper and put it out to the public, including members of Parliament. Then we will speak with members of Parliament, get further feedback and go forward from there. Yes, the plan is definitely to consult with members.

Mr M. McGOWAN: I think that there will be full consultation. Knowing those people, I think that they will come up with something very reasonable. Obviously, it is outside our control, but I think that they will come up with something very reasonable.

Ms M.J. DAVIES: Is the time line set for when that will be finalised? Did the Premier mention that earlier?

Mr M. McGOWAN: The SAT will publish the determination before the state election. Obviously, that will allow people who are standing to know what the terms and conditions will be. I would expect it to be published in the second half of next year, I would think, but it is really outside my control. We are now in May 2023 and the election is in March 2025. I would have thought that it will probably be published sometime in the middle of next year or thereabouts. That is my assumption. Mr Cullen, did you have anything to add?

Mr L. Cullen: Yes, I think the determination will probably be handed down around the second half of 2024. There is no firm deadline at the moment.

Ms M.J. DAVIES: I refer to page 100 and the heading “Significant Issues Impacting the Agency”. Paragraph 2 refers to the Government Trading Enterprises Bill 2022. Can the Premier advise what is the expected remuneration that will be paid to the directors of the 12 government trading enterprise boards?

[4.10 pm]

Mr M. McGOWAN: Our government trading enterprises are often very major businesses, so the Salaries and Allowances Tribunal will have the power to set the remuneration for board members of those GTEs. They include Synergy, Horizon, Western Power, Water Corporation, Bunbury Water Corporation, Busselton Water, Fremantle Ports, Pilbara Ports Authority, Mid West Ports Authority, Southern Ports Authority, Kimberley Ports Authority and DevelopmentWA. Those businesses combined are multi-multibillion-dollar businesses, so getting good and appropriate people and people with the right skill sets to be board members is important. When we compare

the remuneration of these boards with some of the private sector boards, we see it is significantly lower. I am not saying that the remuneration should reflect the private sector—it probably should not—but it certainly requires proper analysis. I expect that will be the role. With regard to the figures, that is a matter for the Salaries and Allowances Tribunal, but maybe Mr Cullen can add more information.

Mr L. Cullen: Yes, that is still subject to tribunal discussion, so there has not been a decision on any final figures for those boards yet. It will issue a determination and publish it on the website through the State Law Publisher.

Ms M.J. DAVIES: Is there a time line for when it is likely to be published?

Mr M. McGOWAN: I will hand to Mr Cullen.

Mr L. Cullen: Yes. It will be subject to the passing of the bill and proclamation dates, but I think the plan is for that to be in place on 1 July. Once everything has been proclaimed, the tribunal will have the powers and a determination will be issued the next day.

Mr M. McGOWAN: Is that this year?

Mr L. Cullen: Yes.

Ms L. METTAM: I refer to the line item “Quantity—Determinations/Reports” under the outcomes and key effectiveness indicators on page 101 of budget paper No 2, volume 1. Can the Premier please explain why there were only 18 determinations and reports—well below the budget target of 25?

Mr M. McGOWAN: The number of determinations is expected to remain relatively steady. It can vary due to the number of appointments, machinery-of-government changes or positions being included in the tribunal’s jurisdiction. There is a range of factors involved, but I will ask Mr Cullen to comment further.

Mr L. Cullen: The requirement to do a determination is often influenced by factors outside the tribunal’s control, including new appointments, retirements and variations to determinations. This year there was less need for us to do variations, so that is reflected in the lower number.

Ms L. METTAM: Under the table headed “Desired Outcome”, with regard to the remuneration set for all areas the tribunal covers, which officers will have their salaries determined in 2023–24 and 2024–25?

Mr L. Cullen: The tribunal is required to do annual determinations on all those officeholders, apart from the Governor, whose remuneration is set when he is appointed. We will do all those officeholders in 2023–24. We have done them all so far except for members of Parliament and members of the special division of the public service, which are due to be done in June. It is annual, so they will all be done again in 2024–25.

Ms M.J. DAVIES: I refer to page 102 of budget paper No 2, volume 1, and the third dot point under “Services and Key Efficiency Indicators”, which states —

determine the fees, expenses and allowances to be paid or reimbursed to local government elected council members ...

Does the latest local government legislation have an impact on what needs to be done with the Salaries and Allowances Tribunal?

Mr M. McGOWAN: No, I understand it does not. There is a range of other reforms contained within it. With regard to the remuneration for local government, the member is talking about CEOs and elected members. That has been under the control of the Salaries and Allowances Tribunal for a considerable period. I cannot remember how far it goes back; certainly, when I was a local government councillor, your payment was a blazer that you received at the start of your term and that was what you got. These days there is a bit more financial reward, which means there are more people attempting to do it, because of the time considerations that go into that job. But, no, that legislation will not have an impact.

The appropriation was recommended.

Division 20: Infrastructure WA, \$5 413 000 —

Ms C.M. Collins, Chair.

Mr M. McGowan, Premier.

Mr P. Helberg, Chief Executive Officer.

Mr A. Brender-A-Brandis, Chief Financial Officer.

Mr C. Clark, Deputy Director General, Infrastructure, Economy and the Environment, Department of the Premier and Cabinet.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only in relation to their portfolio responsibilities.

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Are there any questions? Member for Central Wheatbelt.

Ms M.J. DAVIES: I refer to page 277 of budget paper No 2, volume 1. Under “Development, Monitoring and Reporting on Implementation of the State Infrastructure Strategy”, I note that the cost of reporting on the infrastructure projects that the government has proceeded with is budgeted at \$3.581 million and there is a staff of 12. Can the Premier advise what these staff actually do, given that there are departmental decisions on infrastructure projects and departmental employees within each individual department to carry the project forward? Is there a duplication of information provision and effort?

[4.20 pm]

Mr M. McGOWAN: Thanks for the question. The state infrastructure strategy was formally submitted to government in 2022. We tabled our response in February 2023. Infrastructure Western Australia provides support, as necessary, to assist state agencies and government trading enterprises in implementing relevant recommendations. It is working in consultation with the Department of the Premier and Cabinet to develop a monitoring and reporting framework on the process for collating required progress updates and information from responsible agencies, which the government has asked the department to coordinate. It has a role to report annually on government progress implementing the strategy’s supported recommendations. It has a role in assisting agencies across the board with their infrastructure programs. They are the functions that IWA is busy with.

Ms M.J. DAVIES: Does the requirement for FTE change? The Premier has said that the infrastructure plan is now done. Is there a requirement for staff to be dispersed into government departments? What ongoing effort is required within Infrastructure WA?

Mr M. McGOWAN: It changes its focus over time to monitor the implementation of the strategy and to advise government on the state infrastructure program, which, as the member knows, is very large. It leads the implementation of some of the recommendations. Thirteen staff are assigned to do those roles.

Ms M.J. DAVIES: So 13 staff are overseeing the implementation of the recommendations of the report across government; am I understanding that correctly?

Mr M. McGOWAN: Yes, and that includes support staff.

Ms M.J. DAVIES: How do they interact with the department?

Mr M. McGOWAN: With which department?

Ms M.J. DAVIES: I am referring to the departments responsible for the projects that they are overseeing. To whom do they report? Is the director general required to report to them? What kind of reporting system is there? Is it reported to cabinet? Can the Premier give me an understanding of how this works?

Mr M. McGOWAN: I will get Mr Helberg to explain that.

Mr P. Helberg: The staff mentioned engage directly with the responsible agencies to lead implementation of the individual recommendations and they liaise with them to track progress and to then monitor progress. In terms of formal reporting, the agencies report on progress to the Department of the Premier and Cabinet, which then advises us of the formal progress to help inform the report.

Ms M.J. DAVIES: The agencies formally report to the Department of the Premier and Cabinet, which then reports to Infrastructure WA. Then what happens to that information? How is it captured and what happens to it?

Mr M. McGOWAN: IWA is responsible for publishing its progress in the annual report. A separate report is tabled here on an annual basis. It is published. That report is in progress.

Ms M.J. DAVIES: Because that was published only last year, has there not been a progress report published to date?

Mr M. McGOWAN: Not yet. The first one is due in November this year.

Ms M.J. DAVIES: Is that the most efficient way to deal with this program? That is 13 FTEs who seem to just be keeping tabs on the remainder of the Premier’s departments, which are already reporting to the Department of the Premier and Cabinet on a strategy that has been made public.

Mr M. McGOWAN: They do more than that. They advise on the infrastructure program to the Department of the Premier and Cabinet and others, and some of the recommendations are assigned to them to implement. It does not sound like a lot of people to me for a \$10 billion infrastructure program. I know that other states’ infrastructure bodies are significantly larger than ours, even taking into account population.

Ms M.J. DAVIES: What can we anticipate in the progress report? Will it be detailed against each of the projects that are listed in Infrastructure WA's strategy? What can we anticipate in the public reporting?

Mr M. McGOWAN: There are 93 recommendations and some sub-recommendations and there is progress on each of those.

Ms M.J. DAVIES: Will that be published in Parliament or will it just be a public document?

Mr M. McGOWAN: It will be published in November on the IWA website and a statement will be put out. I assume it will be published here. I would have to look at the law to see whether it is required to be tabled here. It can be published here. It is put on the website.

Ms L. METTAM: I refer to service 2, "Assessment of Major Infrastructure Proposals", on page 278 of the budget papers. In some respects, it is an extension of what the member for Central Wheatbelt has been asking. Government agencies involved in infrastructure development such as the transport department, Main Roads WA and various utilities all have in-house expertise. What is the role of Infrastructure WA in this respect? Will it also look at decisions such as that in relation to the women's and babies' hospital?

Mr M. McGOWAN: The major proposal assessment guidelines outline that proposals above \$100 million in value are assessed by Infrastructure WA. There are three key themes: strategic fit, societal impact and deliverability. These align with the Department of Treasury's strategic asset management framework. IWA assessments focus on whether the business case supporting a proposal is sufficient to inform a government investment decision and whether it meets the information requirements listed in the strategic asset maintenance framework business case guidelines, thereby providing assurance and due diligence around infrastructure planning. There is lots more information there. That investment decision was made before this function came into effect under the law.

Ms L. METTAM: Will Infrastructure WA have a role in assessing how the decision that we have heard about recently in relation to the women's and babies' hospital was made and in looking at the business case, which is yet to be made public?

[4.30 pm]

Mr M. McGOWAN: There is nothing under the existing law that requires it to be assessed by IWA, because the decision was made before Infrastructure WA's functions commenced.

Ms L. METTAM: Would the more recent decision for the hospital to be built 20 kilometres south on a new site with a new scope warrant oversight by Infrastructure WA?

Mr M. McGOWAN: No, not under the existing law. That is not something that is required under law. The women's and babies' hospital business case, subject to the removal of commercial-in-confidence information, will be made public as soon as we can. I do not accept the member's argument about it being 20 kilometres south. Perth is a big place and a lot of people live all over Perth, and a lot of people live in the regions. It will be closer for people who live in the regions, considering where the Royal Flying Doctor Service lands. It is a more central location for 25 per cent of women and babies in regional WA who are in an urgent situation. From the member's electorate, the new location is much easier and quicker to get to than the Sir Charles Gairdner Hospital site. It is a better site for regional women and babies. The site has much easier access off the freeway than the Sir Charles Gairdner site. I know both of them extremely well and I can tell the member which one is easier to get to.

Finally, the build will be much quicker, cleaner and more effective with much less disruption than the Sir Charles Gairdner site. It is an absolute no-brainer. The problem was that the QEII site was a long-term plan that was never adjusted following the location of Perth Children's Hospital there. Once the children's hospital was located there, the plans should have been adjusted, and they were not. The business case process picked up the issue, looked at all the options and all the ways through it. When we hear the arguments about all the people having to be decanted, as Health puts it, out of the existing buildings, and the walls being ripped off and all the disruption, as the build would take another five years, and the difficulties associated with that, which would have been a nightmare for whoever was Premier and health minister for the next 12 years, and the workforce, it was a complete no-brainer to put it at Fiona Stanley Hospital. I suppose that if the opposition is successful in 2025, it can move it back, because that will be at its discretion.

Ms L. METTAM: Does the Premier understand that over 93 per cent of births that are deemed to be high risk, which includes parents from the regions, occur at King Edward Memorial Hospital for Women, so that travel has already happened? The considerable risk with the 20-kilometre travel is about moving a neonate. Ahead of a cabinet decision being made, has the Premier been briefed about the clinical risk of very vulnerable neonates?

The CHAIR: Member for Vasse, these questions are moving away from the portfolio around infrastructure. Would the Premier like to answer that question?

Mr M. McGOWAN: There are neonate services at Fiona Stanley Hospital and that hospital is the largest, and newest, tertiary hospital in Western Australia. One could argue that the more modern facilities, and the fact that it already has all these services, and the fact that the government is upgrading facilities at Osborne Park Hospital,

means that there will be no disadvantage to anyone. We are building a brand new, state-of-the-art, best in the world hospital at a site that is far easier to build on and far less disruptive and will result in a far quicker outcome of five years and, as a consequence, will probably save lives.

Ms L. METTAM: But it is still 20 kilometres from Perth Children’s Hospital where those babies would require support. The gold standard was meant to be that the children’s hospital would be alongside the women’s and babies’ hospital. The question was: has the Premier been briefed about the implications of this major infrastructure decision?

Mr M. McGOWAN: Yes, because cabinet made the decision —

Ms L. METTAM: By clinicians?

Mr M. McGOWAN: — consequent to advice from Health about which was the best site. The member will find that there are divided opinions among clinicians. Those services are available at Fiona Stanley Hospital—state-of-the-art children’s hospital services and neonate services and neonate beds. All those things are there. It is a relatively short distance, certainly considering helicopter access from Fiona Stanley Hospital to the children’s hospital should that be required. I make the point that if we could redesign the QEII site and add another couple of city blocks to it, that would be fine. But it is an incredibly constrained site. Anyone who drives there understands that the parking and traffic issues are diabolical. That would impact people going there in any event. The parking and traffic issues, and access issues, will be far simpler at the Fiona Stanley site compared with the Sir Charles Gairdner site.

Ms M.J. DAVIES: Is there anything stopping the Premier from referring the project to Infrastructure WA?

Mr M. McGOWAN: I do not think so.

Ms M.J. DAVIES: My understanding is that Infrastructure WA is designed to cast a ruler over major projects to make sure that the state is getting bang for its buck. I am trying to think of a more parliamentary way of saying it, but that is essentially what it is. It was specifically designed for projects over \$100 million, so big projects. Given that it was a controversial decision—the Premier would concede that at the very least—would it not make sense to refer it to Infrastructure WA for assessment and inclusion in its forward plan so that officers within IWA oversee it and monitor and report back? Surely that is a belt-and-braces concept that the Premier as Treasurer would be supportive of?

Mr M. McGOWAN: Once we publish the business case and it is there for all to see, we can consider that. We will publish the business case before such time as we consider it. There is no requirement by law for us to do it at this point in time.

Ms L. METTAM: My understanding is that when the Langoulant report was produced, the establishment of Infrastructure WA was on the premise that there would be no surprises in how governments made decisions. It is fair to say that the implications of this decision really rocked the clinicians and the medical world. Backing up the question from the member for Central Wheatbelt, surely this is a good example of a project —

The CHAIR: Member for Vasse, can you ask the question, please?

Mr D.R. MICHAEL: And not the same question.

The CHAIR: A different question.

Ms L. METTAM: No, given the purpose of Infrastructure WA, does the women’s and babies’ hospital not best fit as such a project to be assessed?

Mr M. McGOWAN: Firstly, as I said, it is not required because a decision was made before Infrastructure WA’s function commenced. Secondly, the government will publish the business case and all members can look at it. Infrastructure WA’s role is to ensure the timely provision of infrastructure that is cost effective and best value for money for the state. This decision achieves those things—significantly so. The decision was not made because it is a greenfield site. As everyone who builds on a greenfield site knows, it is not as expensive as a brownfield constrained site. That was not the reason behind the decision. As I outlined to the member, the reason was that it was almost impossible to build it on the Sir Charles Gairdner Hospital site without completely disrupting the entire health system. It is a decision that achieves the objective that Infrastructure WA was set up for.

[4.40 pm]

Ms M.J. DAVIES: I presume Metronet falls into the same category. Are the new projects that have been announced by the government within the Metronet category being referred to Infrastructure Western Australia or is the same rationale being used that, “It was already announced so we shall never refer Metronet projects to Infrastructure Western Australia”? The reason I am asking is that it is about having no surprises so that all the supporting infrastructure is aligned. I presume that includes the Water Corporation, Synergy, Western Power and all the other infrastructure requirements. I remember the debate. It was around aligning infrastructure investment to make sure there were no unnecessary disruptions so that we knew what was on the horizon, yet it seems the government is making announcements and using the rationale or the cover that “It was already announced under Metronet so we don’t have to announce or refer that project”, much like the Premier has just explained around the women’s and babies’ hospital.

Mr M. McGOWAN: That is just complying with the law. We are complying with the law we put in place. It was my policy I took to the 2017 election to establish Infrastructure Western Australia, but it has taken a while to establish it. If we went back to look at every project that was announced before and work has started, that is not the point of it.

Ms M.J. DAVIES: These are new announcements, Premier.

Mr M. McGOWAN: Which ones?

Ms M.J. DAVIES: The women's and babies' hospital.

Mr M. McGOWAN: That decision was made before.

Ms M.J. DAVIES: It has been significantly changed and would have had to be significantly reworked for all the groundworks, infrastructure requirements and transport planning. The Premier cannot tell me that has not had a significant impact on other departments that would warrant or benefit from having Infrastructure Western Australia oversight. It is the same for Metronet projects that have been announced within this budget.

Mr M. McGOWAN: The decision we have made brings the project forward by five years. It achieves all those things.

Ms M.J. DAVIES: You did not want to flick it through Infrastructure WA just in the spirit of the legislation you introduced yourself?

The CHAIR: Member, please seek the call through the chair if you have a question.

Ms M.J. DAVIES: Sorry, chair.

Mr M. McGOWAN: We are complying with the law and it just delays the decision that was already made before the function commenced.

Ms M.J. DAVIES: On page 278 under the assessment of major infrastructure proposals, where in the planning process for cabinet or government is a project referred to Infrastructure Western Australia?

Mr M. McGOWAN: Infrastructure Western Australia engages with agencies and they refer the projects to it for assessment.

Ms M.J. DAVIES: Is that while they are doing the business case or after it has been through cabinet?

Mr M. McGOWAN: It varies but IWA encourages engagement as soon as possible.

Ms M.J. DAVIES: What has been referred in the last 12 months?

Mr M. McGOWAN: It has assessed a whole range of projects. Some had their assessments published. IWA is not the approval authority.

Ms M.J. DAVIES: No, I understand that.

Mr M. McGOWAN: The cabinet and the government are elected. The projects are as follows. The Geraldton port maximisation project, from memory, is a \$350 million project to improve the productivity of Geraldton port. There is the Lumsden Point general cargo facility and logistics hub; from memory again, we got \$540 million out of the commonwealth for that project to improve the import–export performance of Port Hedland. The new Department of Primary Industries and Regional Development labs at Murdoch University were referred; as well as the St John of God Midland Public Hospital expansion; the state hockey centre; the Water Corporation energy procurement plan battery storage; the renewable wind energy Flat Rocks wind farm stage 2; Graylands Hospital redevelopment; and the Bentley Hospital Surgicentre.

Ms M.J. DAVIES: So I am clear, are those the projects that have been assessed by IWA and in what time frame? Is that in total, or just in the last 12 months?

Mr M. McGOWAN: Some have been assessed and some are currently undergoing assessment.

Ms M.J. DAVIES: Is the Premier able to advise how many assessments IWA has undertaken?

Mr M. McGOWAN: Some are being assessed and some are under assessment. Those nine assessments are complete.

Ms M.J. DAVIES: How many projects have been assessed by IWA?

Mr M. McGOWAN: It is those nine.

Ms M.J. DAVIES: Is it just nine in total?

Mr M. McGOWAN: Since the function commenced, yes. It had to do the state infrastructure strategy first.

Ms M.J. DAVIES: Yes. Was the softwood estate investment of \$350 million something that was considered? It is infrastructure to a point.

Mr M. McGOWAN: That is a 10-year program and that is because there was there was an underinvestment in softwood timber—pine—for years. What is it called? It is pinaster and canasta! Anyway, I do not know.

Ms M.J. DAVIES: The two, yes. Radiata and —

Mr M. McGOWAN: It is pinaster and the other sort. That is backfilling a hole because none was planted, so we have to backfill. That is an ongoing program. That is basically a 10-year program for—is it \$50 million?

Ms M.J. DAVIES: It is \$350 million.

Mr M. McGOWAN: Yes, it is \$350 million and I think we are spending \$30 million or \$40 million a year. No, it was not assessed, but the decision was made years ago. It has been drawn down so the acquisition of land and the planting has commenced. That program is absolutely essential.

Ms M.J. DAVIES: Further to this assessment, what happens if a project starts at just under \$100 million and then tips over because there is a cost escalation? There have been a number of examples. Is there a requirement for it to go to Infrastructure Western Australia?

Mr M. McGOWAN: There is not.

Ms L. METTAM: What is the average time frame for assessments of these major projects?

Mr M. McGOWAN: As in how long?

Ms L. METTAM: Yes, how long?

Mr M. McGOWAN: It is four to six weeks.

Ms L. METTAM: On the assessments of the projects, a broad range of different projects are obviously being assessed. How many FTE are dedicated to that effort and what is the expertise of those involved in the assessments?

Mr M. McGOWAN: It is seven to nine FTEs. Their qualifications include architects, engineers and economists.

Ms M.J. DAVIES: Over the forward estimates, what does the Premier anticipate the output for IWA to be? How many assessments will there be? I do not know whether that is in the budget. Is there an estimate for how many assessments may be required to be undertaken?

Mr M. McGOWAN: There is not a number. It is whatever is appropriate and meets the criteria.

Ms M.J. DAVIES: It is difficult for staff to plan when they do not know, I would imagine.

The CHAIR: Do you have a follow-up question, member for Central Wheatbelt?

Mr M. McGOWAN: We engage agencies early to get a feel for it, for asset planning and so forth. If we need to scale up, I suppose we will scale up.

[4.50 pm]

Ms L. METTAM: The member for Central Wheatbelt talked about the cost of a project going over \$100 million. If the scope of a project changes, will that warrant investigation or reassessment by Infrastructure WA?

Mr M. McGOWAN: In both cases, the answer is no.

Ms L. METTAM: I refer to page 278 of budget paper No 2, in particular, the budget target of nine full-time equivalents for 2023–24. What is the expertise of the nine FTEs in Infrastructure WA?

Mr M. McGOWAN: They are the nine FTEs we were referring to earlier. They are economists, engineers and architects.

The appropriation was recommended.

Meeting suspended from 4.51 to 5.00 pm

Lotteries Commission —

Ms C.M. Collins, Chair.

Mr M. McGowan, Premier.

Mr J. Hubble, Acting Chief Executive Officer.

[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. I will allow as many questions as possible. Questions and answers should be short and to the point.

The Premier may agree to provide supplementary information to the committee. I will ask the Premier 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 noon on Friday, 2 June 2023. If the Premier suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Members, are there any questions? I give the call to the member for Vasse.

Ms L. METTAM: I refer to paragraph 1.1.5 on page 564 of budget paper No 2, volume 2, which relates to the major overhaul of existing gaming and support systems. Is the funding being provided by government from the consolidated account or is Lotterywest funding it internally?

Mr M. McGOWAN: The source is within Lotterywest revenue, so it is not a draw on the consolidated account.

Ms L. METTAM: Specifically, what consultation is undertaken with lottery agents in this project?

Mr M. McGOWAN: Is the member talking about the gaming system renewal?

Ms L. METTAM: Yes.

Mr M. McGOWAN: I am advised that the system is old and needs renewal, so that is why money has been set aside for that, which will provide for a modern updated system. I am not aware of what consultation has taken place. I will ask Mr Hubble to comment on that.

Mr J. Hubble: The system is primarily Lotterywest's system, so the decision sits with us. We have a retailer consultative panel. At various stages, we will consult with it. Being a rather large tender, we also need to be very careful of the probity.

Ms L. METTAM: I imagine there are varying degrees to which lottery agents rely on this component as part of their business. How many agents are there in Western Australia? How will the government ensure, through this consultation process, that it will be able to capture that broad range of feedback?

Mr M. McGOWAN: There are lottery retailers who purely sell lottery tickets, chewing gum and a can of coke or something like that, and then there are newsagents, so there is a dual stream. For the agents whose major part of their business is the sale of lottery tickets, it is much more significant than a newsagent, although in my experience, it is also a major component of newsagents' businesses. In terms of the consultation, as Mr Hubble outlined appropriately, a panel has consulted. This is a major expense and we have to make sure that we do not jeopardise our commercial position. From memory, only three or four companies in the world have put these systems in place. It is a limited market for providers, so the tender process has to be carefully managed. In terms of the number of retailers, there are 485 across the state. In the six years I have been the Premier, since I have been the minister responsible for this, I have made a point to help the retailers. Prior to our election, they went through a tough time with some of the things that were going on. The retailers were incredibly unhappy with some of the processes that were put in place so we deliberately reversed a lot of those and provided support. That provided a much happier network and a better business environment for them.

Ms L. METTAM: Have any of these retailers raised any concerns, or are there retailers who are not supportive of those upgrades?

Mr M. McGOWAN: I do not know the answer to that. I will ask Mr Hubble to comment.

Mr J. Hubble: Thank you, Premier. There are 200 000 transactions per day, so there are always going to be some issues, and the retailers would prefer a modern system that can respond to that. We take their desires on board. There are some things retailers would like to do in the digital space so we are looking for systems that can do that. This system was originally put in 16 years ago and is not up-to-date. We had an upgrade in 2017, but it is still an old system. It cannot do the sorts of interactions that are expected in the modern world.

Ms L. METTAM: Will the retailers bear the cost of the upgrades, or how will that be shared?

Mr M. McGOWAN: It is fully funded. Lotterywest is funding it from reserve accounts. We are taking a very different approach to the retailers than the last government. The last government was very harsh on the retailers. The member might recall that there were major protests immediately before the state election in 2017 and it did not result in any outcomes from the last government. When I came into power I made sure that I listened to the retailers. I feel for a lot of them. They work hard with long hours and I want to make sure they are appropriately rewarded. If we have that, we will have a happy network that wants to sell Lotterywest's products and that has an ongoing benefit to community groups across the state.

Ms L. METTAM: Was a report prepared in relation to the upgrade or prior to the decision being made? If so, will the Premier make it available?

Mr M. McGOWAN: There has been a detailed business case submitted to Treasury. We approved this in the ERC process leading up to the budget. Renewing a 20-year-old system—I think it is a 20-year-old system from memory—is just good business practice. It is not being funded by retailers, so if anyone is complaining about it, I do not really understand why.

Ms M.J. DAVIES: Is the program being discussed the gaming system renewal, or is it the better business program that was announced earlier in the year?

Mr M. McGOWAN: Those are two different things. This is the gaming system renewal. The better business program was a range of improvements, assistance to businesses to improve their business models and coaching and mentoring, plus an increase in their commission. I did that three months ago. This is the replacement of the IT system, or the gaming system.

[5.10 pm]

Ms L. METTAM: What will be the overall cost of the upgrade?

Mr M. McGOWAN: We cannot go into that because that is commercial-in-confidence. As I said to the member before, only three or four providers around the world do this work, so Lotterywest's advice is not to release an estimated cost at this point in time because that would jeopardise our position with those three or four tenderers, and one of those is our current provider. The advice I have is not to release a figure on that.

Ms L. METTAM: Who will be undertaking the work?

Mr M. McGOWAN: There is a tender process. I will explain again. We will have a tender process to put in place a new gaming system. Only three or four companies around the world provide these gaming systems. The tender process will be open. Those companies can bid and decisions will be made on cost and efficiency and quality of the product and so forth. However, we do not release an estimated cost because I assume that would become the base from which they would bid. Therefore, we are keeping that information as commercial-in-confidence in the interests of the business. Obviously, once it is done, it will be released, I would have thought.

Ms L. METTAM: What is the time frame for the tender process? Is this happening in the next 12 months?

Mr M. McGOWAN: I will let Mr Hubble comment.

Mr J. Hubble: The tender process will go over a number of years before it is awarded. At this stage, the intent is that we will be assessing tenders about this time next year, although that may push out a little bit. It will probably then be a three-year implementation from go to whoa to get it in.

Ms M.J. DAVIES: Will the new system have implications for newsagents? Will it change their end or is it all backroom for Lotterywest?

Mr M. McGOWAN: I will get Mr Hubble to comment.

Mr J. Hubble: It is primarily behind the scenes. The newsagents will not see it, but it also depends on what system is put in place. Normally, when we change a system, there is a bit of user change experience. Part of the project will be working with retailers, training them and bringing them on board. They will not see the vast majority of the work, but they will be involved in the change ahead of it going live.

Ms M.J. DAVIES: Maybe it has not been considered yet, but given the Premier's comments on supporting these businesses, would the Premier expect Lotterywest to fund upgrades if anything is required at the newsagents' end?

Mr M. McGOWAN: The system will be funded by Lotterywest. When we did all the changes through 2017–18, we funded everything at the Lotterywest retailer end, which reversed the position of the former government. Recently, on two occasions, we increased the commission. I suspect further increases in commission are not so far away. I will get Mr Hubble to comment on the newsagent end of the system.

Mr J. Hubble: The vast majority of the cost relates to equipment and software within Lotterywest's domain but each retailer has equipment that interacts with the core gaming system and the players, particularly the ticket checker and the machine that issues the tickets. They are most likely going to be replaced. We may have to replace them before the new system comes in based on their current age.

Ms L. METTAM: The Premier talked about the expertise required in this upgrade being very unique. How far and wide will Lotterywest promote the tender process or will it be a standard tender process for this work?

Mr M. McGOWAN: I will let Mr Hubble comment, but my expectation is that when Lotterywest releases the tender, it will contact the three or four companies and let them know that there is a tender out.

Mr J. Hubble: The lottery gaming system is a small world. They all know this is afoot. We have conducted an environmental scan and invited them to submit to us, so they are aware of it. When we call for tenders, they will certainly be made aware.

Ms M.J. DAVIES: I am not quite sure where to put it, but the Premier referred to it before; where is the funding for the new Better Business program that was announced earlier reflected? Is that not in this part of the budget? Was that from the consolidated fund?

Mr M. McGOWAN: No, it was not from the consolidated fund. I understand that the Lotterywest budget is a capital budget, but those ongoing programs are funded by Lotterywest internally.

Ms M.J. DAVIES: Is the \$4.5 million that was announced internally funded by Lotterywest?

Mr M. McGOWAN: It is from proceeds of ticket sales, yes.

Ms M.J. DAVIES: Within that was a statement that retailers are required to meet minimum standards in order to be eligible for the payments that were announced. Can the Premier elaborate on what they are?

Mr M. McGOWAN: I think it was about the quality of their business and their product that they offer in their individual businesses, but I will get Mr Hubble to comment.

Mr J. Hubble: Most of the standards are pre-existing standards. We are just requiring retailers to carry those out. Some of them are around the way they interact with customers. Some of them are around making sure the payments are made to us in a timely manner and that complaints are followed up. It is fairly standard. We have worked with the retailer consultative panel around those standards. The Better Business program the Premier announced had a quarantine or an amnesty period in which we worked with retailers to make sure they were familiar with the standards before we started applying those to commission entitlement.

Ms M.J. DAVIES: I refer to the same page—page 564. I assume a significant amount will be put into the overhaul of the gaming and support systems. It is obviously a high-risk business with transactions. This is a bit left of centre, but does Lotterywest have an interaction with the Corruption and Crime Commission to work to minimise potential threats and promote best practice? How does that work for the Lotteries Commission? I presume it is part of everyday business to manage in a gaming entity.

Mr M. McGOWAN: I know that the commission engages regularly with the CCC and other agencies because it is obviously an area that people with nefarious intent may be interested in. I understand that there is an ongoing process around that. I do not want to go any further than that because we might be advising people whom we do not want to advise.

Ms M.J. DAVIES: Is part of the upgrade to the new system referred to in paragraph 1.5 around strengthening protections within the system? Is that one of the drivers?

Mr M. McGOWAN: The IT system will have upgraded cybersecurity protections and so forth.

Ms M.J. DAVIES: It is separate to 1.3.

Mr M. McGOWAN: I will let Mr Hubble comment.

Mr J. Hubble: On a point of clarification, are we talking about paragraph 1.3 and the \$1.6 million upgrade to maintain and replace ICT core systems and environments? We would set aside that number each year for system upgrades. It may include security upgrades. It may just include environment upgrades.

[5.20 pm]

Ms M.J. DAVIES: Has it been reported across a number of different departments, and governments, since we are not immune to it, that there have been threats to the system?

Mr M. McGOWAN: As far as I am aware, every system is attacked—every government, every bank, every defence system is always under assault by bots or whoever they are out there. I think that does occur, but I am unaware and certainly have not been advised of any breaches or problems that have arisen. Obviously, putting in place new IT system will be one of the focuses to make sure it is fit for purpose and can deal with those issues better than the existing system.

Ms M.J. DAVIES: So to the Premier's knowledge there have not been any breaches or attacks on the Lotterywest system?

Mr M. McGOWAN: It is always under attack, as is the state government, as is everyone, by entities. I think there are programs that do it—I am not strong on this issue—bots or someone, whoever they are. Bots do it and they are always attacking these entities. Lotterywest is vigilant about it, as is the state government, as is every entity that is similar. I suspect Tabcorp and Lottery Corporation and Betfair and everyone else is under assault as well.

Ms L. METTAM: Does the commission report on the bot threats?

Mr M. McGOWAN: Are they bots? Is it bots that do it? Lotterywest reports this to the Office of Digital Government, DGov, but this is the world and this will not stop. That is why upgrading the system is important.

Ms L. METTAM: I refer to page 564 of budget paper No 2. Can the Premier advise whether any of the government's election promises have been funded via the Lotterywest grants; and, if so, which ones?

Mr M. McGOWAN: This is capital expenses. The government does not budget on that basis. We do not make our election commitments on the basis that Lotterywest meets the commitment. Lotterywest is independent. I have met with Lotterywest about priorities a couple of times. Certainly, during COVID I asked whether it could prioritise emergency relief. That was one occasion. I remember speaking with Lotterywest one time about helping fund some new aircraft. I recall it was a \$10 million grant for some new Pilatus aircraft for the Royal Flying Doctor Service. Sometimes we talk to Lotterywest about things and I think that is reasonable. It has an independent board and it makes its own decisions, and we did not make commitments on the basis that Lotterywest would meet them. I do not have an answer to whether Lotterywest has seen or funded something that the state government may have committed to because Lotterywest literally does hundreds, if not thousands, of grants every year.

Ms L. METTAM: In the last financial year of grants, have any been attributed to previous election commitments?

Mr M. McGOWAN: I do not understand the question.

Ms L. METTAM: Have any of Lotterywest grants in the last 12 months been allocated to Labor election commitments?

Mr M. McGOWAN: Not as far as I am aware, but this budget does not deal with that. What happens there every fortnight, or every month, is that the Lotterywest board recommends a whole range of commitments around the state—there are pages of them. They deliver them for my agreement or non-agreement, too, and in the last six years I have agreed to every one, I think, bar one, because in between the time of the board's main decision and me signing the board changed its mind or the project fell over or something and so it asked me to reject it. As far as I can recall, I have not knocked back or changed a single Lotterywest board recommendation.

Ms L. METTAM: How has the mix of grants or grant priorities changed in recent years, if at all?

Mr M. McGOWAN: As I said, I asked Lotterywest to focus on emergency relief. Tens of millions of extra dollars went to Foodbank, the Salvos and Anglicare for their emergency relief programs, and that has continued over the last couple of years. That has been a response to the COVID period and the cost-of-living issues that have impacted the community. Lotterywest has always done emergency relief but it has done so more recently, which I think is a good thing. Turning to other changes in Lotterywest's focus, I know the board is looking at some sort of strategic and major initiatives that will be there for a long time. It also does a lot of grants to community groups, which is wonderful. Lotterywest is also looking at things that are lasting and meaningful and might be a bit bigger. The board is examining that.

Ms L. METTAM: Is Lotterywest looking at larger legacy projects?

Mr M. McGOWAN: Yes, it is looking at something like that, but what it does is a matter for the board. Obviously, the turnover has increased. Lotterywest is the most successful organisation of its type in Australia. Over COVID, turnover increased so Lotterywest looked at what to do with that enhanced revenue. As I said, it has done a lot in the emergency relief space, which I encourage the board to do.

Ms M.J. DAVIES: I refer to the same page. Could the Premier advise whether he is expecting any changes to the commission's board? The Premier appoints the board, does he not?

Mr M. McGOWAN: There will be another couple of board members retire this year, so there may be some changes or additional people appointed.

Ms L. METTAM: Can the Premier outline what the selection process is for the board and what is the term of board membership?

Mr M. McGOWAN: People can put in an expression of interest via OnBoardWA. Cabinet makes the decision. The organisation will sometimes recommend to cabinet or me some people who could go on there. We are specifically looking for people with commercial skills for appointment so that would be my focus for new appointments. To be honest, I think this would be a very pleasant board to be on because a large part of what it does is acting as Father Christmas and deciding on grants for wonderful, worthy organisations. It would be a relatively enjoyable board to be a part of. I think making sure there is a commercial focus is important, so we will look for people with those skills in future appointments.

[5.30 pm]

Ms M.J. DAVIES: I refer back to the Premier's comments about the board entertaining bigger legacy projects. Obviously, there is a perennial debate around whether gambling on sport should be allowed. Has there been some thought given to or has the Premier had a conversation with the board about the potential to replace some of the sponsorship that comes from gambling or gambling entities so that they are not associated with kids sport or major sporting entities? Is that something that the government has considered?

Mr M. McGOWAN: I do not think it is a debate around whether gambling on sport is allowed; it is a debate around whether advertising of gambling on sport is allowed.

Ms M.J. DAVIES: Advertising—sorry, yes. The Premier is right. I was not precise enough.

Mr M. McGOWAN: No, I have not had that conversation with the board at this point.

Ms M.J. DAVIES: Is that something that the board would consider or the Premier would ask it to consider? Obviously, there is an ongoing conversation about how we can mitigate impacts of gambling organisations and how to displace that, particularly away from kids. If, as the Premier says, there has been an increase in revenue and the board is looking for legacy projects, is it something the government might consider?

Mr M. McGOWAN: It may well require a change to the Lotteries Commission Act if we were to do that, because the act requires that the grants go to organisations for charitable or benevolent purposes. If we were to give money to sporting codes or what have you so that they did not rely upon gambling advertising, that may well not fit the criteria. It would also mean that we would not be spending the money on the Wyalkatchem quilters or the Busselton —

Ms M.J. DAVIES: The rollerskating rink. They are in the money for some rollerskating rink upgrades.

Mr M. McGOWAN: I am sure it is very worthy. Rollerskating was big when I was a kid.

Ms M.J. DAVIES: It has made a comeback!

Mr M. McGOWAN: I find that somewhat hard to believe! It would mean not spending money on the Busselton buskers or something. If we spent money on that, we would be taking money away from those things; that is the only issue. If the member wants to contact the Lotteries Commission with her idea, I would encourage her to do so.

Ms M.J. DAVIES: This question is aligned but not the same. What percentage of the lottery's funding goes to the "gamble responsibly" message? I know that there is attention within the Lotteries Commission to make sure that there are education programs and responsible gambling messaging.

Mr M. McGOWAN: It is \$700 000 per annum. Gambling is obviously pervasive. It is nowhere near as pervasive here as in other states, because we do not have pokie machines across the community. We do not have pokie machines here at all. It is nothing like the levels in the eastern states. That is another thing that the other states cannot fathom; the other Premiers cannot believe that we do not have pokie machines.

Ms M.J. DAVIES: They are not included in the GST, are they?

Mr M. McGOWAN: But there are mandatory spending limits. People can self-exclude or set their own spend limits. How do I put it? I do not think that Lotterywest is as ugly or addictive a form of gambling as some of the other forms that are out there in the community, whereby it is constant and instantaneous. Obviously, when people engage in the lottery, there is an ongoing broader community benefit. That is why we have much lower levels in Western Australia of people suffering from gambling-related mental health and social issues. People can self-regulate should they wish to, and we spend \$700 000 a year on what is termed gambling safety.

Ms M.J. DAVIES: Has that changed over the years?

Mr M. McGOWAN: It has increased over the years. I could not give the member exact figures. We now have the highest level of responsible gaming certification under the World Lottery Association framework.

Ms M.J. DAVIES: Very good.

Ms L. METTAM: My question relates to another question about the overhaul of the existing gaming and support systems. What consideration was given to responsible gambling as part of this overhaul?

Mr M. McGOWAN: It is a key module in the tender.

The CHAIR: That completes the examination of the Lotteries Commission.

Meeting suspended from 5.35 to 7.00 pm

Division 18: Rural Business Development Corporation, \$315 000 —

Mr S.J. Price, Chair.

Mr D.T. Punch, Minister for Regional Development representing the Minister for Agriculture and Food.

Ms H. Brayford, Director General, Department of Primary Industries and Regional Development.

Ms L. Williamson, Chief Financial Officer, Department of Primary Industries and Regional Development.

Mr N. Brkich, Director, Investment Management, Department of Primary Industries and Regional Development.

Mr T. Palmer, Chief of Staff, Minister for Regional Development.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 fund. 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 be examined only 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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Do we have any questions? The Leader of the Opposition.

Mr R.S. LOVE: I thank the minister and his advisers. I am looking division 18, "Rural Business Development Corporation", on page 264 of budget paper No 2. It is stated in paragraph 1.2 under "Significant Issues Impacting the Agency" —

The Corporation also administers the ACCU Plus project within the Western Australian Carbon Farming and Land Restoration Program (CF-LRP). The CF-LRP is a key initiative of the State Climate Policy and provides the incentive to implement projects that will deliver on farm carbon sequestration ...

Why is it necessary for the RBDC to handle those matters? Is it simply because it has some sort of governance advantage, or is there some part of its structure that makes it able to administer these particular Australian carbon credit units, rather than the department itself?

Mr D.T. PUNCH: I thank the member. I might defer that question to Ms Williamson.

Ms L. Williamson: The Rural Business Development Corporation Act is unique in that it allows the RBDC to acquire and hold real and personal property. It can also sell, lease, grant, exchange or otherwise deal with or dispose of property on the terms and conditions it considers appropriate in relation to a scheme of assistance.

Mr R.S. LOVE: If we look at the process as outlined in the “Statement of Cashflows” on page 267, we see that paragraph 7 refers to payments from investing activities relating to the financial assistance advanced under the carbon farming program, which may be settled through the issue of Australian carbon credit units. Can the minister explain exactly what that process is? Correct me if I am wrong, but as I understand it, some level of grant is provided to a farm business. The business then undertakes some land restoration work for which a carbon credit may potentially be developed. Who does that carbon credit then belong to, and how is it processed?

Mr D.T. PUNCH: I will ask Mr Brkich to respond.

Mr N. Brkich: The Western Australian carbon farming and land restoration program, as the Leader of the Opposition has noted, provides an incentive to implement projects that will deliver on-farm carbon sequestration and priority environmental, economic and social benefits. Effectively, it uses an innovative funding model based on the pre-purchase of Australian carbon credit units—ACCUs—to address financial barriers and continue investment through the potential resale of ACCUs in the future.

Mr R.S. LOVE: Once the current land restoration funding is complete, is it anticipated that there will be any further ACCUs in any other program of government put through this corporation?

Mr D.T. PUNCH: The corporation provides a vehicle for these kinds of activities, but I am not aware of any proposal at this stage to put additional ACCUs through the corporation.

Mr R.S. LOVE: So there will not be any further likely use of the corporation for this purpose, other than this one-off funding arrangement?

Mr D.T. PUNCH: I am advised that there are no proposals for that, but the corporation can be used for that purpose; that is perfectly within its ambit. But there are no proposals that I am advised of to take further ACCUs forward through the corporation. However, it can be there as a vehicle, so there may be decisions in other parts of government that may view this as the most appropriate mechanism for delivering this service.

Mr R.S. LOVE: Once the ACCUs are eventually created, will the ownership of them rest with the corporation? Can they then be simply onsold and the money returned to consolidated revenue or the department?

Mr D.T. PUNCH: I will ask Mr Brkich to respond.

Mr N. Brkich: Effectively, the model can be set up in such a way that, as the minister said, the RBDC can be a vehicle for purchasing these ACCUs, because the act allows it to. There has been consideration of whether this scheme could potentially be self-funding in the future through the sale of ACCUs and then purchase and ongoing development through the carbon farming and land restoration program.

Mr R.S. LOVE: Would that lead to an ongoing role for the Rural Business Development Corporation? It seems a very limited role for the organisation, when we read through it. If we take out the ACCU arrangements, there is very little left for it to do. Is that seen to be the most efficient model going forward—to continue on with this corporation?

[7.10 pm]

Mr D.T. PUNCH: Is the member suggesting that there is not a useful function for this agency?

Mr R.S. LOVE: I am wondering whether if there were a different ownership structure for those Australian carbon credit units, we would really need the corporation. I will say it, because the minister has raised the need: I note that the budget document states that there are only three concessional loans and they are deemed to be irregular and in any case they are expected to be closed out by the end of this coming financial year. There does not seem to be a lot left for the organisation to do, so what is the long-term future of the Rural Business Development Corporation?

Mr D.T. PUNCH: The member is going to the heart of policy on the future of the corporation and its activities. That is really a matter for the minister to comment on. The board is reviewing its strategic plan and what the opportunities are to provide more services to the sector.

Mr R.S. LOVE: The ability now exists for the Small Business Development Corporation to administer grants et cetera, so its functions have expanded. Is there merit in considering merging the two entities so that it might expand the role of both in the sense of lending more towards the development of farm businesses as such along with some of the vehicles that the corporation brings with it? It is just a proposition I am putting to the minister.

Mr D.T. PUNCH: That is really a matter for the minister to address from a policy point of view on how the agency will contribute into the future.

Mr R.S. LOVE: Page 264, under significant issues impacting the agency, paragraph 1.1, refers to the farm debt mediation scheme. How many clients currently access that scheme, how many have done so in previous years, and what is the expectation in the current year?

Mr D.T. PUNCH: The member is seeking information relating to 2022 and 2023?

Mr R.S. LOVE: Yes.

Mr D.T. PUNCH: There were seven applications in 2022 and five in 2023.

Ms M. BEARD: I refer to page 264 of budget paper No 2, volume 1, under delivery of services, “Item 48: Net amount appropriated to deliver services”. What is the FTE and the total headcount directly employed by the RBDC and where are its staff based?

Mr D.T. PUNCH: There are five board members and the Department of Primary Industries and Regional Development provide support.

Ms M. BEARD: Are there direct employees of DPIRD?

Mr D.T. PUNCH: There are no direct employees of the Rural Business Development Corporation. The services are provided by DPIRD on behalf of the board.

Ms M. BEARD: My next question relates to page 266, under explanation of significant movements. Paragraph 2 states —

Primary Industries and Regional Development provides all services (including full-time equivalents) under a Memorandum of Understanding with the Corporation.

How are the services provided to the Rural Business Development Corporation?

Mr D.T. PUNCH: I think I may have answered that in the previous question. Services are provided by the Department of Primary Industries and Regional Development.

Ms M. BEARD: Does the director general of DPIRD have any funding tied to the KPIs for the Rural Business Development Corporation?

Mr D.T. PUNCH: Having consulted the brains trust, the answer is no.

Ms M. BEARD: How many FTEs are provided by DPIRD for support?

Mr D.T. PUNCH: It is approximately 1.5, but it is dependent on the needs of the corporation at the time.

Ms M. BEARD: For how long has the memorandum of understanding been in place between primary industries and the corporation, and is it something the minister can table?

The CHAIR: Minister, before you answer the question, you cannot table anything during estimates.

Mr D.T. PUNCH: Yes; thank you, chair. It has been an ongoing MOU for a number of years and any request to table would have to be directed to the minister in the appropriate place.

The appropriation was recommended.

Division 35: Communities — Services 10 and 11, Disability Services; Seniors and Ageing, \$134 262 000 —

Mr S.J. Price, Chair.

Mr D.T. Punch, Minister for Disability Services; Seniors and Ageing.

Mr M. Rowe, Director General.

Ms M. Samuels, Deputy Director General.

Ms C. Irwin, Assistant Director General.

Mr W. Millen, Chief Financial Officer.

Mr P. Payne, Executive Director, Regulation and Quality.

Mr C. Stewart, Director, Strategic Policy.

Mr R. Slattery, Manager, Strategic Policy.

Mr T. Palmer, Chief of Staff, Minister for Disability Services; Seniors and Ageing.

Ms J. Houston, Senior Policy Adviser.

Mr C. Roberts, Policy Adviser.

[Witnesses introduced.]

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I give the call to the member for Vasse.

[7.20 pm]

Ms L. METTAM: I refer to the service summary on page 507. It lists funding for “Living Supports and Care for People with Disability”. There was \$104 million in 2021–22, but only \$58.9 million budgeted in 2022–23 before lifting to an estimated \$92.6 million. Can the minister please explain why?

Mr D.T. PUNCH: The decrease represents a movement, mainly reflecting a transition of state clients to the commonwealth-administered National Disability Insurance Scheme, which has resulted in reduced expenditure and reduced state-administered disability service supports.

Ms L. METTAM: As I noted, this funding falls from an estimated actual of \$92.6 million to \$89 million in 2023–24. Then it increases in the forward estimates and falls again. Does that reflect the NDIS receipts?

Mr D.T. PUNCH: I refer to Mr Millen.

Mr W. Millen: The 2022–23 budget settings for service measures are commonly based on the previous year’s spending patterns and are adjusted accordingly. In 2021, the state was yet to fully transition to the NDIS, resulting in increased costs for service measures at that point. The 2022–23 estimated actual presently reflects the expected demand for services for non-NDIS functions based on the needs of participants and the subsequent reallocation of indirect and corporate costs allocated across the services.

Mr R.S. LOVE: I refer to page 516 of budget paper No 2 and the service “Supporting People with Disability to Access Services and Participate in Their Community.” I refer to a situation that has been raised as a concern by the member for Central Wheatbelt. It is regarding the withdrawal of the Activ Foundation from the community of Kellerberrin, which will result in the relocation of at least eight people who have been living in supported living in the community, along with the loss of jobs for 10 to 12 staff. Has the minister made inquiries with Activ about the withdrawal of its services in the wheatbelt? If not, why has he not?

Mr D.T. PUNCH: Yes, I have.

Mr R.S. LOVE: Can the minister enlighten us on the result of that interaction?

Mr D.T. PUNCH: Yes, I have spoken to people at Activ. They have explained what they are doing. They have explained what is happening with the people who are affected and their carers or families, and also their staff. We have spoken to the local member’s office to make sure that we are covering all bases of any concerns from the local member.

Mr R.S. LOVE: On the withdrawal of services in the wheatbelt, is the minister aware there is a regional exit list held by the National Disability Insurance Agency, which documents the number of providers withdrawing services from regional Western Australia? If he is, does the existence of that list concern him?

Mr D.T. PUNCH: On the comment about the withdrawal of services from the wheatbelt, we are talking about a specific service in Kellerberrin. No, I have never heard of an exit list as such held by the NDIS.

Mr R.S. LOVE: When the minister spoke to Activ about its plan and the result for those people, can he say whether he found it acceptable that they will be unable to receive service in their own community?

Mr D.T. PUNCH: I am very reluctant to talk about individual people because it is a matter for their own decision-making. The NDIS and the principles of disability place choice and control at the heart of the values of the service. My understanding is that that was a negotiated outcome with the participants and their carers or families.

Ms L. METTAM: I refer to page 501 of budget paper No 2, volume 2, and administered transactions. How many group homes has the government enrolled under the NDIS specialist disability accommodation program?

Mr D.T. PUNCH: We have not enrolled group homes into the NDIS.

Ms L. METTAM: Has the specialist disability accommodation program been activated in Western Australia, which the government indicated it would do as a short-term strategy in *A Western Australia for everyone: State disability strategy for 2020–2030*?

Mr D.T. PUNCH: Can I seek clarification on what line item the member is referring to in the budget papers?

Ms L. METTAM: It is administered transactions on page 501. It is under the grants and other subsidies.

Mr D.T. PUNCH: There is, of course, supported disability accommodation in the private sector. The department is undertaking review work on the group homes that it operates and the houses it has within the community housing sector.

As I said, there is private sector specialist disability accommodation. We have not enrolled with any SDA group homes but it is under review within our department to see what the best outcomes are for participants. Participants in those houses receive NDIS-funded services.

[7.30 pm]

Ms L. METTAM: Further to that, can I confirm that there is also no funding for what was the community disability housing program? I have heard concerns from the sector that there is no specific allocation for disability housing this year.

Mr D.T. PUNCH: There are 2 051 community disability housing program properties located across Western Australia. There are specific funding programs in areas of youth long-term housing and support and youth mental health homeless support.

Ms L. METTAM: Can I confirm, firstly, that there is no specific allocation for housing? Secondly, does the community disability housing program still exist?

Mr D.T. PUNCH: The program exists but it is operated by community housing providers. I will ask the director general to provide additional detail.

Mr M. Rowe: I thank the member for the question. As the minister indicated, the program has been operating for some time. Community housing providers operate the houses themselves. We work with them to collect the rent from people in those properties. There are a couple of programs budgeted going forward that the minister mentioned, one in relation to youth long-term housing and support programs and youth mental health homelessness services. The program is ongoing and there is some budget allocated to it in the future.

Ms L. METTAM: Are these homes specifically for the disability sector?

Mr D.T. PUNCH: Yes, they are.

Ms M. BEARD: I refer to page 505 of budget paper No 2, volume 2. Paragraph 23 states —

Western Australia's population is ageing. In 2021, people 65 years and older made up 16.1% of the ... population.

How does WA compare with other jurisdictions and what is the percentage of regional WA residents over the age of 65?

Mr D.T. PUNCH: Is the member asking me to specify the demographic of people aged 65 and over in regional Western Australia?

Ms M. BEARD: Yes, I am wondering what portion of the population is aged over 65 in the regions.

Mr D.T. PUNCH: In 2021, 16 per cent of the WA population was 65 years or older; and 78 per cent of the population aged over 65 years live in greater Perth and 22 per cent live in regional areas. Twelve per cent of the Western Australian Aboriginal and Torres Strait Islander population is aged 65 years and over.

Ms M. BEARD: Noting the numbers that live in the regional areas, has the senior peak body asked the government to increase the Country Age Pension Fuel Card? Similarly, has an approach been made to increase the patient assisted travel scheme allocation to support more equitable access to services for the group in the regions?

Mr D.T. PUNCH: The Country Age Pension Fuel Card is operated through the Department of Primary Industries and Regional Development, so it was dealt with in that division. I cannot recall very specific requests other than a general request to increase funding in a number of areas. Sorry, can the member repeat her question? I am getting information from all sides.

Ms M. BEARD: I was just wondering whether the seniors peak body or anyone has approached the government seeking an increase in the Country Age Pension Fuel Card or, similarly, an increase in the PATS allocation for the over-65 demographic in the regional areas who often struggle to access services in the metropolitan area.

Mr D.T. PUNCH: I am advised that we have not received any direct representations on those matters.

Ms L. METTAM: I refer to page 520 of budget paper No 2, volume 2, and footnote (b) relating to 5 702 FTE for the 2023–24 budget year. How many vacancies currently exist in the department?

Mr D.T. PUNCH: I ask that that question be put on notice to the coordinating minister.

Ms L. METTAM: Can it be provided as supplementary information?

Mr D.T. PUNCH: Yes, that is fine. The supplementary information will be the vacancy rate. Does the member have a specific date?

Ms L. METTAM: For the following years—2022–23 and 2023–24.

Mr D.T. PUNCH: Sorry, was that for 2022?

Ms L. METTAM: For the last financial year and this financial year.

Mr D.T. PUNCH: We can only provide information for 2022.

Ms L. METTAM: Is that for the financial year 2022–23?

Mr D.T. PUNCH: Does the member want the vacancy rate for 2022–23?

Ms L. METTAM: I guess we are not there yet. The rate for 2022 would be good.

Mr D.T. PUNCH: Is that for 2021–22?

Ms L. METTAM: Yes, for 2021–22.

Mr D.T. PUNCH: By way of supplementary information, we will provide the vacancy rate for the financial year 2021–22.

[Supplementary Information No A1.]

Ms M. BEARD: I refer to service summary 11 on page 507 of budget paper No 2, “Living Supports and Care for People with Disability”. Can the minister outline what work is underway, acknowledging children and adults with foetal alcohol spectrum disorder and the ability or lack of accessibility to secure diagnosis funding and ongoing support and whether that is covered off in here?

[7.40 pm]

Mr D.T. PUNCH: Can the member repeat the question?

Ms M. BEARD: I was just asking what level of work may be underway to acknowledge children and adults with foetal alcohol spectrum disorder and to secure diagnosis funding and ongoing support for that cohort?

Mr D.T. PUNCH: I am going to ask the director general to comment because there is a complexity with FASD. The National Disability Insurance Scheme will assess on the basis of functional capacity, not a diagnosis of FASD. I will ask the director general as there are some broader child protection matters.

Mr M. Rowe: I guess the main interface with this question is the clients that we support and work with would come into the child protection space. We do comprehensive health assessments of children who come into our care and to the extent that the child is exhibiting symptoms, we may be in a position to support them to have that assessment. We may also be able to support that child to access the NDIS, but, as the minister was implying, it is around cognitive functioning, not the diagnosis of FASD in and of itself.

Mr H.T. JONES: I refer to page 521 of volume 2 of budget paper No 2. About two-thirds of the way down is the heading “Disability Services” and below that is the line item “Sector Transition Fund—Australian Disability Enterprises”. Could the minister please provide more information on what the sector transition fund is being used for?

Mr D.T. PUNCH: I thank the member and I thank him for his very active interest in the sector transition fund.

In May 2022, Activ Foundation announced its intention to close its large-scale workshops in WA where more than 750 supported employees with disability currently work. The Australian and state governments jointly established a transition task force to keep Activ Foundation’s worksites operating for an additional 18-month period to better support the transition of employees into new placements. The McGowan government also provided a funding pool of \$4 million to support Western Australia-based Australian disability enterprises to assist with the transition to the new federal funding model, providing equitable treatment of Australian disability enterprises in Western Australia. The McGowan government is committed to working with seven other WA Australian disability enterprises to find employment options that may suit some of Activ’s supported employees, should they choose to join another Australian disability enterprise.

As members will know, the employment future of the hundreds of people with disability employed by Activ was recently secured, with Activ Foundation to transition their large-scale worksites to Workpower. This incredible outcome not only secures important jobs for around 600 employees with disability across the state, but also ensures the families and carers of these employees are supported. The acquisition of Activ’s WA worksites to Workpower is expected to be complete and fully operational by 30 June 2023. It is a great outcome.

Workpower has a 30-year history of providing services and supported employment for people with disability in WA and is committed to seeing a smooth transition of Activ’s worksites, ensuring the supported employees’ employment and continued friendships. The Activ transition task force also included strong representation from Activ family

members, which culminated in this positive outcome, which will enable supported employees with disability to remain in their usual employment setting. Alongside this achievement, the Office of Disability has continued to work with other Western Australian ADES to build their capacity, develop contemporary service models and create work opportunities for future supported employees in the state. That work has been made possible through the McGowan government's \$4 million sector transition fund, and this funding underlines the McGowan government's commitment to people with disability and the employment sectors that support them.

The McGowan government has supported WA service providers to transition to the National Disability Insurance Scheme through previous sector transition funding rounds. The STF funding has been designed to safeguard the sustainability and build the capacity of the Western Australian disability sector. This round of funding will assist other ADEs to provide sustainable supported employment services for their existing employees and extend opportunities to future employees where required. ADEs will be able to access grant funding where there is a demonstrated need and a viable plan to transition to sustainable supported employment services in the contemporary environment. Grants may also be used by ADEs to support the development of contemporary service models in which current ADE participants can participate, thereby moving away from the ADE model.

I assure the member that the government will continue to support people with disability, their families and carers to achieve the best possible outcomes and assist providers to continue to deliver and maintain the highest quality of supports and services in this great state of ours.

The appropriation was recommended.

Division 17: Small Business Development Corporation, \$15 817 000 —

Mr S.J. Price, Chair.

Mr D.T. Punch, Minister for Regional Development representing the Minister for Small Business.

Mr D. Eaton, Commissioner; Chief Executive Officer.

Mr A. Watt, Director, Corporate Resources; Chief Financial Officer.

Mr T. Palmer, Chief of Staff, Minister for Regional Development.

Mr M. Kavanaugh, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only 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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

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

[7.50 pm]

Ms M. BEARD: My question relates to page 257 and the fourth significant issue impacting the agency, which relates to the ServiceWA app. Can the minister advise the expected time frame for the delivery of the program, and how many business owners are currently using the ServiceWA app for any aspect of their business operations?

Mr D.T. PUNCH: I thank the member. It would be very difficult to find an answer to the question of how many businesses are using the ServiceWA app because it is a very generic app and it has a very large number of registered users. To define which is a small business and which is not would be very difficult, so I do not think we can answer that question. The development of the app specifically for small business will be completed over the next two years.

Ms M. BEARD: Will the e-applications still be available to be completed through other means or will users be required to use the ServiceWA app? Will there be other options for them?

Mr D.T. PUNCH: If it is digital, it will be through the ServiceWA app. Non-digital options will be available for accessing information, of course. Was there a first part to the question?

Ms M. BEARD: No, that was my main query.

I wonder who is leading the project. The budget papers say that it is across government agencies. Who is leading the project, and how is it structured? Is there a steering committee; is there a group driving it?

Mr D.T. PUNCH: Small Business Development Corporation is the lead agency, and it is in collaboration with the Departments of the Premier and Cabinet; Treasury; Mines, Industry Regulation and Safety; and other government agencies that engage in small and medium–enterprise approvals.

Ms M. BEARD: How many staff are working directly on the project, and how will it be funded?

Mr D.T. PUNCH: It commences on 1 July. There will be 2.5 FTEs directly engaged in development. Other SBDC staff will assist as required. From a budgetary point of view, there is \$0.523 million in 2023–24 and \$0.531 million in 2024–25.

Ms M. BEARD: I refer to page 260 of budget paper No 2 and access to justice for small to medium enterprises. Referring to note (b), how many businesses have accessed the dispute resolution services, and how many disputes in the last 12 months have been against government agencies or government trading enterprises as opposed to business to business?

Mr D.T. PUNCH: Demand has reverted to pre-COVID levels, with an estimated 1 305 inquiries and 650 cases, but that is not broken down according to the data the member has requested.

Mr R.S. LOVE: I refer to page 259 of budget paper No 2, the service and key efficiency indicators; information, guidance, referral and business development services; and footnote (c), which refers to the Business Local service regional clients and metropolitan workshop clients. How many regional providers of Business Local have expiring contracts to 30 June this year, and how many are expected to go to tender, if any, in 2023–24?

Mr A. Watt: The current contracts for Business Local do not expire until the end of the 2023–24 financial year. Our strategic forward procurement planning with the Department of Finance is to start the tender process before the end of the year and to have that complete by March 2024. As it is a tender, it will be an open public request, and the number of participants in that will not be known until the tender is released.

Mr R.S. LOVE: Will it be an open tender or will existing providers be given some sort of lead-in to a new contract?

Mr D.T. PUNCH: It will be an open tender.

Mr R.S. LOVE: In regard to existing providers, is there a common set of measurements or performance indicators that are known, and are they all examined to make sure they are maintaining the level of service expected throughout each of the various regions?

Mr D.T. PUNCH: Yes.

Mr R.S. LOVE: I refer to the provision of outreach support, particularly in areas affected by recent events such as cyclones in the midwest and the Kimberley. Was any additional support provided to any of those regions during recovery times when businesses were under stress?

Mr D. Eaton: I thank the member for the question. The contract for the providers have flexibility in some sorts of events, as the member has alluded to, such as emergency responses not only to supplement the services with the SBDC staff but also to use third-party providers. The contract can be adjusted if the demand is increased. The contract is written with that flexibility in it.

Ms M. BEARD: I refer to page 256 of budget paper No 2, and the line item “Item 47 Net amount appropriated to deliver services” under the heading “Delivery of Services”. Clearly, the figure for 2021–22 was a result of COVID, but it diminishes as we go through to 2026–27. What is the total FTE and headcount currently at SBDC? Is an increase in demand forecast or is it expected to reduce over time?

Mr D. Eaton: We have some adjustments for next year associated with the projects, but the FTEs for the core services are forecast to be reasonably stable, with scalability using technology and so forth so we can deliver more services with similar counts of FTEs.

Ms M. BEARD: Does scaling and the electronic side of things give the ability to deliver more services further into regional areas? Does that increase capacity?

Mr D. Eaton: Yes, it does. In fact, during COVID, there was a shift in the consumption of consumers and small businesses that wanted to use digital and face to face. That sort of trend is continuing and that is what we are forecasting our plans on.

Ms M. BEARD: Will that allow the SBDC to market to all those people who do not know about the fabulous service?

Mr D. Eaton: Yes, that is correct. It is our intention to reach more people, with greater visibility, using the digital channel to deliver services.

Mr R.S. LOVE: I refer to page 258 and the business migration visa process. There was a period when that was interrupted. Can the minister give me some idea whether he thinks that program will now pick up again; and, if so, what is being done to promote it?

The CHAIR: Sorry, minister, that is the end of the time that has been allocated for these divisions.

The appropriation was recommended.

[8.00 pm]

Division 35: Communities — Services 1 to 6, Women’s Interests, \$1 154 930 000 —

Mr S.J. Price, Chair.

Dr J. Krishnan, Parliamentary Secretary representing the Minister for Women’s Interests.

Mr M. Rowe, Director General.

Ms C. Irwin, Assistant Director General.

Mr W. Millen, Chief Financial Officer.

Ms N. Kozulin, Manager, Strategic Policy.

[Witnesses introduced.]

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A parliamentary secretary may agree to provide supplementary information to the committee. I will ask the parliamentary secretary 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 noon on Friday, 2 June 2023. If the parliamentary secretary suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

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

Ms M. BEARD: I refer to page 501, the delivery of services, and item 71. How much of the \$1.261 billion in the Department of Communities is appropriated for the work of women’s interests with the department?

Dr J. KRISHNAN: I thank the member for her question. The total annual budget for the women’s interests portfolio for 2022–23 is \$1.64 million, and for 2023–24 it is \$1.56 million. Key projects the budget will deliver on the portfolio will include \$335 000 for the Women’s Grants for a Stronger Future program; \$200 000 allocated for the Respect in Mining program, with funds provided by the Department of Mines, Industry Regulation and Safety; \$25 600 allocated to the *Women’s report card* data platform updates conducted by the Bankwest Curtin Economics Centre; \$5 000 allocated to the purchase of International Women’s Day ribbons; a \$20 000 administrative support grant for the Western Australian Women’s Hall of Fame; and a \$6 000 sponsorship for the Women in Technology Western Australia awards. There are 7.3 full-time equivalents totalling approximately \$963 370. The total is \$1.56 million allocated to women’s interests.

Ms M. BEARD: How many FTEs does that fund?

Dr J. KRISHNAN: It is 7.3.

Ms M. BEARD: Sorry, I missed that. Are there any vacancies at the moment?

Dr J. KRISHNAN: There is one vacancy and we are in the process of filling it.

Ms M.J. DAVIES: Has that funding changed over the last four years?

Dr J. KRISHNAN: I thank the member for her question. There was previously an FTE of four, which has increased to 7.3. There is increased funding there; and, particularly, the women’s grants funding significantly increased from \$85 000 to \$335 000 a year.

Ms M.J. DAVIES: Could the parliamentary secretary just expand on the grants process? Is it annual?

Dr J. KRISHNAN: Yes, it is annual.

Ms M.J. DAVIES: Is that process contestable? How does it operate?

Dr J. KRISHNAN: It is an advertised grant process under which people put in an application; the eligibility requirement and assessment is done by the panel, and grants are then awarded to the successful applicants.

Ms M.J. DAVIES: I refer back to one of the programs that the parliamentary secretary mentioned within the \$1.56 million—the *Women’s report card*. How many staff are allocated to that, and what is their role in creating the report card?

Dr J. KRISHNAN: It is not actually full-time staff from the department. It is a grant that is given to the Bankwest Curtin Economics Centre to prepare the report card so that we can act on it.

Ms M.J. DAVIES: Did I hear the parliamentary secretary mention that there was funding for the purchase of International Women’s Day ribbons?

Dr J. KRISHNAN: Yes, \$5 000 is allocated in the budget for that.

Ms M.J. DAVIES: That is a lot of ribbon; okay. Where do those ribbons go? Are they distributed through the government? That is an enormous amount of ribbon. I am very supportive of International Women's Day!

[8.10 pm]

Dr J. KRISHNAN: Yes. Community organisations get them; they get distributed through them.

Ms M.J. DAVIES: Has this government taken on that distribution? Is this a new initiative? What happened previously?

Dr J. KRISHNAN: Member, it has always happened, but this year we have allowed organisations to apply for ribbons through the website, which means there is a wider spread of the International Women's Day message. That is where the expense is.

Ms M. BEARD: I refer to the line "Women's Grants" on page 522. Can the parliamentary secretary advise us how many applications for grants were made and how many of those projects were funded?

Dr J. KRISHNAN: I thank the member. I do not have the number of applications we received, but I know that 14 organisations were successful in getting grants ranging from \$7 000 to \$100 000.

Ms M. BEARD: Do you have information on the locations—which areas those grants went to?

Dr J. KRISHNAN: I can read out the 14 grants. They are: Motivation Foundation Ltd, \$10 000; Womens Health Care Association Inc, \$9 900; GLBTI Rights in Ageing Inc, \$7 000; Umbrella Multicultural Community Care Services Inc, \$10 000; Walpole Community Resource Centre, \$9 950; Consumer Credit Legal Service WA, \$10 000; Escare Inc, \$10 000; As One Nyitting Ltd, \$10 000; University of Western Australia, \$9 790; Kalgoorlie–Boulder Chamber of Commerce and Industry, \$20 000; Noongar Chamber of Commerce and Industry, \$24 725; Financial Counsellors Association of Western Australia, \$50 000; Big hART Inc, \$50 000; and Multicultural Services Centre of Western Australia, \$100 000.

Ms M.J. DAVIES: Would it be possible by supplementary information for the parliamentary secretary to advise how many grant applications were received—not the ones that were approved, but the total number received?

Dr J. KRISHNAN: The member has other means of getting an answer for that through parliamentary questions to the Minister for Women's Interests.

Ms M.J. DAVIES: We are in the estimates hearings, though, and it is directly related to grants that are provided by the department, so can I just be clear that the parliamentary secretary is not going to provide that information via supplementary information? Surely it is not difficult for the department to provide advice on how many applications were received for the grants. The parliamentary secretary could tell us how much was announced.

Dr J. KRISHNAN: We can provide the supplementary information.

The CHAIR: What exactly are you going to provide, parliamentary secretary?

Dr J. KRISHNAN: The number of applicants in the process of approving the 14 organisations.

[*Supplementary Information No A2.*]

Ms M.J. DAVIES: We are looking at the appropriations in budget paper No 2, volume 2, but I cannot find a specific line item for the implementation of the Stronger Together plan for gender equality.

The CHAIR: Do you have a particular page?

Ms M.J. DAVIES: No, I am saying that this is one of the programs that was spoken about, but there is no specific line item. I am wondering whether the parliamentary secretary can provide some guidance on where we can find in the budget funding for implementation of the Stronger Together plan for gender equality, and how much net funding has been provided for that work out of the total appropriation.

Dr J. KRISHNAN: I thank the member for the question. That program has no allocated funding. The Stronger Together framework for gender equality provides a framework for coordinated action across government, industry and community and is being delivered through four action plans across 10 years, from 2020 to 2030. Individual actions identified in the action plan are undertaken from within existing resources. If additional funding is allocated, it is considered as part of the responsible agency's budget.

Ms M.J. DAVIES: I thank the parliamentary secretary. How is that being monitored? If the plan has been created and is, as I understand it, being implemented through various agencies, the directorate would have a responsibility to monitor and report.

Dr J. KRISHNAN: I thank the member. The implementation and monitoring process comprises senior representatives from key government agencies. The Stronger Together implementation program was established in 2022 to provide a collaborative forum to address cross-agency issues, progress actions in Stronger Together and advance gender equality. The 2022 progress report for the second action plan was launched on International Women's Day. It provides updates on 55 actions to advance gender equality and the development of 25 new actions.

Ms M.J. DAVIES: I am trying to gain an understanding of how often that group meets and who it is accountable to. Is it accountable to the Minister for Women’s Interests? Where is it reported?

Dr J. KRISHNAN: Senior representatives from key government agencies meet every two months and an annual report is prepared.

Ms M.J. DAVIES: Are there costs associated with the implementation of the work, or is that borne by each of the departments?

Dr J. KRISHNAN: It is borne by each of the developments; there is no separate funding.

Ms M.J. DAVIES: Have all the actions from the interim report been implemented or progressed?

Dr J. KRISHNAN: Of the actions, 12 have been completed, 12 are in progress, and 28 are ongoing.

[8.20 pm]

Ms M. BEARD: I refer to page 521 and the line item for women exiting refuge, which is just above the line item “Teenagers in Need of Crisis Accommodation Facility”. Can the parliamentary secretary provide some information on what that provides and where those locations may be? I assume it is transitional housing.

Dr J. KRISHNAN: May I kindly request that the member ask that question of the Minister for Prevention of Family and Domestic Violence.

Ms M. BEARD: Sure; thank you. It was about women, so I was not sure.

Ms M.J. DAVIES: I think I am going to get the same answer, but I will try anyway! It is in relation to the respect in mining report. I refer to page 522. No; it is under women’s interests. We might be in luck! The “Respect in Mining” line item shows that there is no funding in the forward estimates. How many grants were provided? Is it a grant program? Maybe that is my first question. Sorry; let me clarify that: is it a grant program?

Dr J. KRISHNAN: Thank you for the question, member. The Mental Awareness, Respect and Safety program is not a grant that we give. The Department of Communities receives a grant from the Department of Mines, Industry Regulation and Safety and then allocates the grant accordingly. An amount of \$100 000 has gone to Curtin University to undertake preliminary research to inform the development of tools and resources and to provide evidence-based recommendations for an appropriate implementation approach. Another \$200 000 will be used to engage subject matter experts in the primary prevention and psychosocial space to develop bespoke implementation plans with selected mining organisations.

Ms M.J. DAVIES: Just to clarify, what was the total of what the parliamentary secretary just said then?

Dr J. KRISHNAN: It is \$300 000.

Ms M.J. DAVIES: Sorry; I misheard. That is me done.

The appropriation was recommended.

Division 13: Finance, \$604 858 000 —

Mr S.J. Price, Chair.

Dr J. Krishnan, Parliamentary Secretary representing the Minister for Finance.

Ms J. Cant, Director General.

Ms N. Godecke, Deputy Director General, Major Projects.

Mr G. Gilbert, Deputy Director General, Service and Invest.

Mr S. Whitmarsh, Deputy Director General, Buildings and Contracts.

Ms K. Ingham, Deputy Director General, Advisory Services.

Mr C. McMahon, Commissioner of State Revenue.

Mr D. Geraghty, Chief Finance Officer, Service and Invest.

Ms H. Farrell, Chief Customer Officer, Customer Experience and Strategy.

[Witnesses introduced.]

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Do we have any questions? Leader of the Opposition.

Mr R.S. LOVE: I refer to page 164 of the budget papers and the services and key efficiency indicators. Service area 1 is revenue assessment and collection, and grants and subsidies administration. I have tried to ask this question of the Treasurer and Premier and he directed me that the Department of Finance was the appropriate body to answer this question, just to be clear. The question relates to the collection of gambling taxation from Crown casino and the situation that developed in Victoria, where it was found that from 2012 until it was rectified in July 2021, Crown had underpaid the Victorian state Treasury \$61.5 million. Has the Department of Finance undertaken any review of the taxation receipts from Crown Perth; and, if so, what was the result?

Dr J. KRISHNAN: Thank you for the question, member. It is not the role of the Department of Finance to collect revenue from Crown casino. To give clarity on that issue, may I request the director general to elaborate further on that.

Ms J. Cant: I would ask the Commissioner of State Revenue to elaborate on our role in that. We are aware of the earlier questions.

Mr R.S. LOVE: Are you aware of the earlier questions?

Ms J. Cant: I will just ask the Commissioner of State Revenue to elaborate on our role around the casino tax.

Mr R.S. LOVE: Perhaps he can explain it to the Treasurer as well.

Mr C. McMahon: The collection of casino tax is not a function of RevenueWA; it is actually a function of the Department of Local Government, Sport and Cultural Industries. As I understand, it is the Gaming and Wagering Commission under that agency that is responsible for that function. RevenueWA is not involved in the collection or administration of casino tax in Western Australia.

Mr R.S. LOVE: There you go. Now we know. Perhaps I will have to ask the question of the third government agency!

If nobody else has a question, I will ask another question. I turn to page 162 and the significant issues impacting the agency. Paragraph 2 states —

In 2022–23 the first Procurement Capability Development Strategy for Western Australia was launched, aimed at providing a consistent and transparent approach for improving procurement capability ...

I wonder whether the findings in the Auditor General’s twenty-first report on the procurement strategies for the rapid antigen tests have helped to inform this strategy or whether the government has decided perhaps to revise the strategy following the release of that report.

[8.30 pm]

Dr J. KRISHNAN: There are two parts to the question. The first part is about whether the department is able to pick it up when it comes to procurement and the second part is about rapid antigen tests. Let me cover part two on RATs first. Western Australia had one of the strongest responses to the pandemic in the country and the government made the decision in an emergency situation in uncertain circumstances. We looked around the world at what was happening. In the eastern states, people queued in their cars for nine hours to get a PCR test done because they did not have access to rapid antigen tests. The PCRs were obviously more expensive than the RATs. We did not end up like the other states. Western Australia’s economy was open. People had certainty. People were able to protect the vulnerable through the test being free and easily accessible, and they were able to mingle with family cautiously and confidently when they had those tests done. Western Australians did not end up spending hundreds of dollars purchasing RATs.

Let me share a personal experience. I was on the front line managing medical practices during the COVID-19 time. I received a call from a medical supplies person saying, “If you don’t make a decision on ordering flu vaccines today, you will miss out.” My anticipation was that there would be a huge demand for the flu vaccine and we did not want to run out of the vaccines. I ordered 10 000 of them at a cost of \$14 each. A \$140 000 payment was to be made within the next hour. I did not blink my eyes because saving lives and the availability of the flu vaccine was important to me. Eventually, the group ended up losing \$80 000 because not enough vaccines were taken by patients.

This is a decision about saving lives and keeping the economy open. It is a key reason for a positive budget, to be able to be in surplus, reduce debt, and invest in major infrastructure projects for the future of Western Australia. If the government were put in the same position again, with the same set of circumstances, I am sure that the same decisions about RATs would be made. I will get the director general to elaborate on procurement.

Ms J. Cant: Regarding the qualified audit opinion, as the parliamentary secretary has outlined, we were urgently required to buy a lot of RATs. Obviously, storing and managing medical equipment is not core business for the

Department of Finance, so we engaged a third-party specialist around the logistics on that. The Office of the Auditor General identified a weakness in our controls over the inventory management of RATs, but did not identify any instances of misappropriation or material misstatement.

In answer to the member's question, to address the weaknesses identified by the OAG during the year-end audit, we have updated our financial management manual, which includes a procedure outlining how inventories should be managed if we are asked to do a similar thing in the future.

Mr R.S. LOVE: Has there been no revision of the department's procurement capability development strategy following the release of that report and the discussion around the escalation of expenditure? The Auditor General was straightforward in saying that it was beyond her experience of anywhere else to see that level of escalation. Does that not concern the department to the point that it will revise that strategy?

Dr J. KRISHNAN: I think I explained very clearly that if the government were put in the same position again, with exactly the same set of circumstances, I am sure the same decisions would be made. However, as the director general explained, the department has reviewed the policy based on the Auditor General's recommendations and there has been a revision and in the future the department will look at it differently. I will ask the director general to elaborate.

Ms J. Cant: Yes, that is specifically around the inventory, which is what the qualified audit opinion was.

Ms E.L. HAMILTON: I refer to page 162, paragraph 2. How does the capability development strategy support the delivery of our procurement frameworks, particularly the Aboriginal procurement policy and the gender equality and procurement pilot?

Dr J. KRISHNAN: I thank the member for the question. As the member will appreciate, procurement is more than just providing or acquiring goods and services. It is important for government and we can use it to leverage social outcomes and change from the suppliers we do business with. In June 2021, the Procurement Act 2020 and the Procurement Regulations commenced, bringing together all Western Australian public sector procurement under a single governance framework. The introduction of the social procurement framework was about highlighting the importance of procurement as a mechanism for improving Western Australia's social, economic and environmental outcomes.

In July last year, the McGowan government launched the gender equality and procurement pilot to signal to suppliers the importance government places on gender equality. The pilot is a partnership between the Department of Communities and the Department of Finance, with 19 government agencies currently signed on to include a gender equality clause as part of the procurement process. Organisations are asked for evidence of the complaints with the federal Workplace Gender Equality Agency reporting. They are asked nine questions about measures they take to tackle gender inequality, such as paid parental leave, flexible work and audits of gender pay gaps. The purpose of this is to ensure that suppliers are actively thinking about their business practices with a gender lens. As at 11 April 2023, 75 contracts have been awarded under the pilot with a total value of \$106 million.

The other procurement policy the member asked about is the Aboriginal procurement policy. On 1 July 2021, the government extended the Aboriginal procurement policy for a further three years and included an increase in contract award targets to Aboriginal businesses to four per cent by 2023–24. On 17 September 2021, the policy was broadened to include Aboriginal employment and subcontracting opportunities. The policy amendments leveraged the broader supply chain to support Aboriginal economic outcomes, extending participation requirements to government suppliers. In essence, procurement policy is not just acquiring goods and services. We have the opportunity to leverage, and that is where the government has tried to influence gender equality and Aboriginal procurement policy so that we make things better and create a balance.

Mr R.S. LOVE: I return to page 162, the significant issues impacting the agency, paragraph 4, which reads —

The GovNext ICT program ... is coming to an end in ... 2024. The GovNext program will transition to a series of new, whole-of-government contracts. New ICT framework contracts that are fit-for-purpose ...

It goes on. How many ICT contracts will be required when the new arrangements are entered into? What is involved in the development of these contracts? What is their expected value?

[8.40 pm]

Dr J. KRISHNAN: There is significant flexibility in the transition period for GovNext services, which means agencies may continue to receive GovNext services beyond the April 2024 expiry deadline. For the specific number of contracts and the value offered, I request Kate Ingham to further expand.

Ms K. Ingham: The answer around the number of contracts and value is not known at this time. Now that we have these resources to unpack, the GovNext arrangement is to engage with all the procuring agencies to understand what their future needs are to start mapping when we are likely to go to procurement and what we are going to procure for. That will then inform the kinds of decisions we make about the number of contracts we might be awarding and what the potential scale of those will look like.

Mr R.S. LOVE: We are now in 2023. The existing programs will come to an end in less than a year. I take the parliamentary secretary's point that they may be extended, but will the program still be fit for purpose by the time the next stage has been developed?

Dr J. KRISHNAN: I am confident that it is going to be fit for purpose, but I request Kate Ingham to elaborate on that.

Ms K. Ingham: On the fit-for-purpose nature, we have a lot of flexibility in the current GovNext arrangement to extend well beyond that 2024 deadline, which the member acknowledged. The planning needs to be done in a way that means we understand what agencies need both individually and collectively, and then engage with the market. We do not want to rush that part. We want to do that really well to ensure that the new arrangements stack up and achieve value for money for the state. Due to the nature of the fact that we can extend the current arrangements that are expiring in the next 12 months, we can actually extend some of them for a considerable period to do this work well. The outcome at the end of that will be fit for purpose because this will not be a reactive response. It will be quite well planned and structured.

The CHAIR: Does the Leader of the Opposition have a further question or a new question?

Mr R.S. LOVE: It is a different question.

The CHAIR: It is a new question.

Mr R.S. LOVE: It is a new question, yes.

The CHAIR: A new question, member for Moore.

Mr R.S. LOVE: Is that allowed? I do not want to hog all the time. It is around the fifth paragraph on page 162, which talks about the infrastructure delivery unit that will continue to work collaboratively with Treasury and government agencies. Can the parliamentary secretary explain exactly what is the infrastructure delivery unit? Is it somehow related to what used to be called the major projects directorate, or is that something completely different? I am not sure about the jargon used here, parliamentary secretary.

Dr J. KRISHNAN: I request that the director general answer the question.

Ms J. Cant: Thank you for the question. The major projects unit does still exist. Ms Nicki Godecke is the deputy director general of major projects. The infrastructure delivery unit is a unit within major projects. The whole unit is focused on delivering projects over \$150 million throughout the state. The infrastructure delivery unit specifically looks at the asset investment program overall and works very closely with Treasury and through reporting to the major projects Expenditure Review Committee subcommittee to make sure what is coming to market is getting good outcomes. It is the talk of smoothing the pipeline and whether the business cases are stacking up for significant deliveries. I think it is the biggest asset investment program we have had for quite some time, if ever, at the moment. It is an independent review of projects across the infrastructure space.

Mr R.S. LOVE: I know that the member for Central Wheatbelt would like to ask something, but to clarify, was it just said that major projects sits within the Department of Jobs, Tourism, Science and Innovation or within Treasury? I must have missed it.

Ms J. Cant: Major projects is a division of Finance.

Mr R.S. LOVE: Thank you.

Ms M.J. DAVIES: Perhaps the parliamentary secretary could clarify this for me. The explanation that was just given around that particular directorate sounds very similar to what Infrastructure Western Australia does. Would I be right in assuming that every project that sits within that directorate, given that they are over \$150 million, would have gone to Infrastructure Western Australia?

Ms J. Cant: Infrastructure Western Australia is a longer term, more strategic, forward-looking organisation. We are delivering on the ground, today. Infrastructure Western Australia is in planning, but it has a role in checking business cases for the larger projects.

Ms M.J. DAVIES: Have all the projects that sit with the directorate now been through Infrastructure Western Australia?

Dr J. KRISHNAN: Ms Godecke.

Ms N. Godecke: The infrastructure delivery unit gives advice on business cases in relation to project time frames and the ability to deliver within what the business case says. There is not really a crossover with the Infrastructure WA review. There is a specific role for Infrastructure WA and what the Department of Finance does specifically with time frames and the way the schedule has been put together. The projects that currently sit within major projects vary as to whether they have gone through IWA, depending on when they started the process.

Ms M.J. DAVIES: Are there any projects within the directorate that have been to Infrastructure WA?

Ms N. Godecke: Yes.

Ms M.J. DAVIES: How many in the directorate?

Ms N. Godecke: I do not have a list of them, but I think there are four.

Ms M.J. DAVIES: I am happy to take it as supplementary information.

Dr J. KRISHNAN: We will take it as supplementary information to give the number of projects.

Ms M.J. DAVIES: How many projects sit within the directorate and how many of the total have been to Infrastructure WA?

The CHAIR: Parliamentary secretary, you need to be clear what you are going to provide.

Ms M.J. DAVIES: It is within that directorate that we were referring to.

Dr J. KRISHNAN: It is within the major projects directorate.

Ms M.J. DAVIES: Yes.

[Supplementary Information No A3.]

[8.50 pm]

Mr R.S. LOVE: I refer to other works in progress on page 167 of budget paper No 2, in particular, the fit-out for 1 Midland Square. The estimated total cost is just over \$14.5 million, with \$13.851 million budgeted for this year. That is for the fit-out of 1 Midland Square, which was the old Landgate building. Is that correct?

Dr J. KRISHNAN: Yes.

Mr R.S. LOVE: It is my understanding that under the sale, as described to us, the Georgiou Group was responsible for the fit-out of the building. Why is the state paying this amount of money?

Dr J. KRISHNAN: I thank the member for his question. The Landgate building is an ageing asset. The sale arrangement was an open market process under a market-led proposal—an opportunity statement. The process and assessment of financial outcomes was run by an independent committee and the outcome was subject to a regulatory independent assessment. When considering a range of factors, including necessary upgrade costs, ongoing maintenance and the benefits of co-locating other state government agencies, the lease option presents a superior financial outcome for taxpayers. There is the additional benefit of bringing the Landgate building back to capacity, enhancing vibrancy and helping to activate the historic part of Midland. The decision was made based on an independent assessment and expert advice because we did not want to spend endless amounts of money rebuilding an ageing asset. We also took into consideration the maintenance costs. I will ask the director general to explain further the fit-out contribution we are making for this project to be completed.

Ms J. Cant: Georgiou, as the new owner of the building, is responsible for the base fit-out of the building. Georgiou is spending up to \$100 million on the Landgate building. The money in the budget is specifically around the fit-out for the government agencies that are going in there. It is standard practice when we move agencies into buildings that government agencies have particular requirements. That money will allow for those three agencies to have their requirements met on top of the base build that Georgiou will be doing.

Mr R.S. LOVE: So Georgiou builds some sort of shell and the department fills in the blanks. Is that how it works?

Dr J. KRISHNAN: It is not just an empty shell; agencies have specific requirements to make their environment work. It is normal practice with any agency occupying a leased premise to do a fit-out to suit their working requirements.

Mr R.S. LOVE: This money will be for all the government agencies accommodated. Will that be the end of that program?

Dr J. KRISHNAN: Yes. The various agencies that are going into the building have a specific requirement for their agency to function in a specific way. That fit-out is configured and spent by the agency. This is the total amount for all the agencies moving into Midland Square.

Mr R.S. LOVE: Which agencies are moving in and what is the approximate percentage of the floor space that each will be occupying?

Ms J. Cant: I will ask Henrietta to provide that detail.

Ms H. Farrell: The three agencies that are moving into the building at 1 Midland Square are the Department of Communities and the WA Child and Adolescent Health Service, alongside Landgate. Those agencies have a number of specialist requirements that the fit-out budget will cover. Some examples of those is the installation of lifts for the Child and Adolescent Health Service to create separate access for reception areas to triage children and adolescent patients to interview rooms; interview rooms with appropriate acoustics to service customers from Communities and the Child and Adolescent Health Service; and fireproof storage for Landgate historical records that must be protected under its legislation.

A certain portion of the building will remain unoccupied, which the owner, Georgiou, will be able to sublease to another tenant.

Mr R.S. LOVE: Will any of the money that is spent on the fit-out be recovered from Georgiou down the track—for instance, the lift would seem to be permanent? Is it intended that at some stage Georgiou will make a payment for some of these things?

Dr J. KRISHNAN: I will ask Ms Farrell to answer.

Ms H. Farrell: As part of the financial arrangement, Georgiou is responsible for the fit-out tenders and works closely with Finance to understand the needs of the agencies, the procurement options available and the responses and evaluation of those responses. The cost associated with that through the overall financial transaction will be recovered as the project progresses.

Mr R.S. LOVE: Directly underneath that line item that we just spoke about is “Lease Incentive Funded Office Fit-outs”. I know that most of the \$171 million will have been expended by the end of this financial year. Can the parliamentary secretary explain to me what that \$151 million funded in the last financial year?

Dr J. KRISHNAN: Lease incentives continue to be negotiated by the department for government office accommodation for the fit-out required for government tenants. The 2023–24 budget year and out years include a baseline estimate of \$5 million per annum. The expenses against these budgets vary, dependent on planned accommodation movements and negotiations with landlords. I will ask Henrietta to elaborate on that.

Ms H. Farrell: That lease incentive amount in the budget papers is the life of lease incentives to date. Some examples of the projects from the last financial year relate to fit-outs for the Department of Water and Environmental Regulation in Bunbury, another fit-out in Karratha for the Department of Communities, a fit-out for the office of the Director of Public Prosecutions in the city, the Department of Transport and the new Butler vehicle services centre, and another office for Communities in Joondalup.

Mr R.S. LOVE: I refer to the spending changes on page 162 of budget paper No 2, volume 1. I am looking at the amount of \$31.3 million for the Perth Children’s Hospital contractual entitlement resolution. Can the parliamentary secretary explain what that was about?

Dr J. KRISHNAN: I will ask the director general to take on that question.

[9.00 pm]

Ms J. Cant: Thanks for the question. That amount of money was part of the Perth Children’s Hospital litigation settlement that has been successfully negotiated. The settlement payment of \$38 million was made to John Holland in December 2022 as per the agreed terms of the settlement. That amount of \$31 million is part of that payment and the rest of the money came from within the Finance budget.

Mr R.S. LOVE: I probably need to sign a piece of paper or something to say that I am not supposed to be here. Is that needed?

The CHAIR: Yes.

Mr R.S. LOVE: We are supposed to swap at nine o’clock.

Ms M.J. DAVIES: We need to do a swap.

The CHAIR: It is fine. We still have quorum. You can still ask questions. Carry on.

Mr R.S. LOVE: Thank you. On that same page, page 162, under “Spending Changes” and “Ongoing Initiatives” is the line item “Revised Capital Works Turnover”. Can the parliamentary secretary elaborate? There is a figure of \$43 million this year, \$32 million next year, \$112 million the following year and \$282 million the year after that. What does that refer to?

Dr J. KRISHNAN: The forecasts are based on the complement of agency asset investment program projects that will be managed through the department, which has been revised as part of the 2023–24 budget process.

Mr R.S. LOVE: These projects were deferred as part of a smoothing process. Are they projects such as the Bindoon bypass and others or are these capital works on buildings and the like? What projects have been delayed?

Dr J. KRISHNAN: The specific question about Bindoon bypass is for the Minister for Transport, but there have been adjustments to capital works with agency asset investment program projects. I can get Shaun Whitmarsh to elaborate further.

Mr S. Whitmarsh: We deliver non-residential construction projects on behalf of other client agencies. There is a number of them. We can provide some examples if needed, but the line item “Revised Capital Works Turnover” basically shows the spending changes across the years. It is not necessarily as a result of deferrals. If the member looks at the figures, he will see they increase in the out years. That number reflects the numbers we forecast in the out years and it increases by some \$500 million if we add them all up across the out years.

Mr R.S. LOVE: I am sorry; I am struggling to understand what that means. Is this a cost escalation measure? Is the department expecting the project costs to blow out? Is that why it is running further out at the end of the forward estimates?

Dr J. KRISHNAN: Shaun Whitmarsh, please.

Mr S. Whitmarsh: It is not necessarily cost escalation. There are new projects announced in this year's budget and they have been added into our capital works program and reflected in the out years for when we expect that expense to be spent.

Mr R.S. LOVE: Would it be possible for the parliamentary secretary to provide detail on those projects, including which projects and how much of each project is contained in that group?

Dr J. KRISHNAN: They are across the budget papers.

Mr R.S. LOVE: They are across the budget papers, but how would I be able to find which particular projects are revised?

The CHAIR: Parliamentary secretary, you have two responses available. You can ask that the member puts the question on notice and the department can agree to that process or you can agree to providing it as supplementary information. Putting it on notice is an option as well. One gives you a bit more time.

Dr J. KRISHNAN: Member, we deliver across various portfolios. Our role is to deliver the projects and the estimate is based on multiple agencies' projects that we deliver; that is what the forward estimates are.

Mr R.S. LOVE: I am sorry; I did not quite get that last bit.

Dr J. KRISHNAN: I will get the director general to explain further.

Ms J. Cant: I will ask Mr Whitmarsh to clarify.

Mr S. Whitmarsh: What the parliamentary secretary was trying to explain is that the line items are also in the budget papers for each individual agency and its division. The member was just looking at the Department of Finance's capital works program and we spoke about government office accommodation. The same line items are reflected in each agency's budget papers as well. The member sees in our budget paper an aggregation of all those projects, and we have probably 200 projects at any one time. It is a lot of detail to go through and add up the numbers, but when we do that, we see that the line item, "Revised Capital Works Turnover", shows the changes and adjustments in the out years. Effectively, it is saying that at any one point in the budget, we have a certain number of projects that we know will be delivered and as we go forward in time, we have more and more projects added. That is why we see the figures in the out years increase. That is a pretty normal thing. In any of the budget papers from year to year, we expect the dollar value for our capital works program to increase in the out years.

Mr R.S. LOVE: I do not have any further questions at this point.

The appropriation was recommended.

Division 16: Mines, Industry Regulation and Safety — Service 2, Commerce, \$119 239 000 —

Mr S.J. Price, Chair.

Dr J. Krishnan, Parliamentary Secretary representing the Minister for Commerce.

Mr R. Sellers, Director General.

Ms K. Berger, Deputy Director General, Industry Regulation and Consumer Protection.

Mr J. Kwong, Chief Financial Officer.

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

Ms P. Blake, Acting Executive Director, Consumer Protection.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard. The daily proof 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 be examined only 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 noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

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

[9.10 pm]

Ms M. BEARD: I refer to page 231 of budget paper No 2 and the first paragraph under "Key Government Reforms" under the significant issues impacting the agency. When are the changes to the Residential Tenancies Act and the Commercial Tenancy (Retail Shops) Agreements Act forecast to come before the Parliament?

Dr J. KRISHNAN: The statutory review of the Commercial Tenancy (Retail Shops) Agreements Act 1985 is progressing. The purpose of the review is to ensure that current provisions of the act are operating effectively to promote fair commercial tenancy arrangements. Objectives and outcomes of the Commercial Tenancy (Retail Shops) Agreements Act are still appropriate and adaptable in the changing retail environment. A consultation paper of key issues and an online survey were released for public comment between June and August 2022. Submissions are currently being analysed with a view to finalising recommendations and a report to government by the middle of 2023.

Reforms to the Residential Tenancies Act to make tenants feel more at home in their rental premises and streamline dispute resolution processes are expected to be announced in the coming months.

Ms M. BEARD: Similarly, referring to the second paragraph under the same heading, is there a time frame for the delivery of the registration scheme for short-stay accommodation?

Dr J. KRISHNAN: The Department of Mines, Industry Regulation and Safety Consumer Protection division assumed responsibility for policy development and implementation of the registration scheme for short-term rental accommodation in November 2022. Consumer Protection expects a bill for the purpose of establishing a short-term rental accommodation register to be introduced into Parliament in the second half of 2023, with the register expected to commence operation in the first half of 2024. There will be a transition period of six months to enable industry participants to comply with the new requirements before registration becomes mandatory. Once the short-term rental accommodation register is fully operational, all short-term rental accommodation in Western Australia will be required to be registered. Short-term rental accommodation premises will not be able to be advertised or offered for rent without valid registration. A state-based short-term rental accommodation register will enable state and local governments to obtain a better understanding of the short-term rental accommodation sector in WA, which will lead to better informed planning, policymaking and regulatory responses. It will also provide members of the community with information about the existence of short-term rental accommodation in their area and increase awareness of state and local regulatory requirements that apply to short-term rental accommodation. In essence, the bill is expected to be introduced in the Parliament in the second half of 2023. It is expected to commence operation in the first half of 2024. There will be a transition period of six months for industry participants to comply with the new requirements.

Ms M. BEARD: I refer to page 232 of budget paper No 2 and the third paragraph about regulated plumbing work in Western Australia. How many staff are currently employed to conduct plumbing inspections and compliance, and how many extra staff will be employed in 2023–24?

Dr J. KRISHNAN: I am not expected to know the details of the number of staff. May I direct the question to the executive director of building and energy, Saj Abdoolakhan.

Mr S. Abdoolakhan: We currently have 11 plumbing staff who look after the whole state. We are planning to get an additional six plumbing inspectors to cater for the expansion of plumbing legislation going forward.

Ms M. BEARD: Do those staff travel out to the regions?

Mr S. Abdoolakhan: Most of them are based in Perth. We have one inspector in Broome and one in Geraldton. We are planning to recruit. Of the six we are planning to recruit, we want them to be in regional areas. A fair bit of the expansion of the legislation will look after the regional areas more to try to capture plumbing work in those areas, which is not currently adequately covered. The intention is to cover more regional areas. If we can accommodate those inspectors in the regions, we will. If we cannot, we will have them based in Perth and travelling to the regions.

Ms M. BEARD: Is that seen as an issue of sourcing skills in the regions or is it linked to housing or is it just the availability of staff?

Dr J. KRISHNAN: With regard to recruitment, it is across every specialty. I will get Saj Abdoolakhan to expand further on that.

Mr S. Abdoolakhan: It is a challenge to recruit in regional areas, but the plan is that we want to try to have people based in the regions to better service them. If we can succeed in doing that, we will have what we intended in the first place.

Ms L. METTAM: I refer to the Mental Awareness, Respect and Safety program, which is under the heading “Build a Sustainable and Responsible Resources Industry” on page 233 of budget paper No 2 and also on page 241 under the details of controlled grants and subsidies. To start with, funding for the program really drops off a cliff after this year. It goes from \$1.6 million in 2021–22 to \$1.3 million in 2022–23 and then to \$332 000 in 2023–24, with no funding in the out years. Can the parliamentary secretary explain the funding changes?

Dr J. KRISHNAN: Can I confirm that the member is referring to the eighteenth paragraph on page 233?

Ms L. METTAM: Yes, and also the spending changes on page 241.

Dr J. KRISHNAN: This falls under a different department. It is that of the Minister for Industrial Relations.

Ms L. METTAM: That is okay. I have another question. It will be quite different, of course. I refer to page 231 and the spending changes related to the climate action fund and green energy approvals. Is there just one FTE focused on the task related to the \$164 000 budget for 2023–24?

Dr J. KRISHNAN: Again, I am sorry, that is the responsibility of the Minister for Energy.

[9.20 pm]

Ms M. BEARD: I refer to page 241, the details of controlled grants and subsidies and the exploration incentive scheme. How many times is this funding oversubscribed each year?

Dr J. KRISHNAN: I am sorry, member; this is again under the Minister for Mines and Petroleum.

Ms M. BEARD: I am sorry.

Dr D.J. HONEY: It might be an early night.

The CHAIR: Not that I would like to rush you, but because there are no other divisions after this one, once you have finished, everyone can go.

Ms L. METTAM: Can we ask about risk work licences?

Dr J. KRISHNAN: Sorry, member; that comes under the Minister for Industrial Relations.

Dr D.J. HONEY: If I can swap in: what are we limited to in the scope of the questions we can ask within division 16, service 2?

The CHAIR: Commerce.

Dr D.J. HONEY: Just commerce?

The CHAIR: Just commerce.

Ms L. METTAM: I refer to page 231 and significant issues impacting the agency and key government reforms. Paragraph 2 states —

The Department is continuing its work to reform the State’s building regulatory framework and implement key recommendations from the national Building Confidence—Improving the Effectiveness of Compliance and Enforcement Systems ...

From a national perspective, where is Western Australia in these national reforms? Where do we sit?

Dr J. KRISHNAN: The WA government is progressing the implementation of the recommendations of the national *Building confidence* report in Western Australia. The *Building confidence* report identified a number of weaknesses and regulatory systems across Australia. It made 24 principle-based recommendations for law reform aimed at establishing a national best-practice model for compliance and enforcement. Significant work had to be undertaken at state level to convert these high-level recommendations into practical solutions. The Australian Building Codes Board was also tasked to develop international best-practice guidelines aimed at improving national consistency. Between 2019 and 2021, the Department of Mines, Industry Regulation and Safety carried out extensive consultations with industry on several proposals for reform. It is anticipated that these will go a long way to improving the quality of construction in WA. Given the size, care and cost of the *Building confidence* report recommendations, a staged approach to the review has been taken that focused firstly on the registration of building engineers and then strengthening the process around the design and construction of new residential and multistorey apartment buildings.

In January 2022, DMIRS finalised the first review and recommendations on reforms to register building engineers. This was approved for release by cabinet in July 2022, and drafting of the required amending regulations is complete. The amending regulations will be published in the *Government Gazette* in June and July 2023 and commence operation from 1 July 2024 to allow sufficient time for industry to adapt. A report on the second stage of the review is currently being considered by the minister.

We have also issued a new code of conduct for building surveyors. The code sets out minimum expectations of registered building surveyors undertaking building surveying work in Western Australia. It applies to all registered building surveyors undertaking statutory functions of assessing compliance and approving building designs and building work under the Building Act 2011 and associated legislation. We have also developed and published our *Building compliance audit strategy 2021–24* and our *Audit priorities statement 2021–22*. Both documents are publicly available. They set out the approach we take to our inspections of registered builders, building surveyors and owner–builders to monitor compliance and respond to emerging issues and risks in the residential and commercial building industry.

Ms L. METTAM: Is WA still the only state that has not implemented the mandatory inspections?

Dr J. KRISHNAN: I ask Mr Abdoolakhan to respond to that.

Mr S. Abdoolakhan: Thank you, parliamentary secretary. In WA, the minister is currently considering a range of reforms, one of which is mandatory inspection. To answer the member’s question of whether WA is the only state, no, there are different types of inspections undertaken across Australia and everyone looks at different things. Some

states look at purely residential constructions, while others look at commercial. The *Building confidence* report focused on proposing to implement inspection regimes for mainly the commercial sector, and not many state jurisdictions have implemented any changes as a result of the *Building confidence* report to implement mandatory inspections in the commercial sector.

Ms L. METTAM: The parliamentary secretary mentioned that the minister is considering mandatory inspections. Why has the government dragged its feet on these reforms, which has apparently allowed cowboys in the industry to thrive?

Dr J. KRISHNAN: There are various reasons for the delay. It is public knowledge that we are in a consultation process and, eventually, a decision will be made. It is a staged approach. The first stage is the registration of building engineers, which in itself will enhance the quality of construction in Western Australia. When we look at the risk of multistorey buildings compared with single-storey buildings, we see that the risks with multistorey buildings are much higher. The second stage will look at strengthening the process around the design and construction of multistorey apartment buildings. We are staging this so that the industry is not strained. We all know that the building industry is already under strain, so we are taking that into consideration and taking a staged approach to implementing and strengthening the processes.

[9.30 pm]

Dr D.J. HONEY: I thank the parliamentary secretary. The public reports of problems with buildings have overwhelmingly been in residential buildings. I recall some water ingress issues in some of the early buildings at Elizabeth Quay and other places, but not major structural problems. Although there may be a higher risk, it would seem that the highest frequency of problems is in the residential sector. What is being considered for residential construction and the implementation of inspections?

Dr J. KRISHNAN: There are a couple of things. I thank the member for his question. Demand for construction went up significantly after grants from both the federal and state governments. When we look at the number of complaints in the residential construction space, we see that it is proportionate to the demand and the construction activity that is going on. Measures are being taken; the majority of those issues are resolved through consultation between the builder and the consumer. When things are not resolved at that stage, it is the department's job to refer them to the State Administrative Tribunal to resolve the issues. I will get Mr Abdoolakhan to expand further on that.

Mr S. Abdoolakhan: As part of the reform, as the parliamentary secretary said, quite a lot of things are going on. The first question is: why are we doing staged inspections? It is because we need to become a safer sector. If we want an inspection regime, we need people. That is why we are proposing to register engineers. There are building surveyors in WA, but not enough to do all the inspections, so we need other trades and other skills to come in, which is why it is being done in a staged approach.

In terms of risk, the member is correct that the main volume of complaints we get is in the residential sector, but with regard to the major risks, the building confidence report focused primarily on the commercial sector. In the package of proposals that is being considered by the minister, there is a proposal to look at inspections across the board, but implementation will be done in a staged approach to make sure that industry has the capacity to deal with it. Over time, we will deliver on all the proposed reforms in a proper, orderly fashion.

Dr D.J. HONEY: I am intrigued by the logic of prioritising the commercial sector. I appreciate the structural risk issues with commercial properties, and obviously human safety is a key consideration for government, but, equally, for many people who buy homes with major structural problems, it is a disaster for them as individuals. I would have thought it would be logical to prioritise that as well. Would the parliamentary secretary care to comment on that?

Dr J. KRISHNAN: I thank the member for the question. There is no denying that it is a major life event for someone to build a house with the aim of moving into their own house. Having the security of good-quality construction is extremely important. We are trying to deal with a workforce shortage and a global supply chain issue that is impacting on the building industry, big time. There were things that were out of our control or any other government's control such as the COVID pandemic and the Ukraine war, which had an impact on supply chains. The building industry is under immense pressure and implementing reforms with major changes is going to have a huge impact on the delivery of the houses for which people have been waiting for long enough now. That is why the government is taking the cautious approach of a staged implementation. Stage 1 is building industry registration; stage 2 is multistorey buildings. Eventually, all of them will be covered; it is just that we are taking a staged approach.

Dr D.J. HONEY: We have been talking about compulsory inspections. Over the past 12 months, has the department carried out any non-complaint-initiated inspections on commercial or residential buildings?

Dr J. KRISHNAN: I do not have the details for that; I request Mr Abdoolakhan to respond.

Mr S. Abdoolakhan: We have, as part of the building confidence report, implemented an audit strategy. As part of that strategy we have identified a set of priorities that we have been looking at in building works. As part of our 2022–23 priority statement, which was published in September 2022, we have committed to doing inspections of roof tie-downs and wall framing to look at wind classification in a minimum of 22 residential buildings. We are planning to look at an inspection of 50 certificates issued by registered building surveyors in class 2 to 9 buildings;

a general inspection of eight class 3 buildings to assess passive fire safety systems; and a general inspection of class 1a buildings for waterproofing. I have mentioned what we are planning to do going forward. As the plan for the past year, we looked at roof tie-downs in 44 residential buildings and 80 certificates issued by building surveyors. We are looking at not only buildings, but also building surveyors and how well they are doing their work. We audit building surveyors and as part of that, when we find noncompliant work, we bring it to the attention of the local government, which has the power to enforce these deviations. In future we are proposing, as part of a package, to give the Building Commissioner powers to enforce these deviations. Currently, if we pick up any defects as part of our inspections, we do not have the powers to enforce them; the power sits with the local government as the planning authority.

Dr D.J. HONEY: In relation to the 44 inspections of the roof tie-downs, was that carried out in the past 12 months?

Mr S. Abdoolakhan: Yes.

Ms L. METTAM: Does the department have a comparable figure for the 12 months before that?

Mr S. Abdoolakhan: No, we do not. In the previous year, because of COVID-19, we did not achieve much in our numbers, in terms of what we were planning to do. The priority statement we published was the result of the building confidence report and having a structured way to look at inspections going forward. This is an initiative that we started around the same time as COVID hit, unfortunately.

Ms L. METTAM: I ask for further clarification and this is all part of the same question. The parliamentary secretary mentioned that the minister is yet to make a decision about mandatory inspections. It is my understanding that there was a general agreement with other states and territories several years ago that mandatory inspections would be implemented. Does the parliamentary secretary anticipate that it will be supported? If the issue is not having the inspectors, what efforts will be made to ensure that we have the people needed to undertake that role?

Dr J. KRISHNAN: The WA government has committed to the implementation of the national building code, so it is a question of how we implement it. We are taking a staged approach so that we engage the building industry and put no further strain on it.

Ms L. METTAM: Touching on the comments of the member for Cottesloe about residential properties, how many complaints has the department received in relation to residential properties in terms of building completions, and in relation to commercial properties as well?

Dr J. KRISHNAN: I direct that question to Mr Abdoolakhan.

[9.40 pm]

Mr S. Abdoolakhan: We have seen an increase in the number of building complaints that we have received over the past year. The total complaints in 2019–20 was 591. In 2020–21, it went up to 771. In 2021–22, we were looking at 1 003. Up until March 2023, we were looking at 745. As the parliamentary secretary mentioned, although there has been an increase in the number of complaints, it is proportional to the building activity in the sector. It is not abnormal in any way.

Ms L. METTAM: Are they for residential builds only?

Mr S. Abdoolakhan: Yes.

Ms L. METTAM: Can we have similar figures for commercial builds?

Mr S. Abdoolakhan: Under building services contract resolution, people who reach out to us are consumers of residential buildings; we do not receive complaints for commercial services. They are big enough to look after themselves.

Dr D.J. HONEY: There was mention that obviously the focus is on building engineers. What is the program for the other trades? One of the common complaints, particularly in a very constrained labour market, as we have now, is that people carrying out plumbing, for example, are not skilled and that inadequate services are being provided. Is there a requirement around that or is there going to be certification for those other critical trades, particularly plumbing and electrical?

Dr J. KRISHNAN: Thank you for the question, member. Like any other trade—pick a trade—it is on the shortage list. There is a global skills shortage. Everyone is facing it, and Western Australia is no exception. The state government remains committed to making it easy for workers from other states and territories to travel to Western Australia to work. This is an automatic mutual recognition and mutual registration process that the government is undertaking. Currently, 165 people are operating under the automatic mutual recognition scheme and 1 327 Western Australian licences have been granted under mutual recognition in 2022–23. We are anticipating a big movement of skilled workers not only from interstate, but also internationally. We expect them to fill the gaps and support the building industry in the coming months and years. I will get Saj Abdoolakhan to further expand on that.

Mr S. Abdoolakhan: In terms of the trades, the building confidence report identified eight different fields in which it suggested that states should look at registration, and engineers is very high up. There are architects and designers, and we already register plumbers and building surveyors. Engineers are one of the first cabs off the rank. We already

have building surveyors and plumbers registered. In terms of ensuring the quality of the work, the registration scheme is in place. There are penalties under legislation for people who do not comply with the registration requirements and we have a risk-based inspection regime that is based on the quality of work of the plumber or the electrician who does the work. We inspect a sample of their work. If we found that we were getting a lot of defects, we would inspect more of their work until we had confidence in the quality of the work they are doing; and, if we found any serious noncompliance, we would refer them to a board and disciplinary action would be taken against the plumber or the electrical contractor who has done the work. The plan is to bring engineers into that frame. Builders and building surveyors are already covered. We also have proposed changes in the pipeline. We are introducing codes of practice and codes of conduct so that we can compare that and ensure that people are complying with the legislation and are doing what they are supposed to be doing by consumers.

Dr D.J. HONEY: Those inspections of the work of plumbers and electricians, for example, are already occurring and the department already has a process to identify faulty workmanship; is that correct?

Dr J. KRISHNAN: Thank you for the question, member. It depends on the skill set. There is also a program whereby the number and frequency of inspections increases depending on the number of defects or problems that they have. It depends on the different skill sets. I will get Saj Abdoolakhan to advise on that.

Mr S. Abdoolakhan: Yes, that is correct. We are already inspecting the work of licensed electricians and plumbers. With builders, we do a sample because the regime is very different. In terms of electrical contractors, plumbers and gasfitters, that is already in place.

Ms E.L. HAMILTON: I refer to page 245 of volume 1 of budget paper No 2 and the rental accommodation account. Can the parliamentary secretary please describe what support this would provide to tenants in WA?

Dr J. KRISHNAN: I thank the member for the question. The rental accommodation account is a statutory fund that holds all private tenants' security bonds. Interest earned on this account is used for a variety of purposes, including funding the Magistrates Court, as well as grants to not-for-profit organisations providing information and advice on tenancy and related matters. The tenancy advice and education service program, which is funded through this account, has provided Western Australians with access to advice, advocacy, legal representation and community education programs related to tenancy matters for nearly 25 years. Currently under the program, 16 community legal centres across Western Australia assist tenants in resolving issues with their landlord or property manager, such as negotiating lease renewals or terminations, dealing with rent increases and resolving bond disputes. The member will note the funding increase for the rental accommodation account in the budget papers. In this budget, the McGowan government is providing \$4.5 million a year over the next two years to the tenancy advice and education service program. In 2016, the Barnett Liberal-National government cut funding for the service by 25 per cent. Our investment brings funding back up to the pre-2016-17 level. This represents an increase in the current funding level of more than 36 per cent on that \$3.3 million a year. Tenancy advice and education services are essential in providing advice and support to the most vulnerable and disadvantaged members of the community and the increased number of residential tenants requiring assistance in the current tight rental market. Tenancy advice and education services are intended to complement the advice and assistance provided by Consumer Protection, and the additional funding will be distributed to tenancy advice and education service providers by Consumer Protection.

Ms L. METTAM: I refer to the breakdown provided earlier of the complaints in relation to 745 residential builds. What is the breakdown of actions undertaken by the department on those complaints?

Dr J. KRISHNAN: If I can clarify it, the 745 that the member has mentioned is for the current year up to March. I will get Saj Abdoolakhan to expand further on that.

Ms L. METTAM: Just to clarify, is that year to date or is that for this financial year to March?

[9.50 pm]

Dr J. KRISHNAN: It was to March, so April, May and June will add to those numbers. From memory, the previous year's number was about 1 007. It remains the same. As we said earlier, we did not see a significant increase in number. The increase in number was proportionate to the demand or the number of constructions of builds in the community. The majority of complaints are resolved with mediation between the builder and the consumer, but if it does not resolve, the process is for them to go to the State Administrative Tribunal for further resolution. I will get Mr Abdoolakhan to explain further.

Mr S. Abdoolakhan: The parliamentary secretary is correct. The Building Services (Complaint Resolution and Administration) Act 2011 provides an avenue for resolution. It does not mean that the builder is at fault in all 745 complaints. As part of this process we have to provide natural justice to both parties to sit down and work out their differences. Sometimes there are misinterpretations of the contract, when it is a contract dispute; or if it is a defect, we will sit down and look at the defect and whether there has been any noncompliance. We are talking about 745 complaints, but one complaint from one party can have anything from one item to 50 items to 200 items. We sit down and look at all of them, one by one. One significant contribution the government brought about a couple of years ago was to improve the time line of how long we take to manage those complaints. We dedicated a team of six inspectors. Pre-2018, when someone lodged a complaint with the former Building Commission, the party lodging

the complaint, the consumer, had to provide a report to the Building Commission and as part of natural justice, the builder was asked to provide another report and we would sit down and compare reports, asking for further evidence, and it took much longer. The government backed an addition in 2018 to invest in our own inspectors and we have been doing our inspections internally.

When we look at the time lines to resolve those complaints, we see that it is quite frustrating for someone who has spent so much money to have to go through this process. We want to expedite it as quickly as we can, but there are elements that mean we are unable to do that. There are times when we have to refer things to the State Administrative Tribunal for a decision. As much as the number of those complaints looks quite scary, it is a reflection of how much work and activity there is in the industry. To try to manage the number of complaints we have ensured that consumers are well aware of their rights. We have published a Torrens guide on our website that points out to consumers certain things that do not look good to them when they see them, but they are within the Torrens limit and they should accept them in managing that.

Ms L. METTAM: Is a breakdown available of how the department has followed up on those complaints?

Dr J. KRISHNAN: Is the member asking how many of those complaints have already been resolved and how many are in progress?

Ms L. METTAM: Yes.

Mr S. Abdoolakhan: Yes, we do. I do not have the statistics on me. Not all of the 745 are resolved by now; it is what we received during the year. It takes some time to resolve all these complaints. We will have the data for previous years. Previously, the department was not collecting this data. We have just started the process of collecting the data. At the moment, no, we do not. However, for those we have been monitoring for the past financial year, for this current year, we will have the data moving forward.

Ms L. METTAM: Could that be provided by supplementary information?

Dr J. KRISHNAN: To clarify what the adviser said, there is no data available from the past. Moving forward, we will have data to provide. The process of collection has just started.

Ms L. METTAM: I misunderstood that. Of the 745 complaints, that data was collected in the financial year to March—not the whole financial year. Is there not currently data on how those complaints have been followed up?

Dr J. KRISHNAN: My understanding is that that will be reported in the coming months in the annual report.

Ms M. BEARD: Is there a scale of complaints within those 745 complaints? Are most of them terrible, dreadful situations, or are a majority of them minor complaints?

Mr S. Abdoolakhan: They do range. One person may lodge a complaint that is a very small issue about paintwork; however, there are also complaints about paintwork and waterproofing. Lately we have seen a trend of issues with waterproofing and painting. We have published some reports on what we have analysed so far, but it is not the final report on the 745 at this stage. Our website contains those reports to give industry and everyone an indication of the key issues we are seeing. The intent of it is to try to educate industry. We are finding a lot of complaints about waterproofing work. As part of our follow-up action we provide bulletins to industry about what we are finding and what we think we need to address going forward. We do have some visibility that we did not have before, but we will get better in the future. That is the plan.

Ms L. METTAM: I am not sure whether this is relevant. I refer to page 245 under details of administered transactions and the \$254 000 in regulatory fines. Does that come under this division?

The CHAIR: Is there a question there, member?

Ms L. METTAM: Can the parliamentary secretary explain why there has been a significant increase from 2021–22 in that number and why the fines amount is otherwise consistent over the forward years?

Dr J. KRISHNAN: The \$254 000 is the longstanding estimate and actuals, and it will go up and down depending on how many fines are issued and paid. The number depends on the number of fines and the amount paid. That can vary. The \$254 000 that is listed there is the longstanding estimate based on the previous figures.

Ms L. METTAM: The fines for 2021–22 were just \$89 000; I assume that is COVID-related.

Dr J. KRISHNAN: It was the COVID-19 impact.

Ms L. METTAM: Roughly how many fines are captured by \$254 000?

The CHAIR: Sorry, members, we have run out of time.

Ms L. METTAM: I will have to wait until next year!

The appropriation was recommended.

Committee adjourned at 10.00 pm

