

Division 15: Department of Primary Industries and Regional Development — Services 1 to 7, Regional Development, \$622 103 000 —

Mr S.J. Price, Chair.

Mr M. McGowan, Premier representing the Minister for Regional Development.

Mr T. Hill, Acting Director General.

Mr C. Binning, Acting Deputy Director General, Primary Industries Development.

Mr L. O’Connell, Acting Deputy Director General, Industry and Economic Development.

Ms M. Taylor, Chief Finance Officer.

Ms M. Sauley, Acting Managing Director.

Mr P. Gregson, Manager, Funds Management and Reporting.

Mr R. Cossart, Chief Executive Officer, Wheatbelt Development Commission.

Mr C. Thurley, Chief of Staff, Minister for Regional Development.

[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. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

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

I give the call to the Leader of the Opposition.

Ms M.J. DAVIES: Premier, I refer to “Delivery of Services” on page 218 of budget paper No 2, volume 1. There is \$240 million appropriated in this financial year and that decreases across the forward estimates to \$183 million. Could the Premier please explain why there seems to be a cut in the funding that has been appropriated to deliver services for the department?

Mr M. McGOWAN: As the member would be aware, a range of projects are time limited and expire, if you like. Therefore, naturally, the budget declines over time, even though, in reality, it is often backfilled with new projects. We might find next year that it is backfilled with other projects. I will give a few examples. In this year’s budget, there is the response to tropical cyclone Seroja. Obviously, that will decline over time as the response is rolled out. There is the COVID response, which we are hopeful will decline over time, and a range of others. I will let Mr Hill explain what they are.

Mr T. Hill: We have a number of projects, as the Premier indicated, around COVID that will run out during the year. We have royalties for regions projects, where there is carryover. They will carry forward and there will be new RforR projects. There is a range of those activities. That is why the budget looks like it is heading in that direction. Let me quickly run through this. As a result of the capability review, the actual consolidated account appropriation has been flatlined over the forward estimates. That is held flat over the forward estimates, and then we will have movement in our RforR and our externals that come in and out of the organisation. That is why that appears that way.

Ms M.J. DAVIES: Is any of that related to an increase or decrease in staffing? Obviously, there are probably project staff in there. Is there a reduction in FTEs for the department as a significant movement?

Mr M. McGOWAN: I will let Mr Hill expand on that. This happens every year. Set projects are specific. As I said, there is COVID and Seroja. There is some money for the Mira Mar landslide. There are a range of those sorts of things. Once the projects are completed, they will decline. I assume the vast majority of it is for specific capital works projects, but I will ask Mr Hill to comment more fully.

Mr T. Hill: Moving forward, a number of new projects are in the budget. An example of that is the project around the Western Australian agricultural collaboration. That ag collaboration is new money that will bring \$25 million from the state over three years. We look to have that matched by the universities and CSIRO, which will take it to \$50 million, and then we will work hard to double that money with research and development funding corporations, to which our growers pay levies. The view is that not enough is coming back to WA. We will be able to leverage

that up. A few FTEs will be coming into the department over that period of three years. If we look at our current FTE, with a static consolidated account and increasing external funds, we would expect, as has occurred in the last couple of years, our number of people to increase.

Mr M. McGOWAN: I will expand on that. If we turn to page 231, under “Employee benefits”, members will find that it has grown over the last couple of years and that it will be relatively stable over coming years; in fact, it grows this year and it grows next year. In terms of employee benefits, or remuneration, it will actually grow this year and next year. It is just a natural thing that new things come on over time as existing projects expire, as the member would understand.

[10.10 am]

Ms M.J. DAVIES: On page 232 of budget paper No 2, volume 1, under details of controlled grants and subsidies there is a list of election commitments. I refer to the small commitments program. Could we have a list of the projects that are contained within that? It seems to run out.

Mr M. McGOWAN: I am sorry; whereabouts on page 232 is the small commitments program?

Ms M.J. DAVIES: It is under the heading “Election Commitments” and there is a whole list of them. It is down at the bottom. There is \$2 million allocated in this financial year. I am just wondering whether we could have the full list that has been allocated to that line item as supplementary information.

Mr M. McGOWAN: Yes, sure. I will get to that. Obviously, during the election campaign, as all political parties do, we made a range of commitments. We collated those and are delivering them, as people would hope that we would. I might just get some advice on those commitments. By way of supplementary information, we can provide a list of the small commitments program, which was \$13 379 000 in the 2021–22 budget. It is \$2 million in the coming budget. That is rolling out the things we committed to in the election campaign 14 months or so ago. On top of that, all the other commitments are already detailed there. By way of supplementary information, I am happy to provide a list of the small commitments.

The CHAIR: Can you just say that once again for clarity?

Mr M. McGOWAN: With reference to page 232 and the fourth line from the bottom, a full list of the small commitments program will be provided by way of supplementary information.

[*Supplementary Information No A1.*]

Ms M.J. DAVIES: I have a further question on that. The 2021–22 budget was about \$13 million; the actual spend was around \$11 million. Am I to take it that the \$2 million that is carried over into this financial year is an underspend from last year? Were some projects not delivered?

Mr M. McGOWAN: That would be the carryover. I think that in last year’s budget, we put all the commitments in at a cost of \$13.379 million. Of that, the amount that has been expensed—I think that is the term—is \$11.379 million, so there is \$2 million remaining. I think most people would understand that in the environment of an extremely heated economy, getting all projects delivered in that time frame is not easy, so some of them roll over into this year’s budget.

Ms M.J. DAVIES: Can I make the assumption that, given that the government commissioned the Langoulant inquiry and one of the recommendations from that was that there should be business cases for the expenditure of royalties for regions, all those small commitments had a business case attached to them?

Mr M. McGOWAN: No, because the business case requirement was for commitments over \$1 million. By definition, the small commitments are less than that.

Ms M.J. DAVIES: The program is for commitments less than \$1 million; thank you.

Mr P.J. RUNDLE: I refer to page 219 of budget paper No 2, volume 1, about halfway down the page, “Great Southern Development Commission Mira Mar Landslide”. That was a one-off payment. Considering the challenges with that landslide scenario, no-one seems to be trying to take responsibility. Can the Premier foresee further funding being provided to ensure the safety of the community and those householders around that area?

Mr M. McGOWAN: There is \$250 000 provided for the Great Southern Development Commission to engage an independent geotechnical advisory firm to carry out a detailed geotechnical investigation and aerial site survey of the Mira Mar landslide area. This is in accordance with recommendations made by CMW Geosciences in its independent geotechnical report into the Mira Mar landslide. I do not think any further decisions have been made at this point in time, but there have been significant safety steps taken, which I will invite the acting director general, Mr O’Connell, to comment on.

Mr L. O’Connell: I have no further information other than what the Premier has said. It is under consideration for further support.

Mr M. McGOWAN: The main thing is that I think we have advised everyone to leave their homes if they are in any danger, and there has been an extensive program around that, so we are doing our best to deal with what is, in effect, an act of God.

Mr P.J. RUNDLE: There appears to be some sort of Mexican stand-off between the Water Corporation, the state government and the City of Albany, and basically the home owners who were attempting to make their properties safe have been told they are not allowed to do anything, as well.

The CHAIR: Is there a question there, member for Roe?

Mr P.J. RUNDLE: The question is: does the state government foresee that it will provide any solutions for those home owners on the downhill?

Mr M. McGOWAN: From memory, I think there are three homes. We are obviously working with the people and the council. We are hopeful we will have further announcements shortly, but I do not think it has been resolved yet. Obviously, we have to work out whether we can get insurers to pay and all those sorts of things, so we are currently working through those issues.

Ms M.J. DAVIES: Out of general curiosity, why is the Department of Primary Industries and Regional Development involved in this and not the Department of Fire and Emergency Services as an emergency response? Has DPIRD taken the lead on the government response to this, as opposed to the Department of Fire and Emergency Services; and, if so, is that where funding will be taken from?

Mr M. McGOWAN: Yes, I think that is right, and that is because the Great Southern Development Commission is there on the spot with significant staffing and local connections, so I think it has taken responsibility for an across-government response. It is one of those things. I have not actually seen it, but it is obviously a very unusual situation.

Ms M.J. DAVIES: It is pretty dramatic.

Mr M. McGOWAN: I have never heard of this before in Western Australia, but there it is. There is a landslide. The most important thing for me is that no-one gets hurt. That is what the minister and I have been talking about—to make sure that no-one gets hurt. If there is a catastrophic event at any point in time, I have been given every assurance that all the appropriate steps have been taken for the people involved.

Ms M.J. DAVIES: Does the government contemplate that it may need to provide funding to assist with the relocation of those residents who are unable to recover through insurance or any other means? They are significant properties. Having spoken with the council—I am sure the member for Roe has as well—my understanding is that they are stuck in limbo at the moment and are paying rent and mortgages on houses that no longer exist. They are not allowed to return home. Is there an end date for these discussions?

[10.20 am]

Mr M. McGOWAN: As I said to the member for Roe, I think we are working through the issues. These things are never easy. We do not want to absolve insurers of responsibility by the state just saying that it will step in, because then they will not take responsibility. Like with all these natural events or disasters—it is not a disaster yet, but a potential natural disaster—we want to make sure that we help people, protect the state and make sure that whoever is actually responsible, particularly an insurer, is held to account.

Ms M.J. DAVIES: I refer to page 229 of budget paper No 2, volume 1. Under “New Works” is a line item titled “Provision for Future Royalties for Regions Projects”. It is about \$73 million across the forward estimates, and it increases significantly into the out years. When we get to 2025–26, there is \$28 million. Could the Premier give me an understanding of what this line item is and what it will do?

Mr M. McGOWAN: Are we talking about the line item “Provision for Future Royalties for Regions Projects”, which is three-quarters of the way down page 229?

Ms M.J. DAVIES: Yes, that is correct.

Mr M. McGOWAN: The provision for the royalties for regions program is \$5 million for Albany ring-road, \$50 million for Manuwarra Red Dog Highway stage 4, and \$18.4 million for other future regional road projects. The \$5.4 million in 2022–23 reflects funding of \$3 million for Albany ring-road and \$2.4 million for Manuwarra Red Dog Highway stage 4.

Ms M.J. DAVIES: Why are they listed under future royalties for regions projects if they are actually allocated to projects? Why are they not line itemed into the budget like every other royalties for regions project?

Mr M. McGOWAN: The advice I have is that we are waiting for federal funding announcements. Therefore, it is sitting there as sort of a global figure awaiting announcements from the federal government.

Ms M.J. DAVIES: Are the projects that the Premier listed the only projects across those forward estimates or is the Premier able to provide, by supplementary information or today, a full list of how that \$73 million is anticipated to be spent?

Mr M. McGOWAN: I am advised that the amount of money I just outlined to the Leader of the Opposition adds up to \$73 million, which is the total amount there.

Ms M.J. DAVIES: To clarify, will the projects that the Premier just listed use the entirety of the \$73 million?

Mr M. McGOWAN: I will take the Leader of the Opposition through it. Albany ring-road is \$5 million, Manuwarra Red Dog Highway stage 4 is \$50 million, and other future regional road projects is \$18.4 million, so that is \$73.4 million.

Ms M.J. DAVIES: Is there any specificity around the funding for the other future regional road projects?

Mr M. McGOWAN: Other? Where is “other”?

Ms M.J. DAVIES: It was the last line that the Premier read out.

Mr M. McGOWAN: The \$18.4 million. The department is working through the priorities. Obviously, there is a massive spend but it is seeking to see whether we can match it with commonwealth money to reduce the impact on the state. The great thing about the commonwealth is that it funds these things generally to the tune of 80–20. For a relatively small investment, we get a massive return from the commonwealth. I am hopeful that that will continue, although you would have to say that we have done pretty well so far.

Mr P.J. RUNDLE: I refer to page 229 of budget paper No 3. The fourth line item is the “Country Age Pension Fuel Card”. Basically, the figure is exactly the same right through the out years, at \$30.5 million. Can the Premier confirm that the government is not looking at any CPI increase or the like, considering the increased price of fuel and cost of living?

Mr M. McGOWAN: I cannot see it, I am sorry. I am not sure what the member is talking about.

Mr P.J. RUNDLE: It is budget paper No 3.

Mr M. McGOWAN: Okay; sorry.

Mr P.J. RUNDLE: I am referring to the fourth line on page 229.

Mr M. McGOWAN: By coincidence, it was the same page number. As the member knows, the budget provides a benefit to country pensioners on a fixed income who rely on private transport to access social services. The scheme provides eligible pensioners with a fuel card of a set value to purchase fuel. The current value of the card is set at \$575 per annum. Apparently, 57 000 cards have been issued. The program continues. The expectation is that it will remain as is. It is something that we could consider in future budgets, but that is the expectation at this point in time.

Mr P.J. RUNDLE: Is the Premier confirming that there will be no alteration to that figure over the forward estimates?

Mr M. McGOWAN: That is not actually what I said. We are dealing with this year’s budget. The forward estimates are there. It is something that we can consider in future years, but we have not considered it at this point in time. We are hopeful that the price of fuel will go down, to be honest. There is a spike caused by Vladimir Putin. Perhaps once that issue resolves, the price of fuel will go down. It is something we can consider in the future. There are a lot of pressures on the state budget in many, many ways. I think the scheme itself is the most generous of its type in Australia. I am not sure that every state has this. There might be one other state that has it.

Ms M.J. DAVIES: New South Wales.

Mr M. McGOWAN: Does New South Wales have it? Then New South Wales is the only state.

Ms M.J. DAVIES: I think so.

Mr M. McGOWAN: I do not think every state has this. Combined with the two free trips, I think Western Australia has the most generous schemes of its type for regional pensioners of anywhere in Australia.

Ms M.J. DAVIES: I am on page 219 of budget paper No 2, volume 1. I refer to the top line item on that page, which is under “New Initiatives”. At the risk of asking a Dorothy Dixier, this is about the paid escape for international working holidaymakers. I think I heard the Deputy Premier talking about it this morning on the radio. It is targeting backpackers, I assume, to come to Western Australia and work in areas that are suffering from significant labour shortages. Could the Premier tell us where this is being advertised? Which markets are we targeting? It is the paid escape for international working holidaymakers.

[10.30 am]

Mr M. McGOWAN: That is a good question. The Reconnect WA package, which we announced in December, includes an expansion of the regional travel and accommodation support scheme, RTAS, which supports workers who travel more than 100 kilometres to undertake eligible work in regional WA. From 3 March 2022, the scheme was expanded to include hospitality and tourism workers. It provides a \$40 a night accommodation allowance for

up to 12 weeks and a one-off travel allowance of up to \$500 depending on the destination region. An amount of \$7.5 million is provided across the 2022–23 and 2023–24 financial years. It is designed to get people out there, and that is a good thing.

Ms M.J. DAVIES: What do people have to do to qualify for that funding?

Mr M. McGOWAN: I will ask someone else who knows the exact details.

Mr C. Binning: My understanding is that they need to travel more than 100 kilometres, and I think, but will need to confirm, work for more than two weeks. To date, with the new round, we have had 410 applications, of which 180 have been approved, 155 are pending and 73 have been declined.

Ms M.J. DAVIES: It is an international working holidaymaker program, so I assume that if people have come here from overseas, they have travelled more than 100 kilometres. I do not quite understand the criteria.

Mr M. McGOWAN: It is from Perth, I think.

Ms M.J. DAVIES: Okay, so they have to be based in Perth?

Mr M. McGOWAN: It is a 100-kilometre ring around the city from the Perth GPO. I assume that if people have travelled more than 100 kilometres from the GPO and are living out there, not commuting—although some people could actually commute for 100 kilometres—they would be eligible for the program.

Ms M.J. DAVIES: In order for a person to be eligible, they have to live there and work for a minimum of two weeks?

Mr M. McGOWAN: I can get the member a copy of the guidelines. I assume they are public—on a website or something. We will try to get that to the member this morning. That is quite reasonable when we think about it. If people who are not Australian citizens will suddenly be given money by the Western Australian taxpayers to live in the regions, that is a good thing.

The CHAIR: Just for clarity, that is not being provided as supplementary information; the Premier will provide the details later?

Mr M. McGOWAN: Yes. If we can get that printed, we will give it to the member.

Ms M.J. DAVIES: Does any of that funding include advertising into target markets? How is it being communicated internationally, or is it literally being advertised to people who are already in Australia?

Mr M. McGOWAN: It is run by the Department of Jobs, Tourism, Science and Innovation, so I do not have the details of how it is promoted. I assume it is an online bespoke advertising campaign to people. The member might recall that it was quite a topical issue in 2020 because of the demand for labour; we had a limited number of people here and could not get in more from overseas. We have obviously kept the program in place so that we can continue to support regional tourism, agriculture and hospitality operators. The member asked about the advertising. It is not being run by this agency, sorry. The member can ask that question of the particular agency.

Ms M.J. DAVIES: So that I am clear, the funding in this budget is just for the amount that goes to the recipient, so I can ask that question of JTTSI, which is the agency that is advertising or administering this program?

Mr M. McGOWAN: This amount is for the program and the funding for the individuals. The advertising campaign is being run by the Department of Jobs, Tourism, Science and Innovation. My experience of backpackers, foreign students and so forth is that if free money is available, they will find out about it very quickly. The availability of some free money is very well known in the hostels and cheap hotels or share houses they might stay in, or whatever.

Ms M.J. DAVIES: Premier, I understand, having been a backpacker at one stage in Europe, that people do find ways to figure that out when they are actually in the country. My question is whether we are targeting overseas markets to let people know that we have this package to welcome international workers back to WA. There is a limited number of backpackers in Western Australia at the moment. That is part of the problem. Are we looking a bit further beyond the Perth metropolitan area for people who are willing to work in the regions, because I have been told that some of these people made a significant amount of money over the summer holidays and do not need to work at the moment and are quite happy to enjoy themselves?

Mr M. McGOWAN: Is there a question?

Ms M.J. DAVIES: Is the program targeting people outside the borders of Western Australia, that is, in overseas markets, or is that a question that I will need to ask JTTSI?

Mr M. McGOWAN: The answer is yes. When we announced this, we announced as well that there would be promotional campaigns in the United Kingdom, Europe, Japan and South Korea featuring flight offers provided by Qantas and other airlines, incentives, and working holidaymaker packages. We also have the national Paid Escape campaign, which seeks to encourage interstate working holidaymakers to visit WA for a unique west coast experience.

That may well involve working in a bar in Karratha, or even on a banana farm in Carnarvon, which no doubt would be a unique Western Australian experience.

Ms M.J. DAVIES: It sure would be! They are welcome to it!

Mr M. McGOWAN: No doubt they will go and do that and they will talk about it for the rest of their lives!

Ms M.J. DAVIES: Character building, Premier.

Mr P.J. RUNDLE: I refer to page 229 of budget paper No 3 and the second initiative in that column, community resource centres. I note an increase of \$200 000 a year for that initiative. How many CRCs currently exist, and are there plans to create more CRCs? What will this \$200 000 provide?

Mr M. McGOWAN: While we are working out the exact answer to the question, there are 101 community resource centres across smaller towns and regional communities. They played an important role during COVID-19 in assisting communities to adhere to the guidelines, and in helping to provide hundreds of thousands of rapid antigen tests and masks to communities. A new CRC will open in Roebourne in July 2022.

The advice I have is the budget has increased, and \$2 million in total has been added into the forward estimates. When it is indexed, an additional \$2 million in funding is added to the network.

[10.40 am]

Mr P.J. RUNDLE: Premier, I understand the number of CRCs will remain static.

Mr M. McGOWAN: There is another one in Roebourne.

Mr P.J. RUNDLE: Last year, the Leader of the Opposition asked the Premier about a Department of Primary Industries and Regional Development community resources survey. Now that the survey has been completed, what were the outcomes of the survey?

Mr M. McGOWAN: I will invite Mr Hill to comment and maybe hand to his staff.

Mr T. Hill: Liam, could you comment on the CRC review, please?

Mr L. O'Connell: Thank you for the question. In 2021, it is true DPIRD undertook a community resource centre engagement survey and a customer survey, and it was independently undertaken by Painted Dog Research. Over 3 000 CRC customers and over 500 CRC stakeholders provided responses. Satisfaction was very strong and the average score was nine out of 10, in terms of being extremely satisfied. Stakeholders particularly saw the CRCs filling a key gap in regional communities and being a central community hub. There was very positive feedback, which was taken onboard with the CRC program.

Ms M.J. DAVIES: I have a further question in relation to community resource centres. Premier, could you outline, if a community wants a community resource centre, how they might go about doing that? The Premier mentioned that Roebourne has a CRC. Other small communities might decide that service would benefit them, not having a government presence in their community. Is there a process that makes it clear to communities that might like to pursue that or is it simply an ad hoc situation?

Mr T. Hill: I will pass to Mr O'Connell, who is looking after this. I understand there is an application process and then a process in which the applications are assessed. In fact, for the Roebourne centre, Trish Barron, the acting chief executive officer of the Pilbara Development Commission, sat on the assessment process, and we assessed whether they met the guidelines. I do not have the full detail of that with me, but it is quite a rigorous process. I was thankfully present when people at the Roebourne CRC heard they were successful in getting the CRC. As you know, Roebourne has been a challenging community for the state, and the capacity and high quality of people who were joining together to build that impact in the community and provide those extra services was evident. Even though it is short way from places like Karratha, those local services were very important for them and they put up a very good application. We can certainly provide the details of the application process. Again, it is pretty thorough and they need to meet some conditions. It is not just a handout. It was great to be in Roebourne when that was announced and the people heard that.

Mr M. McGOWAN: You were going to hand to someone else.

Mr T. Hill: I was going to hand to Liam.

Mr L. O'Connell: The process looks at broader regional representation, and the Pilbara was slightly under-represented, which was the reason there was an agreement to progress with an expression of interest. Further details on the criteria and assessment could be provided, I am sure, after today.

Ms M.J. DAVIES: Can I assume that the first port of call for a community is to go through the development commission in their area if they are interested in pursuing the creation of a community resource centre?

Mr M. McGOWAN: Yes. When you think about it though, 101 across the state is quite a lot. It is quite some coverage. What is the proportion in the wheatbelt?

Mr T. Hill: I do not know the proportion, but I think this was the fourth one in the Pilbara, so it is very small representation in the Pilbara, but much higher in the wheatbelt.

Mr R. Cossart: There are 41 CRCs across the wheatbelt.

Mr M. McGOWAN: That is quite a lot.

Ms M.J. DAVIES: There are 37 communities in my electorate, Premier, and not many of them have access to government services.

Mr M. McGOWAN: I am not looking to get into an argument.

Ms M.J. DAVIES: I think you started it, Premier, just quietly.

Mr M. McGOWAN: This is just like that episode of *Monty Python*, “No, I didn’t!”

Ms M.J. DAVIES: I am on budget paper No 2, volume 1, page 235. Under “State of Financial Position (Controlled)”, I am looking at restricted cash. Under current and non-current assets, there is a line item in each of “Restricted cash”. As an introduction to this, I note report 10 of the Auditor General handed down in November last year. In the overview of that report the Auditor General noted that a number of entities—not just DPIRD, but it was one—with serious deficiencies requiring a qualified opinion on their financial statements, controls and key performance indicators and that across government it increased last year from seven to 17 in the year she was discussing with 31 separate qualification matters. Many of those qualifications related to deficiencies in payroll and procurement, information and security. Five entities received three or more qualifications, and DPIRD was one of those entities. I am looking at restricted cash and I note a combined amount of \$83 million in current and non-current assets and those comments of the Auditor General about deficiencies in controls over restricted cash, which included weaknesses in their cash monitoring system that resulted in restricted cash being used inappropriately throughout the year to fund shortfalls in operational cash. Can the Premier explain why this has come about and why the Auditor General had cause to make these qualifications in her audit?

Mr M. McGOWAN: I will let Mr Hill comment in a moment, but the advice I have is that there is no evidence to suggest risks associated with the audit findings will materialise. DPIRD’s core business systems program is necessary to address the financial audit findings. I will hand over to Mr Hill to add comments.

Mr T. Hill: The fundamental challenge for DPIRD has been bringing together its core systems, and as a result there have been some audit findings. I will pass to our CFO for a more detailed answer in a minute. There is some really good news. We have just launched our one HR hub which brings together all of our organisation into a single HR hub, where people can book their leave and do all those great things.

Ms M.J. DAVIES: Five years later.

Mr T. Hill: We have delivered that just recently and it has come together very well. The general feedback from the staff has been very positive. We have also delivered our one record system and we are planning to roll out our one finance system once we have bedded down the one HR hub, but for the specific question, member, I ask Mandy Taylor to respond.

Ms M. Taylor: In regard to the qualification on our cash, I first point out that there are no discrepancies with the balance of the overall cash; the discrepancy is between the two categories, restricted and non-restricted. Mr Hill is correct in saying that we have had some challenges around our finance system. We are currently running three different finance systems and, therefore, we are consolidating our information into spreadsheets. For this qualification, the error was within a spreadsheet that we were using to monitor our cash. We have identified the discrepancies with the Office of the Auditor General and we are working very closely with it to resolve the issues and to make sure that the OAG is comfortable with the evidence we now have that those balances are correct.

[10.50 am]

Ms M.J. DAVIES: Is the finding of, and the note in, the Auditor General’s report that says restricted cash was being used inappropriately to fund shortfalls in operational cash not true?

Mr M. McGOWAN: I will ask Ms Taylor to say a few words.

Ms M. Taylor: As at the end of the year, the balances were all correct and tallied up and we are comfortable that we were not using restricted cash at the end of the year. There may have been opportunities throughout the year that we dipped into restricted cash, but it was soon replenished.

Ms M.J. DAVIES: Premier, that has been noted as a serious concern by the Auditor General and we have just been advised that throughout the year that has in fact happened. How has this happened? How have funds been used

to fund shortfalls in operational cash? Are there not appropriate mechanisms in place to prevent that from occurring? It does not sound like a very efficient way of managing a department.

Mr M. McGOWAN: I will ask Ms Taylor to answer that question.

Ms M. Taylor: We have obviously identified that we have some issues with the spreadsheet model. When we implement our new finance system, we will be implementing cash modules, or cash ledgers, so that the error will not occur in the future. The new system will be able to manage it way more efficiently than it currently does. Merging the information from three different systems into one has been very problematic for us. We are also working very closely with the Auditor General and we will get some independent auditors in to make sure that the way we have implemented it and that the balances we are carrying through are correct.

Ms M.J. DAVIES: After this was drawn to the department's attention, Premier, was an analysis done of how many times this may have occurred, whereby restricted cash was being used inappropriately to fund shortfalls in operational cash?

Mr M. McGOWAN: I will invite Ms Taylor to answer the question.

Ms M. Taylor: No. There was no investigation done. We are just moving forward and working through and making sure that we have the correct balances now. We have a work plan set with the Office of the Auditor General and it is happy with the approach we are taking to resolve those imbalances.

Ms M.J. DAVIES: When the Auditor General goes back and has a look at it and does another report, will there be a clean bill of health on that front?

Mr M. McGOWAN: I invite Mr Hill to comment.

Mr T. Hill: Member, I do not think we can predict what the Auditor General will find. The Auditor General will find what the Auditor General will find. We are working very hard as a team and with the Auditor General to work towards significant progress. Of course, our ultimate objective would be to achieve a clean response. However, as I have noted, we have landed our HR hub projects. We have a functional HR system across the organisation and a functional records system. The team is working incredibly hard in a difficult situation with COVID—a significant number of people have been out—to land our one finance system, once we have bedded in the HR system.

Ms M.J. DAVIES: Further to that statement, Premier, the acting director general has just advised that after five years since the Labor Party came to power and the machinery-of-government changes were implemented, the department now has a single HR hub and, I assume, is embedding the records system. It has taken that long for the department to create that system. When will the finance system be completed?

Mr M. McGOWAN: I will hand to the acting director general in a moment, but I can say that bringing the IT systems together seems to me to always be time consuming and difficult. It does not matter whether it is the private sector or the public sector; it seems to be a long process. I do not pretend to understand how they do it, but it always seems to be a very time-consuming process. I will hand over to the director general to comment further.

Mr T. Hill: Thanks, Premier. It is a time-consuming process and we have a limited market. It is very difficult in the current market to get IT professionals. The team has been working very hard with our providers to get the right people on deck to enable us to deliver this. Premier, could we throw to Mr Binning for some detail?

Mr M. McGOWAN: I invite Mr Binning to say a few words.

Mr C. Binning: The new finance system is the construction of a full new financial management system for the agency. The legacy systems from the three agencies were found not to be fit for function and to be antiquated. The construction of that new finance system is bringing it in line to be contemporary and cloud based, so it is a significant transformation of our business systems. The design and construction of that system is substantially complete, and it will be commissioned over the remainder of this calendar year.

Ms M.J. DAVIES: How much has the creation of a new finance system, a new records system and a new HR system cost the department? Is it a line item somewhere? Can the Premier point to me in the budget how much has been spent on merging these three departments?

Mr M. McGOWAN: I will ask Mr Binning to comment, but just so that the Leader of the Opposition understands, what happens across government is that systems have to be replaced periodically. That is why we set up the digital fund in last year's budget with \$500 million and we have added \$400 million to it this year. It is not necessarily related to amalgamating agencies; it is just that systems become old, clunky, unfit for purpose, unable to be repaired, tenuous and so forth over time. That is why last year and this year we combined nearly \$1 billion to spend on this across government. These things are not about winning votes or changing people's minds to vote for us; it is just about making sure that we have updated IT systems. Every major organisation, whether it is a major business, a government or a not-for-profit organisation has to do this periodically. The amalgamation of the agencies makes

sense and I doubt whether a future government would undo it. Making sure there is a new IT system is part of what agencies do over time. I will ask Mr Binning to comment further.

Mr C. Binning: The total funding for the program across the three systems—HR, records and the new financial system—is \$24.8 million.

Mrs R.M.J. CLARKE: I refer to the record investment on regional infrastructure under the heading “Investing in Regional Western Australia” and the subheading “Highlights” on page 215 of the *Economic and fiscal outlook*—budget paper No 3—where it states that this budget includes a record \$12 billion investment in regional infrastructure over the forward estimates. Can the Premier outline some of the more significant items included in this \$12 billion?

Mr M. McGOWAN: I will just find budget paper No 3. I keep going to budget paper No 2!

The \$12 billion in regional infrastructure is about diversifying the economy, creating jobs and supporting new and emerging industries. It is up \$2.9 billion from last year’s state budget and includes \$263 million in regional election commitments. Some of the new funding initiatives include \$5.6 billion towards improving regional road infrastructure, enhancing road safety, reducing travel times and increasing freight efficiency; \$500 million to seal the Tanami Road; \$1.25 million for the Bunbury Outer Ring Road; and \$275 million for the Great Northern Highway Bindoon bypass. They are all jointly funded with the commonwealth government, which is great, but they were all brought to book in our budget.

We are providing \$350 million to establish the new remote communities fund, which is totally made up of WA money. That will provide water, electricity and housing in remote Aboriginal communities, which is important. There is \$332 million for a major upgrade to Geraldton port, which is important for removing the bottlenecks there. That is great and I would like to thank the member for Geraldton for all her work on that. We are providing \$78.1 million for the construction of seawalls, bund or retaining walls and the construction of a causeway at Lumsden Point in Port Hedland. An additional \$49.4 million will deliver the staged development of the Geraldton Health Campus bringing its total funding to \$122.7 million. Again, the member for Geraldton is kicking goals in Geraldton. We will provide \$48.6 million to improve mobile and internet coverage across the regions and \$349 million for refurbishments and upgrades to regional primary and secondary schools. They are some very significant infrastructure projects. The Bunbury Outer Ring Road is a massive road project. I think it is the biggest regional infrastructure project ever carried out by the state. Hopefully that improves the quality of life and efficiency of traffic movement there. The member might recall that when we built Forrest Highway, as it is now called, it made a world of difference to people heading to the southern part of the state. As part of the Bunbury Outer Ring Road project, we duelled Bussell Highway. As anyone would know, that road was dangerous, so duelling that road has been a remarkable commitment. These sorts of road projects basically save the lives of people who would otherwise have been grievously injured or killed. It could happen to any one of us—we will never know—but improving these roads has saved a great many lives.

[11.00 am]

Mrs R.M.J. CLARKE: Thank you for the Pinjarra heavy haulage deviation.

Mr M. McGOWAN: The Pinjarra deviation is in the budget somewhere. It is a significant project designed to remove the trucks out of the heart of Pinjarra. I thank the member for her advocacy on that. The total cost of that project will be \$250 million. It is a big project. I hope that the people of Pinjarra will be happy with that and I thank the member for her advocacy.

[Mr D.A.E. Scaife took the chair.]

Mr P.J. RUNDLE: I refer to page 220 of budget paper No 2, volume 1. The eighth paragraph refers to accommodation and the management of the department’s systems and assets and network of staff. It states —

Metro-based staff have been relocated to new facilities in Perth ... with installation of temporary laboratory facilities on the Kensington site now finalised.

It states that those laboratories are temporary facilities. What is their time frame? Do they have a 10-year or a 20-year time frame?

Mr M. McGOWAN: I will say a few words and then hand over to Mr Hill. The accommodation and management of the department’s systems and assets in support of the substantial network of staff across the state is a priority. Metropolitan-based staff have been relocated to new facilities in the city, with the installation of temporary laboratory facilities on the Kensington site now finalised. A project definition plan for a new long-term facility is being prepared to support research and development activities and critical biosecurity functions for the state. In response to the member’s direct question, I will ask Mr Hill to comment.

Mr T. Hill: New facilities have been developed as temporary facilities at the old South Perth site. The member would be aware member that the South Perth site has been there for a very long time. I started my career on the South Perth site, which makes me quite old—but we will not go there. The site was in need of a lot of work with

issues around danger et cetera. That was sorted but we needed new temporary labs so the money was allocated. The money was allocated for both the labs and some really new high-tech equipment, which is fantastic. The labs are very close to commissioning. I will say a few things about the labs.

There has been a strong investment in science and innovation capacity. The member joined me at the opening of the new Katanning sheep-feed facility recently. Those new facilities invigorate our staff and they bring people together. The great thing about the temporary labs is that we have been able to bring together scientists who have not worked in the labs together. In South Perth, they were all in these little boxes. Now we have designed these flow-through labs with new facilities and we have this very invigorated group of scientists, which excites me because that is my background. Those labs are very close to opening and being commissioned. They will be there until we land a new site for a permanent facility for our broader laboratory facilities. At the moment, those are our critical labs, if you like, around the capacity to assess pests and insects and use new DNA technology, which they showed me. I do not understand how it works, member, but it is a pretty flash kit. We intend to be in those temporary labs for as short a period of time as we can and we are moving towards it. I might ask Mr Binning to add more detail.

Mr C. Binning: The specific question was about the time frame for the temporary facility. The new temporary facility will have a life span of at least 10 years. Other critical functions are still in the existing buildings on site and funding is also being used to stabilise those functions, but there remains a genuine urgency in the next five to seven years to move offsite—otherwise further very significant investment would be required. When the business case was done for the new facilities, one of the options looked at was a remediation of the existing buildings and site at South Perth. That was found to be more costly and not a viable option.

Mr P.J. RUNDLE: My understanding is that a 10-year lease has been signed for office space for the other staff, if you like. Can the Premier confirm that?

Mr M. McGOWAN: I will let Mr Binning say a few words.

Mr C. Binning: That is managed through the Department of Finance and, yes, a 10-year lease has been secured over 1 Nash Street and the four floors in that building. That is managed by the Department of Finance as part of the overall pool of office accommodation.

Mr P.J. RUNDLE: The final sentence in paragraph 8 states —

A project definition plan for a new long-term facility is being prepared to support research and development activities and critical biosecurity functions for the State.

How is that project definition plan progressing and does the department foresee a totally new site with all the office space and research facilities at the new greenfields site?

Mr T. Hill: The question is about the project definition plan and how it is progressing. We have a task force that includes people from the Department of Primary Industries and Regional Development, the Department of Finance and some architects. That task force has been working on the new development and principally focusing on our science and lab facilities because our other staff are in the regions and some staff are still in central city accommodation. The facility that we are working through at the moment is encouraging our staff to think about how we can increase the flow, improve the technology and make it a world-class facility. I would hope that the project definition plan will be completed, as the first step, within six to eight weeks, but we cannot predict the exact timing because it will depend on architects and finance and everyone bringing it together. It is quite a complex piece of work. We have what are called physical containment level 2 labs. They are very high-tech labs. At the moment, everyone has their own coolroom and we need to get people to think about sharing a central facility just to make the whole place more functional, modern and efficient. We are going hard at it. In fact, we have two workshops this week alone, so it is coming together reasonably quickly and there is a high priority in the department to deliver it. We are looking at a number of sites and are in negotiations and talking to people around those sites. We are looking for enough to potentially co-locate with some of the industry organisations. We are discussing co-locations with the Australian Export Grains Innovation Centre and InterGrain. We can also get synergies between our own people and people working on critical industry projects such as grain breeding and grain market development.

[11.10 am]

Mr M. McGOWAN: I will have Mr Binning make a few comments.

Mr C. Binning: The project definition plan is reaching its final stage. It is on schedule and is currently scheduled to be completed in late July or early August. As Terry Hill outlined, there is the potential for some small slippage in that delivery; we need to get it right. We are really pleased with progress and the support that we received from the Department of Finance. Our objective is to establish contemporary state-of-the-art research facilities for our staff for the next 30 to 50 years.

Mr P.J. RUNDLE: Given the comments about the project definition plan and the like, would the Premier anticipate, with co-location potentially with industry players and whatever, that in years to come it appears that the South Perth site would be disposed of or no longer part of the package?

Mr M. McGOWAN: No decisions have been made and it has not been funded in the budget, but these are matters that we will consider. I will hand over to Mr Binning to further comment.

Mr C. Binning: As the Premier indicated, no financial decision has been made. Development WA has an active interest in the South Perth site and we are working through a process with it. Once a final site is selected, the future of the South Perth site will be determined.

Ms M.J. DAVIES: I refer to page 231 of budget paper No 2, volume 1, under the income statement. I want to go back to the Auditor General's report, specifically talking about payroll controls at the line item "Employee benefits". The Auditor General identified significant weaknesses in the payroll controls that had been implemented by the department. In her words —

These weaknesses could result in salary errors such as overpayments or payments to individuals who are not entitled to receive payment. Consequently, controls to prevent invalid and inaccurate payroll payments were inadequate.

Could the Premier advise what weaknesses the Auditor General identified and whether they have been rectified; and, if not, what work is being done to rectify this weakness? Presumably, it is not ideal to be underpaying or overpaying individuals in the department.

Mr M. McGOWAN: As I said before, there is no evidence to suggest risks associated with the audit findings will materialise. The upgrading of the IT systems is necessary to address the issues involved. That is one of the reasons that we are spending \$24 million to upgrade the IT systems. As I said before, over time we need to invest in IT systems, whether we bring agencies together or otherwise. That is what is currently occurring. I invite Mr Binning to add a few words.

Mr C. Binning: The Leader of the Opposition asked what some of the specific weaknesses were essentially in bringing three different HR systems together. The flow between employees and their managers in verifying time and pay et cetera was not as functional as it needed to be. We have worked very closely with our internal audit team and have verified that to the best of our ability there has been no material breach. We have worked through that with the Auditor General. The new HR hub will have a completely contemporary payroll certification system as part of it. We are confident that from the next financial year, we should have those systems in place and they will be robust.

Ms M.J. DAVIES: Can I just clarify, we were talking about the HR system and there was mention of the record system and the finance system. Are they all the same thing? Is that one project? Is that the \$24 million that the Premier is talking about, or are they separate projects?

Mr M. McGOWAN: I invite Mr Binning to comment.

Mr C. Binning: The \$24 million relates to the three projects, which are part of an overarching program. Each of those three systems must be able to talk to one another and be integrated. As a simple example, we pay people through our payroll system. That HR system then needs to feed data into the finance system so that the costs are appropriately allocated. The system is contemporary, fit for purpose and integrated.

Ms M.J. DAVIES: Were the errors that the Auditor General raised in the annual report previously raised with the department? Has this been a recurring issue?

Mr M. McGOWAN: I will ask Mr Binning to comment.

Mr C. Binning: The Auditor General has been concerned about the integration of our different systems for some period; they are not new issues. There has been a very clear understanding that the solution to that lies in the implementation of those new core business systems. I am now very comfortable that the HR system has been delivered and the finance system is on track to be delivered over the remainder of this year. We have also worked very carefully with both our internal audit team and the auditor to ensure that none of those risks materialised.

Ms M.J. DAVIES: The delivery of this program then has obviously been integral to averting risk from a government perspective. Five years in, has it been a lack of funding or a lack of clarity in the department structure? Has it been a lack of being able to access people to do the work? Why has it taken five years? This seems to me quite a fundamental issue if there are machinery-of-government changes. Even if the government is upgrading systems, it is fundamental to run an efficient department to have access to these types of services. Why has it taken five years?

Mr M. McGOWAN: Mr Binning.

Mr C. Binning: There are a number of things, but I would argue that five years is not out of the scope of what is unusual to do a digital transformation. The reality was that when the department was formed, the existing systems were found not to be fit for function. In designing the new systems, the decision was to fully contemporise, which involves a transition to a cloud-based environment. The final thing that proved very challenging for IT projects across the board in the WA market is lack of skills and a lack of people. There have been some headwinds in securing the resources that are capable of implementation, but the program is now, as I said, in the final stage of execution and deployment. It is not unusual that large transformative IT projects of this kind take time, and it is not unusual that they experience some headwinds.

Ms M.J. DAVIES: If we, as an opposition, asked for or FOI-ed the subjects of the meetings between the director general and the minister, would we find this project listed on the agenda? Has it been a priority for the minister to deliver it and has it been discussed at the weekly briefings that the minister has held as a result of being the minister for the past five years?

Mr M. McGOWAN: I am not the minister, so I do not know the direct answer to that. If the Leader of the Opposition wants to put in FOI requests or questions on notice, that is a matter for her.

Ms M.J. DAVIES: The director general would have been part of those meetings.

Mr M. McGOWAN: I am not going to go into questions about who said what at a meeting.

Ms M.J. DAVIES: No, I am asking whether it is listed as a priority. If a minister is meeting with their director general on a weekly basis, there is an agreed agenda. Would we find this project as one of those priority areas as a part of the minister meeting with the department?

Mr M. McGOWAN: I do not see how that is relevant to the budget item. I am not going to ask for comments.

Ms M.J. DAVIES: It is \$25 million worth of taxpayer dollars.

Mr M. McGOWAN: The Leader of the Opposition can keep arguing with me. If she wants to do a FOI or whatever, that is up to her.

[11.20 am]

Mr P.J. RUNDLE: I refer to page 230 of budget paper No 3 and the sixth line item “Regional Economic Development Grants”. The estimated actual was \$11.6 million for 2021–22 and \$5 million was budgeted for the out years. Why has that figure been reduced?

Mr M. McGOWAN: The answer to that question is that there has been no reduction. The department runs rounds of funding and sometimes there is more in one year than in another. It is a sort of bumpy program, if you like. The scheme invests in community-driven projects across regional Western Australia, especially those focused on the diversification of the economy. The total program is \$45.8 million over eight years, which is a little more than \$5 million per annum. The first four rounds of the scheme funded 277 projects in agriculture, mining, manufacturing, infrastructure, construction, tourism and professional skills. The Minister for Regional Development recently announced the round 4 projects and applications for round 5 will open soon. In the wheatbelt, 33 projects funded across the first four rounds helped to create 395 jobs. A company called Living Farm will get \$200 000 to establish its head office and operations centre in York. Modular home builder Evoke Living Homes will receive \$200 000 for construction of a new purpose-built undercover manufacturing facility in Northam. In the midwest, \$2.8 million will go to 25 projects, creating 135 jobs. Fenix-Newhaul will receive \$250 000 towards a world-leading truck driving simulator in the midwest. This technology will reduce the time frame for learners to become confident in road train driving, which is important. There are a range of projects like that across regional WA.

Essentially, the answer to the member’s question is that obviously the estimated actual in 2021–22 brought to book a range of funding rounds, so the amount of money has not been reduced.

Mr P.J. RUNDLE: Can the Premier outline the system’s processes? Who is administering those grants? Is it done by the development commissions or the like? Are business cases attached to every project?

Mr M. McGOWAN: No. The grants are \$200 000 or so and are way under the business case threshold. I will let the acting director general explain the process.

Mr T. Hill: The commissions have worked very closely with the Department of Primary Industries and Regional Development on the regional economic development grants. DPIRD holds the central systems, if you like, for the grant processes. The regional economic development grants are administered by each of the commissions, and in another life I look after one of those. The commissions have a budget but they have the opportunity each year to overspend by 30 per cent or underspend the budget depending on the quality of projects. The commissions will go out to a call at roughly the same time. The call comes in and then there is quite a rigorous process of assessment. People have to fill in the guidelines, which are not insignificant, to access the funding and have proven to be quite robust. People seem comfortable using the guidelines because we are regularly oversubscribed. It is a popular

program. I am sure the member would be aware that the commissions have a chair and a board. The chair and the board then work through the projects and make recommendations. When someone is successful in getting a project grant, they sign an agreement that the commissions manage on the ground but the agreement sits with DPIRD central and DPIRD staff manage more broadly the overall grant program. It is very much delivering regional programs through regional development commissions focused on regional people. As the Premier said, it has been a very successful program. It is very well received and we are regularly oversubscribed.

Mr P.J. RUNDLE: I have a further question. I have noticed a pattern has developed in the regional development grants, with individual businesses and individuals granted funding rather than not-for-profits, community groups and the like. I guess it is fairly unusual for individuals or individual businesses to be given those moneys. Does the Premier have any comments on that?

Mr M. McGOWAN: I do not understand the question. What is the member asking?

Mr P.J. RUNDLE: Generally, these sorts of economic development grants are granted to community groups, not-for-profits and the like. In the case of these regional economic development grants, there are companies or individual businesses that have been granted the funds rather than community groups.

Mr M. McGOWAN: They are economic development grants. That is what they are. They are designed to attract a new business or allow an existing business to expand with what is essentially a bit of seed funding that helps make up the overall cost of doing something innovative. I outlined a few of them in Toodyay, Northam and the midwest. They are for things that would not otherwise happen. The program is designed to leverage a small grant to get a bigger outcome. It does not happen in the city. We do not have this approach in the city. It is designed to get more businesses into the regions. As I said, we analysed it and worked out that hundreds and hundreds of jobs in various towns have come about because of this approach. It is not orthodox economics, if you like, but when we want to get jobs into a certain town or make sure a community remains viable and has a long-term future, these are the sorts of things we can do. I do not think this program is designed to give money to not-for-profits or community groups; it is for economic development grants to diversify the local economy.

Mr P.J. RUNDLE: Is it possible to get a breakdown of the projects that have not been successful and the amount of funding that applicants have requested versus the amount granted?

Mr M. McGOWAN: We can give the member a list of the successful ones but I am not particularly keen to give him a list of the unsuccessful ones because that might breach confidences and release business ideas that people might seek to fund through a bank loan or some other grant somewhere. I do not want to compromise people's business ideas. I could give the member a list of the ones that involved the expenditure of public money.

Mr P.J. RUNDLE: I am happy with that.

Mr M. McGOWAN: We will provide by way of supplementary information the businesses that received grants under round 4 of the regional economic development grants program.

[*Supplementary Information No A2.*]

[11.30 am]

Ms M.J. DAVIES: Premier, the director general mentioned that each round has been oversubscribed, and I can imagine that that is the case. Could we have, by way of supplementary information, how much each round has been oversubscribed?

Mr M. McGOWAN: Yes, no doubt they would be oversubscribed, because governments giving money generally results in oversubscription—not always, but generally. It is done on a regional basis, region by region, and there are nine regions, so for round 4 I am happy to provide the member, by way of supplementary information, the amount that was requested versus the amount that was provided. Bear in mind that people might come in and ask for \$10 million because they want to set up a shoe factory in some town somewhere; it does not necessarily mean that the government should provide that. In fact, the government should not. There is a stringent selection process to make sure that public money is used wisely.

The CHAIR: Just to clarify, the Premier has offered to provide, by way of supplementary information, the amount requested versus the amount allocated for each of the applications in round 4.

Mr M. McGOWAN: That is right, but not a list of the projects that were unsuccessful, because I do not want to breach any confidence.

[*Supplementary Information No A3.*]

Ms M.J. DAVIES: Across the program, have there been any recipients that have been unable to acquit the grant according to the funding agreement? I am assuming that there is a time frame for acquittals. If so, can the Premier provide us with a list of the projects or businesses that have had to return funds to government?

Mr M. McGOWAN: I am a bit reluctant. A business might receive a grant and then have to acquit it and as they go along, there may have been a family breakdown or crisis, or someone else gave them the money, or something or other. I am a bit reluctant to release information that might cause a business some grief. I am just trying to work out how to provide information that will not individually name a business that might not want its situation named, particularly if it did not actually get any public money. If they got public money but then returned it, again, I am a bit reluctant to name them, because I do not want someone whose circumstances are unfortunate to be outed in the Parliament. Sometimes people get a grant and then they get cancer or something, so they cannot deliver. I do not want them to be exposed, if the member knows what I mean.

Ms M.J. DAVIES: Perhaps I can help. Maybe the Premier could just tell me the number of instances in which that has occurred and the value of the funds.

Mr M. McGOWAN: Yes, by way of supplementary information, the number of times that a grant was allocated but not delivered, the number of businesses that that happened with, and the total value of that for round 4. That is the latest round in this budget for last year.

The CHAIR: This is the number of times that a grant has been allocated and then not successfully delivered in round 4 of the regional economic development grants.

Mr M. McGOWAN: Without naming the individual businesses. The global amount, but not the individual amounts, because the individual amounts might allow someone to track who it was.

Ms M.J. DAVIES: Could I just clarify: has the time period for round 4 finished?

Mr M. McGOWAN: Yes.

Ms M.J. DAVIES: Have they had to acquit it?

Mr M. McGOWAN: It has been awarded.

The CHAIR: Just one moment, Leader of the Opposition. I am just going to allocate the number for that supplementary information.

Ms M.J. DAVIES: He will not be able to answer it. The funding round has not been completed; it has not got to the end of the grant acquittal period, so it is of no use to me.

The CHAIR: My task as the chair is to allocate a supplementary information number to the supplementary information that the Premier is willing to provide, and that is what I am doing.

Ms M.J. DAVIES: It is not what I am asking.

Mr M. McGOWAN: We will have to look at round 3 to correctly identify the issues, so it is for round 3.

The CHAIR: We are providing the total number of times that a grant has been allocated but not delivered under round 3 of the regional economic development grants.

Mr M. McGOWAN: I do not want that to be interpreted somehow as the government not delivering because milestones were not reached or the business itself did not decide to proceed.

The CHAIR: The total number of times grants were returned under round 3 of the regional economic development grants program due to the business not being able to deliver or milestones not having been reached.

[Supplementary Information No A4.]

Ms M.J. DAVIES: I have one more question in relation to regional economic development grants, specific to one that the Wheatbelt Development Commission received a request for, the Bruce Rock supermarket. Is it possible to get an update on the consideration the government is giving to trying to find additional funds for that particular project, if it is giving any consideration to that?

Mr M. McGOWAN: I will let Mr Cossart answer. He might know more details about the Bruce Rock supermarket.

Mr R. Cossart: The Bruce Rock supermarket has submitted a number of funding applications to meet the funding shortfall. It has also gone out to tender to return the full value of that costing. Those tenders closed last Friday, and I am scheduled to meet with the Shire of Bruce Rock this Friday to discuss where those tenders came in, what the current costings are and what some strategies might be with regard to the cost shortfall.

Ms M.J. DAVIES: Has there been consideration given to whether there are returned funds or surplus in that regional economic development scheme? In all programs, there are funds that sort of slosh around at the bottom that could be allocated to a project. It was not allocated the full amount it asked for. I understand that not every project gets the allocation it wants, but there were some mitigating circumstances with Bruce Rock, given that its only supermarket burnt down and the community was impacted by bushfires the following year. The people of Bruce Rock have a fair bit on their plate and it would be good to know that the government is supportive of their endeavours, given the circumstances.

Mr M. McGOWAN: I do not want to pre-empt the process, because then I would be criticised for saying, “Yes, I’m deciding where this money goes outside the process.”

Ms M.J. DAVIES: No criticism from me, Premier!

Mr M. McGOWAN: I know the director of the Wheatbelt Development Commission has heard that, and I will make sure the minister’s office is apprised of what the Leader of the Opposition has had to say about it. I did not realise that the Bruce Rock supermarket had burnt down. I do not know where people are getting their groceries from at the moment.

Ms M.J. DAVIES: The shire has had to set up a temporary one, and it has been like that for 12 months, so they have been struggling a fair bit, through COVID et cetera.

Mr M. McGOWAN: They would be. Where is the nearest supermarket?

Ms M.J. DAVIES: Merredin.

Mr M. McGOWAN: What is the exact distance?

Ms M.J. DAVIES: It is about an hour’s round trip for them, so it is not ideal, and the chemist and other businesses are impacted, because if people have to leave town, obviously they are doing their shopping elsewhere. It is in the town hall, so the shire is essentially running the supermarket.

Mr M. McGOWAN: It sounds very worthy, and I am sure they will take all these issues into account.

[11.40 am]

Ms L. DALTON: I refer to page 219 of budget paper No 2, volume 1. Under “Spending Changes” is the line item “Western Australian Regional Connectivity Program Round 2 and Program Costs”. Can the Premier outline how the government is supporting enhanced digital connectivity across regional Western Australia?

Mr M. McGOWAN: I thank the member for Geraldton for the question. Obviously, telecommunications is a commonwealth government responsibility but the state does step in to assist, and has done for some time. We know that with the biggest state in the world, regional connectivity, by definition, will always be challenging. The pandemic highlighted our reliance on digital connectivity. If we do not have proper connectivity, it hurts regional businesses, it is difficult for farmers to compete and it puts additional pressure on farmers. I have seen some of the ways that digital technology can assist in farming, which is really quite remarkable. We stepped in to assist. We are continuing to invest in this budget with an additional \$48.6 million through the WA regional digital connectivity program. This investment will see mobile phone coverage expanded and higher grade flexible broadband services delivered to regional communities and businesses across the state. The program is targeting co-investment from the commonwealth and the private sector for a range of projects valued at \$145 million. We try to leverage as much as we can. The funding will advance solutions to bridge the digital divide in the regions, such as new mobile base stations and fixed wireless infrastructure, and upgrade the capacity of existing telecommunications assets plus trial new technologies. The solutions will benefit regional communities and businesses. So far, the program has invested \$10.9 million in 14 projects under round 2 of the commonwealth’s regional connectivity program, leveraging an additional \$25.3 million of commonwealth and industry funding. This \$48.6 million is a big additional investment. I thank the member for the question.

Ms M.J. DAVIES: I refer to page 227 of budget paper No 3, and the line item “Primary Health Centres Demonstration Program”. I raise this on behalf of the member for Moore, whose question relates to the Mullewa health centre redevelopment project. The Premier wrote to the member about this project 12 months ago. In the letter that was received in June last year, the Premier advised the member for Moore that the program scope had changed from what was originally going to be delivered, saying that extra scope had been added, yet no funding was added to that project across the forward estimates. I think that line item is Dongara and Mullewa. The challenge is that we have seen cost escalations across every other project. The scope has changed. The additional scope has been welcomed by the community but there is no additional funding. Can we have some clarity on where the Mullewa health centre redevelopment project or the Mullewa community hospital project is up to and when it is likely to be delivered and completed?

Mr M. McGOWAN: I do not recall the details of the letter I sent to the member for Moore.

Ms M.J. DAVIES: I imagine the Premier writes a lot of letters.

Mr M. McGOWAN: He is very different from the other member for Moore.

A tender for the Dongara health centre redevelopment was awarded to Devlyn Australia Pty Ltd in July 2021. The health centre will remain functioning during the redevelopment. Practical completion is expected in 2023, which is good for Dongara.

In terms of Mullewa, I do not know where that is at. I ask either the Leader of the Opposition or one of her members to ask the Department of Health because I think it is a health department funding issue.

Ms M.J. DAVIES: I am fairly sure that royalties for regions funds are being used for part of the redevelopment of the Mullewa community hospital. I am advised that some of the funding for that project is in that section of the

budget, as has been done in this government and the previous one. If it is not under that line item, I am happy to be directed to where it is.

Mr M. McGOWAN: Apparently, some money has been provided by royalties for regions but only the Department of Health will know the current status. None of us know the status. I do not know when health estimates are on. It is a fairly straightforward question for the Minister for Health, I would have thought.

Mr P.J. RUNDLE: I refer to page 230 of budget paper No 3 and “Regional Police Incentives”. Does this recurring line item relate to the \$2.5 million in each of the out years’ royalties for regions funding that is targeting those regional communities under Operation Regional Shield?

Mr M. McGOWAN: No. Operation Regional Shield is about providing additional overtime, in particular, for communities, particularly over summer, to deal with some additional pressing issues or antisocial behaviour. That is what that program is about. It has worked very well, as it has in the city.

The regional incentive scheme provides police officers with inducements to undertake regional service in hard-to-fill locations. It provides attraction payments to officers at the time of transfer to defined regional locations. Retention payments are paid following three and a half years’ service at specified locations to encourage officers to serve beyond their minimum tenure. It helps to attract police officers to some hard-to-staff locations. A total of 318 officers have received a regional incentive payment when transferring to one of the eligible locations. Nineteen officers have received a payment for exceeding three and a half years in their current location. There has been an increase in applications for vacant positions in regional areas for officers eligible for the attraction payment. In addition, the government’s growth program for police has increased the number of full-time employees in regional locations. Sixty-four per cent are in locations eligible for the attraction payment. That is what that scheme is used for.

Mr P.J. RUNDLE: Will part of that money be used to supplement Government Regional Officers’ Housing for those police officers or is it just an incentive program to basically encourage officers who have served over three and a half years into the regions?

Mr M. McGOWAN: No. As I said to the member before, this program is for attraction and retention payments for individual police officers in hard-to-staff locations. A big subsidy is already provided for GROH. As I recall, housing in some locations is provided free of charge.

Mr P.J. RUNDLE: I have a final question. Is this part of the program about which the Commissioner of Police wrote to all police officers around the state urging them to move to country areas?

Mr M. McGOWAN: I do not think so. This program has been in place for some years. I know the commissioner is very keen for officers to serve in the regions. I think it is good for police officers, teachers, nurses, doctors or whomever it might be to experience living in the country for a while. It is often the best experience of people’s lives. The police commissioner did a good thing by encouraging that. This program relating to the attraction and retention payments has been in place for some years.

[11.50 am]

Ms M.J. DAVIES: I refer to page 233 of budget paper No 2, volume 1, about two-thirds of the way down the page, “Regional Workers Incentives—Price Index Funding”. I see \$175 000 in this financial year. It is not very much. There is a gap in 2023–24 and then again there is \$175 000 in 2024–25. Can the Premier explain what the funding is for and why there is a gap next year? It does not seem to be a huge amount.

Mr M. McGOWAN: The regional workers incentive scheme provides for an improved district allowance for eligible public sector employees located in regional Western Australia. The district allowance is paid to eligible regional public sector employees as compensation for the disadvantages of cost of living, climate and isolation generally associated with working in the regions. The calculation of the district allowance includes the use of the regional price index, which is calculated every two years. Price index funding for the Department of Primary Industries and Regional Development is \$175 000 in 2021–22, 2022–23 and 2023–24. This is apparently recalculated every two years. It is a fairly modest scheme by the looks of things. This is the indexing for the Department of Primary Industries and Regional Development. It is not the whole amount for every agency; it is just for this department.

Ms M.J. DAVIES: Is the regional workers incentive price index funding for all regional workers paid from royalties for regions or from the department’s budget? It always used to be.

Mr M. McGOWAN: It is paid from royalties for regions. The total regional workers incentive allowance payment across government for every agency in this financial year is \$23.3 million, and that is fairly standard across the forward estimates.

Mr P.J. RUNDLE: I refer to budget paper No 3, page 231, halfway down the page, the rail future fund. There is an allocation of \$3.3 million this year and \$15.1 million next year. Last year, the Premier revealed in estimates that the rail future fund was not for all rail in WA; it is just for the *Australind* railcar replacement project. Is it still

anticipated that the RforR component of the \$56 million for the *Australind* line will be only \$18.3 million over the next few years?

Mr M. McGOWAN: That is what the budget appears to show—rail future fund, \$18.3 million. That includes the *Australind* railcar replacement component, the Cookernup and North Dandalup train stations, and completion of the Yarloop train station. But I think the total cost of the new railcars for the *Australind* line is significantly more than that. That comes out of the Department of Transport's budget.

Mr P.J. RUNDLE: There will obviously be a new express train along the *Australind* line. Can the Premier confirm when that service will actually begin?

Mr M. McGOWAN: It is a Transport issue. My memory is saying 2024, but, obviously, building new diesel railcars is time consuming and we want to do it in Western Australia. The old ones are quaint and are due for replacement. The contractor is Alstom. They are due to be built in the Midland factory that we built. The cars are due for completion in 2023–24. Most of the design documents have been approved. It will increase patronage on the *Australind*; improve safety, amenity and disability access; and support tourism and increase visitation to the south west. It is a pretty good project. When it all starts operating, it will be very exciting.

Mr P.J. RUNDLE: Does the Premier have any anticipation of what might happen with the older rolling stock from the *Australind* line?

Mr M. McGOWAN: I am open to suggestions. I do not know whether there will be many buyers for them. I do not know whether the member has travelled on them. They are not state of the art. I think they were brought into service in 1986 or so, which puts them at about 35 years old. A lot of repairs had to be done because rust was found in the buggies and in the floors. I am open to suggestions.

Mr P.J. RUNDLE: The great southern tourist train association!

Mr M. McGOWAN: Is that in Albany?

Mr P.J. RUNDLE: That is right.

Mr M. McGOWAN: Using which line?

Mr P.J. RUNDLE: The great southern line.

Mr M. McGOWAN: That is not operational, though.

Ms M.J. DAVIES: It is aspirational.

Mr M. McGOWAN: It is aspirational—okay. That is something I am sure we can look at.

Mr P.J. RUNDLE: Watch this space!

Ms M.J. DAVIES: I refer to page 227 of budget paper No 3 and royalties for regions expenditure. About seven lines down that list is Meekatharra Hospital. It looks like the cash flow is very heavily weighted towards the out years. Can we assume that the Meekatharra Hospital redevelopment will be completed in 2025–26, and what is the allocation for this financial year being used for?

Mr M. McGOWAN: I have been advised by Health that \$49 million has been provided for the Meekatharra Hospital, of which \$15.6 million is through RforR. That is for the new build health service, acute care, emergency services, mental health care, community aged care and other primary care. The project has commenced and the consulting team at the WA Country Health Service is being assembled about now. We are hoping for completion in 2024. I do not want to be too definitive about that because I have found that the heavy construction market and the complexity of these types of projects sometimes makes it difficult. That is the aim, but I will not be definitive on it.

Ms M.J. DAVIES: I am very happy to take completion in 2024–25, but quite a considerable amount of the cash flow of this item goes out to 2025–26.

Mr M. McGOWAN: That is a good point. Perhaps the cash flow is the most up-to-date way of considering this, so it may well be that it will finish in 2025 or 2026. We would like to do these things more quickly, but they do take time. I cannot be definitive. The advice was 2024, but the member has correctly identified the issue that a lot of the spend is in 2025–26.

The appropriation was recommended.

Meeting suspended from 12.00 to 1.00 pm