

**TREASURER'S ADVANCE AUTHORISATION BILL 2024**

*Consideration in Detail*

Resumed from an earlier stage of the sitting.

**Clause 3: Authorisation of expenditure to make certain payments or to make advances for certain purposes —**

Debate was interrupted after the clause had been partly considered.

**Mr R.S. LOVE:** Before we were rudely interrupted by question time, I asked the minister about the Forest Products Commission. There are basically two related forestry expenditures—the ecological thinnings and then the \$15.9 million, I think it is, for the forest products. The minister was going to explain whether they were related and whether the forest products were going to get \$35 million or \$36 million.

**Ms R. SAFFIOTI:** We have some further information. There are two parts to what is being provided in the midyear review. The cost of ecological thinnings is about \$20.9 million. This reflects the cost of new forest management practices relating to improving forest health through reducing moisture stress, reducing bushfire risk, road management costs and forest regeneration. Revenue is generated through some harvesting of timber to improve forest health, and that is taken into this net cost. The revenue comes from Simcoa, charwood and firewood sales. This is estimated to be \$14.4 million this financial year. Separately, we are giving the Forest Products Commission an equity contribution of \$15.9 million to reflect the lost revenue as a result of the decision to end native logging. That is the immediate impact as a result of the decision, but the FP revenue and expenditure settings will continually be reviewed.

**Mr R.S. LOVE:** Effectively, has the forest business of the Forest Products Commission been, almost, acquired by the government? Is it like a compensation to the commission for its loss of the forest side of its business?

**Ms R. SAFFIOTI:** It is a government entity, so we have always had it. It is a government trading enterprise. It is a strange GTE, I have to say, because it is like owning a bricklaying yard, in a sense, because it has such a strong link with industry. It is, in a sense, an industry commission. It has forecasts, and of course decisions of government impact its forecast, similar to any GTE. As a result, there are different flows from government to that GTE, whether it is DevelopmentWA, Horizon Power or any of many GTEs. Decisions by government impact their financials and that is reflected transparently through the midyear review process.

**Mr R.S. LOVE:** Is that the final compensation for forest products from that decision or will this be reflected in the budget with further budget capital allocations?

**Ms R. SAFFIOTI:** First, it is not compensation because it is a —

**Mr R.S. LOVE:** It's a loose term, you know?

**Ms R. SAFFIOTI:** It is a loose term. One of the other initiatives that we undertook was the significant planting of softwood timber to replace native timber. I think there was an injection a couple of years back of hundreds of millions of dollars. There is a view and a government policy to remove ourselves from the widespread logging of native timber and into plantation timber, and the Forest Products Commission is in charge of that project. It was funded to increase planting. It takes a while, so, over time, we hope that it will become far more sustainable on both fronts, financially and from a timber point of view.

**Mr R.S. LOVE:** I turn to item 57, "Education". I want to get an understanding that that \$12.4 million primarily seems to be for what is known as "cost parameters including for the School of Isolated and Distance Education". Can the minister give me an understanding of what those cost parameters refer to? Is it wages? What are we looking at with that allocation?

**Ms R. SAFFIOTI:** That funding is due to higher than expected enrolments. We have seen a significant increase in enrolments over the past five years in the School of Isolated and Distance Education, and so there was an under-estimate of the number of enrolments. An audit of the census showed that there were a far greater number of enrolments, and, as a result, more funding was given to fund those enrolments. Enrolments were up on average by 10.5 per cent over the past five years.

**Mr R.S. LOVE:** Would we expect to see an increase over the last allocations in the 2023–24 budget going forward for this school? Is this something that we will see continuing? Is this in any way related to the withdrawal of ATAR courses, for instance, from some of the other schools?

**Ms R. SAFFIOTI:** Sorry; we are getting some further updates on enrolment data. It is whether they make the budget cut off or not; that is always the question. This is the issue of a growing state like ours, in which the population keeps growing, and we fund schools accordingly. It is being pointed out to me that it is \$12 million out of a budget of \$4.8 billion. Going forward, the funding would be there; it would just be a matter of the source of funding and whether a new appropriation is needed or whether it is part of the ongoing education budget.

**Mr R.S. LOVE:** I have skipped over it, but I want to briefly talk about the delivery of services for the WA Country Health Service, which is item 51. If that expenditure continues, or is expected to continue, into the future with the

increased cost for agency nursing et cetera, will that be the way that this organisation will do its business? Will we expect to see increasing costs each year for the same or a lower level of output?

**Ms R. SAFFIOTI:** Again, the health budget is a big budget. All the future years are considered as part of budget deliberations, as is the staffing profile. As the member saw, item 51 has \$86 million of additional funding, including incentives to country nursing and the midwifery incentive program. As I recall, working closely with the Minister for Health, additional incentives were provided to a number of areas to ensure that services could continue. Like every part of the economy, and I think across all industries, there has been some challenges in fully staffing services, such as those provided in the metro area. Across all services—hospitality and everywhere—there have been staff shortages, and so in working with the Minister for Health, additional funds were put in for some incentives and these were funded for specific sites. We will continue to work to attract and retain nurses. As part of the enterprise bargaining agreement negotiations, as we have highlighted, we want a clearer way of handling incentives and retention allowances for living in regional WA.

**Mr R.S. LOVE:** Item 60 is the delivery of services by the Western Australia Police Force. It refers to funding for the industrial agreement and funding of \$2.4 million for resources to support the firearms reform program, and we will talk about that very shortly with the Minister for Police. I am interested in the sentence that states that it is partly offset by deferred payments for the helicopter replacement project. Can the Treasurer outline what that means? Does it mean that there will be a delay in the delivery of the helicopters or is it just a financial repayment system? What does it refer to?

**Ms R. SAFFIOTI:** Both new helicopters have been delivered. I think I saw the Minister for Police in one of them recently.

**Mr P. Papalia:** I didn't go flying; I looked inside.

**Ms R. SAFFIOTI:** He looked inside. I remember he was very proud of the new helicopter.

**Mr P. Papalia:** We had both of them land on Langley Park.

**Ms R. SAFFIOTI:** Yes. I think we were driving to Albany the day after, when the minister told me about it. As I recall, I heard all about it on the way from Perth to Albany! We also stopped at the bakery, which we have mentioned a few times. The helicopters have been received; it is just some cash flow in relation to the payments for the operations. It is just a cash flow issue, not a delay in receiving or operationalising them.

**Mr R.S. LOVE:** Item 62 is the delivery of services by the Department of Justice. There is \$61 million mainly for hire costs largely associated with growth in the prison population, but \$16.8 million is for additional staffing and services and for infrastructure upgrades across the youth custodial estate. Is that \$16.8 million expected to be recurring or is the investment in the infrastructure upgrades mainly capital investment?

**Ms R. SAFFIOTI:** When did the Minister for Police gain the corrective services portfolio? Is he listening? He is deaf anyway! Did he gain the corrective services portfolio in May?

**Mr P. Papalia:** I got corrective services later than that. I lose track—you keep giving me portfolios! It was in the second half of the year.

**Ms R. SAFFIOTI:** Yes. It was not when Mark left; it was when Bill left.

**Mr P. Papalia:** Yes, it was when Bill left.

**Ms R. SAFFIOTI:** There have been some significant decisions about infrastructure, with \$5.6 million for facility maintenance and upgrades, the new body-worn cameras for custodial officers, planning for the new youth justice facility and, as I understand, some more work on Banksia Hill Detention Centre. More broadly, we approved more than \$105 million for critical infrastructure for Banksia Hill and a range of additional initiatives.

**Mr P. Papalia:** There are a lot of repairs as a consequence of that riot in May.

**Mr R.S. LOVE:** If the Treasurer has any further information on the breakdown of that, it would be greatly appreciated, but, if not, I will press on because I am mindful that we have a lot to get through.

I want to talk briefly about item 65, which is funding of \$444.2 million for grants, subsidies and other transfer payments for the Department of Fire and Emergency Services. The first question I would like to ask the minister is whether this is the end of the program. Are any more expenditures expected for recovery from that event or will there be further budget considerations for recovery in the coming year?

**Ms R. SAFFIOTI:** The majority of funding under item 65 was for the new Fitzroy River Bridge and longer term accommodation. We also supported small and medium businesses. In relation to what is coming up, everything is being considered as part of the budget process. We will consider further initiatives that will help support the Kimberley both proactively and reactively in relation to what happened with the river.

**Mr R.S. LOVE:** The amount of \$444 million is very significant. Will any return through commonwealth disaster arrangements be forthcoming to offset some of that expenditure?

**Ms R. SAFFIOTI:** Like always, we pay up-front and, hopefully, we will get 50 per cent back. Sorry; I should not be flippant about that. As a result of the national disaster relief arrangements for infrastructure that is lost, we get 50 per cent. Of course, there was discussion about like for like versus betterment, because, remember, the bridge that was washed away was only a single-lane bridge and did not have pedestrian access. We argued that we needed betterment. We also did a lot with some of the approaches to the bridge. As a result, we argued strongly for betterment. As I recall, that was generally agreed, so that will come up in revenue items.

As I have said, the issue with the Treasurer's advance that is quite interesting is that there may be provision for something somewhere else, but when it is allocated against an agency, that is when the bill is triggered. There is an expectation that commonwealth money will come in a couple of years, in 2026–27.

**Mr R.S. LOVE:** The spending for the program has more or less come to an end and the Treasurer is expecting that over time some money may drift back in. Have the final amounts been fully confirmed?

**Ms R. SAFFIOTI:** Yes. As I said, it is highlighted. The disaster arrangements are now managed through the Department of Fire and Emergency Services; as I recall, it used to be done through the Department of Transport. We have to demonstrate what we have done. There is always a discussion about like for like versus improving the resilience of the infrastructure and who should pay. We argued, and I think it was accepted by the commonwealth, that it is a bigger and better bridge. We have done that so it does not get washed away again. Therefore, we wanted 50 per cent, so we wrote in that revenue. We are working with the commonwealth and that is our expectation. There has been no indication that we will not receive it. In fact, the federal government joined us when we unveiled the bridge and we released a joint media statement. My view of the commonwealth is that it never puts its name to a media statement if it is not going to fund it. It is very cautious like that, which is good. It agreed, and I think we had some confirmation in writing, too.

**Mr R.S. LOVE:** I turn to item 71, which is the delivery of services by the Department of Communities. There is \$77.8 million to support recontracting of the department's out-of-home care services and transition to new contract arrangements and model of care. Does that mean that that particular contract is \$77.8 million greater for the time we are talking about and therefore one would expect that to double in the coming year and that it will be a recurring to the cost state? Has the contract ended up costing north of \$150 million more per annum, or is it a one-off adjustment?

**Ms R. SAFFIOTI:** The number the member referred to is a compilation of different items. The recommissioning of out-of-home care services is approximately \$49 million of that total amount, not the \$77 million to which the member referred. Of course it will be funded. There is a full continuing cost because of the contracts. The reality is that it will cost more to deliver those services. A major cost pressure on government is the delivery of community services. I know that not everyone thinks these are extraordinary times, but I am telling members that this is an extraordinary time to deliver services to the community. There are a number of cost pressures, whether it is for housing or wages. The cost of doing complex things in the community has increased significantly. We are also looking at the extent of care for highly vulnerable children with very difficult needs. These are children who are not operating well in mainstream society and need specific care to support not only them, but also the community. It is a very high cost to make sure that these children are kept safe and do not end up in the justice system. It is a complex need. It is all about preventing them from entering the justice system and providing care for children who would otherwise not be looked after. As a result, the cost of providing care to those children is very high because they need a lot of intensive work from the carers.

**Mr R.S. LOVE:** Is that in some way due to some change to the National Disability Insurance Scheme arrangements for these children or is that not relevant to this situation?

**Ms R. SAFFIOTI:** No. Firstly, work was done by the Minister for Community Services with the Department of Communities and the communities sector to determine the cost of care and to better recognise the cost of providing care outside the normal systems. Secondly, we identified a higher proportion of more complex children to handle. They impact the costs. Page 131 of the midyear review highlights the total cost, which was \$270 million over the forward estimates, including the 2023–24 impacts plus the forward estimates that show the total increase in the cost of providing services for vulnerable children.

**Mr R.S. LOVE:** I turn to item 73, the delivery of services for local government, sport and cultural industries. The \$14.6 million includes \$3.8 million in funding for capital grant upgrade to the Ellie Eaton Pavilion at the Claremont Showground to support the Spare Parts Puppet Theatre; \$2 million for the state's celebrations to mark the fortieth anniversary of *Australia II* winning the America's Cup; \$1.2 million for FIFA World Cup legacy grants programs to provide grants to clubs participating in the Women's National Premier League Western Australia for facility improvements that support women's participation in sport; and \$1.2 million to continue the implementation of reforms around the Perth Casino Royal Commission. All those items are probably a good expenditure of money,

but what process is followed to allocate those funds? It does not appear that when the government brought forward its budget it thought it would need a funding round to support those worthy projects. The departments had not been authorised to make the expenditure but somehow Treasury decided that it was a good idea to give \$2 million to recognise *Australia II* winning the America's Cup. I am not against that, but a lot of us knew that the anniversary was coming. Why was that not reflected in the budget and how do departments make up these grants that appear to be worthwhile enough? Is there a program whereby Treasury advertises that a grants round is available for worthy community projects or worthy organisations to come forward, or do people just knock on the minister's door and say they want \$5 million for a centre? If he or she does not have an allocation for it in the budget, does the department say to take it anyway and the department will get it from the Treasurer down the track? How does it work?

**Ms R. SAFFIOTI:** They knock on the door. I am changing everyone's pass as a result. Only kidding!

When the budget is put to bed—we are putting the budget to bed very soon—at the cut-off date we try to anticipate all the pressures that can be anticipated or all the events and things that we would like to fund. We try to do that. Sometimes we may provide funding and allocate it during the year. That is another way of doing it. In these cases, if an item is seen as a government priority, the agency will talk to Treasury and Treasury will provide advice to us and the government will decide, together with me and another minister, in most cases. Normally, the full Expenditure Review Committee will consider those items. Alternatively, three of the ERC members will consider them. There is a process. As I said, normally, most agencies would be asked to use their existing cash flow or cash at bank if they have that, but when specific items are a government priority or they have been identified as needing additional funding at the departmental level and the ministerial level, they are approved. There is a process. Of course, as Treasurer I would like there to be no unforeseen circumstances and no out-of-budget expenditures. These Treasury guys would like to have no out-of-budget discussions either. Ultimately, we try cover all angles at the time of the budget, but things occur throughout the year.

Another good point is that we estimate our cash flow and end-of-year expenditure as much as we can at the midyear review, but at the end of the financial year, when 30 June hits, agencies are either hit with an underspend or an overspend. In most cases it is an underspend. Decisions then have to be made about the re-cashflow and that impacts the Treasurer's advance. For example, we would have to supplement the 2024–25 budget because a department has not spent its funds. That could be because grants programs were not finished in time. If it was for staffing, that is normally not identified, but the re-cashflow of grants is a particular one that we may not deliver in time.

**Mr R.S. LOVE:** Item 83 under “Commissioner of Main Roads” states —

**Delivery of Services** (\$74.6 million), for increased State funding on the Moorine Rock to Mt Holland Road Upgrade following the withdrawal of funding by the Commonwealth Government (\$48 million).

Over the page is another project —

... for the Marble Bar Road Upgrade following the withdrawal of funding by the Commonwealth Government (\$25.2 million).

How much money in total was withdrawn from the state's projects by the commonwealth government? Are there projects that may have not gone ahead or proceeded or that have been delayed because of that?

**Ms R. SAFFIOTI:** From my recollection, two projects were either under contract or under delivery. They included the Moorine Rock to Mt Holland Road upgrade. Initially, we were contributing \$12 million. We have increased that amount to \$60 million. It is a major project, for which Wesfarmers is paying the rest. It is a public road. We always thought that it was a good partnership to be involved in as a public road upgrade using mostly private sector investment. The other project related to Marble Bar. It was a similar situation—namely, the upgrade of a public road involved the government partnering with the commonwealth government and industry. Again, we thought it was value for money because the state was getting a public asset, the total cost of which was not paid for by taxpayers. The commonwealth government and industry both supported these very important projects, including the Mt Holland mine, which opened only two weeks ago, and another major mining project, the name of which I have forgotten.

The Pinjarra heavy haulage deviation is another major project. It is continuing. We have provided funding for that project. All up, about \$300 million of funding was removed from the commonwealth review. We have stepped in to support a number of other minor projects, including providing planning money for some projects, and we are backending the secondary freight network. We are not funding these projects to the tune of tens of millions of dollars, but providing about \$2 million to \$3 million for each project. I think there were six projects all up, three of which were construction projects, while the others were minor grants or planning studies.

**Mr R.S. LOVE:** We might delve into that a bit further during budget estimates. The ongoing situation is the result of the reduced contribution from the commonwealth to Western Australia.

The next one I wanted to ask about related to item 86 and the delivery of services, \$27.6 million, mainly for the impact of the Aboriginal Heritage Legislation Amendment and Repeal Act 2023, \$24.7 million; and the Mira Mar

landslip, which we know was a terrible situation for the people in Albany affected by it. It is good to see some action after the pleas from the member for Roe over many years for something to happen.

Getting back to the Aboriginal Heritage Legislation Amendment and Repeal Act 2023, a new regime was developed. It was implemented by the government in July under the Aboriginal Cultural Heritage Act. Presumably, large amounts of money were allocated for the implementation of that program. That legislation was then repealed. Why does extra money need to be allocated to the Department of Planning, Lands and Heritage for the implementation of basically what was returned to an act that was already in place, with the only ongoing change being within the development of the Aboriginal Cultural Material Committee changing from the old committee to a new council? I am struggling to see how the department could possibly have spent \$24.7 million repealing a program and going back to an existing system. Perhaps the Treasurer could explain what that money represents.

**Ms R. SAFFIOTI:** It mainly relates to the fees that are being charged. Under the 2021 act, we were able to recover the full cost of administration of the system through fees and charges. The revised 1972 act relates to the recovery of costs but does not include a taxing power, and therefore the government cannot recover the total cost of the administration of the amended process. Only direct costs related to delivering services under the act can be recouped. This results in a reduction in revenue, and that is why it had to be backfilled this financial year.

**Mr R.S. LOVE:** None of the \$24 million has been allocated for the promised ability. At the time of the repeal, the government promised that it would fund any landowner who wanted to conduct a survey. Is that funded under that \$24.7 million or not?

**Ms R. SAFFIOTI:** I will have to take that question on notice. We can provide the information separately. I do not have that level of information in front of me.

**Mr R.S. LOVE:** The last question relates to something that the Treasurer would be very familiar with—item 148, the Bayswater train station project. That project must have been going on for years. Why is it still costing more money every year than the government thought it would cost?

**Ms R. SAFFIOTI:** As I said, the cost of everything we are building in the state has increased. Some of the complexities of the project continue to exist. That includes increases in labour costs, materials and equipment, the bridge structure, civil and civic works and the rail system works. Basically, the costs of delivering the project and all inputs have increased. The Public Transport Authority has an open book policy on Metronet. It looks at all the inputs. The inputs have increased. As I said, the cost of doing business across the nation has increased. I was reading a study by the rating agencies about the cost of delivering infrastructure around the nation. I noted that the cost of delivering infrastructure in Australia is one of the highest, but below other countries such as the United States and Japan and higher than Europe. I noted a couple of increases. I think the cost of the North East Link project in Victoria increased by about \$11 billion. In New South Wales, the cost of one project increased by \$12 billion. As I said, we saw Victoria abandon the Commonwealth Games because the cost of providing the infrastructure was probably three times what it estimated. Now Queensland has changed the delivery of the Olympic infrastructure because costs have blown out too much. We are all experiencing it. We would all love not to be experiencing it. Every ASX-listed company has experienced it. The cost of delivering infrastructure has increased. It is beyond what anybody expected. That is the reality.

In relation to Bayswater, it is a complex project—three rail lines going into one. The community has high expectations of the product, and we are very proud to deliver a quality project. Ideally, it should have been done when the Forrestfield–Airport Link was built rather than doing it now because its cost has also increased. The good thing about rolling out Metronet as we are is that it will save a lot of money in the future. Honestly, for the FAL plan to not include an upgraded Bayswater railway station when building a rail line to the airport was a mistake. As a result, we are going back to fix it. It costs more to work in a live environment. If we look at what is happening with the removal of the level crossings between Victoria Park and Cannington, a lot of people asked why we closed the rail line. If we close the rail line, we can repair everything and work at a certain rate. We could not do it because we had just opened the airport line, we were working on the Bayswater station and work is being done on the Midland station. Ideally, it should have been done during construction of the airport line, but we were not there to do that. I think \$6 million was allocated to the Bayswater station, which paid for new toilets and making the station accessible to the disabled. Imagine having a 1960s train station as a key junction for our new \$1.8 million airport line and the Ellenbrook line! It is a complex project, but it will last us for generations. Ideally, it would have been much better to do it when FAL was built, but that is not what we inherited. As a result, we have gone back to fix it and we have produced an incredible new station.

**Mr R.S. LOVE:** Thank you. That was an interesting little journey down the path of history. The Labor Party has been in government for seven years. Why did it not make the decision to help the train station earlier and commence doing that when it was still building the airport line? It is a bit rough for the government to come in here and complain about decisions from eight or nine years ago, surely. Anyway, that is a comment rather than a question, but I will

ask a question. How much of the money used on that project is being spent on compensation to businesses and members of the community whose homes have been impacted by the works?

**Ms R. SAFFIOTI:** Sorry, I do not have that with me, but a question on this was asked in the upper house. There are a couple of issues. One is funding that is provided for respite, in particular, for when works have to be carried out at night. People are able to access respite. That means being able to go to a hotel or relocate for some nights when there is heavy work. The other issue is businesses. We had a program of supporting local businesses both proactively and through the ability to access insurance, which we did at Denny Avenue.

We apologise for the inconvenience. We are through that tough time now and are in the process of nearly commissioning the full station. We will have to shut the Midland and airport lines for a couple of weeks very soon to commission the entire Bayswater station. We have engaged a lot with local businesses to see whether they would want to take the retail opportunities that have opened up. We approached local businesses first and have worked very hard. We have had a community open day and will have another community day to celebrate the opening of Bayswater station. Of course, I cannot go on without recognising the very sad death of the Metronet worker at the park near the worksite. It was very sad.

I do not have the figures with me, but there was a series of programs to support local businesses and local residents in Bayswater. I know some local residents are not happy. I can really understand that. It is a junction of three major rail lines and the Forrestfield–Airport Link. It is a major junction, and it needed a major upgrade.

**Mr R.S. LOVE:** I concur that some residents are still unhappy because they tell me so. That is still going on in Victoria Park. As the minister knows, she answered a grievance here the other day about one resident. He has been ruled out for compensation because he apparently lives over some imaginary line that someone drew around the likely impact zone. That is a very sad development for that gentleman. The damage that seems to have been done to his home will not be compensated for by the contractors involved. We know that the community has experienced a degree of inconvenience in that area. We are aware that the resurfacing of Beatty Avenue had to happen, which had, again, a significant impact on residents.

We have come to the end of the items in the midyear review. The minister was going to provide some details. The midyear review referred to \$1.871 billion. The minister has come asking for an extra \$2.3 billion to take the sum up to \$3.2 billion. The minister read some information. I ask whether the document the minister has could be tabled. That would be a shortcut to everything. If it is an official document, I ask the minister to offer that up. Could the minister provide to the house further detail on all the money and what, if any, is simply an allocation for a contingency that may exist in the future?

**Ms R. SAFFIOTI:** I will go through them. They are additional costs associated with hospital activity, including funding to reduce the elective surgery waitlist; community service costs and demand pressures, as I said, including family and domestic violence initiatives that have been funded recently; an increase in RiskCover premiums following recent assessments; the student assistance payment, which we announced on the weekend and will have an impact of 102.5 million; and the provision of respiratory syncytial virus immunisation for infants, which is worth \$11 million. The Minister for Health was able to negotiate that very good outcome for WA. I think we are an Australia-first jurisdiction for RSV immunisation. The costs also include allocations for the wages policy. As I said, we provision the funding, the overall bottom-line, but we did not provision it against the agencies. As a result, this is now allocated against the agencies. Other costs include the summer of free public transport and the ride to school free program; the government's recently announced offer of royalty relief, which wrote down our revenue forecast for nickel; and the Builders' Support Facility that the member for Roe asked about at the end of last year and for which we have provisioned \$10 million.

Those were the key considerations. The other key consideration is that we balance a lot of revenue coming in, particularly from the commonwealth. One of the reasons that we have the buffer is the timing of payments from the commonwealth. This federal government, like all federal governments, makes some very late decisions about when they send money over. It is always looking at its budget bottom line and how it can make the cash flows to the state under special purpose accounts work for it. Sometimes it works for us as well and sometimes it works counter to us. The federal government is looking at the timing of its payments for infrastructure and other SPAs, but, in particular, for infrastructure. The buffer is the result of being cautious about the timing of cash flows from the commonwealth.

**Dr D.J. HONEY:** In the minister's second reading reply, she mentioned a number of items that were the reason for the increase over the \$1.9 billion listed in the midyear review. There was, as I recorded it, flood expenditure, the federal funding changes that she has just discussed, increased hospital spending, community services, domestic violence services, out-of-home care, cost-of-living relief through public transport and the immunisation payment for RSV. She mentioned the Builders' Support Facility, which the government has just allocated \$10 million for, and also capital project increases. Is the minister able to list those quanta—the difference between the \$1.9 billion the government was asking for, and the \$3.2 billion? I do not expect it to be here, obviously, but can the minister provide a list of the categories that she has indicated are over the original \$1.9 billion allocation?

**Ms R. SAFFIOTI:** Sorry, I know there are not many members opposite, so it is hard to concentrate on every word that I say. I just outlined what the Leader of the Opposition asked for. What the member outlined was a bit of a combination of both. For example, it included things that were part of the midyear review. Regarding the post midyear review, I announced there was hospital activity, community services costs, RiskCover rises, cost-of-living relief, the student assistance payments, the RSV immunisations, the allocation of the provision of wages policy, the free public transport for summer and for kids, royalty relief, and the Builders' Support Facility. On top of that, we have a buffer because of the timing of commonwealth payments. As I said, one of the issues we have is working with the commonwealth. It seems to have a budget cut-off the night before it produces the budget. I do not know how it does that. Three days before the budget, it is still making decisions. I do not know how it does it. We take a while to print our budget papers, do we not! But they are always correct, of course.

**Mr P. Papalia:** Don't they have their own printing?

**Ms R. SAFFIOTI:** I do not know. As a result, its budget cut-off is normally a lot later than ours. As a result, the commonwealth moves things around, and we are subject to some of its late decisions. Because the volume of grants from the commonwealth is so high, we need a buffer. If it does not pay, we may need to bump into some cash flow to be picked up maybe the year or a month later. That is what we are working with. It is like trying to budget for your house. You have major revenue coming in, and you just want to make sure you have enough money to make sure the kids get the lunches before the end of the year. You are just trying to manage it all.

**Dr D.J. HONEY:** I did actually hear that, and the Treasurer identified those categories. It is the quantum against those that I was interested in; otherwise, it is just a general statement saying that we have a lot of things to spend money on. I appreciate that the Treasurer is doing it with good intent, but that does not give us any information. We could figure that the government has a lot of things to spend money on, but it is a matter of how much money is being spent on those things that is not in the midyear review.

**Ms R. SAFFIOTI:** A couple of things. All the midyear review funding was in the midyear review and itemised. Regarding the current allocations, I cannot give the member those because some of them are still a work in progress—as in, they are still spending, so I cannot give the member the actual costs. In relation to the analysis, the budget process allows members to ask questions about this financial year as well as the next. During the budget estimates process, for example, when ministers are here and the member has what I have said, he can ask a particular minister about how any of those items are going. As I said, those are the categories. We do not have definite numbers on all of them, and I do not want to provide estimates because they have either just been announced or are just under delivery. We have not got some final estimates.

**Mr R.S. LOVE:** Perhaps the Treasurer could tell me the dollar amount of the buffer. How much is the buffer?

**Ms R. SAFFIOTI:** Again, just going through the total Treasurer's advance limit, if we get this bill through, it is \$3.2 billion, of which \$1.8 billion was accounted for in the midyear review. The rest in a sense is a buffer, but includes some of the expenditure. We have already eaten into some of that buffer with some of the expenditure. Like I said, our biggest risk is commonwealth grants and when they flow to us. We do not expect a lot of other items, and hopefully there will be no natural disasters between now and the end of June—or ever, really—so we have three and a half months. We do not expect there to be a lot of other out-of-budget spending because we have a budget process coming when people can see where the additional funding is going, but it is really that buffer to try to protect us against any cash flows from the commonwealth that do not come through.

**Dr D.J. HONEY:** Regarding the moneys that are unallocated, have any moneys been identified for additional cost-of-living relief; and, if so, how much has been allocated for additional cost-of-living relief?

**Ms R. SAFFIOTI:** Of the post midyear review, we have allocated \$103 million for the student assistance payments, and the funding for kids' free public transport.

**Dr D.J. Honey:** Are they the only things?

**Ms R. SAFFIOTI:** Also the summer of free public transport—those are the three things.

**Mr R.S. LOVE:** The situation is a buffer somewhere north of \$400 million in total and the Treasurer already has expectations of a number of projects or programs that will need to have extra resources allocated to them, but the Treasurer cannot give an estimate of what she thinks will be expended from the buffer for those programs. That is different from the other risk that the Treasurer was talking about, which is the commonwealth budgetary processes. I am trying to understand how much of the buffer the Treasurer expects the state government to actually spend.

**Ms R. SAFFIOTI:** It is hopefully as little as possible. As I said, we have outlined some major items such as the \$103 million for cost of living, the \$11 million for the immunisation and the allocations for the wages policy with about a \$14 million impact. The free Sunday travel cost about \$10 million and the ride to school free is about \$7 million as I recall. The royalty relief is \$10 million. That is what we expect, with an additional cost of the elective surgery waitlist, for which we are still calculating costs. As little as possible is what we are saying, but the biggest cost item was the school assistance payment. As to how much we expect to spend of the buffer, as I said,

the reason it is a buffer is that it is protecting us from a potential unexpected or changed mindset of the commonwealth in respect of cash flows for infrastructure.

**Dr D.J. HONEY:** Going to the capital project cost increases, I will share my experience with engineering contractors; that is, people think successful engineering firms are good engineers. My experience is that successful engineering firms are very good managers at getting more money out of customers. Good engineers are bound, but the core skill of successful firms is getting additional money. The Treasurer described earlier the process of having an open-book policy, whereby she sits down and looks at cost increases. Is there a parallel process that is looking on an ongoing basis for cost savings in projects? Every engineering project can offer up savings as it goes along. Yes, there are negative surprises, but equally things can be simpler or, if challenged, the firms will come up with better ways of doing it as they go into detail. The Treasurer indicated that there is a transparent process for cost increases, but really that is just cost plus. Is there a parallel process that is continuously challenging those engineering firms to deliver cost savings for the duration of the contract? It is because a contract is never written in stone when it is only cost plus. There are always savings to be found.

**Ms R. SAFFIOTI:** Absolutely. I will speak about the transport projects. The finance contracts have been a little more design and construct, but ours have been more of an alliance because of the complexity of the projects. Yes, they are constantly driving better value for money for taxpayers, and how we can work across the government. One of the things I am very proud of that is hard to point to on any one bit of paper is the fact that we are working across the entire transport portfolio to ensure we have a good supply chain.

I will give the member the example of the steel product that we have in our rail projects. It is Australian sourced, and we are working with local producers like InfraBuild. If we were not involved to that degree, every rail line would have sourced their steel in a different way with much higher costs and probably a lot of delays to be honest. What we did was work together across the whole system to facilitate the more timely delivery of the product and also considered the quality of the product. They are constantly looking at how we can leverage government across the board.

One of the biggest successes is the fact that we are delivering the Tonkin Gap and the Morley–Ellenbrook line at the same time. Again, if we were to leave those as two design and construct projects or two separate projects, it would have cost us a lot more and delayed people a lot more. We are working across the system. Every team has a Metronet director allocated to every project on behalf of government, and then we have a project director as part of the consortium. They sit around constantly looking at how we can get improvement in our delivery.

I am not saying that it has been an easy process. I do not think that we could have done it with a traditional design and construct contract. These are complicated projects with a lot of interfaces with all of government. Of course, another thing is that a lot of our interface is with other government trading enterprises such as Water Corporation and Western Power. I will say that in many instances, we have put more money into projects to ensure that we do not need to rip them up in five years' time. Our work with Water Corporation is an example of that. In many areas we are working on, such as Bayswater, Denny Avenue or the removal of level crossings, for example, we go in and the pipes are very old. We are working with Water Corporation and, in a sense, funding Water Corporation works that are being brought forward by five or 10 years, but if we did not do that, it would cost us double the amount. We are looking at it from a portfolio and a cross-government point of view.

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

**Ms R. Saffioti:** You weren't listening to the answer.

**Dr D.J. HONEY:** I was listening. At the end of it, there was no detail, but I thank the Treasurer for that response.

Is there any documentation of the savings that the government has made out of this? I hear the Treasurer talking generally about it. I have never known a project in which people do not say that they are trying to save costs, but it does not mean that costs are being saved. I know that people are generally well meaning. Is there any documentation available or that the government can provide on actual savings that have been made in these projects, as opposed to just the cost increases in the projects? I understood the Treasurer's general comments; I am asking whether there are specific documented details of savings that we can see.

**Ms R. SAFFIOTI:** The member is asking whether there are documented savings. Once we have finished delivery, we can go through and identify some of the savings. As I said, in many instances, and government infrastructure is an example, if we did not build these Water Corp pipes now, they would cost us twice the amount —

[Interruption.]

**Ms R. SAFFIOTI:** Sorry; my son is ready for soccer training and I have to try to get him there.

**Dr D.J. Honey:** Tell him to catch the train!

**Ms R. SAFFIOTI:** Catch the train! Yes; anyway, I was going to deal with that in a minute.



**Mr R.R. Whitby:** See what they've done?

**Ms R. SAFFIOTI:** Yes, my son is now stranded somewhere in his little soccer outfit.

**Dr D.J. Honey:** It's all his fault!

**Ms R. SAFFIOTI:** I am going to blame the member for Cottesloe for him being stranded there!

An example is that steel manufacturing stopped us having to source all our steel from overseas. I will ask whether we can provide some examples to the member, and I can use them in further debates, but a lot of it is making decisions that futureproof the project and support the resilience of the program over time. As I said, one of the biggest issues has been Water Corp. It is not the biggest issue; one of the biggest things that we have been working on is how we can futureproof projects so that Water Corp will not come along two years later and dig up the rail line that we have just built. We do not want to do that, and that is why, in many instances, we have provisioned a lot of new funding for water assets.

**Mr R.S. LOVE:** I had one thought bubble that perhaps the Treasurer might help me with before we finish on this consideration in detail, at least for my part. I go back to the midyear review and item 148, the Public Transport Authority expenditure. There is mention of electric bus compatible depots. Was land acquired for those depots, what is the status of that, how many depots have been acquired and where are they? Can the Treasurer provide any detail on that item?

**Ms R. SAFFIOTI:** It is a rolling program. There are a couple of things in relation to the depots. Firstly, we identify land. Then, when we are building depots, it saves on the operational costs, because we have less dead time running. The PTA is very keen to continue to work on the location of the depots. As I said, if there are more depots closer to bus routes, there are bigger operational savings, because we are not running dead buses at long distance. As I recall, land was identified in Bayswater as part of the transition. There are two things: we need to identify land, and then make sure when we build them that they support electric buses. For all our new rail lines, particularly the Ellenbrook rail line, for example, the Henley Brook depot will facilitate electric buses.

**Clause put and passed.**

**Title put and passed.**

[Leave granted to proceed forthwith to third reading.]

*Third Reading*

**MS R. SAFFIOTI (West Swan — Treasurer)** [5.06 pm]: I move —

That the bill be now read a third time.

**MR R.S. LOVE (Moore — Leader of the Opposition)** [5.06 pm]: I thank the Treasurer for her forbearance and provision of, I think, reasonable responses to all the questions that were asked. I also thank the advisers, who I think have been here for most of the day and provided the information that we all rely upon to make these debates work. I conclude by putting on record once again that the opposition supports this legislation because we want to see the government able to meet its commitments, and for the people of Western Australia who rely on the government and the services it provides to be sure that the business of government will carry on.

We have questioned and raised issues on some of the individual items. We do not necessarily accept that everything that the government does is at the world's best practice, but we do accept that there is a financial imperative here and that the government needs money to carry out these programs. In that regard, in conclusion, once again, we support the bill and wish it a speedy transition through the house.

**DR D.J. HONEY (Cottesloe)** [5.07 pm]: I rise to make a brief contribution to the debate on the Treasurer's Advance Authorisation Bill 2024. There is a rule of thumb in business and organisations that the larger the sum of money, typically, the less scrutiny is applied to it. We see this constantly in organisations. In my university days, when I was a member of the senate, there was a debate on a \$60 000 sun dial that went on for about three hours. The next item of business was the development of the suburb of Murdoch. Back in the day, that was land belonging to the University of Western Australia. It was a \$20 million budget—at the time, that was a vast sum of money—and that debate took about five minutes.

The sums of money that we are talking about here are eye-watering. As members know, it is a total of \$2.3 billion. It does not sound much when we say it, but it is a vast sum of money, and we are making decisions here that, as the Treasurer said, will have future impacts. We will be building infrastructure, but spending this money on that and other things means that other choices and decisions cannot be made.

I thank the Treasurer for her response. I look forward to budget time, when we can go through this in some more detail and see how well the money was spent.

**MS R. SAFFIOTI (West Swan — Treasurer)** [5.09 pm] — in reply: I thank the opposition for its support. As was outlined, the majority of the spend was part of the Treasurer's advance for key services to the community such as community services, out-of-home care, health services and, of course, cost-of-living support. There is an extraordinary challenge out there in the community at the moment. We are doing well economically but there is incredible demand and you guys raise it every day when you come in here. We are balancing the incredible demands on our budget to manage the finances as well, to ensure we have both strong financial management and can deliver excellent services and cost-of-living support to the community.

Question put and passed.

Bill read a third time and transmitted to the Council.