

Division 14: Finance, \$417 196 000 —

Ms J.M. Freeman, Chair.

Mr B.S. Wyatt, Minister for Finance.

Mr R.D. Mann, Acting Director General.

Ms N. Suchenia, Commissioner of State Revenue.

Mr A.J. Wood, Executive Director, Corporate Services.

Mr D.J. Geraghty, Director, Finance and Business Services and Chief Finance Officer.

Mr P. Helberg, Acting Deputy Director General, Building Management and Works.

Mr S. Whitmarsh, Executive Director, Strategy and Coordination.

Mrs S. Black, Executive Director, Government Procurement.

Mr J. Parravacini, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. The rest is taken as read.

I give the call to the member for Warren–Blackwood.

Mr D.T. REDMAN: I refer to “Significant Issues Impacting the Agency” on page 154 of volume 1 of budget paper No 2. The first dot point refers to the department having a significant role in implementing the recommendations of the government’s service priority review. Can the minister confirm that that includes work to co-locate government offices in regional Western Australia?

Mr B.S. WYATT: I believe it does. That is happening separately from this, if that makes sense, but it is happening. The Department of the Premier and Cabinet is also quite involved in that. To be frank, it is probably being led more by DPC.

Mr D.T. REDMAN: I am just chasing further information. Can the minister provide a breakdown of which agencies will be co-located and in which towns, how many government-leased premises will be vacated as a result, and the number of government employees who might be made redundant as a result?

Mr B.S. WYATT: I will commit to give the information to the member by way of supplementary information but with the caveat that I might have to ask him to put it on notice if we cannot get it in time. I commit to chasing that up by way of supplementary information.

Mr D.T. REDMAN: To clarify that, Chair, I am chasing a breakdown of which agencies will be co-located and in which towns, how many government-leased premises will be vacated as a result, and, if possible, how many government employees will be made redundant as a result.

The CHAIR: Did the member say that he is seeking a freedom of information request on that?

Mr D.T. REDMAN: No.

Mr B.S. WYATT: The first two matters are more Department of Finance based. The third matter about employees is agency-level stuff. We will deal with the first two matters; otherwise, the third will take forever. I am very relaxed about that. We will provide the towns in which agencies will be co-located and which towns will have buildings for which leases will not be renewed at the end of their contract.

[*Supplementary Information No A19.*]

Mr B.S. WYATT: As I said, if it takes too long, I will ask the member to put it on notice.

Dr M.D. NAHAN: I refer to the heading “Building Management and Works” on page 155 of the budget papers. In the spending changes table at the top of page 154, there is a substantial reduction in the amount for revised works turnover for Building Management and Works. In the 2019–20 and 2020–21 out years, there is a substantial reduction. I assume that that relates to the dot points on page 155. Can the Treasurer explain where those savings are coming from and how they will be achieved?

Mr B.S. WYATT: Those forecasts are based on the components of agency asset investment program projects that will be managed through Building Management and Works, which have been revised for 2018–19. The estimates and the previous forecast amounts are provided; the movements are set out there. I will ask Mr Mann whether he wants to add more to that, because it seems that he might be able to.

[5.50 pm]

Mr R.D. Mann: Those movements reflect the change in value of the overall forecast works program for Building Management and Works since the midyear review.

Dr M.D. NAHAN: I take it that there has been a substantial reduction in the proportion of the government's capital works program that goes through Building Management and Works.

Mr R.D. Mann: It is relative to the previous forecasts. If we look at 2019–20 through to 2021–22 in particular where we show a reduction, yes; we are looking at a reduction of 10 to 15 per cent on average in the value of the program for those years.

Mr B.S. WYATT: It is from \$285 million to \$248 million in 2019–20.

Dr M.D. NAHAN: Is that because of a reduction in the proportion of smaller projects? I assume that Strategic Projects still does over \$100 million or something like that and anything less goes to Building Management and Works. Has there been a change in policy and therefore has this reduction largely been a reduction in capital works of small projects?

Mr B.S. WYATT: There has been no shift in Strategic Projects' numbers. It is effectively just a re-profile of that spend. There is nothing dramatic in it. I think the previous figures were \$285 million in 2019–20, 2020–21, 2021–22 and it has come in at \$240 million, \$226 million and \$226 million. I suspect with something like this, come midyear review time and the next budget, it will shift around again.

Dr M.D. NAHAN: Over the last three years of the forward estimates, there is a \$150 million reduction in costs. That is quite substantial.

Mr B.S. WYATT: At the moment, that is right; in this budget.

Dr M.D. NAHAN: Is it due to changes in what the department is doing or a change in the number of things it is doing?

Mr B.S. WYATT: I suspect it is a change not so much in what we are doing, but the extent of it, because what it does has not changed.

Dr M.D. NAHAN: The second dot point under Building Management and Works indicates that the department has a whole bunch of reforms and efficiencies underway for office accommodation and other things. I am trying to come to grips with it because —

Mr B.S. WYATT: I am sorry to cut off the Leader of the Opposition, but an important point was just whispered in my ear. Two projects have been reallocated to Strategic Projects from Building Management and Works, which have had an impact. One is the work on Casuarina Prison and the other is the Inner City College.

Mr D.T. REDMAN: I refer to page 160 of budget paper No 2 and "Explanation of Significant Movements." The note states that five of the 10 major projects have been overseen by Strategic Projects and it outlines meeting particular targets. One of the points refers to "Western Australian Schools Public Private Partnership." I may have been sitting under a rock somewhere, but can the Treasurer give some clarification of what that partnership is?

Mr B.S. WYATT: I can. It is the WA schools public–private partnership that was done by Minister Collier. I am looking around for somebody here who will be able to provide more information. I think it is a strategic project.

Mr D.T. REDMAN: I thought it might have been one of the Treasurer's initiatives.

Mr B.S. WYATT: From memory, it is to build eight schools and a maintenance program over the life of the schools. From what I can gather, it seems to be going very well.

Mr D.T. REDMAN: I thought the Labor Party might have shifted ground, that is all!

Mr B.S. WYATT: I can confirm that project was —

Mr D.T. REDMAN: It might not look so colourful if —

Dr M.D. NAHAN: Is that the PPP for schools?

Mr B.S. WYATT: Yes.

Dr M.D. NAHAN: Has it worked out well?

Mr B.S. WYATT: It seems to be going well. Mr Mann might make some comments, but from the briefings I have had, it seems to be progressing well.

Mr R.D. Mann: That is correct. Four primary schools opened at the start of 2017. Aveyley Secondary College is the first of four secondary schools to be delivered under the public–private partnership. It opened in February this year. Another one—Lakelands Secondary School—is on track to open in February next year.

Dr M.D. NAHAN: That was taking on the empire.

Mr D.T. REDMAN: Has the Treasurer considered that as an option for construction projects such as those and maybe keeping some stuff off the balance sheet?

Mr B.S. WYATT: No. I will watch the WA schools public-private partnership program with some interest as it rolls out. There are still three more secondary schools, which are big builds.

Dr M.D. NAHAN: I refer to changes in the State Fleet on page 154 and the line item, “State Fleet Policy and Procurement Initiatives.” There is a \$25 million reduction in the fleet cost over the forward estimates. What is going on in the fleet?

Mr B.S. WYATT: Is the Leader of the Opposition referring to the line item for “Finance” and \$127 000, the line item for “Whole-of-Government” or either/or?

Dr M.D. NAHAN: I refer to the whole-of-government line item.

Mr B.S. WYATT: Some good work has been done to generating savings not just across the departments, but also the government’s fleet. This initiative is expected to generate about \$55 million in savings, which was part of last year’s budget. A combination of things around lease terms and other bits and pieces that come with cars have been reformed and have generated some reasonable savings.

Dr M.D. NAHAN: Is the Treasurer extending the length of the lease?

Mr B.S. WYATT: We are extending the terms from three to six years.

Dr M.D. NAHAN: Will the cost or quality of the cars be lowered?

Mr B.S. WYATT: Yes.

Dr M.D. NAHAN: Will everyone drive a Getz or an i20 now?

Mr B.S. WYATT: It is a policy idea I will pursue, member for Riverton. There is an opportunity with the fleet, which is large, to generate savings. That has been implemented quite successfully.

Mr D.T. REDMAN: I refer to page 158 of budget paper No 2 and reference to the department providing a whole-of-government approach to procurement. Does that position entail any regional loading to support regional businesses being able to pick up some of the more significant contracts?

Mr B.S. WYATT: What the member referred to does not capture his question but other areas of government are doing what the member asked. Mr Mann mentioned participation plans in particular, which the Department of Finance will implement through its contracts. We are also implementing other policies, such as the Aboriginal procurement policy, to try to increase local and regional content, which are not captured in that line item.

Dr M.D. NAHAN: Building Management and Works or its subsection of the Department of Finance has responsibility for maintenance. Can the Treasurer give me some indication of the maintenance spend over the forward estimates?

Mr B.S. WYATT: So I can try to guide an answer, is there a line item?

The CHAIR: What is the line item and page number, member?

Mr D.T. REDMAN: It is the fourth paragraph on page 159, “Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation.”

Dr M.D. NAHAN: Thank you.

Mr B.S. WYATT: It is going to be difficult to ascertain from these documents, but this is the total cost of service for that part of the agency. Is the Leader of the Opposition after information on a broader maintenance spend? I might be able to rustle something up by way of supplementary information. Is the member looking for the maintenance spend on Finance-owned buildings?

Dr M.D. NAHAN: Building Management and Works maintains government assets—buildings—and there is a “new” spend and a “maintenance” spend. What are the trends in maintenance? Treasuries tend to cut them quite a bit.

Mr B.S. WYATT: By way of supplementary information, I will get BMW’s spend on maintenance.

[*Supplementary Information No A20.*]

The appropriation was recommended.

Meeting suspended from 6.00 to 7.00 pm