

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

**2020–21 BUDGET ESTIMATES AND
2019–20 ANNUAL REPORTS**



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
TUESDAY, 17 NOVEMBER 2020**

**SESSION TWO
DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT**

**Members
Hon Alanna Clohesy (Chair)
Hon Tjorn Sibma (Deputy Chair)
Hon Diane Evers
Hon Aaron Stonehouse
Hon Colin Tincknell**

Hearing commenced at 10.15 am

Hon ALANNAH MacTIERNAN

Minister for Regional Development, examined:

Mr RALPH ADDIS

Director General, examined:

Dr MARK SWEETINGHAM

Acting Deputy Director General, examined:

Ms HEATHER BRAYFORD

Deputy Director General, Sustainability and Biosecurity, examined:

Mr NIEGEL GRAZIA

Deputy Director General, Industry and Economic Development, examined:

Mr BRUNO MEZZATESTA

Executive Director, Operations and Compliance, examined:

Ms MANDY TAYLOR

Chief Financial Officer, examined:

Mr CARL BINNING

Acting Managing Director, Capability and Performance, examined:

Mr PAUL GREGSON

Manager, Funds Management, examined:

Dr MIA CARBON

Acting Executive Director, Biosecurity, examined:

Dr RICK FLETCHER

Executive Director, Fisheries and Agriculture Resource Management, examined:

Mr COLE THURLEY

Chief of Staff, Minister for Regional Development, examined:

The CHAIR: Good morning, members. On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I thank witnesses for their attendance. I will now swear in all witnesses. Can the witnesses confirm whether they have read, understood and signed a document titled "Information for Witnesses"?

The WITNESSES: Yes.

The CHAIR: It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being reported by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The

hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Members, before asking your question, I ask that you identify whether it relates to budget papers or annual reports and provide the relevant page number. Minister, do you have a brief opening statement of no more than two minutes?

Hon ALANNAH MacTIERNAN: No; I think we will just get straight into it.

The CHAIR: We will get straight into it. We will turn it around a little bit. Members have approximately 10 minutes each for questions, starting with Hon Dr Steve Thomas.

Hon Dr STEVE THOMAS: I have been promoted! Thank you, Madam Chair. Minister, if I could take you to budget paper No 3, I am looking at the table of royalties for regions expenditure on page 178. I will be referring to a couple of different starts in there, but let us begin midway down that page—it is alphabetical, so it is not that hard to find. Remote and essential services had its first expenditure, by the look of it, in 2019–20. It sits at \$56 million a year, which is not inconsiderable. Precisely what is that funding? Is it replacing expenditure from other parts of government?

Hon ALANNAH MacTIERNAN: No. My understanding of this particular project is that it is the funding that you might recall the Abbott government moved away from for Aboriginal remote communities. We obviously have to provide those essential services to those remote communities. This is largely, as I understand it, the work that goes to remote Aboriginal communities.

[10.20 am]

There was a total in the 2019–20 year of \$61.2 million that was spent, and obviously a component of that is covered under the royalties for regions.

Hon Dr STEVE THOMAS: Can you confirm that none of that expenditure would have been provided in a different mechanism prior to this line item being developed—so the state did not contribute to this in any other form?

Hon ALANNAH MacTIERNAN: As I said, we had a situation where the federal government removed much of the funding to it and we have been seeking to put that money back into those remote communities.

Hon Dr STEVE THOMAS: Minister, four lines up from that, there is a line item called "Remote Aboriginal Communities", which received nearly \$20 million in the budget, and then \$56 million, \$60 million and \$64 million going forward. How is that different from remote and essential services given that that is actually called remote Aboriginal communities? Is it possible that that might be the replacement of federal government funding? What is the difference between those funds?

Hon ALANNAH MacTIERNAN: This particular is providing a range of services—housing services, town-based accommodation, essential municipal service delivery, maintenance and operation of existing swimming pools. The previous one, the descriptor there is provision of power, water, wastewater management service, breakdown service, water quality testing, provision of powerhouse fuel, capital replacement for planned asset management or critical upgrades and local government-type services. I suppose the federal funds were spread over both of those different types. Why they are broken into those two groups, I do not whether we have got it. Was anyone here involved in the preparation of the budget?

Hon Dr STEVE THOMAS: If that is the case, can we maybe seek some further information, Chair, to find out why they are broken down into those two? I mean, those funds combined are \$425 million, not inconsiderable, so can we ask to have that broken down into why they are in two separate funds

and what parts are covering for what was previously federally funded and what parts were covering previous state funding and where that state funding was coming from?

Hon ALANNAH MacTIERNAN: I am not sure what you mean where the state funding is coming from.

Hon Dr STEVE THOMAS: Well, it was not coming out of royalties for regions, obviously, because these are new funds that have been developed. The remote Aboriginal communities fund did not start until the current budget, 2020–21, so if there was state funding going in for those purposes, it must have come from somewhere else.

Hon ALANNAH MacTIERNAN: They would be from the Department of Communities. I can tell you that. What I will do is provide an explanation as to why they have been segmented into these two different classes—two different categories.

Hon Dr STEVE THOMAS: Can you also provide which parts of each of those funds were to cover federal investment that has been withdrawn?

Hon ALANNAH MacTIERNAN: I will attempt to do that.

[Supplementary Information No B1.]

Hon Dr STEVE THOMAS: We will jump around, minister. On page 177—again, it is in alphabetical order—the motor complex in Albany is \$5.5 million in the current process. How is that going? I understand there is some issue, perhaps. Is that expected to be fully expended this financial year?

Hon ALANNAH MacTIERNAN: The original allocation, as I understand it, was for the planning and feasibility study. That having been completed, we have now put \$5.5 million into the budget to develop the site. We understand that the City of Albany has now purchased the site and is continuing with the planning. We have finalised the financial assistance agreement for that. The problem between, I gather, the actual planning for it and being in a position to actually fund it was that there were significant delays because of environmental approvals that were required.

Hon Dr STEVE THOMAS: Okay. This is the last one in this round. Page 180, still in the same budget paper—“administration”, this is as per the budget papers. The funding for costs associated with the administration of the royalties for regions fund is \$95 million in the current financial year and then averaging about \$84 million to \$85 million. Can you break down the administration because \$85 million to \$95 million sounds like an enormous amount of money for administering a fund. Do we have a breakdown of precisely what that amount of money is being spent on—\$350 million over four years?

Hon ALANNAH MacTIERNAN: That sum of money is for the operation of the regional development component of the department and for the development commissions. That was a practice that was continued over from the previous government.

[10.30 am]

Hon Dr STEVE THOMAS: It then funds departmental staff and development commission staff; does it also fund projects recommended by the development commission? Is this amount entirely a staffing cost or is this going out in grants or projects as well; and, if so, do we know how much?

Hon ALANNAH MacTIERNAN: No. It is the operating and administrative costs. For example, the regional economic development grants that are overseen by the development commissions are not included in it. I am advised here that this is, as I said, the same practice as under the previous government—it is the administrative costs associated with the regional development component of the department and the development commission.

Hon Dr STEVE THOMAS: I accept it is the same practice; that does not necessarily mean that I agree with it.

Hon ALANNAH MacTIERNAN: No, but I just would not want you to run off and rail against something that many of your colleagues have actually supported.

Hon Dr STEVE THOMAS: It would not be the first time. Can we get a breakdown of what proportion of that administration is actually in wages? Is that doable?

Hon ALANNAH MacTIERNAN: I think I might ask you to put that one on notice.

Hon Dr STEVE THOMAS: We could put it on notice through the process here. I do not have a problem with that. It is probably too hard if you do not have it sitting in front of you, that is fine; but if you could put it through the process.

Hon ALANNAH MacTIERNAN: I think putting it on notice rather than taking it as a supplementary.

Hon Dr STEVE THOMAS: Well, you cannot.

The CHAIR: It is the same thing in this situation. Minister, are you going to?

Hon Dr STEVE THOMAS: Chair, to be honest, there is not a month's worth of sitting left, potentially, for any question on notice to be actually responded to, so putting it on notice is a nice way of saying you are not going to —

The CHAIR: We take your point, member. In the interests of speed, minister, would you take this as supplementary information?

Hon ALANNAH MacTIERNAN: No. Look, I think I would prefer that that was put on notice rather than taking that one as a supplementary.

Hon Dr STEVE THOMAS: So no answer.

The CHAIR: Thank you, honourable member. We need to move on. Hon Colin de Grussa.

Hon COLIN de GRUSSA: If I can turn to budget paper No 1, volume 1, page 231, and specifically to "Corporate and Business Development Services Provided by the Department to Support Regional Development Commissions". I have a couple of questions on this particular area. Do each of the RDCs actually receive a discrete budget allocation?

Hon ALANNAH MacTIERNAN: The actual staff, other than the CEO, of the development commissions are staff of the department, so they are paid through the department. But the development commission CEO and the cost of the board, I think they each have a small sum of discretionary spending, so that discretionary spend amount plus their rental accommodation would be included in that. Obviously, the rent is based on the actual cost of the rent, not an allocation per development commission.

Hon COLIN de GRUSSA: So each development commission does not have a separate independent budget of its own apart from that small discretionary spend?

Hon ALANNAH MacTIERNAN: That is right.

Hon COLIN de GRUSSA: What input, then, do the RDCs have in the budget process if they do not have a budget of their own? Do they have any input into the overall process?

Hon ALANNAH MacTIERNAN: They are part of government and they will be working directly with the minister in framing the government's priorities. They are there not as a sort of mini government, but basically working constructively with all the other agencies, and in particular DPIRD, to frame the priorities for the regions. That is really the role of the development commission—to bring

together all the different opportunities and provide a direct line of advice into government about what they see the priorities for each of their regions are.

Hon COLIN de GRUSSA: Do they then have any responsibility for budget control or responsibility for approving any expenditure related to their own commissions, or does that function sit with DPIRD itself?

Hon ALANNAH MacTIERNAN: No. Agreements have been struck where they are responsible for the administration of that. They are also responsible for running the regional economic development grants. That is their responsibility, so they oversee that grants process. They assess those grants and directly make recommendations to the minister in respect of those grants.

Hon COLIN de GRUSSA: The CEOs would appear to have very little role in terms of budget and managing their finance for each of their RDCs, so how do they discharge their responsibilities as CEOs if they do not have any control over budget or their expenditure? So, are they a CEO?

Hon ALANNAH MacTIERNAN: The role of the development commissions really is to be that central coordinating body for development within regional areas. It is certainly true that it had developed under the previous state government that all decisions—whether it is health or telecommunications—had to be run through the development commissions. I think you had a lot of problematic decision-making occurring because of that. We see the role of the development commissions as very much those entities that go out and identify the opportunities and bring the different government agencies together to work through a set of priorities for the region. It is not about them being able to run the Health budget through the development commission, which had been a process. I think it was probably a bit of an unhealthy process that had developed because it was important to be able to have a National Party minister's name on every announcement that went out on a regional spend, even if it was a Liberal minister in the relevant portfolio. But we are very satisfied with the leadership role that the development commissions are playing in bringing government agencies and industry together, being the go-to agencies in every region to help people through a whole raft of approvals processes, getting ideas up, and advancing these schemes. The important thing, because each of the CEOs is independent, is that they can provide, and they do provide, an independent line of advice to ministers outside that which is provided from DPIRD.

Hon COLIN de GRUSSA: I am going to change tack here. We are going to page 226 of the same budget paper—budget paper No 2, volume 1. Item 7 refers to the Local Content Adviser Network. Has there been any measurement done on the effectiveness of the LCAN in maximising business participation? Has that been done yet?

Hon ALANNAH MacTIERNAN: Which one is that?

Hon COLIN de GRUSSA: Page 226, item 7, about the Local Content Adviser Network.

Hon ALANNAH MacTIERNAN: Yes.

[10.40 am]

Hon COLIN de GRUSSA: Has there been any measurement of the effectiveness of the LCAN in increasing regional business participation? Has any of that work been done yet?

Hon ALANNAH MacTIERNAN: Yes. We think that this has been a very positive development. I do not have any data here. As you would understand, of course, the local content advisers are not procurement officers; their job is to make sure that they work very closely with the business community to make sure that they understand and are fully aware of the projects that are coming up and what capabilities you might need and encouraging companies to partner up or skill up to do that. Likewise, they work very closely with the procurement agencies to ensure that the way that

the tenders are being designed is such that they work for regional contractors. Niegel, do you have any further information you could provide about the effectiveness?

Mr GRAZIA: Yes, just a couple of comments. One is that we have been able to recruit and maintain local content advisers through to each of the regions. They are placed in each of the regional development commissions and they report through to a central manager in DPIRD who is directly connected into two of the key agencies—JTSI, which is the lead agency for this area of policy development, but also the Department of Finance, which effectively is the implementation agency. In the context of COVID recovery, the Department of Finance is playing a central role in government at the moment in terms of the identification and maintenance of longitudinal data in terms of what the government can say about the success of local content performance in relation to various capital and other works associated with its COVID recovery plan. That is something that is perhaps better directed to the Department of Finance. We do maintain some data on the number of engagements that the local content advisers have with industry, with local businesses, in relation to specific projects at a regional level.

Hon ALANNAH MacTIERNAN: Certainly, the feedback we are getting from business is very strong. They do collect data. They do have benchmark arrangements. I am happy to provide, by way of supplementary information, a report on how they are tracking in terms of their actual performance.

Hon COLIN de GRUSSA: Further to that —

The CHAIR: Do you want that, member?

Hon COLIN de GRUSSA: More to that, minister, I was going to ask about KPIs.

The CHAIR: Do you want that information?

Hon COLIN de GRUSSA: Yes, I do want that information; I just had some other information.

[Supplementary Information No B2.]

The CHAIR: This is your last question.

Hon COLIN de GRUSSA: If it is possible, would there be the KPIs around the regional participation if any exist, and also the FTE and headcount of those advisers and where they sit within each RDC as well, if that can be included in that supplementary information?

Hon ALANNAH MacTIERNAN: What do you mean “where they sit within each RDC”? Each RDC has one.

Hon COLIN de GRUSSA: How many of them are there? Are they within each regional development commission?

Hon ALANNAH MacTIERNAN: Yes.

Hon COLIN de GRUSSA: If we can have a headcount and FTE for each of the RDCs.

Hon ALANNAH MacTIERNAN: Yes, okay.

The CHAIR: We will include that in B2.

Hon ALANNAH MacTIERNAN: To clarify, each RDC has a local content adviser.

Hon COLIN de GRUSSA: One?

Hon ALANNAH MacTIERNAN: Yes.

Hon COLIN de GRUSSA: Well, that answers that question.

The CHAIR: I am not going to alter that supplementary; it can be answered again.

Hon RICK MAZZA: I refer to page 225 of budget paper No 2. Under “New Initiatives”, about halfway down is a line item “Modern Biosecurity and Product Integrity”. Can the minister give us a bit of an idea of the nature of that initiative?

Hon ALANNAH MacTIERNAN: This is funding provided to DPIRD to put the systems and resources in place to respond to the increasing biosecurity risks and to meet state, national and international biosecurity obligations. It focuses on building capacity and increasing innovation in the preparedness to respond to, recover from and adapt to pest and disease incursions—we have been having a lot of these. It is also about detecting high-priority pests and diseases, responding to biosecurity threats and collaborating with key stakeholders. An amount of \$1.8 million in recurrent appropriation, two additional FTEs and capital appropriation of \$4 million will be provided to develop a system to meet national and international traceability requirements and the appropriate policy and regulatory arrangements to underpin effective traceability and product integrity. There is also \$0.75 million provided to replace the quarantine glasshouses at South Perth to enable continued processing of imported plant material and germ plasm, including from grain, grape vines and ornamentals from other states and overseas.

Hon RICK MAZZA: Thank you, minister. It seems like a very small amount of money for such an important initiative.

Hon ALANNAH MacTIERNAN: Sorry; I think we need to clarify that. That is not our overall biosecurity function. These are particular improvements that we are putting in place. It is not all that is being spent on biosecurity.

Hon RICK MAZZA: Just while we are on biosecurity, at page 226, under “Significant Issues Impacting the Agency”, paragraph 8 talks about the need for a rapid response and also talks about the robust biosecurity that underpins the state’s reputation. Can the minister give us a bit of an idea of what that entails as far as the robust biosecurity is concerned, and also what initiatives are being undertaken for things like the fall armyworm?

Hon ALANNAH MacTIERNAN: When it comes specifically to the fall armyworm, I might ask Mia Carbon to comment on that. Sorry; Mark is the fall armyworm guy! Basically, it is about maintaining monitoring provisions and responding when there is an incursion, whether it is the marmorated stink bug, citrus canker or the fall armyworm. It is being able to go out there and identify as quickly as possible where the incursion has occurred and to introduce measures to bring that under control where possible. We have had quite a number of these things. I think probably one of the big challenges this year has been the Qfly incursion. Certainly, it is not the first time that we have had a Qfly incursion and I think we are fairly close to resolving that. But perhaps I can ask Dr Sweetingham to talk about the fall armyworm and what we doing to control that, because there are a lot of different mechanisms, wasps being one, and then perhaps Mia can do an update on Qfly.

Dr SWEETINGHAM: Thanks, minister. Member, the fall armyworm is a serious agricultural pest that has been present in North and South America, and it spread to Africa, Asia, South-East Asia and parts of Indonesia over the past three or four years. It was detected in Queensland in February this year and the Northern Territory shortly after that. At that stage, being a moth that is rapidly dispersed, it was very quickly realised that actually eradication of the fall armyworm would not be technically or economically feasible, so we put steps in place to monitor its gradual and unfortunate spread through Western Australia and we mainly work with industry to make them aware of the presence of the pest.

[10.50 am]

It was detected in Kununurra and Broome in March. In April, it had got to Carnarvon. It was in Geraldton by July. I was informed very recently that we detected some moths in Gingin as early as last week. We are very concerned that we can manage this pest. It is not an eradication, as I say. It will have to be managed by integrated pest management—that is, judicious use of a range of management practices, including biological, as the minister said, but also looking at what are safe pesticides and other rotation measures. It has a strong preference for corn, sugar cane, sorghum and rice, but it can potentially infect wheat and cotton. In the Ord, that is a concern for us with the emerging cotton industry. Certainly in the wheatbelt, it is pretty unknown what impact this pest will have. It has not been exposed to a lot of wheat in parts of the world where wheat is dominant. We are going to be monitoring that through the year. We have special traps and monitoring devices. We brief industry on a regular basis and we meet with technical experts from agribusiness to keep them informed of the knowledge we have on the spread of this insect.

Hon ALANNAH MacTIERNAN: We are doing some work on how we treat it, are we not? I have seen sorghum plantations in Broome.

Dr SWEETINGHAM: We have a very experienced, internationally recognised entomologist who, fortunately, we had just, before the arrival of fall armyworm, appointed to our Frank Wise research institute in Kununurra. She has linked in with national R&D efforts that involve CSIRO, universities and the Queensland department, so we are up with the latest and greatest technology that there is, not to mention international linkages, on how we are going to manage this pest.

Dr CARBON: The department is currently undertaking an eradication program for Queensland fruit fly in the Perth metropolitan area. The quarantine area is quite significant. It covers over 2 000 hectares, and that includes around 12 500 premises. Queensland fruit fly is a very economically important pest of horticulture, so it is very important that we are successful in the eradication. Estimated costs to industry would be around \$38 million per year if it were to establish in the state.

We are currently undertaking an intensive spring baiting program, which will continue for around another four weeks, after which we will finish the response using sterile insects to basically mop up any Qfly that are remaining. At any one time, we have had up to 300 field staff to manage those 12 500 properties. It has been a particularly complex response given the urban nature of it, given the size and also given the warm, wet winter, and initially the COVID restrictions impacting the ability of staff to go door to door. However, we are confident of success in that response now.

Hon ALANNAH MacTIERNAN: Dr Carbon, you might want to add how many people at any one time you had working on that project.

Dr CARBON: Throughout our spring baiting program we have had around 320 field staff on the ground at any one time.

Hon RICK MAZZA: I have only one question left, Chair, so I might stick with biosecurity if I can. A few years ago there was an issue with potato and tomato psyllid, I think they called it, which caused major problems. Is that under control? Is that something that is still a problem for the state?

Hon ALANNAH MacTIERNAN: I will just tell this story. When it had just been announced that I was going to be appointed as minister for agriculture, but before I had actually been signed up, the very first phone call I got was from the South Australian minister saying that he was very concerned about this and about WA's response at the time. I know that we had been putting in an enormous amount of effort; it happened over the caretaker period. Our learnings from that have led to a number of very important changes in where we do this. This was a problem I think across government that we found that we were not necessarily being very linked up to the federal endeavour. I understand how

it is very easy to get annoyed with the federal and the eastern states, but on things like plant biosecurity, you have to be in there in those forums.

One of the positive things—I will get Dr Carbon to add to this—is that we never had a hot psyllid. So our psyllids, as I understand, never carried the bacteria that really is the big problem with the psyllid. The psyllid itself without the bacteria is still a pest, but it is not the catastrophic problem that that would be. Fortunately, all our psyllids so far have been cold and we have managed to be able to get particularly our potato exports back up. Perhaps Dr Carbon would like to elaborate on that.

Dr CARBON: Tomato potato psyllid is established in the state and we continue to undertake surveillance twice a year for the bacterium—the CLso bacterium—which would have quite a significant impact. So far we have not detected that. That surveillance is now happening nationally to ensure that we remain free of that bacterium that the psyllids are host to.

Hon DIANE EVERS: I refer to budget paper No 2 and page 229. I do like key efficiency indicators, particularly when they lead to things that we actually want to see happen. The one I am referring to is —

Percentage change in the spatial extent of the southwest cropping region that maintains sufficient year-round ground cover ...

I note that the target was to have that not decrease and it did decrease by a small amount—0.4 per cent—which is better than the amount it decreased in the previous year. My question is: can you give me some idea of what actions are being taken—what research or efforts are being undertaken—to try to meet this target in the current year and ongoing?

Dr SWEETINGHAM: Member, you are correct that we slightly did not meet this target, which is a very important target. The actual KPI itself has a very complicated formula that is difficult to explain. But in practical terms, what we are trying to do is make sure that the full 14 million hectares of the grain and broadacre cropping areas of the state maintain 40 per cent cover at all times as a mitigation, particularly against wind erosion. We did have, sadly, a quite severe wind erosion event earlier this year. What we do is we monitor the ground cover by Landsat satellite and work with researchers in CSIRO and in Queensland who have very good algorithms to help us work out where cover is at risk. What we actually had in the reporting period of the annual report is in autumn 2019, we had 95.1 per cent of that 40 million hectares at an acceptable level. But that means, sadly, that 680 000 hectares, or 4.9 per cent of that area, was actually at risk. The reason for that is a run of below average rainfall years. The positive thing about this is that with the very detailed satellite imagery that we have, we are now quite clear on what parts of the state are most at risk. A report has been prepared to the new Commissioner of Soil and Land Conservation that shows some sandplain areas in the midwest, some areas north of Merredin and some areas around Salmon Gums which are areas where we should be targeting effort.

The effort that we will be putting in is a range of measures—events with farmers, discussions with professional agronomists—in those areas to make sure that, to the extent that it is possible, we maintain cover as part of good agricultural management practice.

[11.00 am]

Hon ALANNAH MacTIERNAN: And, member, as you would be aware, increasingly, this is not seen just simply to be an issue to prevent erosion, but is absolutely critical to the maintenance of good soil, soil health and soil biology. It is a work in progress in terms of encouraging farmers to embrace that notion and we are doing work in that regard as well. Obviously, you would be aware of the field trials that we are doing in Merredin with those farming practices that do encourage full year-round ground cover.

Hon DIANE EVERS: Thank you. I do appreciate that and I look forward to seeing further KPIs that also direct us towards those improved practices. It is good to have one that does that.

Now I would like to go to the questions I asked prior to these hearings and question 3 with regard to the Greenbushes lithium supply chain feasibility study. In the answer that I was given, it suggests that there are discussions underway about the timing of the study due to the falling price in the lithium industry. I now understand that the mine is picking up and they are getting that stage 2 going again, so what I would like to know is: how are these discussions progressing? Are we back and is the development commission back in there trying to progress the idea of putting this lithium on rail?

Hon ALANNAH MacTIERNAN: Yes, and it is certainly something, member, that we are very keen to promote. Certainly, there are a number of players. We know Albemarle is very interested in that. We do need to look at some of the other partners that have been having some challenges and at the moment are perhaps more concerned about future investment. I think we will have to say that this is a work in progress. We have done the preliminary work and we are keen to still move forward. We know Arc Infrastructure, Albemarle and government are still keen. We are in conversations with Talison. There are some corporate issues that may have impacted, including some uncertainty about the position of the Tianqi lithium hydroxide refinery. There is no doubt that if we can get that product onto rail, that would be a very positive thing. But at the moment, some complexities in the market are creating a bit of a difficulty in getting all the partners on board, but we are still working on it.

Hon DIANE EVERS: My next question was number 5 in my original question. It is page 175 of budget paper No 3 with regard to royalties for regions and I asked the question about the regional school bus service. The answer I was provided did not quite answer the question I asked. My concerns now relate to why this has been put into royalties for regions. It was a new item in there. It does amount to a quarter of a billion dollars over the four years and I would like to know: where was this funded from in previous years and why did it shift to royalties for regions?

Hon ALANNAH MacTIERNAN: There is no further explanation other than the fact that it is a subsidised service to regional areas and a decision was made to put that into the royalties for regions. But it is important to understand that we have, I think, around \$7 billion worth of expenditure of direct infrastructure investment over the next four years in the regions and only a relatively modest percentage of that is actually coming out of RforR. There are questions about which bits you put in and which you take out, but there is no further explanation available.

The CHAIR: Last question.

Hon DIANE EVERS: Just further on that, then, are there any ongoing discussions about how those decisions are made about royalties for regions as to which items should go in there? It seems somewhat haphazard if you are saying that there is construction being done in the regions and it is not coming out of it, but then we shift into it some recurrent charges for school buses. What is the process for actually working out how that royalties for regions is distributed?

Hon ALANNAH MacTIERNAN: It is a matter that is considered by the ERC and then by cabinet.

Hon DIANE EVERS: Any guidelines or is that cabinet-in-confidence?

Hon ALANNAH MacTIERNAN: Well, obviously, it is required to be expenditure that takes place in regional Western Australia.

Hon AARON STONEHOUSE: I have an interest in paragraph 2 on page 226, which talks about the development of a local workforce in addressing youth unemployment. I believe that this may also be a reference to the government's Wander Out Yonder campaign, so I have a few questions about

that campaign. First of all, I would like to know how many applications the government has received for Wander Out Yonder grants and how many of those applications have been successful.

Hon ALANNAH MacTIERNAN: Member, we need to understand that there is no easy answer. We have had 293 applications made to this scheme. Probably, member, you would have been here when there was a question on this in Parliament recently. We have had 293 applications that were made between 5 October and 11 November; 75 of these have been paid out and 157 are awaiting assessment. We have managed to get some people out into the regions and, obviously, as the university and school year ends, we are anticipating that we will see considerably more come out. It is certainly ticking along. We have become incredibly reliant right across the sector, but particularly in horticulture, on overseas labour. It is just a great difficulty during a pandemic not having that international labour coming in.

[11.10 am]

Hon AARON STONEHOUSE: That is from 5 October to 11 November. I have some numbers in front of me that I think may have come from a parliamentary question that there have been, in total, about 345 applications, 90 of which have been approved. Does that sound about right—the total number of applications and approved applications? That figure may be a little out of date.

Hon ALANNAH MacTIERNAN: I do not know whether the figure that I gave needs to be updated because it seems similar to the answer I gave last week, which was 293 applications and 75 approved. That was a week ago, so I would imagine that some more have been approved since then, because there were around about 150 awaiting approval. I am presuming that probably in the last week they have managed to get some more of those out.

Hon AARON STONEHOUSE: Sure. Can you tell me how much in this budget has been allocated towards that grant program? I believe applicants can receive up to \$4 000 each, but how much has been allocated towards that and where is the funding coming from? Is it from consolidated revenue or royalties for regions?

Hon ALANNAH MacTIERNAN: Some \$3.1 million has been allocated for the scheme. That money is obviously not in the budget because a decision was made after the budget. It was subsequent to the decision made on this budget. It will be included in the midyear review. When the midyear review comes out, it will appear in the budget papers then.

Hon AARON STONEHOUSE: Where is the funding coming from, though? Is it consolidated revenue?

Hon ALANNAH MacTIERNAN: It is coming from the government coffers. Obviously, you have a budget, but from time to time —

Hon AARON STONEHOUSE: So it is coming from consolidated revenue, not from royalties for regions?

Hon ALANNAH MacTIERNAN: In the midyear review, you will see our budget and where this has been allocated within the departmental budget.

Hon AARON STONEHOUSE: But you are paying people now currently. How are you paying them? Are you using the Treasurer's advance?

Hon ALANNAH MacTIERNAN: Although you have a decision made under the budget, you also have decisions made to expend money, particularly in times of emergency, subsequent to the budget, and that money is brought to account. It will not be eroding our surplus. It will be covered by general government revenues, and it will appear in the midyear review.

Hon AARON STONEHOUSE: So we will not know what account it is coming out of until the midyear review?

Hon ALANNAH MacTIERNAN: What do you mean, what account?

Hon AARON STONEHOUSE: We will not know whether it is coming from consolidated revenue or from a special purpose account, for instance.

Hon ALANNAH MacTIERNAN: It will be allocated against RforR.

Hon AARON STONEHOUSE: That is all I wanted to know.

On this Wander Out Yonder campaign, are you able to give me the most up-to-date and the most accurate figure on the seasonal workforce shortfall? I have seen a few figures thrown around. I have seen a figure of 7 000 seasonal workers that are required for Western Australia. According to a media article that I read, that was attributed to yourself, but I have also seen figures in government press releases of about 1 000. Can you give me the most accurate and most up-to-date —

Hon ALANNAH MacTIERNAN: There seems to be an inability to understand that there is one set of figures that are estimated requirement, which is not the same as shortfall. Total requirement and shortfall are not the same thing. It is important to understand that there are still backpackers in Australia. The number of backpackers in Australia has halved. It has gone down from around 140 000 to now around probably 65 000. We would imagine that we would still have a couple of thousand or more backpackers here.

Hon AARON STONEHOUSE: In September, the Tourism Council Western Australia estimated it at about 5 000 or 6 000 backpackers in Western Australia but that we are losing about a 1 000 every month.

Hon ALANNAH MacTIERNAN: We have always operated on the assumption that we have around 10 per cent of the backpackers, so if there are about 65 000 still left in Australia, there will be around 6 000 in Western Australia. We know that we still have a carryover of about 500 seasonal workers, and there are probably a small number of people on other visas. Whilst we are heavily reliant on overseas workers, not all of the work was done by overseas workers. That has been a bit unclear because no-one has quite ever collated how many Western Australians or how many Australians actually worked in these activities. So we do not know for sure each year how many Western Australians have traditionally gone out and worked on these areas because no-one has actually ever bothered to do it because it had not been important until we had the problem with the overseas labour not being able to come in. There are no miracles here. This is hard and it is tough. We are trying to do it. We cannot pretend there is not a pandemic. We cannot wave a magic wand. We are doing all we can to attract, where possible, Australians to do the work. We are still trying to negotiate to get some people in from Vanuatu. That has turned out to now be difficult because there has been a case detected in Vanuatu in hotel quarantine, and the Vanuatu government has put the place in lockdown and is not allowing people in from the outlining islands. We are in a pandemic. I do not understand the tone of self-righteousness that I feel coming through your questions. You tell me. Give me some ideas of what you think we should be doing that we are not doing. We are happy to look at any constructive idea if you have got one.

Hon AARON STONEHOUSE: Minister, you understand that the purpose of this hearing is for the committee to ask questions and to gather information.

Hon ALANNAH MacTIERNAN: Yes, of course. That is right.

Hon AARON STONEHOUSE: If we have a seasonal labour shortfall of about 1 000 and this program has had fewer than 100 successful applicants so far, over a month of running, is this program a dud? What is our fallback option?

Hon ALANNAH MacTIERNAN: There is not any other easy option. We have only two possible sources: getting people in from locally or from overseas. They are not coming from Mars or somewhere; there are only the two options. I do not think any Western Australian would want us to get people in from Paris, Germany, Denmark or wherever our traditional supply of backpackers is. That is not going to happen. Not even the federal government is contemplating that coming in, so we are looking at the Pacific islanders. We were setting up arrangements trying to bring in people from Vanuatu. We are pretty much on track to get 50 Vanuatu mango pickers in from the Northern Territory shortly. We have been working very hard to be able to get some of these seasonal workers, but now, at the very last minute, we have had this hiccup where in Vanuatu they had their first ever case of a person in hotel quarantine, and they have gone into a highly protective mode in terms of having people assembled. But we are continuing to work on how we could get seasonal workers and what areas we might get them from. I note that you said fewer than 100 people—I said 75, and I am sure that it is more now. They are the ones who have actually had their applications paid, and there are still a couple of hundred in the system being processed.

We know that there is a general anticipation, but a lot of this work does not come on till the end of November. At the end of November, that is when we will see many of the school leavers and many of the university students becoming available. But there are no miracles here. There is not any other thing that we can do than try to encourage Australians to do it or try to get people from relatively uninfected areas to come in here as seasonal workers.

[11.20 am]

Hon AARON STONEHOUSE: I just have —

The CHAIR: Final question, member.

Hon AARON STONEHOUSE: Sure. With borders being opened up to other states, with the potential of people coming in from overseas to take up fruit picking, what I am wondering is: Who is eligible for the grants under Wander Out Yonder? Will interstate travellers be eligible for these grants? Will people who are coming in from overseas be eligible for these grants?

Hon ALANNAH MacTIERNAN: Certainly Australians coming from another state, so if you are in Queensland or the Northern Territory and you come over to WA to do it, definitely you will be eligible. Seasonal workers and backpackers will not because they are obviously coming for work and that is what they have to do anyhow, so you would not be paying them when they are coming over to do that work. But what we have said is—some growers in particular in Carnarvon raised this with me—that we will pay the travel allowance component; for example, if you have backpackers that are based down in Perth, they can get the 350 bucks to go up to Carnarvon. We will pay the travel allowance for backpackers who are relocating from the eastern states or from the metro area to go into a regional area. That was in direct response to a request by the growers in Carnarvon.

Hon TJORN SIBMA: Minister, I am referring to paragraph 11 on page 227 of the budget papers. In particular, the second sentence of that paragraph states —

The Department will strengthen the State's animal welfare framework by modernising legislation, regulating animal welfare standards, and undertaking appropriate compliance activities to improve animal welfare outcomes.

I just want to confirm that that would also include a new requirement for the ratification of fauna survey methodologies by animal ethics committees, particularly as part of an approvals process for a mining company or a mining exploration firm. Is that correct?

Hon ALANNAH MacTIERNAN: I will get Dr Carbon to answer that. My understanding is that there was a difficulty for these people to obtain access to the university ethics committees, so we have decided to help out here. But perhaps Dr Carbon can explain.

Dr CARBON: Certainly. People and organisations who carry out any kind of scientific studies using native fauna need both a licence to take fauna, which is issued by the Department of Biodiversity, Conservation and Attractions, and a licence for the use of animals for scientific purposes, or a scientific licence, which comes from the Department of Primary Industries and Regional Development. This is not a new requirement. It has always been the case under the Animal Welfare Act. However, it has come to our attention that some environmental scientists in particular have not been aware of and have not been getting that scientific licence from DPIRD. So we are working closely with industry to address that need. Yes, they will need to apply to DPIRD for a scientific licence to use fauna for surveys. Following feedback from those stakeholders, we have extended the requirement for that by six months to 1 July 2020 to allow them to put in place whatever they need to be able to do so. In some instances, in order to get a scientific licence, they will also need approval from an animal ethics committee. DPIRD has an animal ethics committee, as has the Department of Biodiversity, Conservation and Attractions and the universities that use animals for scientific purposes. However, none of those are set up as what we would call a community animal ethics committee. That is something we are now investigating—how those environmental scientists can gain access to animal ethics committee approval where they require it.

Hon TJORN SIBMA: Thank you, Dr Carbon. You confirmed, effectively, that the necessity of this pathway has always existed; it has just never been enforced.

Hon ALANNAH MacTIERNAN: It appears that some of these environmental scientists were unaware of their obligations, which I find a bit surprising if they are actually environmental scientists—that they would not have acquainted themselves with that. Particularly, I would imagine that any mining company that would be using those environmental scientists would be very concerned that their environmental scientists were unaware of the environmental laws that govern them.

Hon TJORN SIBMA: There is a great opportunity for government engagement with those firms that undertake those fauna surveys, no doubt. You mentioned, Dr Carbon, that there seems to be an obvious resource constraint on the AECs available —

Hon ALANNAH MacTIERNAN: Sorry; I think the appropriate ethics, is it not, that the questions come to me?

The CHAIR: Let the honourable member ask the question. Then the minister can identify the appropriate staff.

Hon TJORN SIBMA: Minister, I will put it to you. Minister, have you been advised of resource limitations applying to or incumbent on AECs in their capacity to undertake this new requirement, even though it has now been extended to 1 July?

Hon ALANNAH MacTIERNAN: Of the animal ethics committees?

Hon TJORN SIBMA: Yes.

Hon ALANNAH MacTIERNAN: We certainly are considering what the financial implications are, but I really urge you to really think about what is going on here. We had people who have been systematically holding themselves out to be scientists, being part of the process necessary to gain environmental approvals, but were not complying with the legislative requirements that have been in place for quite some time—presumably since this act came in in around 2002. But I understand that part of the problem—perhaps Dr Carbon can clarify this—was that the universities have said that they cannot accommodate them. Is that the issue in terms of the animal ethics committees?

Dr CARBON: Certainly, the animal ethics committees that exist at the moment are probably not well-equipped to deal with these very specialised applications. That is something the government is investigating currently to ensure that we can meet those needs. It is important to note that not all research projects will require an animal ethics committee approval, but some certainly will and we need to be equipped to deal with those.

Hon ALANNAH MacTIERNAN: Perhaps, Dr Carbon, you can explain what sorts of ones in this area tend to require animal ethics committee approval?

Hon TJORN SIBMA: Actually, perhaps before we do that, I will take the opportunity to ask the question. There is an implied appreciation, minister, that the architecture to facilitate this requirement is not in place and that is why there has been a decision taken to extend the implementation of this process. I think it was due to commence on 1 January. Obviously, AECs, as they exist, were not adequately resourced to do that and there has been a decision taken—I think it is a sound, pragmatic decision—to extend the implementation to 1 July. Would you be in a position to clarify precisely what resources are required to permit AECs to undertake this work? Would this necessitate the creation of a new branch of ethics committees? What is the government's approach?

[11.30 am]

Hon ALANNAH MacTIERNAN: This is work in progress and obviously, as Dr Carbon said, the department and DBCA have these ethics committees so we will be doing work on whether or not they are the ones that will be best placed. I think the provision of this service would be done on a cost-recovery basis. We will be doing that work over the next few months and make sure it is all sorted by next year's budget.

Hon TJORN SIBMA: I look forward to that.

Hon COLIN TINCKNELL: Minister, my questions relate to the budget papers—volume 1, division 16, part 4, on page 241. We note on page 241 that the spending allocation for rural farm assistance via the rural business development unit has increased tenfold. Minister, can you please clarify why the increase; is that related to farm loans; and, if so, which ones?

Hon ALANNAH MacTIERNAN: This is rural farm assistance—is that the one you are talking about?

Hon COLIN TINCKNELL: This is rural farm assistance, yes, via the rural business development unit. What I am after is: why has it increased tenfold, and clarify the increase? Is it related to farm loans; and, if so, which ones?

Hon ALANNAH MacTIERNAN: It looks like there has been an error in the budget and perhaps the CFO would like to explain it.

Hon COLIN TINCKNELL: Is the error where it has increased tenfold?

Hon ALANNAH MacTIERNAN: Yes, I will just get her to explain, if I may; thank you.

Ms TAYLOR: There was an error made. In 2019–20, there was an amount included in that line item for WANDRRA, which is the WA national disaster recovery grants. That amount was put into the 2019–20 figures and unfortunately it was carried forward into the out years. It does not actually exist. There should only be \$170 000 per annum for the rural farm assistance scheme. That will be corrected in the next budget.

[Hon Tjorn Sibma took the chair.]

Hon COLIN TINCKNELL: Further to this, is there any allocation to Rural Financial Counselling Service WA, which is known as Rural West, from the department? Has that occurred in the past?

Hon ALANNAH MacTIERNAN: Yes, it has, and I am just trying to work out where that is. I do not know whether anyone is aware of which line item that exists in, but we definitely have been providing assistance. I am really sorry that no-one seems to be able to give—I know we are providing that assistance and I will provide that to you by way of supplementary information. I apologise for not being able to.

[Supplementary Information No B3.]

Hon COLIN TINCKNELL: Minister, moving on, on page 234 of volume 1, division 16, part 4, service 7. I was pleased to see a steady increase to spending on natural resource management. I would be interested to know how much, as a percentage, of direct funding went or will go as a grant funding to community-led groups to undertake the NRM work, such as LCDCs, Landcare groups and other local engagement?

Hon ALANNAH MacTIERNAN: For this year, in terms of the grants to the NRMs and to the Landcares—this is both the community stewardship grants and the larger scale grants—\$7.7 million has been allocated and hopefully we will be in a position to be announcing that. Sorry, that is just in the regional part and I think there is another \$1.6 million approximately that will go to metropolitan areas. In all, it will certainly be heading up around \$9 million that will go in these NRM grants. We went to the election with a commitment, I think, for about \$6.5 million per annum. We have actually increased that. Last year, we actually made \$1 million available to the seven NRMs and to the Landcare network in order to assist them with core funding because the federal government assistance to them, particularly in core funding, has been continually eroded. I think we need to have a real structural relook at these NRMs because with the commonwealth moving away from core funding, it is very hard for these organisations to continue to exist. You cannot even put a grant application in if you do not have some core funding to keep some longevity in the organisation.

Hon COLIN TINCKNELL: Minister, I was not able to find in the report the amount of funds that DPIRD may have spent on legal aspects of the animal welfare incursions into those three Aboriginal-owned cattle stations.

Hon ALANNAH MacTIERNAN: I am only aware of investigations into two Aboriginal-owned stations.

Hon COLIN TINCKNELL: I thought there was a third one in the goldfields.

Hon ALANNAH MacTIERNAN: There was an incident but whether or not that has led to an—I am not sure. I will just again raise my concern that there is so much that we are constantly differentiating between those places that are owned by Aboriginals—the only animal welfare —

Hon COLIN TINCKNELL: I am just interested in the financial costs, that is all.

Hon ALANNAH MacTIERNAN: Most of the legal services to date—in fact, all of them—have been provided by the State Solicitor's Office so there are no external legal costs.

Hon COLIN TINCKNELL: Great. Thank you.

My next question relates to budget paper No 2, volume 1, page 247, "Royalties for Regions Regional Reform Fund" and the special purpose account. Have you been able to find that?

Hon ALANNAH MacTIERNAN: 247.

Hon COLIN TINCKNELL: My question is: given that the closing balance of this fund was \$69 433 in the year 2019–20 and it was \$45 930 million in the budget estimate, why are the payments so little across the two periods?

[11.40 am]

Hon ALANNAH MacTIERNAN: In 2019–20, the actual was \$69 million and the budget for 2020 is \$45.9 million. These are projects that came out of an initiative that came together in 2016, so some specific projects have been included in that.

Hon COLIN TINCKNELL: Would you be able to give me some examples of that, minister?

Hon ALANNAH MacTIERNAN: Yes. My favourite one is the Kimberley schools program, which had an overall notional allocation of \$25 million.

Hon COLIN TINCKNELL: Is a part of that Derby high school, as well? Is that included in it?

Hon ALANNAH MacTIERNAN: Derby high school is in it. It is one of the Kimberley schools. It is fundamentally about an explicit instruction pedagogy; it is a few more things than that. I am very pleased to say that there has been great support up in the Kimberley schools for this. I think, certainly, all the government primary schools are pretty much involved. Last year, we spent \$4.7 million on that and we are budgeting to spend \$4.8 million on that this year. We have the north west housing initiative, which is \$7.7 million. We have various transitional housing projects. I think the work that we are doing on the town-based reserves—is that included this? Is anyone familiar with the work that has been done there?

Hon COLIN TINCKNELL: Thanks, minister. My time has run out now so I would like to yield to the Chair.

The DEPUTY CHAIR: Hon Martin Aldridge, you have 10 minutes.

Hon MARTIN ALDRIDGE: Thanks, Mr Deputy Chair. Minister, I want to take you to budget paper No 3, and a reference on page 176 to the “Country Water Pricing Subsidy”, which will hit \$250 million this financial year, and across the forward estimates, a total of \$1 billion in expenditure. I then want to take to you to page 238 of budget paper No 3. There you will see under “Water Corporation” a dividend that goes from \$3.8 million in 2019–20 to \$1.258 billion in the current financial year, and then somewhere between \$700 million and \$800 million across the forward estimates. In light of the supercharging of dividends from the Water Corporation to the state Treasury, are you still supportive of the way in which royalties for regions is being used, in that one in every four dollars is contributing to the supercharging of the Water Corporation dividend to Treasury.

[Hon Alanna Clohesy took the chair.]

Hon ALANNAH MacTIERNAN: I do not know whether you were here during the time when Water Corporation budget estimates were.

Hon MARTIN ALDRIDGE: I was.

Hon ALANNAH MacTIERNAN: I understand that this is the impact of a deferred dividend. The supercharging that you refer to seems to be the result of a decision at the height of the pandemic in May to defer the provisional dividend that would normally be paid. So the dividend that normally would have been paid in May was then paid in December along with the dividend that would normally have been paid. We are not doing the Water Corp budget at that stage, but my understanding of that supercharging is that it is likely that that comes out of this decision that was made to further the dividend payment in May.

Hon MARTIN ALDRIDGE: As the minister principally responsible for regional development, you continue to support one in four dollars being spent on an operating subsidy to the Water Corporation that has existed in one form or another probably for the last century?

Hon ALANNAH MacTIERNAN: I am certainly supporting the continuation of the subsidisation of rural water for people who live in regional WA, so I absolutely continue to support that. I do note,

member, that I think we need to have a look at the budget as a whole. The total investment in infrastructure over the next four years in regional WA is going to be at a record high. It will be \$7.3 billion, which is much larger than the amounts that are coming out of the RforR component. I know that for you, because your whole political zeitgeist has been built around it, you will very much focus on what comes out of the royalties for regions bucket. I totally understand that, but we are saying that we have a much bigger picture here. If we look at our investment that is going into regional Western Australia over the next four years, it is significantly greater than those sums of money that are included in the RforR budget.

Hon MARTIN ALDRIDGE: Has the Regional Development Trust expressed a view, or have you sought their view, on the allocation of one in four dollars of royalties for regions for this purpose?

Hon ALANNAH MacTIERNAN: Member, you would know that the trust produces an annual report, and their annual report is contained in a document that is publicly available and tabled in Parliament.

Hon MARTIN ALDRIDGE: So the answer to my question is?

Hon ALANNAH MacTIERNAN: Well, that is not a budget question. You are asking me a question about a trust and what their opinion is. I am saying to you that we have tabled the document; you can read it for yourself.

Hon MARTIN ALDRIDGE: The trust is charged by the Royalties for Regions Act to provide you advice, and on any matter relating to the operation of the fund that is referred to it by the minister. Have you referred any matter to the trust?

Hon ALANNAH MacTIERNAN: I think from time to time we have asked matters from the trust. Look, I am quite happy to take questions on the trust, but I do not have that information here. I was under the impression that this was a budget and an annual report interrogation. If it is to be one on the trust, I am more than happy to do it.

The CHAIR: Thanks, minister.

Hon ALANNAH MacTIERNAN: I know we have asked them from time to time to look at issues.

The CHAIR: Member, if you could actually frame your questions as far as possible in relation to the budget or annual report. Is there a matter in the annual report that relates to that?

Hon MARTIN ALDRIDGE: Yes. To clarify this: does the Department of Primary Industries and Regional Development fund the trust?

Hon ALANNAH MacTIERNAN: Yes, that is true. It is government funded, but the trust is an independent entity which has its own reporting process. Whilst the funding for it obviously has to go somewhere in the budget—it goes through DPIRD—nonetheless, it does not in any way, shape or form answer to the DPIRD administration.

Hon MARTIN ALDRIDGE: Now we have established that this is a matter to do with the budget, I understand from the annual report of the trust not only is an appropriation made by the department, or via the department, but also it provides secretariat support to the trust as well. Are you able now to answer my question, which is: has the trust provided you with any advice or have you sought any advice from the trust in relation to the use of one in four dollars of royalties for regions to the country water pricing subsidy?

[11.50 am]

Hon ALANNAH MacTIERNAN: The trust answers separately. As I said, the nexus between the trust and DPIRD in a budgetary sense relates to them providing the secretarial service and managing the

payments to the board. I am happy if the CFO has some information on the cost of the secretarial services and the payments to the board. We certainly could provide that. That is the relevant nexus here. The content of the trust, which is an independent agency, does not come within this body and I do not believe that that is part of the hearings of this budget. But I am happy to provide the information. Do we know in the budget where it appears?

The CHAIR: Sorry, can I just check; is this an answer to the question or is it a conversation between officers?

Hon ALANNAH MacTIERNAN: Because the board fees are paid through the aegis of the department, the member is seeking to interrogate about the activities of the board. I think that is inappropriate because the board is established —

The CHAIR: Minister, I think you have answered that question substantially in relation to the operation of the board—that as it has its own annual report, it is not subject to this hearing, except in relation to those questions that relate to the budget as it is managed by DPIRD. Member, have you got any further questions?

Hon MARTIN ALDRIDGE: I think the minister offered to provide supplementary information in relation to the annual allocation of funds to the trust. Could that be taken as supplementary information?

The CHAIR: Minister?

Hon ALANNAH MacTIERNAN: Yes, okay.

[Supplementary Information No B4.]

Hon MARTIN ALDRIDGE: Can I move on to the issue of administered items, which is in budget paper No 3. There is some \$121 million across the forward estimates, including \$12.7 million in the current financial year. Could the minister please provide an understanding of what informed that \$121 million?

Hon ALANNAH MacTIERNAN: As we have said in the past, these are projects that have got to a certain point but have not had their business cases approved. One of those administered items—probably the biggest one—is “Transforming Bunbury’s Waterfront”. Because that business case was sort of approved shortly after the budget was prepared but shortly before the budget papers were printed, that appears as a footnote, but the other projects have not had their business cases approved as yet.

Hon MARTIN ALDRIDGE: Can the minister provide a list, apart from the Bunbury waterfront project, of the projects that are under consideration, under development or in planning processes?

Hon ALANNAH MacTIERNAN: I will provide a list of those that I believe I can.

[Supplementary Information No B5.]

The CHAIR: Final question, member.

Hon MARTIN ALDRIDGE: Minister, in the Legislative Assembly estimates hearing, in response to a question asked by Hon Mia Davies, the Premier, on your behalf, referred her to further information being available in the royalties for regions almanac. Can the minister please table that document?

Hon ALANNAH MacTIERNAN: We will not be tabling it at this stage. We understand that the member from the other place has lodged an FOI application. That is currently being assessed. We are obviously looking at what might be commercially sensitive information, but we will release as much of that as we can. When that decision has been made, we can make a copy available to you.

Hon MARTIN ALDRIDGE: Can I just finalise this. This is a question that is being asked in the Standing Committee on Estimates and Financial Operations. I am not aware of who has asked a question or submitted an FOI, nor am I interested in who has submitted an FOI.

Hon ALANNAH MacTIERNAN: Sorry, I must have misunderstood your question, because I understood your nexus—the way in which you sought to tie this to the budget matter—was the fact that in a budget estimates hearing in the other place, your colleague asked a question of the Premier and the Premier made a statement. Now, if you want to find a reference to tie the almanac more generally to the budget papers, I am happy to hear that question.

Hon MARTIN ALDRIDGE: You have just acknowledged that the almanac exists and that you are considering releasing it under FOI.

Hon ALANNAH MacTIERNAN: I am presuming —

Hon MARTIN ALDRIDGE: Your answer today is a refusal to provide information.

The CHAIR: Order! There is no need to continue to badger. Minister, please make your statements short and sharp.

Hon ALANNAH MacTIERNAN: Okay. You have raised the issue. You sought to raise this issue—that the Premier had made a statement in the other place in relation to the budget. I will have a look at that statement that he made in the other place, and I will then be in a position to respond once I know what that statement is.

The CHAIR: I will take that as —

Hon MARTIN ALDRIDGE: Supplementary information?

The CHAIR: Such that is available. Minister?

Hon ALANNAH MacTIERNAN: It is a bit bizarre, because the reference does not appear to be to the budget; it is to a statement that was made by the Premier in the other place. I will certainly provide, by way of supplementary information, what the Premier said in the other house and what is the basis for him saying that.

[Supplementary Information No B6.]

The CHAIR: We need to move on in the interests of time.

Hon KYLE McGINN: I have an interest in the Kimberley. I refer to page 179 of budget paper No 3 regarding Moonamang Road. In respect of obviously the economic development coming out of COVID, can you outline how this project will support development through the Kimberley, and give some examples of it?

Hon ALANNAH MacTIERNAN: Thanks, member, for the question. This road has been around for a while. We had made a commitment a few years ago to this road, provided that the sea dragon project at Legune station went ahead. That does not seem to be moving with any great rapidity after five years or so. However, it was really important for us for the development of the next part of Ord stage 2—that is, Knox Plain—that we have that road alignment settled and that we have that road built out to there. Given all these things, if we could not get some certainty on Knox, that would undermine the viability of progress towards a cotton gin, and the cotton gin is necessary in order to make the cotton industry viable. We made the decision that given that we had made a commitment, albeit a provisional commitment, to Moonamang Road, we would certainly bring that road project forward. That now will be under construction hopefully next year.

[12.00 noon]

Hon KYLE McGINN: I am going to move on to Collie, particularly in respect of industry attraction. I refer to page 237 of budget paper No 2. Is there an update on what the government has done to ensure the just transition for the Collie community?

Hon ALANNAH MacTIERNAN: Yes. There are a huge range of projects that have been undertaken. We have had the small grants scheme, which are a whole host of small business projects, many of them in the tourism area. Sixteen of those have been approved under the small grants program. Then we have the Collie Futures fund industry. To date, we have had some fantastic projects. We have had the WesTrac autonomous technology training facility and the Piacentini joint provision, which had almost \$3 million worth of funding. We have the work being done by the National Trust at the roundhouse, which we have funded to \$1 million, and we now have some very serious players looking at doing a development around that roundhouse.

The Collie industry attraction fund is a \$60 million fund. We have had \$38 million of that spent to date. We have DFES multipurpose facility there, Collie mountain bike trails and a coal adviser. We have a light DMIRS licensing centre, the Collie emergency service vehicle manufacturing facility and the Lake Kepwari development. We are also doing a scoping study on aluminium smelting and of course we have the wonderful Wellington Dam mural. There is a lot of activity going on in Collie so that when the first power station closes down next year, we will have a much more diverse range of economic activities happening in that region.

Hon LAURIE GRAHAM: My question is in relation to the Australian Export Grains Innovation Centre—your reference is page 240 of budget paper No 2, volume 1—and the funding for the Australian Export Grains Innovation Centre and ongoing trade tensions with China. Can you provide an update on the work the department and AEGIC are doing on market diversification?

Hon ALANNAH MacTIERNAN: I think this is a very important issue. We have had very strong trade exposure to China in a number of our markets—obviously lobster at 95 per cent, wool at 89 per cent, barley at 65 per cent and wine at 44 per cent. They are really big exposures to China which we are seeing. We, at a national level, are having difficulty managing that relationship and our producers are feeling this. We have been conscious of the importance of us diversifying on two fronts. One is diversifying into the markets that we go into and the other is to make sure that we have a diversity of crops and products. The work that AEGIC has been doing, for example, in barley developing alternative markets in India for our malting barley and working on our oats product, because we have a lot of competition for wheat from the Black Sea and from Argentina, and so we are looking at how we can expand the market for our oats. They have been doing some pretty extraordinary work on creating an oat rice and oat noodle, really very much focusing on the ASEAN market for that product, and also with our wheat, making sure that for our premium white salted noodle markets in Japan and Korea we continue to respond well and develop our product there. We are doing a special thrust into South-East Asia, with the flour millers and bakers, for our relatively low protein soft white wheat. It is really important. The task is very complex because they have traditionally used an American baking process, so part of our education has to go to the very way in which you actually bake the bread in order to get the best value out of our low-protein soft white wheat varieties. It is really, really smart work where that market intel and R&D come together to provide that.

We have been running lots of programs bringing wholesalers and large retailers into WA—this was before COVID. We had some extraordinary delegations, where we would take people around. We do find that the inbound delegations are really important and so we have had those from Thailand, Vietnam and Malaysia. Unfortunately, we were just about to embark on a big project in Indonesia when COVID hit. However, even during COVID, we have been continuing that work. The department

has even been having some fantastic virtual wine tastings in Japan, where we send our premium wines over to leading sommeliers. The wine taster is based in WA and goes through those wines with them. Likewise, we have been having virtual meetings with big groups from the Gulf, who are really very open to expanding the markets for our seafood, meat and horticulture.

I think we are all very focused on making sure that whilst we think that it is important to properly manage the relationship with China, we at the same time also need to make sure that we have a diversity of markets and a diversity of products.

Hon Dr STEVE THOMAS: I refer to budget paper No 3, page 180. It is a fairly simple question. At the bottom of that page, you have, “Total—Royalties for Regions Fund”. How much of the \$1.1669 billion in the 2020–21 budget year is effectively transubsidisation for the consolidated fund in total?

Hon ALANNAH MacTIERNAN: As you know, that is a phrase that you have chosen to use; it is not a phrase that we will use.

Hon Dr STEVE THOMAS: I think the Premier banned it, did he not?

Hon ALANNAH MacTIERNAN: No, it is not pedantic.

Hon Dr STEVE THOMAS: No. The Premier banned it, I said. Sorry; do we have a figure?

Hon ALANNAH MacTIERNAN: We have. There are projects that are set out in the budget that we are funding from RforR. They are very transparent and they are there for you to interrogate.

Hon Dr STEVE THOMAS: Surely the department has a figure on how much that is?

Hon ALANNAH MacTIERNAN: We have a figure on how much. As I said, this is just a fraction of the spending that is going on in the regions; it is a fraction of that expenditure. This represents a snapshot of what the royalties for regions portions are being allocated to.

Hon Dr STEVE THOMAS: I will move on, Madam Chair. On page 172, there are a number of Collie funding instances and on page 173 with the Wellington Dam trail. These came about from the Collie Futures fund of \$20 million originally and then the rolling in of two dud election commitments—the biomass plant and solar farm—so the \$60 million, which was originally broken up into the Collie Futures fund and then the industry development fund.

These are broken up separately again. Is that original funding, that \$80 million cap over two funds, still the cap? How much of that cap has not been spent? How much of it has been allocated? How much remains to be allocated?

[12.10 pm]

Hon ALANNAH MacTIERNAN: I will repeat my answer. We have the \$18 million of the Collie Futures industry development fund, and of that so far we have spent \$1 million of the national trust roundhouse, \$2 million to WesTrac autonomous training and \$0.778 million to Piacentini and Son autonomous training operations. So there is the \$18 million Collie Futures industry development fund, then there is the \$2 million small grant program—of that, \$1.4 million has been approved. Of the Collie industry attraction development fund, which is a \$60 million fund, to date, 10 projects have been approved to the value of \$38.262 million.

Hon Dr STEVE THOMAS: How do you measure the success of those projects? How are you going to measure whether that has significantly changed the employment profile in Collie? What KPIs have you put in place?

Hon ALANNAH MacTIERNAN: Obviously, we are going to be looking at the number of people who are employed in facilities like the extraordinary autonomous operation centre. So we will be looking

directly at the number of people in their employ. In relation to that one, for example, there will be hundreds and hundreds of people coming into the town to do training, so we will be assessing, in that particular proposal, the number of hotel beds taken. We could then go and make an assessment of the number of staff who were employed by those hotel beds being filled. Things like the location of the DFES multipurpose facility there, we will be able to determine how many local people are actually employed there. We will seek to do a multiplier on the benefit that came from construction and also the benefit from having that facility and those employees based in that town, and ditto things like the diverse licensing centre and the Collie emergency vehicle manufacturing. So they will all be slightly different, but it is, basically, in part, the number of direct jobs but also the number of jobs that then stimulate the multiplier effect from those particular projects.

Hon Dr STEVE THOMAS: Given that half of it has been spent, then, minister, how many jobs have been created so far from that expenditure?

Hon ALANNAH MacTIERNAN: As you would be aware, a number of these facilities are still in the developmental stage. I do not have the number of jobs available here directly, but I have to say, I think if you go to Collie and you see these projects coming up—this WesTrac facility has been so successful that they are wanting it to double in size in a very short space in time—there is clearly activity going on in the town that would not be there without that. I think most people in Collie are seeing that their town is certainly being renewed.

The CHAIR: Thanks, minister, and thanks, member. That concludes this hearing.

On behalf of the committee, I thank you for your attendance today. I remind members that due to time constraints, the electronic lodgement system will not be reopened for additional questions this year. For witnesses, I advise that the committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, as soon as possible after the hearing. Responses to questions on notice are due by 5.00 pm, 10 working days after receipt. Should you be unable to meet the due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. Contrary to what I just said, I ask you to promptly leave the chamber for COVID-19 cleaning between sessions.

Once again, I thank you for your attendance.

Hearing concluded at 12.15 pm
