

**STANDING COMMITTEE ON ESTIMATES AND  
FINANCIAL OPERATIONS**

**2016–17 BUDGET ESTIMATES HEARINGS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
THURSDAY, 16 JUNE 2016**

**SESSION SIX  
DEPARTMENT OF REGIONAL DEVELOPMENT**

**Members**

**Hon Ken Travers (Chair)  
Hon Peter Katsambanis (Deputy Chair)  
Hon Alanna Clohesy  
Hon Rick Mazza  
Hon Helen Morton**

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**Hearing commenced at 7.13 pm**

**Hon COL HOLT**

**Minister representing the Minister for Regional Development, examined:**

**Mr RALPH ADDIS**

**Director General, examined:**

**Mr CAMERON PATTERSON**

**Acting Chief Financial Officer, examined:**

**Mr PAUL GREGSON**

**Manager, Royalties for Regions Financial Management, examined:**

**Mrs MICHELLE MACKENZIE**

**Executive Director, Regional Investment, examined:**

**Mr ANDREW MANN**

**Executive Director, Economic Development and Diversification, examined:**

**Mrs MELISSA MURPHY**

**Acting Executive Director, Corporate and External Services, examined:**

**Mr JUSTIN BISHOP**

**Principal Budget and Finance Officer, examined:**

**The CHAIR:** On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can the witnesses confirm that they have read, understood and signed a document headed, "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 recorded 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 the 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. Agencies and departments have an important role and duty in assisting the Parliament to scrutinise the budget papers and the committee values your assistance with this.

We will move to questions, and are members happy for me to go to Hon Darren West in the first instance?

**Hon DARREN WEST:** My first questions on the budget are at about page 165, "Details of Controlled Grants and Subsidies. I have compared this year's budget to last year's equivalent page and I note there are some significant reductions in the amounts in the forward estimates; amounts as you go out to 2015–16 are \$100 million and over into the forward years. I also note we have details of administered transactions. As far as I can ascertain, those figures have been pretty much shifted across into that section. I wonder if you could explain the changes in the financials going forward

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and why those changes have been made, what it means for the agencies and is there any reduction or increase in funds in the out years as a result.

**Hon COL HOLT:** I will ask the director general to address that.

**Mr Addis:** The shift in the disclosure under “Details of Controlled Grants and Subsidies” compared to the prior year’s budget relates to grants that are either going to be discharged or carried by the department or that had not yet been approved by cabinet that were intended for other agencies to discharge and therefore were carried against our budget until the point of transfer to another agency. That had the effect of making the department’s operating statements look artificially inflated, so we have implemented a change of accounting practice whereby we disclose those grants that are intended to be discharged by other agencies in a separate section of the budget under administered items. That is disclosed; there is a note to that effect in the budget. If you would like some more detail, I can ask our CFO to provide that.

**Hon DARREN WEST:** Before you do, I would like some further explanation for the record, because it took me a while to work it out and I wanted to get my head around it. Before you do, the funds that appear in the details of administered transactions, has that money been allocated to projects? Have those projects been approved by cabinet or are they just funds parked up as a consequence of the projected funding in the royalties for regions fund over future years?

**Mr Addis:** I make two points. Firstly, in terms of overall out years’ programed expenditure, that does not affect the total in the program. In terms of the lines in the administered items section, they are essentially budgeted but not approved by cabinet and therefore cannot be spent yet. I will ask the CFO to provide more detail on that.

[7.20 pm]

**Mr Patterson:** There has been a change in the Department of Regional Development’s budget statements relating to the accounting treatment of administered items. These changes are reflected in the 2015–16 estimated actuals and the forward estimates. DRD now distinguishes between items that are allocated and controlled by the department and those items which are unallocated and administered by DRD. As a result, the 2015–16 estimated actual total cost of services has decreased by \$91 million from the 2015–16 budget. This is due to only cabinet-approved R for R funding being directly allocated to DRD’s controlled budget statements. So, they are cabinet approved and directly allocated to the DRD, and that is what is disclosed in our controlled statements. R for R funding that is unallocated or notionally allocated but still requiring cabinet approval is recognised as administered in DRD’s budget statements.

**Hon DARREN WEST:** I just make the point that in last year’s budget and previously, many of these amounts were generally allocated to actual projects or programs—for instance, Growing our South or the statewide blueprints initiative—whereas now it just comes up as a bundle of money. Within your own department, are those amounts of money still allocated to projects or does it only become allocated to a project once it has been approved by cabinet?

**Hon COL HOLT:** Remember, some of those blueprints and Growing our South were also aggregates of projects or potential projects, too. It might still be aggregated, but Mr Patterson might have another go.

**Mr Patterson:** They are notionally allocated to projects and the administered item is the aggregate amount that is in the administered statements. From 2015–16, that decrease of \$91 million, for example, is made up of: the Gascoyne revitalisation plan, \$3.5 million that was reallocated to administered in 2016–17; the midwest investment plan, \$25 million that was reallocated to administered; the goldfields–Esperance revitalisation, \$13.6 million that was reallocated to administered in 2015–16; and the regional strategic projects grants, \$8.2 million that was reallocated to the regional development commissions, and that is an example where it has been cabinet approved and been allocated to the commissions. For Seizing the Opportunity, there is an

amount of \$51.7 million and \$21 million has been allocated to other agencies, and the rest has been allocated to administered and re-cashflowed out to the out years. For Growing the South, there was a decrease of \$53 million from the budget papers. For the statewide regional blueprints initiative, \$7 million has been reallocated to administered to the out years and for the West Kimberley revitalisation, \$10 million has been reallocated out to administered for 2015–16.

**Hon DARREN WEST:** I have got all those here, but I have had some calls of concern from organisations that are a little bit concerned that these projects may not be going on as they were before, because they have looked at this budget and thought that all the money has gone. I guess the question is: why have you changed? I get that it makes the budget look inflated, especially in the three and four out years, because there is all this unallocated money sitting out there. But it was very clear before what each pot of money was actually for, whereas now, when you read the budget papers, you cannot really determine it. Is that for the department to be a bit agile and to be able to move as the projects may or may not change, or is there still some sort of system within the agency that says this amount of money is for this project; and, if there is, can we have it?

**Hon COL HOLT:** Do you mean like in the past budget it was allocated to the Growing our South initiative and it has come out of there and has been allocated to something else? Is that your concern or —

**Hon DARREN WEST:** We will use Growing our South as an example. For the 2014–15 budget, \$15 million was allocated and \$77 million spent. In last year's budget—we are looking at 2015–16—there was an allocation of about \$22.7 million, and that allocation is now much larger. As you went out into the out years, for instance 2018–19, the Growing our South initiative had \$118 368 000 allocated to it, and that has now reduced to \$4.6 million. I am presuming the rest of that money has just gone into the details of administered transactions. I guess what I am really asking is whether that money is still available for Growing our South within some sort of accounting mechanism within the department, or has it now been taken out of that and just put into a pot of general revenue for whatever the department or minister sees fit.

**Mr Addis:** The answer is that the total allocated at the start of the Growing our South program remains the same and remains committed, but in terms of the detail and mechanics of that I think it is probably best to ask Paul Gregson to respond.

**Mr Gregson:** Those figures you are referring to are not actually the total RFR budget; they are funds held by the department either to be administered by the department or to be transferred to another agency when it is decided who will be receiving those funds. Chapter 7 of budget paper No 3 is where you will find the total RFR budget, including those items that you mentioned.

**Hon DARREN WEST:** Why have we got this change? What is the advantage of the system that sort of makes it less transparent for us to follow exactly where the funds are for?

**Mr Gregson:** It has not changed in the sense that there has always been a chapter 7 in budget paper No 3, which is the total royalties for regions budget. The department has also always had a portion of that funding to be distributed. Where the change has happened is the difference between controlled and administered items, which was a decision taken by our department to differentiate funding that we will be expensing, and funds that we are holding before they are transferred to another agency. Our chief financial officer can elaborate more on that.

**Hon DARREN WEST:** I think that is really all the line of questioning I will take for now.

**Hon ALANNA CLOHESY:** Can I talk about Growing our South?

**Hon DARREN WEST:** Yes.

**Hon ALANNA CLOHESY:** I am more confused than when I started here tonight. I particularly want to look at the line item “Growing Our South Initiative Provision”. Under “Asset Investment Program” on page 162, in last year's budget the figure for the total estimated cost was

\$267 308 000. In this year's budget, the figure for total estimated total cost is \$168 955 000. Why is there a \$98 353 000 difference between the printings of the two budget papers?

**Mr Addis:** That would be a question for Paul Gregson.

**Mr Gregson:** That total you have said, I cannot see it on page 162.

**Hon ALANNA CLOHESY:** Page 162 of budget paper No 2. Under "Asset Investment Program".

**Mr Gregson:** Was there a particular year you were —

**Hon ALANNA CLOHESY:** No; the total estimated cost.

**Hon COL HOLT:** The question was around about the changes and why the change of \$93 million?

**Hon ALANNA CLOHESY:** Yes; and why has the total estimated cost changed.

**Mr Gregson:** Again, that is not the total budget for those particular items, but it reflects those projects that have been approved and are yet to be approved. The department will hold funds that are yet to be approved. It is just the difference in the approvals throughout the year, and that is why they were changed from year to year.

[7.30 pm]

**Hon ALANNA CLOHESY:** Can we have a list of the projects from last year's budget that were approved and the total value of each and a list of the proposed projects under this year's budget for that line item—a separate list for transparency's sake?

**Hon COL HOLT:** Do you mean approved as in approved by cabinet, I guess, to spend?

**Hon ALANNA CLOHESY:** I heard that the reason for the difference in the total estimated cost of the project was that some have been approved.

**Hon COL HOLT:** Yes.

**Hon ALANNA CLOHESY:** This represents those that are possibly to be approved.

**Mr Addis:** Obviously, as you move from last year's budget to this year's budget, some projects that would have been in the total last year have been finished and so have flowed through and some new ones that have been approved but not yet spent have come in.

**Hon ALANNA CLOHESY:** Can I have a list of both of those?

**Hon COL HOLT:** Can we take that on notice; the detail of that is not here.

[*Supplementary Information No F1.*]

**Hon ALANNA CLOHESY:** Hopefully, this will be quick. One more on the Growing our South initiative. The \$600 million advertised, for example, the Bigger Picture propaganda—I mean advertising! I will go back to being serious now. For what period is the expenditure of the \$600 million for Growing our South initiative advertised on the Bigger Picture website? Is it this year's budget, this year and the forward estimates or this year and the next 10 years? What is that \$600 million for?

**Hon COL HOLT:** I will get the director general to comment.

**Hon ALANNA CLOHESY:** Or is it from last year as well?

**Hon COL HOLT:** I would say it is a combination of all those things, but I am sure the director general can say.

**Mr Addis:** The Growing our South initiative is a \$600 million program, from memory, commenced the year before last, 2014–15. It was conceived as a five-year program so, obviously, we are some way through expending that. As I said in my previous answer, some items have been spent and therefore disappear from the budget. Some new approvals come into locked-in expenditure. As of May this year, 31 projects have been approved by cabinet under Growing our South equating

to a total investment of \$287 million, which, for your information, delivered total project values of \$414 million in terms of additional leverage.

**Hon ALANNA CLOHESY:** The additional money is not included in the \$600 million?

**Mr Addis:** That is exactly right. That leaves the remainder of the \$600 million yet to be cabinet approved for expenditure.

**Hon COL HOLT:** We are almost halfway there.

**Hon ALANNA CLOHESY:** Of the \$287 million worth of projects that have been approved, will all of them be included in the list I asked for previously?

**Mr Addis:** That would depend on whether they had been expended prior to the first year's list, which you have asked for, because if they had been expended prior to that, they will not be in that list. But I can give you, essentially, a summary of some of the key projects that do fit within the \$287 million.

**Hon ALANNA CLOHESY:** Yes; I am worried about other people's time.

**Hon COL HOLT:** I think there were two sorts of questions there. The first question we took on notice. That one is slightly different from what I read and you are asking about the \$287 million that has been expended in the last two years—what is it for?

**Hon ALANNA CLOHESY:** That is right.

**Hon COL HOLT:** We have a list of some of the major projects but you would like all of them, would you not?

**Hon ALANNA CLOHESY:** How the \$287 million has been expended.

**Hon COL HOLT:** Have we got that?

**Mr Addis:** I think Mr Gregson can provide that right now.

**Hon ALANNA CLOHESY:** It would be easier for me to have it as a list, rather than you read them all out. I assume there will be many. Can that list include whether those projects are completed and, if they are not completed, the expected completion date?

[*Supplementary Information No F2.*]

**The CHAIR:** Is everyone happy for me to go back to Hon Darren West?

**Hon DARREN WEST:** That is all right; it was all related. I am no more enlightened, and that is probably not your fault. I will digest that information and read back through the *Hansard*. I will just ask one more question. My understanding is that these funds that the department is holding that are unallocated. Why would those funds be held? Can you also clarify for me whether those funds are held by the department or by Treasury?

**Hon COL HOLT:** So we are going back to page —

**Hon DARREN WEST:** Sorry. It relates to my line of questioning earlier about the change from funds being under details of controlled grants and subsidies and moving into what I think we call administered funds.

**Hon COL HOLT:** A lot of the detail is in chapter 7, but if you are referring to a different page —

**Hon DARREN WEST:** I have chapter 7 here, which has the total outline, and I can read through that a bit more. I do not understand why that change has been made, other than making the figures look a bit inflated because all this unallocated money is floating around. It was nice and clear how much money was allocated to each project, and when, and the development commissions and stakeholders could have some understanding of when and where that funding might be available. It is now very obscure and it is all piled into one fund. I do not understand why that is the case.

**Hon COL HOLT:** I do not think there is any obscurity in chapter 7.

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**Hon DARREN WEST:** I have got that, but I just wonder why this change has been made in the budget. Does Treasury hold these funds or does the department hold these funds? Who holds all these funds that are now sitting in what is called administered grants, from memory?

**Hon COL HOLT:** It is page 165, I think.

**Hon DARREN WEST:** That is right. In last year's budget, these funds were under details of controlled grants and subsidies. They now appear in details of administered transactions. These unallocated funds are a significant amount of money. How does that physically work? Are these funds held in Treasury or are they held by the department?

**Hon COL HOLT:** I will ask the director general to start off.

**Mr Addis:** The schedule for details of controlled grants and subsidies, and the similar schedule for administered items, are expenditure budgets. They are not a balance budget. Essentially, that is the assets part of the budget. It is not reflective of an account balance, if you know what I mean. It is reflective of the budgeted expenditure over the four years. I just want to make sure we are not getting confused between an account with a bunch of money sitting in it and a program budget for expenditure. That said, the funded expenditure is scheduled to happen over the out years. The money comes from Treasury into the R for R special purpose account and is expended out of that in accordance with the expenditure budget. Does not answer the question?

**Hon DARREN WEST:** So those unallocated funds are held by Treasury in a separate account allocated to that?

**Mr Addis:** We have a special purpose account balance, which is like a bank account, into which come drawdowns from Treasury as funds are expended in accordance with the budget. Does that make sense?

**Hon DARREN WEST:** Yes, it does. So you do not actually hold these millions of dollars?

**Mr Addis:** We do hold a special purpose account roughly in the order of \$1 billion, but it goes up and down from time to time, of course.

**Hon DARREN WEST:** That finishes what I wanted to ask about that. I now want to refer, if I might, and if you can refresh your memories, to the estimates in the other house on 25 May 2016. Supplementary question B44 was asked and answered. I do not know whether you have a copy of it. The question was referring to amounts in the forward estimates. Minister Redman said —

On page 197 of the *Economic and Fiscal Outlook*, under the heading “Seizing the Opportunity Agriculture” is a line item that has two figures—one in the 2018–19 forward estimates of \$38.7 million and one in the 2019–20 forward estimates of \$39.6 million, totalling \$78.3 million. The response we can give today is that they are some aggregated numbers with detail that sits under them that are not visible in these papers. I am undertaking by way of supplementary information to provide the nature of the projects that sit under that in more detail than is visible in the budget papers.

The answer has come back, which states —

The following provides a breakdown of funding over the forward estimates, indicating what has been allocated to projects and approved by Cabinet. Please note that unallocated funding is a provision for projects in the early stages of development that are yet to receive Ministerial endorsement or Cabinet approval.

Under the heading “Seizing the Opportunity Agriculture” is the line “Project Title” and then “Building an Empowered WA Agrifood Sector”, and \$7 million is allocated to that. What does that mean? What is that? What is “Building an Empowered WA Agrifood Sector”?

[7.40 pm]

**Hon COL HOLT:** I will ask Mr Mann to answer that.

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**Mr Mann:** Basically, we are looking at building up the agricultural industry—the local industry—so their capabilities are better developed for growing agricultural production and hinting that the Department of Agriculture and Food has a vision for doubling agricultural production and the value of that by 2025. It is a program that is being looked at by the Department of Agriculture and Food. It is not actually a program that the department is running; it is a DAFWA-run program.

**Hon DARREN WEST:** That was my question. Is this not what the Department of Agriculture and Food actually does already? We have a whole department to build and empower a WA empowered agrifood sector. How come we are duplicating that through a separate funding process and a separate government agency? Would that work not be better done by the Department of Agriculture and Food with those funds?

**Mr Mann:** It is allocated to the Department of Agriculture and Food. It is looking at developing how that money will be spent. It is targeted towards trying to increase opportunities and growth for the local markets where they can actually look at a large increase in growth, whether it is towards the export markets overseas or for inbound investments, so getting them investment ready for growth.

**Hon DARREN WEST:** I appreciate that the Department of Agriculture and Food has had a 30 per cent cut to its budget over this term of government. I am sure they will be happy to see \$7 million for that. There is also another line here that says “Boost Business Skills of Agrifood Businesses” and an amount of \$13.75 million. Is that similar?

**Mr Mann:** It is exactly the same. It is a proposal that they are working on at the moment. It is yet to go to cabinet. They have worked on a proposal but again, it is about increasing the expertise and the skills within the local industry.

**Hon COL HOLT:** As the member would appreciate, the Department of Agriculture and Food is not the only player in agriculture in this state. There are a number of grower groups that also play a significant role in product development and research and development and play a major role in export as well. I do not know the detail but it may not be purely associated with Department of Agriculture and Food expenditure; it might be facilitating some of those groups to expand their capacity as well, and growers.

**Hon DARREN WEST:** I know it has not been approved by cabinet but I am hearing that it is not really settled about who will be running this program and benefitting from these funds or using these funds.

**Mr Addis:** To be clear, the intended beneficiary is the industry. That is quite clear. It is similarly clear that the Department of Agriculture and Food is the proponent and will be the delivery agent for the program.

**Hon DARREN WEST:** Then there is Brand WA and an amount of \$6.679 million. Is that another branding project? Is that similar to the last two? Is it something to do with Buy West Eat Best?

**Hon COL HOLT:** Sorry, can you —

**Hon DARREN WEST:** Under “Seizing the Opportunity Agriculture” are the two lines that I mentioned earlier. Then we have Brand WA and a figure of \$6.679 million, which is another one that is yet to receive ministerial endorsement or cabinet approval. What exactly is that?

**Mr Addis:** The branding project is essentially that. It is to explore whether it is a useful thing to develop our specific WA food and agriculture brand. The first phase of that has been approved and is being done at the moment by the Department of State Development in collaboration with DAFWA.

**Hon DARREN WEST:** So it is not Buy West Eat Best, it is a different regime altogether?

**Mr Addis:** That is right.

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**Hon DARREN WEST:** There is \$50.84 million of unallocated funding. If there is unallocated funding, would that not have been in the unallocated funds before under Seizing the Opportunity Agriculture? It still remains here as unallocated funding of \$50.84 million. Can we get an indication of what that might be for?

**Hon COL HOLT:** Can you point me to the line item, member, because that one is not in my budget either.

**Hon DARREN WEST:** I can get you a copy of this. This is the response from supplementary information B44. The answer came back with those four line items, and there is unallocated funding of \$50.84 million. I wondered what that might be for.

**Hon COL HOLT:** It sounds like it is in the 2019–20 out years.

**Mr Addis:** That \$50 million is in the out years and it is intended to build off the platform of Seizing the Opportunity Agriculture, so DAFWA is working with us to work out what the objectives and priorities for that are, but it is, as the minister said, in the out years.

**Hon DARREN WEST:** I will just refer you to page 186 of budget paper No 3, the *Economic and Fiscal Outlook*, and the section “WA Open for Business”. In March this year—this is a bit confusing—the Premier and the Minister for Regional Development each announced the establishment of two separate units that would be put in place to focus on trade development of agricultural products. So there is the ag department, and State Development and Regional Development all have some form of promotion of trade through trade offices. I sense a bit of duplication or even triplication of services. Does this unit under the auspices of the Department of Regional Development work under the “Open for Business” banner; and, if not, what does it work under?

**Hon COL HOLT:** I am not quite sure that is correct in terms of triplication. I think they probably have two different outcomes and two different target groups. I am sure the director general can enlighten us a bit more.

**Mr Addis:** Thank you for your confidence!

**Hon COL HOLT:** Pleasure!

**Mr Addis:** The WA Open for Business initiative is a key part of the overall Seizing the Opportunity Agriculture package or program. As with the number of the initiatives within Seizing the Opportunity Agriculture, it involves collaboration across key departments with relevant skills, I suppose, and capabilities. The Department of State Development has long-established overseas trade offices. We have previously in other parts of the Seizing the Opportunity Agriculture package and augmented those overseas office networks to get better value for the state. WA Open for Business will absolutely leverage off those existing DSD-hosted or run networks, but we will have particular focus on trying to ensure that there are good, well-developed, investable opportunities in WA and work closely through the overseas office network to ensure that inbound investors have a productive experience in WA, so we can connect the two together, including facilitation through government processes around those investments. That is quite a specific thing. It is deliberately designed to work hand in glove with state development and with DAFWA, and indeed we have spent most of the last couple of days in discussions with both of those agencies.

**Hon DARREN WEST:** So the details of who is doing what are yet to be finalised, but you will be working together. It is a bit confusing for some of us to see why both organisations would have work on that same space rather than together.

**Hon COL HOLT:** I think it is complementary space.

**Hon DARREN WEST:** Yes, that is true. Where will this trade office be located and is it still on track to open in the second half of this year?

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[7.50 pm]

**Mr Addis:** The exact location is yet to be determined, but that really comes down to how we best position that with the partner agencies. That is the first part. In terms of when it will be ready to operate, we are in the midst of the establishment phase now and we would absolutely expect that it is open and operating in the second half of this year.

**Hon DARREN WEST:** Is it possible that both trade offices will be in the same building, for instance?

**Mr Addis:** It is possible. They are not two trade offices. One is about successful inbound investment, and the other is about essentially market development, which is more a trade thing and major projects, which is very consistent with State Development's long-established focus on major projects.

**Hon DARREN WEST:** Has the steering group been appointed; and, if yes, who is on it?

**Mr Addis:** No.

**Hon DARREN WEST:** How many staff do you think there will be?

**Mr Addis:** We envisage there will be seven.

**The CHAIR:** Across the two functions?

**Mr Addis:** In the WA: Open for Business unit, and that is likely to have direct connections to the relevant agencies, so it will not be all one agency, if you know what I mean.

**Hon DARREN WEST:** No, I do not, sorry. There could be staff from other agencies working in that?

**Mr Addis:** Yes —

**Hon DARREN WEST:** So there could be a DAFWA staffer?

**Mr Addis:** Exactly; with deliberately strong connections into their other related activities so that it does not become another silo, if you know what I am saying.

**Hon DARREN WEST:** How many DRD staff do you envisage will be working?

**Mr Addis:** There will be seven staff —

**Hon DARREN WEST:** Seven DRD plus the possibility of other staff from other agencies —

**Hon COL HOLT:** Hang on, you are going to have to slow down and let someone answer the question you asked, because I am sure Hansard cannot pick it up and I certainly cannot follow it. Do you want to pose your question and then the DG will answer it and then you can have another crack if it does not quite get there.

**Hon DARREN WEST:** Okay. I want to know how many staff located in the WA: Open for Business office—I have got that; there are seven DRD staff, but then I just became confused when the director general mentioned staff from other agencies. Can we just clarify that there will be staff from other agencies or just the seven DRD staff working in that unit?

**Mr Addis:** There is a total of seven staff. The mix between DRD direct-employed staff and other agency staff is yet to be determined. The aim is to ensure it is a collaborative team, which means there is scope for those other agencies to direct employ us to fund that activity, if that is clear.

**The CHAIR:** Just so I can clarify that, the DAFWA staff members located in this office could be there on secondment, but then you will pick up the cost out of the funding for those seven FTEs.

**Mr Addis:** Essentially. As I said, the definition around that is yet to be determined so we are actively working with those agencies to work out what is the best way to use that resource.

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**Hon DARREN WEST:** I want to refer back to budget paper No 3 *Economic and Fiscal Outlook*, page 197, and I apologise; I have not amalgamated my notes. I have asked you some questions about this. That is the one about the three projects—Building an Empowered WA Agrifood Sector, Boosting Business Skills of Agrifood Businesses and Brand WA. I pointed out that they have not yet received cabinet approval and I just want to ask on those when it is expected that such approval will be received.

**Hon COL HOLT:** I think that is the responsibility of the minister. I am not sure the DG will know about cabinet processes and approvals, but can you give us any insight?

**Hon DARREN WEST:** Are they imminent?

**Hon COL HOLT:** I cannot answer that because I do not know. I am not sure the director general has the ability to answer that either, but he may have some idea. Can you just name those three again?

**Hon DARREN WEST:** “Building and Empower WA Agrifood Sector”, “Boost Business Skills of Agrifood Business” and “Brand WA”.

**Hon COL HOLT:** Are you on page 197?

**Hon DARREN WEST:** Page 197, budget paper No 3.

**Hon COL HOLT:** Okay.

**The CHAIR:** Yes, I am having trouble finding that as well.

**Hon COL HOLT:** I cannot find it at all.

**Hon DARREN WEST:** I am sorry if I have this wrong because as I say, I have not amalgamated these, but they are predominantly in response to that supplementary information we referred to before.

**Hon COL HOLT:** I think they might be called something different in the budget papers.

**Hon DARREN WEST:** The other question I had was: who will manage these projects?

**The CHAIR:** Member, can you just mention the projects again?

**Hon DARREN WEST:** The three projects that come under “Seizing the Opportunity Agriculture”: “Building and Empower WA Agrifood Sector”, for \$7 million; “Boost Business Skills of Agrifood Business”, \$13.75 million; and “Brand WA”, \$6.679 million. According to the information, these are yet to receive cabinet approval. I am just looking for an indication as to when that approval might be received and who will manage those projects.

**Mr Addis:** I think we are getting a little bit confused between your reference to the list that is in the response to the question on notice and the budget paper.

**Hon DARREN WEST:** Yes, sorry.

**Mr Addis:** I think Andrew Mann is best placed to respond.

**Mr Mann:** As you have seen, the money is actually sitting out in 2018–19 and 2019–20, so in terms of the process through that approval, it is unlikely that they will go through that approval process for another couple of years because that is when the money is allocated. As we mentioned before, the majority of that money is allocated to the Department of Agriculture and Food at the moment in the budget papers as well, in terms of until there is a cabinet approval. However, the brand side of it, the unallocated money, is within there. The determination about what will go forward next with that is still related to page 197 of budget paper No 3, where there is half a million dollars allocated there currently around Brand WA for the current investigations they are doing, but until that is completed, that will determine how that may get proposed to take to cabinet.

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**The CHAIR:** If you have not worked out exactly what Brand WA is yet, how did you spend \$200 000 last financial year?

**Mr Addis:** The expenditure that is shown on page 197 reflects the approved funding to explore and prove up the concept before committing to a bigger program of implementation, which is what Mr Mann is referring to. Does that make sense?

**The CHAIR:** Yes, so you have spent \$200 000 this year?

**Mr Addis:** Yes.

**The CHAIR:** You have started that, but it is in the very, very early stages of the development. Are you using consultants for that or are you doing that all in-house?

**Mr Addis:** The Department of State Development has carriage of that.

**The CHAIR:** So you are funding them to do it.

**Mr Addis:** That is right.

**Hon DARREN WEST:** Just two more main things for me to run through. The first thing is also under “Seizing the Opportunity Agriculture”. The second paragraph highlights a range of projects that are funded through the initiative and I am going to ask you which agency is running these and why not DAFWA. There is “WA Open for Business”, which we touched on earlier. “Boosting Biosecurity Defences”—would that not be the best realm of DAFWA, and are you intending to perhaps provide this funding through DAFWA, as we touched on before?

**Mr Addis:** That one is DAFWA.

**Hon DARREN WEST:** “Water for Food”—why is that not DAFWA?

**Mr Addis:** That is primarily about development of water resources relating to agriculture, for which the lead agency is the Department of Water, which is consistent with their primary responsibilities, in close collaboration with DAFWA.

**Hon DARREN WEST:** So there is linkage between DAFWA and the Department of Water on this, and I presume that has so far mainly been the Mowanjum project. There has been a bit of work done in the midwest on finding resources, but —

**Mr Addis:** The Water for Food initiative covers, from memory, probably eight separate initiatives right from the north of the state to the south, including Myalup, Wellington and midwest–Gascoyne food bowl, so there is a range of initiatives under the Water for Food initiative; much more than just the Mowanjum piece.

[8.00 pm]

**Hon DARREN WEST:** You have said that it is about identifying water resources suitable for agriculture. As those potential projects progress, will they remain under the Department of Water or, as the sites develop and projects emerge and hopefully become self-sustaining and profitable, do you think the Department of Water would then retain those? It does seem to me that, if it is a food production angle, that it would be more of a fit for DAFWA. How do you envisage a project such as Mowanjum going forward? Would that remain under the Department of Water, as it moves out of that exploration and perhaps proving up stage?

**Mr Addis:** It will be a matter of horses for courses, depending on what the opportunity that has been worked up is, but the primary aim is to engage the private sector in developing those opportunities and resources. The role of the Department of Water and the Department of Regional Development and the Department of Agriculture and Food is to facilitate that process and, as early as possible, hand over opportunity to the private sector.

**Hon COL HOLT:** The Department of Water’s role in it is to prove up the resource and provide an opportunity for diversification, or agriculture, or whatever it might be, and after that point in time,

once they have proven up the resource, like Mowanjum, it becomes potentially the responsibility for Mowanjum or a partner they might develop as well, obviously with some potential input from the Department of Agriculture and Food as well.

**Hon DARREN WEST:** The next one here is agricultural science research and development. Now, that sounds like bread and butter for the ag department. Will you be partnering with that, or is a separate agency doing that work?

**Mr Addis:** I will check. That is —

**Hon DARREN WEST:** Agricultural science research and development.

**Mr Addis:** That program is through the Department of Agriculture and Food, but Mr Mann may confirm that.

**Hon DARREN WEST:** Excellent. And the infrastructure audit and infrastructure investment fund?

**Mr Addis:** We have primary carriage of that, again, in close working partnership with DAFWA and DSD. We have completed the first stage, which is the audit, and we are in the process of working out how to execute the second stage, which is the infrastructure fund.

**Hon DARREN WEST:** Okay. Can we have a little bit more detail about exactly what that infrastructure investment is? What sort of things are you looking to use those funds for?

**Hon COL HOLT:** I am just going to see if we have got some line items in the budget.

**Mr Addis:** It is perhaps most useful if Andrew Mann, who has direct carriage of that item, responds.

**Mr Mann:** We are basically looking at supply chains, transport corridors—those sorts of things that will actually enhance and enable a huge increase in terms of agricultural production. Irrigated agriculture is a similar type of approach; telecommunication technology also might help; and ports and airports for the logistics side. We are looking at a range of different areas at the moment.

**Hon DARREN WEST:** Okay, that is good. Thanks.

**The CHAIR:** Before you move off, member, did I hear you correctly say the audit is now completed?

**Mr Mann:** Yes.

**The CHAIR:** Are we able to get a copy of the audit?

**Mr Mann:** It is with the minister, subject to taking a preliminary approach to cabinet, so I would have to —

**The CHAIR:** What I might do is make it F3, and you can advise us accordingly if we can ask for a copy of the audit.

*[Supplementary Information No F3.]*

**The CHAIR:** If you do not mind, I was just going to follow up. What did the audit identify in terms of the grain rail freight network?

**Hon COL HOLT:** I think we just answered that before. It is obviously sitting with the minister for his evaluation before taking it to cabinet.

**The CHAIR:** That is the complete audit. I am just asking about the specifics of the grain rail freight.

**Hon COL HOLT:** We will have to take it on notice for the minister to answer.

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**The CHAIR:** Then I will ask you a question. Is the government still committed, as a policy position, to investing in the grain rail freight network, under the infrastructure component of this package?

**Hon COL HOLT:** That is what this package is about. It is about identifying, as the director general said, that infrastructure that is required to support our agriculture and our agricultural exports. Where that is, where that infrastructure is required, I do not know, but if it is identified that it is the grain freight network, then potentially it should be supported. But again, the audit is completed and it is with the minister. If you want to put that on notice for him to answer that, or not, then you probably can.

**The CHAIR:** I put the audit on notice as F3. I am surprised, minister, that you cannot give us a more definitive answer as to whether or not it is still government policy to support the grain freight network, because it certainly was your election commitment. That is no longer the fixed policy; it is now subject to the audit.

**Hon COL HOLT:** It is a much broader approach that the audit identifies some of those infrastructure requirements, and that is what the fund is for. That is my answer.

**The CHAIR:** We will make F4 what the government's policy position is regarding the grain freight rail network.

*[Supplementary Information No F4.]*

**Hon COL HOLT:** And F3 was?

**The CHAIR:** F3 was the actual audit itself.

**Hon COL HOLT:** If the minister will release it, you mean.

**The CHAIR:** If you want to keep it secret, that is fine, but I am asking you to release it.

**Hon COL HOLT:** I would not want to go above cabinet.

**Hon DARREN WEST:** Boosting Grains Research and Development support—would that be DAFWA?

**Mr Addis:** Yes.

**Hon DARREN WEST:** And the Northern Beef Industry strategy is also DAFWA?

**Mr Addis:** Yes.

**Hon COL HOLT:** Can I just comment there: they might be the lead agencies for those programs or projects; it does not necessarily mean that they are responsible for all of the spend of it. It might be about facilitating other activities, but they might be the lead agency for it, if that is where you are getting to.

**Hon DARREN WEST:** It strikes me as a little strange that we have a department of agriculture and we have all of these initiatives that really are agricultural initiatives. Perhaps in the past it would be fair to say they would have been the domain of the department of agriculture. I get that there is funding from different sources for different projects and that, as we established last night, the ag department has had a significant hit to its budget over the last four years. I guess I was asking the question: is it anticipated or expected that these projects will be in the main handled or partnered with DAFWA because the Department of Regional Development or other departments are not as well equipped to carry out some of this work and fulfil those initiatives? I was trying to get a bit of a handle on that.

**Hon COL HOLT:** I can probably bring up some other examples. Natural resource management has always been a bit of a domain for the department of agriculture too, and often get funding from a number of different sources. They support a number of different organisations including regional Landcare organisations. While they might be the lead agency for it, funding might come through

federal government and put out to things like the South West Catchments Council. They all play a role —

**Hon DARREN WEST:** That is not quite right, minister, but —

**Hon COL HOLT:** NRM plays a role in that as well.

**The CHAIR:** I want to make sure that one person speaks at a time.

**Hon COL HOLT:** The director general might like to add something.

**Mr Addis:** Just to give you some context to your question: the achievement of the state's objectives in the agricultural sector, which I think we would all agree are very important, require a number of key agencies that relate to those outcomes to work well together. Land is critical, we know that; water is critical, we know that; having good regional workforces and good economic infrastructure in those key opportunity areas is also critical, as is DAFWA at the farm and supply chain end of that. I think what you are seeing is DAFWA is the lead on the majority of the initiatives, but where it makes most sense for lead to be taken by a more directly relevant agency as part of an integrated approach, that is what we are doing.

**Hon DARREN WEST:** Good, because that is what we want to see.

Finally, I refer to page 168 of budget paper No 2, the “Details of Administered Statement of Financial Position”. I believe that \$100 million is allocated against “Regional Reform Fund Special Purpose Account”. What is the regional reform fund special purpose account for?

**Mr Addis:** As you would be aware, the state government has a significant priority in terms of reform of regional services starting in the north—Pilbara and Kimberley—primarily around seeking ways to achieve better outcomes for the large Aboriginal population in the north. The regional reform fund was initiated as part of the budget in 2014–15 as a three-year commitment to build a fund that could be used initially for the regional services Aboriginal reform initiative, which is of the highest state priority, but could also be used for other regional reform initiatives as they become appropriate.

[8.10 pm]

**Hon DARREN WEST:** Am I right in saying that it could be used for, say, keeping remote Aboriginal communities open?

**Mr Addis:** I think Minister Redman is on the record as saying that the priority for that fund is to invest in improving outcomes and opportunities for people in the north, with particular focus on people who are in remote communities. But he has been at pains to be clear that it is not about maintaining the status quo, which I think everybody agrees is not a great place to be.

**Hon DARREN WEST:** I note that the minister and Premier have had differing views on that so I look forward to that with interest.

**Hon COL HOLT:** I do not think they have.

**Hon DARREN WEST:** Finally, at part 4, page 157 of budget paper No 2, under the summary of portfolio appropriations. This is just a little one. When we go to regional development, delivery of services, the 2015–16 budget is \$3.7 million, the estimated actual is \$7 million and the budget estimate for next year is \$6.4 million. Can you tell us why there was such a discrepancy between the 2015–16 budget and the 2015–16 estimated actual of almost \$3.7 million up to almost \$7.1 million? What changed there?

**Hon COL HOLT:** I am just going to check that page number. Is it page 162?

**Hon DARREN WEST:** No, it is page 157, although I am not sure —

**Hon COL HOLT:** I think it is page 159.

**Hon DARREN WEST:** It is part 4. I was worried that I did not have that page.

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**Hon COL HOLT:** I think it is page 159.

**Mr Addis:** Can you point us to that again?

**Hon DARREN WEST:** I have a printout here. It is part 4 “Minister for Regional Development; Lands”, summary of portfolio appropriations. My printout has 157.

**Hon COL HOLT:** What printout have you got?

**Mr Addis:** What were the numbers? Could you point us to the table?

**Hon DARREN WEST:** It is the very top line, “Regional Development—Delivery of Services”, \$3.7 million, budget; almost \$7.1 million, estimated actual for last year; and then a budget this year of roughly the same. What changed in the delivery of services to exceed that budget?

**Mr Addis:** Are you talking about “7,045” compared to “3,472”?

**Hon DARREN WEST:** I have “3,763”.

**Hon COL HOLT:** Mr Patterson might have an answer.

**Mr Patterson:** That represents the funding transfer; half the funding transfer for the regional services and reform unit. I think it was an amount of \$3.2 million.

**Hon DARREN WEST:** That would clarify it. I noticed a couple of numbers looked a little bit different. Finally, on that same table, but on the next page, I note that all the commissions’ delivery of services budgets have risen about \$4 000 to \$5 000; they are all in the order of \$250 000 or \$230 000, except when we get to the Pilbara. The Pilbara Development Commission’s budget and actual last year—they were very disciplined—was \$371 000, and that has dropped down to \$267 000, so there is over —

**Hon COL HOLT:** Can I interrupt you for a minute. We cannot seem to find what you are referring to in the budget papers. I am not sure what printout you are referring to.

**Hon DARREN WEST:** I cannot refer back to it either.

**Hon ALANNA CLOHESY:** That happened last year, too. There is a difference between the hard copy budget paper, the one that is put online as HTML and the ones that are online as PDFs.

**Hon COL HOLT:** If you have printed it off as HTML.

**Hon ALANNA CLOHESY:** That is right, so the page number differs significantly.

**Hon COL HOLT:** Maybe we could get a subsection.

**Hon ALANNA CLOHESY:** It is not only your department; other departments as well.

**Hon COL HOLT:** I wonder if we could get a part number and a subsection maybe.

**The CHAIR:** I am happy for the member to walk over and show the adviser, but if he tries to talk as he walks, Hansard will not be able to pick that up. The last time I saw someone wander around the chamber whilst giving a speech or even asking a question was Hon Max Evans. It was very entertaining, but I think the President ruled that it would be the first and last time.

**Hon COL HOLT:** I think I might need to clarify. I think you are talking about individual development commissions.

**Hon DARREN WEST:** Yes, the service delivery.

**Hon COL HOLT:** If you want to talk about specific budgets of development commissions, that is a question for them. Unless it is highlighted in the Department of Regional Development’s budget papers in a global sense, then that might be where we can answer it, but if it is about a change in the expenditure of a development commission, that is not the role of the Department of Regional Development. I am guessing, because I am trying to find where we are at.

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**Hon DARREN WEST:** It is just that they are all the same, except the Pilbara. I just wondered what has changed.

**Mr Addis:** I think the minister's response is right.

**Hon COL HOLT:** That is why it has happened internally in that commission, I think.

**Hon DARREN WEST:** We will find out. That has cleaned me out, Mr Chair!

**Hon ADELE FARINA:** My first question relates to the Growing our South fund. There is \$2.5 million allocated in this financial year for the unit. How many staff by FTE and headcount are in that unit?

**Hon COL HOLT:** Sorry?

**Hon ADELE FARINA:** There is an allocation of \$2.5 million for the Growing our South unit in the budget papers. If you need to know the exact page number, it is halfway down page 198 of the *Economic and Fiscal Outlook*.

**Hon COL HOLT:** And you want to know how many FTEs are in that unit.

**Hon ADELE FARINA:** No. I would like to know how many staff by FTE and headcount are in that unit.

**Hon COL HOLT:** I will ask Mr Gregson.

**Mr Gregson:** There is currently one FTE that is involved in that administration. The rest of the funds over and above wages are allocated to contracts that he manages on behalf of the fund.

**Hon ADELE FARINA:** I do not understand that. What contracts does this person manage?

**Mr Gregson:** There would be project reviews and evaluations.

**Hon ADELE FARINA:** Yes, and who is undertaking those project reviews and evaluations—that one FTE?

**Mr Gregson:** What was the question; sorry?

**Hon COL HOLT:** I think there is one FTE.

**Hon ADELE FARINA:** Yes, and they are undertaking project evaluations. If they are undertaking project evaluations, I assume that is covered by their salary and I assume that that one FTE is not being paid \$2.5 million.

**Hon COL HOLT:** I think we are getting to that. I understand. One FTE is working in there managing the project; some of the other expenditure is for other things and you want to know what that is for.

**Hon ADELE FARINA:** Yes.

**Mr Addis:** I will give my best attempt at answering it. Essentially, the Growing our South program is across four regional development commissions. The department administers the program in partnership with the four commissions. We have one funded staff member with the department to support the administration. There is an approved 2.5 per cent, from memory, that is available from the fund of \$600 million; 2.5 per cent is available to be used for the development of high-quality initiatives within the program and to do the project review and evaluations that Mr Gregson referred to. That is the bulk of that line.

**Hon ADELE FARINA:** So the project reviews and evaluations are undertaken by somebody else—a consultant that is employed out of the \$2.5 million?

**Mr Addis:** That is right.

**Hon ADELE FARINA:** And the one FTE that is employed out of the fund appoints the consultant to undertake the evaluations and sets out the parameters of the evaluations?

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**Mr Addis:** I want to make clear that the line refers not just to reviews and evaluations; it also provides for business development requirements—so, preliminary to getting funding approved for projects.

**Hon ADELE FARINA:** So, funding for business case development?

**Mr Addis:** Business development, yes; that is right.

**Hon ADELE FARINA:** What percentage of that is actually towards the business development?

**Mr Addis:** There is no set percentage, but business development would be the majority of the overall line and obviously we are at a point in time, so there is still three years or so worth of that yet to be done. So it is not defined until it happens.

**Hon ADELE FARINA:** No, but \$2.5 million is allocated in this financial year. I want a breakdown of how that \$2.5 million is going to be spent. Can you take that on notice?

**Hon COL HOLT:** Yes. We will have to take that on notice.

*[Supplementary Information No F5.]*

**Hon COL HOLT:** F5 is about a breakdown of the \$2.5 million for this year and what it is being spent on.

**Hon ADELE FARINA:** Where is that unit located?

**Mr Addis:** The one FTE is employed —

**Hon ADELE FARINA:** You have called it a unit, so I am calling it a unit.

**Mr Addis:** The FTE is employed by the department and located at our office at 140 William Street, but the bulk of the activity happens across the four regions in collaboration with the commissions and is largely through contractors and consultants.

[8.20 pm]

**Hon ADELE FARINA:** I am just curious as to why there is a Growing our South unit that is taking up \$2.5 million, but there was not one for the Pilbara or the Kimberley's funds.

**Hon COL HOLT:** For their revitalisation stuff?

**Hon ADELE FARINA:** Yes.

**Mr Addis:** I will ask Mr Gregson.

**Mr Gregson:** The major funds have units. Pilbara city has the Pilbara Cities office, whose job it is to do exactly what this FTE does.

**Hon ADELE FARINA:** There was a budget line item allocation for that?

**Mr Gregson:** Yes, there is.

**Hon ADELE FARINA:** Where is it?

**Hon COL HOLT:** It is probably within the development commission budget items, but not the Department of Regional Development, I would assume. I have not looked, but I would say it is in the Pilbara Development Commission as a separate budget, and it will be in there, as would the midwest and how they manage it.

**Hon ADELE FARINA:** Why is the Growing our South unit in the royalties for regions then?

**Hon COL HOLT:** Because I think there is a coordination across four development commissions—the wheatbelt, the great southern, the Peel and the south west. They play a coordinating role across those four development commissions. There may even be—I have not checked it—an allocation within each individual development commission to support that activity as well.

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**Hon ADELE FARINA:** On page 199 of budget paper No 3, under “Mid West Revitalisation” it says “Midwest Unit”, and they are only talking half a million to fund that unit. Again, why is that in this budget paper and the Pilbara one is not, if there was a Pilbara unit?

**Hon COL HOLT:** The question was: on page 199, under “Mid West Revitalisation”, at the bottom there is a “Midwest Unit” that is also funded to \$500 000 this year; why does that appear in “Midwest Unit” and Pilbara does not, or what is the role of that one and why is it \$0.5 million —

**Hon ADELE FARINA:** And it did not for the Kimberley, either.

**Hon COL HOLT:** I think we will try to answer that.

**The CHAIR:** Who is going to have a go?

**Hon COL HOLT:** Mr Gregson.

**The CHAIR:** Lucky, Mr Gregson, it is over to you!

**Mr Gregson:** The percentage of a fund being allocated to administration is a fairly new thing. That was approved in January last year to be done for new funds. In this case, with Growing our South, you said \$2.5 million a year; that is true, but it is actually up to \$2.5 million. To date, \$1.1 million has been paid out of that fund. So the \$2.5 million is just really an estimated amount. As you said, the mid west unit is part of the midwest investment plan, and that is for \$500 000. That reflects the fact that the fund is not of the same value as a \$600 million Growing our South fund.

**Hon ADELE FARINA:** I will now move along to the Bunbury waterfront project. Stage 1 was announced with a funding commitment out of royalties for regions for \$24.9 million. The master plan that was approved by the City of Bunbury at its last council meeting estimated the cost of that project at just over \$10 million, which is a significant costing difference. My question is: how much of that \$24.9 million is actually for the redevelopment of the dolphin centre?

**Mr Addis:** We will start with Mr Gregson.

**Hon COL HOLT:** We will see how we go with Mr Gregson and whether he has a breakdown. How much of the \$24.9 million of the first announcement is for the Dolphin Discovery Centre?

**Mr Gregson:** The Dolphin Discovery Centre redevelopment is estimated to be \$12.3 million, with the remaining dollars of \$12.6 million for the Koombana Bay revitalisation works.

**Hon ADELE FARINA:** So, why is there a difference between what has been allocated royalties for regions for that project, and what is in the master plan that went before the City of Bunbury for approval?

**Hon COL HOLT:** I do not think we can answer that because I do not know what the master plan is about.

**Hon ADELE FARINA:** The master plan is the groundwork to get on with the project. You cannot do the project under the greater Bunbury region scheme without a master plan, and it has costings in it.

**Hon COL HOLT:** Did you say it was \$10 million?

**Hon ADELE FARINA:** Yes, just over \$10 million.

**Hon COL HOLT:** Maybe that is their contribution to the overall project.

**Hon ADELE FARINA:** No; it is not.

**Hon COL HOLT:** Maybe we can take it on notice.

**Hon ADELE FARINA:** According to the government’s media release, the City of Bunbury’s contribution is \$1.04 million.

**Hon COL HOLT:** I do not know if we can answer for what the City of Bunbury is doing.

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**The CHAIR:** Maybe you can take it on notice. We will make it F6 and if you can provide a reconciliation of all the funds against the council document, it would be useful.

*[Supplementary Information No F6.]*

**Hon ADELE FARINA:** Can you give me a breakdown of what works are being done at the Dolphin Discovery Centre for \$12.3 million?

**Hon COL HOLT:** We can do that.

**Mr Gregson:** That \$12.3 million has been allocated to the Dolphin Discovery Centre. There are two main parts to that. There is a new interpretive centre to complement the wild dolphin experience and provide additional traction during winter when the dolphins are not in the bay. It is about continuing to bring people into the centre in those periods.

**Hon ADELE FARINA:** How much is that?

**Mr Gregson:** I do not have the dollar figures break-up for that.

**Hon ADELE FARINA:** Can you provide those to me, so take it on notice?

**The CHAIR:** Are you happy to take it on notice?

**Hon COL HOLT:** Can we break it down to that point? We must be able to. Yes.

*[Supplementary Information No F7.]*

**Mr Gregson:** The second part of that was an expanded cafe gift shop and function room. Again, I do not have the dollars, but we can take it on notice.

**Hon ADELE FARINA:** Thank you. How many jobs are estimated to be generated through stage 1 of that project?

**Hon COL HOLT:** Through stage 1 of the Bunbury waterfront?

**Hon ADELE FARINA:** Yes.

**Mr Addis:** In terms of construction and development jobs or the estimated flow-ons from improving the amenity of Bunbury?

**Hon ADELE FARINA:** I want jobs for the construction period and if there are any long-term jobs generated out of it, which I doubt. But if there are, can you provide those?

**The CHAIR:** I think the answer to your question is both.

**Hon COL HOLT:** Let us get it straight. You want an estimate of the jobs employed in the construction and the actual works and an estimate of the job creations beyond that in an ongoing manner.

**Hon ADELE FARINA:** Yes.

**Hon COL HOLT:** Obviously that has to be on notice; we cannot answer that now.

*[Supplementary Information No F8.]*

**Hon ADELE FARINA:** In relation to stage 2 of the project, the funding announcement is \$20.73 million. The master plan that has been approved by the City of Bunbury, which should be exactly the same as what you have given funding for, is \$6.9 million. Again there is a massive gap between the cost estimates in the City of Bunbury master plan and the funding that has been allocated under royalties for regions. I would like an explanation for why there is such a massive funding gap.

**Hon COL HOLT:** We will have to take that on notice as well because we do not have the Bunbury master plan at this point in time to compare it.

**The CHAIR:** I thought you had one in your back pocket, minister!

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**Hon COL HOLT:** I read it last night and I have forgotten it already!

*[Supplementary Information No F9.]*

**Hon ADELE FARINA:** Is the rail reserve along Koombana Drive going to be protected as part of this project?

**Hon COL HOLT:** I will ask the director general if he knows that, but I would not know whether we know that detail.

**Mr Addis:** Certainly we can find that detail but, essentially, management of those sorts of details is primarily the responsibility of the proponent, which is the local government in this case.

**Hon ADELE FARINA:** Yes, but did you not require a business case to be prepared to grant the funding? Surely this detail is in the business case.

**Mr Addis:** That is right, so we have to refer back to that; it is quite a detailed question.

**Hon ADELE FARINA:** Can you take that on notice, please?

*[Supplementary Information No F10.]*

**Hon ADELE FARINA:** The master plan put before the City of Bunbury identifies a number of concerns with development along the coast in terms of rising seawater levels and erosion along the coast. In fact, the dolphin centre is set to fall into the coast unless some remedial work is done in terms of either a sea wall or nourishment of the beach. None of the costings for that component of the project are in the master plan costings. Is that work a component of the funding that has been approved by government for the project?

[8.30 pm]

**Hon COL HOLT:** I think we will have to take that on notice as well, given the amount of detail in the business case. I might have a semi-answer or some response to that from Mr Gregson.

**Mr Gregson:** As part of the Koombana Bay revitalisation works, there is provision for investment to combat the coastal erosion resulting from storm events. So, there is a provision in there.

**Hon ADELE FARINA:** Exactly. Can you give me an itemised list of what that provision is and the costing for each measure? The master plan identifies a range of measures but it does not indicate that any of those measures have been funded or agreed to.

**Hon COL HOLT:** That will have to be on notice as well. Was that a question about coastal remedial works?

**Hon ADELE FARINA:** I would like a list of the coastal remedial works that are being undertaken as part of the project, and the costs for each of those.

*[Supplementary Information No F11.].*

**The CHAIR:** Member, when you finish on this point, there is another member who wants the call. If you are still on the same point about this particular project, that is okay, but when you finish, let me know and I will move on to another area.

**Hon ADELE FARINA:** The master plan refers to the need to do sand nourishment, and possibly construct a groyne as well as sea walls. It does not identify the rate of littoral drift, which is the sand movement along the coast. Can you please tell me what that is?

**Hon COL HOLT:** Any idea?

**Hon ADELE FARINA:** Can you take that question on notice? I assume it is in the business case.

**Hon COL HOLT:** Yes.

*[Supplementary Information No F12.]*

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**Hon ADELE FARINA:** Can I have confirmation that the approval of this project will not kill off the fast train proposal into the CBD? If you get rid of that rail reserve, we will not get a fast train into the CBD. That was not clearly identified in any of the materials that went out for public consultation. I am happy for you to take that on notice as well.

**Hon COL HOLT:** I do not think anyone here can answer that at this point in time. The question is: will this proposal put at risk the fast train proposal to Bunbury?

**Hon ADELE FARINA:** Into the Bunbury CBD along Koombana Drive.

**The CHAIR:** There has always been the constriction point through there in terms of getting a fast train. I think this will increase the constriction, and that will be a problem.

*[Supplementary Information No F13.]*

**Hon ADELE FARINA:** Assuming that this does not kill off the fast train proposal and the fast train proposal gets funding in the near future, given the amount of money that will be spent on landscaping that area for the car parking and parkland, how are you going to deal with the interaction of people and an electric rail line?

**Hon COL HOLT:** That is probably a good question for the proponent. It is probably outside the scope of the business case, I would assume. I am not sure how you would manage that.

**Hon ADELE FARINA:** It would only be outside the scope of the business plan if you have killed off the fast train.

**Hon COL HOLT:** This is the Department of Regional Development. All these questions are around the proponent's application for development of the project and the interactions with those.

**Hon ADELE FARINA:** This is a project that the department, the minister and cabinet have decided is a good project that needs to be supported. So surely you have considered all those things.

**Hon COL HOLT:** As I said, the only way we can answer that, if an answer exists, is to go back to the business case.

**Hon ADELE FARINA:** I am happy to leave it there at this stage.

**The CHAIR:** If there is anything that you can add about the provisions for the fast train and future interactions in terms of the documentation that you have, you can provide that as part of F13. Have you finished on that area of questioning?

**Hon ADELE FARINA:** Yes.

**The CHAIR:** Hon Helen Morton.

**Hon HELEN MORTON:** Minister, on page 160 the second dot point refers to improving the remote service delivery and, in particular, remote Aboriginal communities. Obviously I am fairly interested in the progress that has been made in recent times in that area. Can you tell me if the blueprint is ready to go? At what stage is the blueprint in terms of it becoming public? Have the regional advisory groups seen it and to what degree has other work continued whilst getting that ready?

**Hon COL HOLT:** I will not be able to provide that detail but the director general will be able to shed some light on it. I think the blueprint is the way forward, anyway; it is the road map to where we are going in terms of supporting the communities.

**Mr Addis:** The work on the road map is being undertaken through the regional services reform unit, headed up by Grahame Searle. As you know, the report is to joint ministers, including Minister Redman. The expectation is that the road map will be considered by cabinet in the fairly near future. We obviously cannot define that too much but we would anticipate that within two to three months, that would be released publicly if it has smooth carriage and that will signal the

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commencement of more detailed public and community consultation about the broader regional service reform.

The respective Kimberley and Pilbara strategic regional advisory councils, which consist of key directors general and key Aboriginal members appointed by cabinet to assist with that process, have seen the drafts over the last six months and have had reasonable opportunity to have input. They obviously do not have a decision-making role in that but there have been very constructive discussions on both fronts.

**Hon HELEN MORTON:** Have there been any recent initiatives or reforms delivered out of that project?

**Mr Addis:** Out of the regional services reform?

**Hon HELEN MORTON:** Yes.

**Mr Addis:** Significant work has been done on a raft of initiatives that we would anticipate coming out, essentially off the back of the road map in the short due course.

**Hon ADELE FARINA:** A significant parkland is going to be created out of stages 1 and 2 of the Bunbury waterfront project. When we have tried to secure irrigation of existing parkland in Bunbury, we have been told by the city that they have maxed out their water allocation so there is no way we can irrigate parklands that are not irrigated. I notice that the detail of the master plan talks about irrigation for these new park areas that are being created as part of this project and that they intend on drawing down from the Yarragadee in order to irrigate this new parkland area. I would like to know how much water is going to be drawn down from the Yarragadee and whether that is within the existing licence that the City of Bunbury has or whether the City of Bunbury needs to get an existing water licence to draw down from the Yarragadee.

**Hon COL HOLT:** I am assuming it will have to be taken on notice because it is pretty detailed, and again you might have to refer back to the business case.

**Hon ADELE FARINA:** You can just table the business case. That would be so much simpler.

**Hon COL HOLT:** I do not think we will be doing that. We are happy to take it on notice.

**The CHAIR:** Why not?

**Hon COL HOLT:** It might not answer the question. I do not know.

**Mr Addis:** The business case is part of the cabinet process.

**The CHAIR:** Ministers can still table it.

**Hon COL HOLT:** It may not answer the question.

*[Supplementary Information No F14.]*

**Hon ADELE FARINA:** Just to make it simple, I will ask the question: will you table the business case?

*[Supplementary Information No F15.]*

**Hon ADELE FARINA:** This one person in the growing our south unit who is going to be evaluating this project —

**Hon COL HOLT:** And other roles.

**Hon ADELE FARINA:** Sure. At what milestone points are the evaluations going to take place for this project? I assume that you do not just evaluate the project at the end of the project; you monitor the progress of the project throughout and you do valuations at various stages. I would like to know what those stages are.

[8.40 pm]

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**Hon COL HOLT:** It could also be about evaluation of individual projects as they come into the system and out through the system, but perhaps the director general could expand.

**Mr Addis:** Once approved, the business case leads to the negotiation of the financial assistance agreement with the proponent. That outlines a series of milestones for delivery and deliverables and arrangements for evaluation. The department and the commission track progress against milestones with the proponent or the delivery agency and there is evaluation of progress as part of those milestones.

**Hon ADELE FARINA:** Has the agreement been signed?

**Mr Addis:** We would have to take that on notice.

**Hon ADELE FARINA:** Related to that, if it has been signed or if it is in a draft form, will you table a copy of the agreement?

**Hon COL HOLT:** We will take it on notice. There are a couple of things there around signing an agreement and tabling an agreement.

**Hon ADELE FARINA:** First, whether the agreement has been signed; and, second, if the agreement has been signed, can you table the agreement; and if it has not been signed, but there is a draft agreement, will you table the draft agreement?

**Mr Addis:** I have just been advised that stage one of the project—the financial assistance agreement for that—has been executed. It would be a matter essentially for the minister and the proponent as to whether they are happy to table that agreement.

**Hon ADELE FARINA:** We are talking about public funding, surely an agreement in relation to a funding grant should be made available to the public; it should be a transparent document.

**Hon COL HOLT:** Yes, and that is for the minister to decide.

*[Supplementary Information F16.]*

**The CHAIR:** I have a couple of questions before we finish up tonight. In my questions prior to the hearing I asked: how much of the royalties for regions funding was or will be items or programs that are over and above the normal business of government? The response I got was as follows —

The underlying premise of Royalties for Regions remains that all expenditure is over and above the normal ‘planned’ business of Government in the regions.

Royalties for Regions is sometimes used to advance projects that otherwise would not have been funded in the short to medium term. This is considered a valid use Royalties for Regions funding.

I do not mind whether you do it in the positive or the negative, but I would still like a list of those items that are not over and above the normal business of government or you can give me the list of items that you funded that are normal business of government.

**Hon COL HOLT:** Are you talking over eight years?

**The CHAIR:** No, I gave the years from 2014–15, which is the start of this budget period, and each year of the forward estimates. It is for those programs that are covered in the budget papers. The actual year of the budget is 2014–15, the estimated actual is 2015–16 and then there are all the budget years.

**Hon COL HOLT:** So for those two years, your question is about a list of items.

**The CHAIR:** I am happy for it to be either those items that are normal business of government that have been funded using royalties for regions or I am happy to have the list of those that are over and above the normal business of government, whichever you think is the shorter list to give me. I am even happy to make it the shorter of the two lists.

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**Hon COL HOLT:** Yes, okay.

**The CHAIR:** Are you saying to me that every dollar you have spent since 2014–15 and that you plan to spend over the forward estimates will be over and above the normal business of government?

**Hon COL HOLT:** That is a good question for the minister, because he oversees it, if it is true.

**The CHAIR:** That is why I put it through the system beforehand and I got this nonsensical answer, to be quite frank.

**Hon COL HOLT:** You got an answer then. You did get an answer.

**The CHAIR:** I got a response, but I did not get an answer. There is a subtle difference, minister.

**Hon COL HOLT:** I understand that, but you did get an answer from the minister to that question.

**The CHAIR:** No, I got a response. The difference between question time and estimates hearings is that you can give nonsensical answers in question time, but in estimates hearings you are before a committee and I am asking for those questions to be answered.

**Hon COL HOLT:** Obviously, I cannot answer them because it is the minister responsible —

**The CHAIR:** But you have got a whole range of agencies there.

**Hon COL HOLT:** That also talks about the outgoing policy settings that ministers are also responsible for. You are asking about a policy position and where the expenditure of certain projects and programs are in the scheme of how it is spent across government or above normal government. So it might be very difficult for these gentlemen and ladies to give that perspective of their replacement or not.

**The CHAIR:** Minister, I am not asking about the policy. You can set the policy. I am asking for the factual information around which pieces of their expenditure is over and above the normal business of government, or if it is easier to give it to me, which items that are funded through royalties for regions are the normal business of government, but it is being funded by royalties for regions.

**Hon COL HOLT:** Are you not asking me to make a decision about what is and what is not normal government business —

**The CHAIR:** They must have some mechanism if that is the —

**Hon COL HOLT:** To answer that question —

**The CHAIR:** If you have got a policy, minister, which you clearly indicate you do, of it being over and above the normal planned business of government, then there must be some mechanism for the agency to determine whether or not an item is over and above the normal business of government. Do you have a process for determining what is normal business of government and what is over and above? Let us maybe do that as the question that your advisers may be able to give us an answer to.

**Hon COL HOLT:** It is probably a ministerial thing, but I will ask the director general to respond.

**The CHAIR:** It is not a policy. It is how they interpret the policy, minister. That is a technical issue.

**Hon COL HOLT:** It is a different question.

**Mr Addis:** To begin, the question as to what is normal government business is not a black-and-white issue. There is no definitive answer and we all know that the scope of government services and activities varies from time to time and changes over time. For instance, in the budget that has been handed down we have a wideranging agency expenditure review mechanism, which is very clearly aimed at changing the scope of normal government business. So I think it is very clear to say that there is no definitive answer to your question. The principle that we apply is as set out in the

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answer to your question you had previously. It is a matter of negotiation and judgement for the department and the proponents in government and the minister in cabinet, ultimately, as to what is normal government business and what is augmenting or innovating or bringing forward, I suppose, new initiatives consistent with the principles outlined there. It unquestionably requires melding together normal business with new and innovative approaches to government business. I am trying to be honest in that it is very, very —

**The CHAIR:** I take that. Again, I am happy to repeat what I think I have just heard from you and you can tell me if it is a fair interpretation of what you have just said or correct it. It fundamentally comes down to the cabinet deciding whether it is normal business of government or whether it is over and above normal business of government. It is a decision of the cabinet and the minister to make that decision about what is considered normal business of government and what is over and above. There is not a simple definition. It comes down to policy on a government decision of the cabinet and the minister.

**Mr Addis:** That is right and the department and our portfolio provides advice to the minister and to the cabinet process according —

**The CHAIR:** Do you have some kind of guidelines or policy process that you use to help inform that decision-making against which you rank items that come before you for funding? Is there a process that you have for working out whether it is over and above the normal business of government? Is there a criteria or something that you use?

**Mr Addis:** The criteria you would have to use would be different across different realms of government for different activities and so forth. The strict answer is there is no consistent formula that we apply. We do apply a similar logic and it is essentially based back to the principle that has been outlined.

**The CHAIR:** Right. In the case of, say, the agriculture budget, the agriculture budget gets slashed massively as part of the expenditure review process and that sets a new baseline. So then if you come in and fund something in agriculture, because you have got a new baseline as a result of that expenditure review process, anything that then gets funded would be considered over and above the normal business of government, even though a year earlier prior to that EERC process it could have been the normal business of government. But it is then made not the normal business of government as part of the EERC process and you can fund it as a royalties for regions project; is that correct?

[8.50 pm]

**Hon COL HOLT:** I do not think that is necessarily so. I think you could also say it is not quite black-and-white like that. There are some areas of grey, so even though that program might have stopped within an agency, it does not necessarily mean that royalties for regions comes on and picks it back up again. It depends on what the outcome is for regional development.

**Mr Addis:** I would add to the minister's answer that one of the other principles we follow within royalties for regions is we try not to be locked in for the long term in recurrent expenditure so that we are essentially trying to fund change and development, not ongoing expenditure.

**The CHAIR:** In the case of the transition of year 7s to high school, in the metropolitan area of Perth all of that expenditure was paid for out of consolidated revenue as normal business of government, but in regional WA it was funded out of royalties for regions. How did we reach the decision that that was over and above the normal business of government when the metropolitan area was funded as the normal business of government but all regional schools were funded under royalties for regions? Can you explain to me how that was arrived at? We would not have funded country kids going to year 7, and so royalties for regions had to step in. Is that how it worked?

**Mr Addis:** I am not familiar with the case in question so I would have to take that on notice.

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**The CHAIR:** Maybe we can have some examples in this year's budget. I note that you have Carnarvon Community College in your budget and Cape Naturaliste College is new works being funded by the education department. Some of those projects are funded out of royalties for regions and some are funded as part of the education department's budget. Can you tell me what parts are funded out of royalties for regions and why they are funded out of royalties for regions and are not considered the normal business of government? In the case of Carnarvon Community College, \$29.5 million is royalties for regions and only \$6 million is from the normal education department budget. Why was that \$29 million considered royalties for regions?

**Mr Addis:** I will ask Paul if he is able to add to that, but my high-level response is that for significant initiatives like the Carnarvon upgrade, the Department of Education has a limited capital budget, which means they have to program and prioritise on an ongoing basis. That clearly means that some things that regions and regional communities may see as a significant and urgent priority cannot be dealt with all at the same time, so Carnarvon Community College is a very clear case in point where royalties for regions is being used to bring forward capital development that would otherwise be deferred till later years and is clearly substantial.

**The CHAIR:** How do you then prevent the education department always listing regional schools at the bottom of their priority list?

**Hon ADELE FARINA:** They already do.

**The CHAIR:** I am asking the director general to tell me what mechanisms he has to prevent the education department, or any agency for that matter, always listing anything that is in regional WA at the bottom of their priority list on the basis of, "We'll get cabinet to fund the metropolitan ones and royalties for regions can fund the regional schools."

**Mr Addis:** Clearly, we have ongoing relationships with key agencies such as Education and many others. We work with them closely to manage the sort of eventualities that you are referring to. It is an ongoing process of making sure that we hold the relationship accountable and robust. I do not think it is a one-off transaction; it is an ongoing relationship that we expect fair contribution and co-investment from our partners.

**Hon HELEN MORTON:** On the same sort of thing, I am interested to know whether a request was made to RFR for the capital cost, which was quite minimal, for the step-down facility in Kalgoorlie, given that the land was already acquired, operational funds were already available and what was not yet available was the capital—the one-off capital cost for the step-down facility at Kalgoorlie. Was a request made for RFR funding for that?

**Hon COL HOLT:** Is this a mental health facility?

**Hon HELEN MORTON:** It is a mental health facility that is now not going ahead because the capital funds could not be found, so I am asking: was a request made to royalties for regions for the capital funds?

**Hon COL HOLT:** I will ask Mr Gregson if he is aware.

**Mr Gregson:** I am not aware of that issue, no.

**Hon HELEN MORTON:** You are not aware of it, but could you take it on notice to give me a definitive answer as to whether a request at any point of the process was made for capital funding through the royalties for regions program for the step-down facility in Kalgoorlie?

**Hon COL HOLT:** Could it have been under some other name?

**Hon HELEN MORTON:** Subacute—it might have been called subacute.

**Hon COL HOLT:** I think it was called something else in the context.

**Mr Addis:** Would that have been from the Mental Health Commission?

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**Hon HELEN MORTON:** Yes, it would have been.

**Hon COL HOLT:** We can take that on notice.

*[Supplementary Information No F17.]*

**The CHAIR:** I notice that one of the items you funded is the south west helicopter, and the big bulk of it is in 2016–17, when you expect it to be purchased. Do you have any idea of when exactly the new helicopter will be purchased?

**Hon COL HOLT:** I think it is already there.

**Hon ADELE FARINA:** It has been on the ground and in the air since the beginning of the year.

**The CHAIR:** Do you know if it can land at Royal Perth Hospital? Have there been any issues or concerns raised about it not being able to use the Royal Perth Hospital helipad?

**Hon COL HOLT:** Can I just say that I have had personal experience, and it can.

**The CHAIR:** It can? I am glad to hear that.

**Hon ADELE FARINA:** Well, not necessarily glad.

**Hon COL HOLT:** I have not used it, but I was in a room that overlooked the helipad, and I saw it coming in.

**The CHAIR:** You are almost a jockey, minister! Some of us bigger blokes might have a problem if we add too much to the weight of it!

**Hon COL HOLT:** Thank you, sir, for that compliment!

**The CHAIR:** In one of the items I saw, you have got The Quarter in Karratha. Has that now been completed?

**Hon COL HOLT:** I believe it is completed, yes. I think it was opened just the other day.

**The CHAIR:** Do we know which government offices are locating there?

**Hon COL HOLT:** I do not know the answer to that. Do we have an answer for that?

**Mr Addis:** I am not sure.

**The CHAIR:** Does anyone know which government offices have located? If not, can you take it on notice as F18. Also, what impact has that had in terms of other commercial space in Karratha and government offices relocating from existing premises to The Quarter?

**Hon COL HOLT:** So that is F18—what government departments are using The Quarter.

**The CHAIR:** What government offices are, and what impact has that had on other commercial tenancies in the Karratha area as result of government offices departing where they are and moving to The Quarter, and whether there has been any complaints as a result of that transfer.

*[Supplementary Information No F18.]*

**The CHAIR:** Some of the questions I asked of the Department of Treasury were about royalties for regions funding, and I asked them whether or not the Commonwealth Grants Commission process makes any allowance for royalties for regions funding that is over and above the normal business of government, which you are saying everything you do is, but that is not black and white; it is on a case-by-case basis. The answer was, effectively, no, and then they go through a fairly long piece of work. Has the department done any work in assisting in putting forward a case to the commonwealth that the Commonwealth Grants Commission horizontal fiscal equalisation process needs to be amended to take account of royalties for regions funding in Western Australia that is over and above the normal business of government? Have you done any work in that area at all?

**Hon COL HOLT:** It is a pretty specific question.

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[9.00 pm]

**Mr Addis:** The answer is that the Department of Treasury has lead in relation to the grants commission and we would assist them in any way we usefully could.

**The CHAIR:** What sorts of things have you done?

**Mr Addis:** We have not, as far as I am aware, been requested by Treasury to provide any assistance, although they obviously are intimately familiar with the royalties for regions program.

**The CHAIR:** But as an agency you have not done any work on trying to help prosecute a case for changes to that Commonwealth Grants Commission process?

**Mr Addis:** No.

**The CHAIR:** Fair enough.

In terms of the impact of your grants through royalties for regions to local governments—a number still go through; I think we had a long one tonight down in Bunbury where I think you are funding local government projects and in fact even some of the roads you might have funded—have you done any work on assessing those and the impact of those grants on the grants commission process?

**Hon COL HOLT:** The federal grants commission process?

**The CHAIR:** The Local Government Grants Commission process. The grants you are giving to local governments through royalties for regions, what impact may that be having on the grants they get through the Local Government Grants Commission process?

**Mr Addis:** My understanding is it does not affect the allocation formulas through the grants commission to the local governments. It may displace their access or encourage their access to other funding sources other than through the grants commission, but as far as I am aware it does not affect the formula. The strict answer to your question is no, we have not done any work on that particular issue.

**The CHAIR:** If you have not done any work on it, on what basis do you —

**Mr Addis:** That is my understanding from the way that that system works but I would stand to be corrected on it.

**The CHAIR:** It was certainly one of the great concerns when royalties for regions was brought in: if you give extra money to local governments, it can potentially be booked as revenue because they use a similar process to the state. We get commonwealth money from the commonwealth for roads and whatever the commonwealth gives us for roads, but if it is not part of the national road network, it is immediately counted as additional revenue and comes off the grants that we get.

**Hon COL HOLT:** It could also be used to leverage other funding.

**The CHAIR:** No, I am not arguing that; I am asking whether there has been any proper assessment done about what impact it is having or could have. What impacts does it have in terms of that grants commission process? It was certainly one of the issues very early on in the piece that was raised as a concern.

**Mr Addis:** My understanding is that it does not have an impact. I would stand to be corrected, and strictly we have not done any work on that issue.

**Hon RICK MAZZA:** I refer to page 364, the royalties for regions expenditure, there is a line item “Western Australian Regional Film Fund” of \$6 million next financial year through to \$16 million over a four-year period. Can you tell me what that is about and how it will be allocated?

**Hon COL HOLT:** It is to attract filmmakers to regional Western Australia to use regional Western Australia as a backdrop for films. Not only that, it is encouraging them to use local technical expertise, like local sound people, actors, directors and stagehands and all those sorts of

things to move into regional Western Australia to promote our film industry and also our landscape. It is on the back of things like *Breath* which is being filmed right now in Denmark, *Drift*, *Red Dog* and *Red Dog: True Blue*. It is about recognition of that and the value it brings. For an investment of \$16 million we expect a great deal of payback. If you want anything more specific, perhaps the director general can answer.

**Hon RICK MAZZA:** What is the criteria in getting funding for one of those projects?

**Hon COL HOLT:** The application process?

**Hon RICK MAZZA:** Yes, part of the application; what you are actually looking for?

**Hon COL HOLT:** It will be done through ScreenWest who already play a significant role in that space. I understand they will run the process.

**Mr Addis:** That is exactly right. ScreenWest have responsibility for defining and running the process of making funding allocations within that program.

**Hon COL HOLT:** Do you want a cameo?

**Hon ADELE FARINA:** Will members of the ScreenWest board and their businesses be excluded from accessing any of that funding?

**Hon COL HOLT:** I guess they have some governance processes in place at a board level, as they do with any funding applications to the board. I would assume that extends to this funding, but I am sure we can check it.

**Hon ADELE FARINA:** We can take it on notice.

[*Supplementary Information No F19.*]

**The CHAIR:** My final question is: have any issues been raised with the department that grants through the royalties for regions program for regional facilities are now having an impact on the recurrent financial operations of any local government in regional WA, particularly in the area of depreciation, but in terms of the ongoing operating costs? You mentioned that you do not like to fund recurrent matters, but have we had any complaints or concerns in terms of regional councils that they have projects funded through royalties for regions but now they are struggling to meet the operating or the ongoing costs such as depreciation, operating or other costs associated with those projects?

**Hon COL HOLT:** Those sorts of things should be addressed in the detailed business case.

**The CHAIR:** I am asking post-the event.

**Hon COL HOLT:** I know; but those are things that have to be considered in any business case. Perhaps the DG has something further to say.

**Mr Addis:** The consideration of whole-of-life costs and the ability of the proponents to carry that are key considerations of the business case. There has been some commentary in the public domain on the issue you raise, but we have not received any.

**The CHAIR:** So no local government has raised any issues with you or sought assistance?

**Mr Addis:** Not in a specific or formal sense, no; or that I am aware of. I could stand corrected, but not as far as I know.

**The CHAIR:** That draws it to a conclusion. On behalf of the committee, I thank you for your attendance today. The committee will forward any additional questions it has to you in writing after Monday, 20 June, together with a transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript. Responses to these questions will be requested within

10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons why the due date cannot be met. If members have any unasked questions, I ask them to submit these to the committee clerk at the close of the hearing.

Once again I thank you for your attendance. I should also say that the uncorrected version of *Hansard* is going up on the website fairly quickly after these hearings, thanks to the great work of Hansard, so even before we send it to you, you can get it and start working on some of the questions without notice, if you wish.

**Hearing concluded at 9.07 pm**

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