

**Division 13: Finance, \$1 337 950 000 —**

Mrs L.A. Munday, Chair.

Dr A.D. Buti, Minister for Finance.

Ms N. Godecke, Director General.

Miss K.J. Ingham, Deputy Director General, Advisory Services.

Mr S. Whitmarsh, Deputy Director General, Building and Contracts.

Mr G.R. Gilbert, Deputy Director General, Service and Investment.

Ms M.M. Nicolaou, Commissioner of State Revenue.

Mr D. Geraghty, Chief Finance Officer.

Ms H. Farrell, Chief Customer Officer.

Ms P. Brown, Chief of Staff.

Ms A.G. Kidson, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the Leader of the Opposition.

**Ms M.J. DAVIES:** I refer to the second paragraph under "Significant Issues Impacting the Agency" on page 163 of budget paper No 2, which relates to the establishment of the infrastructure delivery unit and its intersection with the major projects directorate. How do those two interact? They appear to be two directorates or delivery units doing the same thing. Could the minister enlighten me on their difference and why they are both operating?

**Dr A.D. BUTI:** Is the member talking about the infrastructure delivery unit and the major projects directorate?

**Ms M.J. DAVIES:** Yes. It seems like there is an overlap. Two units are now delivering infrastructure. I presume that the infrastructure unit is related to major projects. It seems like there is an overlap. How do they work together?

**Dr A.D. BUTI:** The infrastructure delivery unit within Finance was developed in 2020 to oversee the delivery of the WA recovery plan and the entire state's \$30.7 billion asset investment plan, involving 1 450 projects. The major projects directorate is dedicated to high-value, high-profile, high-risk infrastructure. Obviously, there is an interaction between the two, but the major projects directorate is specifically responsible for those high-value, high-profile, high-risk projects. I might ask the director general if she would like to add any comments.

**Ms N. Godecke:** The infrastructure delivery unit exists at the moment but it was temporarily funded. It has oversight of the whole asset investment program. In the context of the really large high-risk projects that are coming online, there is a need to have some specialist expertise in that area. The infrastructure delivery unit will be a unit within the major projects directorate. The idea is that we have oversight across the whole program but we then have specialist expertise across each major project as it comes online through the delivery phase.

**Ms M.J. DAVIES:** So that I have it clear in my head, will the infrastructure delivery unit be the overarching body and then the major projects directorate will sit within that?

**Dr A.D. BUTI:** It is the other way around.

**Ms M.J. DAVIES:** The major projects directorate will be the major body and then the infrastructure delivery unit is underneath.

**Ms N. Godecke:** It is a directorate—major projects and infrastructure delivery, and they sit as a directorate within the Department of Finance. At the moment, we have Buildings and Contracts, which basically oversees all the infrastructure delivery. The new directorate will be called the major projects directorate, and it will have responsibility not only for the new major project delivery, but also the overarching infrastructure delivery unit will actually sit as part of that directorate.

**Ms M.J. DAVIES:** What are qualified as major projects?

**Dr A.D. BUTI:** For instance, a major project would be the new women's and babies' hospital, the redevelopment of Bunbury Hospital at South West Campus and Peel Health Campus, the new metropolitan facility for the Department of Primary Industries and Regional Development, and new and upgraded laboratories. They are major complex infrastructure.

**Ms M.J. DAVIES:** Have criteria been created or is it done on a case-by-case basis through cabinet or the department?

**Dr A.D. BUTI:** There are no set criteria. It is what is considered to be a major spend and obviously of significant importance and complexity.

**Ms M.J. DAVIES:** Obviously, that will be decided when something is announced or the government makes a decision to proceed; it will be in the sheep run and drafted off to the major projects directorate. Who makes the ultimate decision—the Expenditure Review Committee or cabinet?

**Dr A.D. BUTI:** The decision is made by cabinet.

**Ms M.J. DAVIES:** How many staff will be involved in that directorate?

**Dr A.D. BUTI:** I will hand over to the director general.

**Ms N. Godecke:** There are approximately 40 staff, and that will obviously flex as further major projects come into the directorate. Twenty-three of those are existing infrastructure delivery unit staff who are temporarily funded and will become permanently funded. Seven new staff are in the major projects directorate, six new staff are fee-funded directly from the projects, not appropriation funded, and four existing roles that sit within the Buildings and Contracts area will be transferred across, and they are linked to current major projects that are winding down.

**Ms M.J. DAVIES:** Will the positions occupied by the people who have been shifted from within the department to become part of that directorate be backfilled, or were they just transferred across to the new directorate?

[2.50 pm]

**Dr A.D. BUTI:** The roles have been transferred; that role does not exist anymore, so it does not need to be backfilled.

**Ms M.J. DAVIES:** I refer to page 163 and paragraph 6, relating to market-led proposals. It mentions that two proposals have been finalised under the MLP process. Is there information—I think I have seen it somewhere, so I am happy with an answer of yes or no—on how many MLPs have been received and assessed or knocked out along the way?

**Dr A.D. BUTI:** As the Leader of the Opposition knows, the market-led proposals process is a very important policy, but it is only when proposals get to a certain stage that they become public. Information that is publicly available is on the MLP website. Once a proposal gets to stage 2, it becomes public, but I am unable to let the Leader of the Opposition know about anything prior to stage 2.

**Ms M.J. DAVIES:** When a project reaches stage 2, it is either accepted or rejected, and then whether it has been accepted or rejected becomes public. Do we get to know about the ones that fall off?

**Dr A.D. BUTI:** The ones that fall off or are rejected are not published.

**Ms M.J. DAVIES:** Is there a way of knowing the total number of projects that come into the department and are assessed?

**Dr A.D. BUTI:** At the moment, we have received 58 proposals.

**Ms M.J. DAVIES:** When did that process start? Was it last year? I know that forms of MLP have been around for a long time.

**Dr A.D. BUTI:** It was in 2019.

**Ms M.J. DAVIES:** There have been 58 proposals since 2019?

**Dr A.D. BUTI:** That is correct.

**Ms M.J. DAVIES:** Can the minister help me understand paragraph 6, which states that considerable activity has occurred on assessing 30 market-led proposals. Are they the ones that have been made public or is that just for this financial year?

**Dr A.D. BUTI:** They are the proposals that are currently live.

**Ms M.J. DAVIES:** A concern raised about this process is that there is a lack of transparency: we do not know and we cannot see who the government is dealing with or how it is meeting that public accountability process. What measures are in place to make sure that the government is acting with the highest level of transparency? I can understand those concerns when we have private developers coming to government and pitching ideas that may or may not get any scrutiny from Parliament, the opposition or the public.

**Dr A.D. BUTI:** I understand, member, but if the proposals are to progress, they will become public at stage 2. If a proposal is rejected, it does not go any further, so I am not sure whether there should be that much concern. If a proposal has been rejected, it will not go any further, and a project at stage 2 that may progress to full completion will be made public.

I should add that probity advisers are appointed throughout the process. In many respects, it is at arm's length from government for much of initial stages of the process.

**Ms M.J. DAVIES:** What role does the minister have in that process?

**Dr A.D. BUTI:** The MLPs sit within the Department of Finance, so the Minister for Finance is responsible for the MLP process. The secretary will make an assessment of the proposal. It will also go to the minister responsible for the area—it might be health or it might be education—and they will look at it and agree with the assessment or not. Cabinet makes the ultimate decision on whether something is progressed at each of the stages.

**Ms M.J. DAVIES:** At what stage would the minister be aware of a proposal that comes into the department?

**Dr A.D. BUTI:** When it is brought to cabinet or when it goes public as well.

**Ms M.J. DAVIES:** Does it require a cabinet decision to go public?

**Dr A.D. BUTI:** There are a few processes here.

**Ms M.J. DAVIES:** It is not a gotcha; I am trying to understand where the minister is in the process.

**Dr A.D. BUTI:** The Leader of the Opposition asked a legitimate question. The secretary will make—director general, please correct me if do not get this right—an assessment. It will go to the minister responsible for that project and the Minister for Finance as well. Then the minister makes a recommendation to cabinet on whether to accept or reject the assessment by the secretary. Then, ultimately, cabinet will make the decision on whether it is rejected or it proceeds, and that will also happen at stages 2 and 3.

**Ms M.J. DAVIES:** When a proposal is brought to government, it goes to the unit within the department and an assessment is made. What happens to the proposal in the period between arriving at the department and getting to the minister's desk?

**Dr A.D. BUTI:** It goes through a steering committee process before it goes to the ministerial level. It is at arm's length from government in the initial stages.

**Ms M.J. DAVIES:** Minister, tell me if this does not fit in where we are, but I understand that this is a market-led proposal. I understand that the developer Cedar Woods' apartment complex had been approved for progress and was ready to go by 5 February this year, but it was not announced by the government until after 13 March. There has been some criticism that it was not announced prior to the election because it was a controversial project. Does the minister have any comments on that?

**Dr A.D. BUTI:** As the Leader of the Opposition knows, it is on the website. I do not have any comment to make on the Leader of the Opposition's assessment of any controversial aspect to it.

**Ms M.J. DAVIES:** Could the minister confirm when the final decision to progress that particular project was made by government?

**Dr A.D. BUTI:** I was not the minister at the time. I really have nothing further to add.

**Ms M.J. DAVIES:** So the minister cannot tell me as a matter of public information when the decision was made?

[3.00 pm]

**Dr A.D. BUTI:** Obviously, the decision would have been made at the cabinet level. It only goes public when it gets to stage 2, and that is the situation. If the member wants to put it on notice, I will see whether we can provide her with more information.

**Ms M.J. DAVIES:** Can the minister confirm whether that process had been completed or progressed through to the point at which it could be made public by 5 February this year?

**Dr A.D. BUTI:** The member should put the question on notice.

**Ms M.J. DAVIES:** I refer to page 164 and paragraph 11. Can the minister talk me through the \$20 million savings that have been achieved through the government office accommodation reform program? Where have those savings

been achieved? It says that that focus will continue during 2021–22, so what is the plan in terms of achieving further savings on that front?

**Dr A.D. BUTI:** Since the government office accommodation reform program targets were met and the reform program closed in early 2020, the Department of Finance has identified a further \$20 million in savings, taking the total savings since the reform was approved in 2017 to \$165 million. This has largely been achieved through negotiating more favourable lease terms, improving the use of government’s existing assets through better asset management, and implementing various backfill strategies and contemporary office layouts such as activity-based workplaces. The Department of Finance in conjunction with other government agencies continues to work on establishing a portfolio that relies on a one-government approach, a more flexible approach that aligns with the government’s broader initiatives and is scalable to accommodate any government need for changes. That is the situation.

**Ms M.J. DAVIES:** I refer to page 164 and paragraph 13, which states that “Finance is responsible for delivering two components of the State Electric Vehicles (EV) Strategy”. How is that going? When it refers to “eligible vehicles”, what are the eligible vehicles? There would be a significant fleet in regional WA. Is that problematic?

**Dr A.D. BUTI:** The government is committed to transitioning the fleet to low or zero emission electric vehicles. This is essential to reducing greenhouse gas emissions and supporting battery and hydrogen industries in WA. I hand over to Ms Ingham.

**Miss K.J. Ingham:** I thank the member for the question. Just to provide a bit more background on this item, as the minister has already mentioned, the Western Australian government is committed to transitioning its vehicle fleet to low or zero emission; however, as the member mentioned, it will only be those cars for which it really makes sense, so it does not include the whole of the state fleet. In terms of where we are now, we are talking about small and light passenger vehicles, so light fleet; small passenger vehicles; and the small and medium SUV fleet. We currently have 12 EVs in the fleet and we are progressing well towards that target. Our biggest challenge is around implementing charging infrastructure, but the government has already addressed that by putting aside \$800 000 to install charging infrastructure, so we are now focusing on rolling that out.

**Ms M.J. DAVIES:** Is there a breakdown of where that is happening? Obviously, it is relatively easy for that to happen in metropolitan areas, but is that happening regionally as well?

**Dr A.D. BUTI:** I hand over to Ms Ingham.

**Miss K.J. Ingham:** Thank you. I thank the member for the follow-up question. To provide that additional piece of information, it is happening where it makes sense to do so. Obviously, we are not going to put EVs where cars are going to be driving for a very long period and where there is no charging infrastructure. If the member would like specific information about where we are targeting our efforts, we can provide that as supplementary information.

**Ms M.J. DAVIES:** Yes, I would; thank you.

**Mr V.A. CATANIA:** Finally! Finally, some sense!

**Dr A.D. BUTI:** I am the minister, so I will decide on those matters, thank you, member in the background. Is he registered to speak?

**Ms M.J. DAVIES:** He is.

**Dr A.D. BUTI:** You cannot have four of you.

**Mr V.A. CATANIA:** There are three of us.

**Ms M.J. DAVIES:** The minister’s department has indicated that the information is available. Will the minister provide that information?

**Dr A.D. BUTI:** I will determine that. If the member wants to put it on notice, we will provide the information.

**The CHAIR:** Does the minister agree to provide the supplementary information? If so, state exactly what information will be provided.

**Dr A.D. BUTI:** I will provide it on notice if the member wants it. If the member wants it, she can put a question on notice.

**The CHAIR:** That is not being provided as supplementary information?

**Dr A.D. BUTI:** No.

**The CHAIR:** Thank you, minister.

**Ms M.J. DAVIES:** Apparently not, because the minister is not willing to actually provide any information, even though that is the whole purpose of budget estimates. It is actually available in the department. I do not understand why the minister would not want the public to know. The information is available in his department.

**Dr A.D. BUTI:** I do not know why the Leader of the Opposition will not put it on notice. Put it on notice!

**The CHAIR:** Members, let us move on.

**Mr P.J. RUNDLE:** Can the minister tell me what is the ability of the Department of Finance when we have a situation —

**Dr A.D. BUTI:** Excuse me; page number?

**Mr P.J. RUNDLE:** This is a further question regarding the electric vehicle strategy. As the minister knows, if someone travels from Perth to Esperance, it is a long way—about eight hours. We have mining companies in Ravensthorpe that are ready and willing to help out with the installation of electric vehicle charging stations, and we have Western Power and others making it very difficult for them to implement those charging stations. The Department of Finance is responsible for delivering those components. Can the minister tell me what ability the department has to work with Western Power to enable them in an important place like Ravensthorpe?

**Dr A.D. BUTI:** I think the member should refer that to the Minister for Energy.

**Mr P.J. RUNDLE:** We are not getting a lot of joy there either, I am afraid, so I thought the Minister for Finance might have a strong hand.

**The CHAIR:** I think the question has been answered and we will move on.

**Ms M.J. DAVIES:** I refer to page 163 and paragraph 7. My question relates to the state's building bonus and the administration of the HomeBuilder grants and building bonuses that the state provided. Can the minister provide some additional information on the criminal prosecutions that were secured in relation to the supply of false information? It says in that seventh paragraph that a number of other applications are under investigation. What was the total number of applications, and how many of those applications are under investigation?

**Dr A.D. BUTI:** I will provide the member with some initial information on the total number of applications. We are dealing with the federal scheme, as well. As of 13 September 2021, 25 994 building bonuses and 21 638 HomeBuilder grants have been received. With regard to those that have been prosecuted or are under investigation, it is a small number. I will hand over to the Commissioner of State Revenue to elaborate if possible.

[3.10 pm]

**Ms M.M. Nicolaou:** Applications are carefully vetted, as there have been several instances in which applications have included false information to obtain a grant. We have had a person plead guilty to nine charges relating to fraud or attempted fraud and also a pair of individuals pleaded guilty to falsifying a statutory declaration. We are also investigating a further 33 applications.

**Ms M.J. DAVIES:** Sorry; I missed the bit where the minister said the total number of applications.

**Dr A.D. BUTI:** If the applications for the building bonus and the HomeBuilder grants are added together, as at 13 September, the total is 47 632.

**Ms M.J. DAVIES:** And 33 are being investigated. That is not bad.

**The appropriation was recommended.**