

**Division 38: Country High School Hostels Authority, \$7 189 000 —**

Mr M.W. Sutherland, Chairman.

Dr E. Constable, Minister for Education.

Ms S. O'Neill, Director General.

Mr J. Hopkins, Director.

Mr D. Smith, Chief Finance Officer.

Mr J. Lee, Chief of Staff, Office of the Minister for Education.

[Witnesses introduced.]

**The CHAIRMAN:** Do members have any questions?

**Mr P. PAPALIA:** I refer to the second dot point on page 428, regarding royalties for regions funding and the upgrade of residential college infrastructure. Which colleges in which locations will be receiving royalties for regions funding?

**Dr E. CONSTABLE:** Currently, Esperance and Merredin are receiving works, and those works are close to finishing. We are doing some planning work to make sure there are sufficient places to accommodate year 7s in 2015 at Albany, Narrogin, Moora and Northam. Sorry; Albany, Narrogin, Moora and Northam have spare capacity at present and should have sufficient places in year 7. Additional boarding places will be required at Esperance. I understand Esperance came in well under budget, so there is funding in the amount that has already been appropriated for Esperance to provide for year 7s. Broome, Geraldton, Merredin and City Beach will require some work, and there is funding for that. The planning for those residential colleges is well in advance.

**Mr P. PAPALIA:** Is the minister intending to use royalties for regions funding for the upgrade to City Beach hostel?

**Dr E. CONSTABLE:** That is part of the planning. No. What I should say is that we are planning for those ones. The royalties funding may or may not be used for City Beach, bearing in mind that the funding for City Beach is for country students to have the opportunity to go to Perth Modern School; and it is only country students who would go there.

**Mr P. PAPALIA:** So a building in City Beach is going to be upgraded with royalties for regions funding? That is what the minister is saying.

**Dr E. CONSTABLE:** No. What I am saying is—do not try and say it is something that it is not—only country students are accommodated at City Beach. It is specifically for country students to have the opportunity to go to Perth Modern School, or to John Curtin College of the Arts or to Churchlands Senior High School music program. This is a matter of equity. This is a matter of providing for country students and giving them the same opportunities as students who live in the metropolitan area; and for the member to suggest anything other than that is ridiculous.

**Mr P. PAPALIA:** Where is the money coming from?

**Ms R. SAFFIOTI:** We are not suggesting anything other than that.

**Dr E. CONSTABLE:** Some work is being done at the moment to scope what is required at those colleges, and royalties for regions money may well be applied at City Beach, if required. We are in the position of scoping that situation.

**Ms R. SAFFIOTI:** Just as a follow-up and to get some more detail, at page 430, \$29.5 million is allocated in 2012–13 and 2013–14. Just to clarify, that includes City Beach, and then what are the other ones, because there was Esperance, but then I got confused between existing works and new works?

[12.30 pm]

**Dr E. CONSTABLE:** I said that at the moment we are scoping the situation at Esperance, Broome, Geraldton, Merredin and City Beach, which all provide for country kids, and planning for that.

**Ms R. SAFFIOTI:** Sure. The amount in the *Budget Statements* is \$29.46 million. It is quite specific, so obviously there is a list that adds up to \$29.46 million. Could the minister provide a breakdown of that figure?

**Dr E. CONSTABLE:** It is still in the planning stage.

**Ms R. SAFFIOTI:** How was that figure of \$29.46 million determined?

**Dr E. CONSTABLE:** That is the original amount that was allocated. If there is an issue with that, I am sure we will go back and look at it. Until we do the planning, we do not know specifically what each will need.

**Ms R. SAFFIOTI:** How was it allocated? How was that figure reached?

**Dr E. CONSTABLE:** This figure was estimated as being needed to provide appropriate facilities—boarding places—at the residential colleges. This happens with everything. There was money —

**Ms R. SAFFIOTI:** This is estimates. We are meant to ask questions.

**Dr E. CONSTABLE:** It is just that—estimates!

**Ms R. SAFFIOTI:** We are meant to ask questions about details.

**Dr E. CONSTABLE:** We are talking about estimations.

**The CHAIRMAN:** Listen, members; let the minister answer the question. If members are not happy with the answer, they can then ask a supplementary question. To shout at each other across the chamber means we will go nowhere.

**Dr E. CONSTABLE:** They are just estimates. We then drill down on it. For instance, there was an estimate for the upgrade that is almost completed at Esperance. That went out to tender. It came in \$3 million under the estimate.

**Ms R. SAFFIOTI:** The *Budget Statements* do not say that.

**Dr E. CONSTABLE:** That is because it is just being finished now.

**Ms R. SAFFIOTI:** The *Budget Statements* say that the estimated total cost is \$13.3 million. As I read it, it is coming in at \$12.7 million. That is what the *Budget Statements* say.

**Dr E. CONSTABLE:** Let us go back to the \$29.46 million. Mr Hopkins has clarified this for me. Of the \$29.46 million, \$19.46 million is estimated to be spent on Merredin and Esperance. The amount of funding that is available now is \$20 million in 2012–13 and \$10 million in 2013–14.

**Ms R. SAFFIOTI:** I know that; that is in the *Budget Statements*. On which hostels is the \$19.46 million being spent in 2012–13?

**Dr E. CONSTABLE:** I will ask Dudley Smith, the finance manager, to answer that question.

**Mr D. Smith:** The original allocation was \$20 million and \$10 million. We have a timing difference with the \$19.46 million. Some of it is for Esperance and Merredin; the balance of the figure is the \$19.46 million that the member keeps referring to. That is just really a balancing figure. The actual projects are still being costed and approved. We do not have final numbers, but at this stage, that is the figure. If the member looks down at the bottom of page 430, the drawdown from royalties for regions is \$20 million. There is also some carryover of \$1.808 million. That forms part of the equation in terms of the funding across the years.

**Ms R. SAFFIOTI:** To clarify, the total drawdown from royalties for regions—the figures are in the “Funded By” section—is \$19.4 million, \$20 million and \$10 million.

**Mr D. Smith:** Yes. The actual funded amount down the bottom is \$20 million. The actual new works is \$19.46 million and \$10 million.

**Ms R. SAFFIOTI:** Yes; sure. To clarify, there is \$49 million coming from royalties for regions.

**Mr D. Smith:** Yes.

**Ms R. SAFFIOTI:** Of which some has been spent on Esperance and Merredin.

**Mr D. Smith:** Correct.

**Ms R. SAFFIOTI:** They are shown under works in progress at the top of the page. The balance is the \$19.5 million and the \$10 million, which is under new works.

**Mr D. Smith:** Yes.

**Ms R. SAFFIOTI:** But the minister cannot tell us what that is going to be spent on.

**Mr D. Smith:** There are a number of business cases in train. We are finalising those. We do not have final numbers at this stage. Obviously this money will be spent in 2012–13, so it cannot be finalised at this stage.

**Mr P. PAPALIA:** Can \$49 million of royalties for regions funds be allocated without any specific projects being assigned to the funding?

**Dr E. CONSTABLE:** An initial notional amount is required for that construction, and then the detailed work and planning will be done. The business cases are then done.

**Mr P. PAPALIA:** What are the notional amounts per hostel that made up the notional estimate to which \$49 million of taxpayers' money has been attributed?

**Dr E. CONSTABLE:** I understand that on advice from the Department of Regional Development and Lands, in consultation with the Country High School Hostels Authority, an estimate was put forward for the buildings that are required. Members should remember that several of these buildings were very dilapidated. The work is very much required.

**Mr P. PAPALIA:** It is secret royalties for regions business.

**Dr E. CONSTABLE:** It is not secret. There was discussion between the two agencies.

**Mr P. PAPALIA:** They must have had a list of projects and some idea of the rough amount it will cost per project. The minister cannot tell us that \$49 million will be put in a bank account with no idea of where it is going to be spent. Can the minister table the back of the cigarette packet, please?

**Dr E. CONSTABLE:** Notional advice would have been given by the Country High School Hostels Authority and discussions would have ensued about what is required for those facilities. That is what we have here. I think it is a great result.

**Mr P. PAPALIA:** I cannot believe the minister.

**Ms R. SAFFIOTI:** I find it incredible in budget estimates that the minister cannot give us a breakdown of a budget figure.

**Mr A.J. WADDELL:** I understand that the minister is telling us that she does not have completely costed business cases and a full understanding of exactly what will be done with the money, but as I understand it, Broome, Geraldton and City Beach are the three that will be in play for this \$19.46 million, which amount is notionally in the budget for that work. The department had some discussions and that was the ballpark figure. Can the minister give us the ballpark figure for each of the three hostels as a share of the \$19.46 million? How much did Broome think it might roughly need? How much did City Beach think it might roughly need?

**Dr E. CONSTABLE:** The process with royalties for regions funding is different from what the member for Forrestfield and other members opposite are describing. The process with royalties for regions funding for all construction developments that have come through the Department of Education, for instance, has been and will be that the detailed business cases come to cabinet for sign-off. Until those business cases are done—that is the work that is being progressed at the moment—we cannot give the breakdown. The detail comes back to cabinet. The notional discussions go on, a notional amount is put in the budget and the specific business cases then come back to us.

**Mr A.J. WADDELL:** We understand that, but what we do not understand is where the figure of \$19.46 million comes from. Where has that number been generated from if the agency does not at least have a ballpark idea of the cost of these redevelopments?

[12.40 pm]

**Dr E. CONSTABLE:** I think this will clarify it. We have to be very careful when we put amounts on things because if it comes in under this, someone will say they were duded by \$200 000 or something. The notional amounts under consideration are: Broome, \$11 million; Geraldton, \$2.2 million; Narrogin, \$1.4 million; and City Beach, \$4.1 million.

**The appropriation was recommended.**