



# Parliamentary Debates

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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

Wednesday, 25 May 2022



# Legislative Assembly

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## ESTIMATES COMMITTEE A

The meeting commenced at 9.00 am.

### Division 11: Treasury, \$8 280 673 000 —

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Mr M. Barnes, Under Treasurer.

Mr M. Court, Deputy Under Treasurer.

Mr R. Watson, Assistant Under Treasurer, Infrastructure and Finance.

Mr M. Andrews, Assistant Under Treasurer, Strategic Policy and Evaluation.

Mr A. Jones, Assistant Under Treasurer, Economic.

Ms P. Burton, Chief Financial Officer.

Mr D. Lines, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** Good morning, everyone. I shall read the chair's statement.

The estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

We are dealing with division 11, Treasury. Leader of the Opposition, do you have a question?

**Ms M.J. DAVIES:** I refer to "Key Budget Assumptions" on page 3 of budget paper No 3 and note that the assumption in the budget is that the iron ore price will revert to its long-run average of \$US66 a tonne from November 2022. Can the Treasurer give any insight into how that was arrived at when a number of analysts, including CBA and Macquarie, have the long-term iron ore price sitting much higher than \$US66 a tonne? CBA has it tipped to fall to about \$US108 a tonne in 2023, \$US85 in 2024 and \$US78 in 2025; Macquarie has it around a similar mark. I understand that the government is taking a conservative approach and I understand that there were changes when we were in government around how that was forecast, but \$US66 a tonne is a lot lower than most analysts in the industry are suggesting as a figure to base the budget on.

**Mr M. McGOWAN:** Thank you for the question. I will give a broad statement and then hand over to Mr Barnes to give the specifics. The forecasting methodology is very cautious, as the Leader of the Opposition identified, and has the iron ore price reverting to the long-run average of \$US66 a tonne over the coming years. The reason for that is clear. If the government forecasts it too high and the price comes in under that, it will create a deficit. That is why we have low forecasts.

I may have given this example in question time, but in the 2013–14 budget when Christian Porter was Treasurer, the forecast price was based on a very optimistic scenario. The then government spent accordingly and the price of iron ore came in significantly lower, which assisted in blowing out the deficit and, therefore, debt levels very significantly. We want to avoid what happened under Mr Porter and Mr Barnett. They adopted that methodology for whatever reason and it was disastrous for the state. We do not want to do that, so our cautious approach to budgeting will continue. I will hand over to Mr Barnes to provide greater analysis.

**Mr M. Barnes:** The \$US66 a tonne price assumption from 2023–24 onwards is based on the historical long-run average iron ore price over the last five decades; it has actually averaged at that price over that period. The methodology we use and have used for some years in the budget is that in the budget year 2022–23 we have taken two months'

worth of forward contract prices off the Singapore exchange and then have a four-month interpolation from that to the \$US66 a tonne long-run average. For the budget year 2022–23, that results in a \$77.50 per tonne price assumption. We then just flatline it at the \$US66 a tonne assumption from that point onwards.

The commonwealth takes a very similar approach in its budget, on an equivalent cost and freight basis. The commonwealth has assumed a price of \$US64.20 from 2023–24 onwards. It is very similar to our \$US66 a tonne. It is, as the budget papers say, a conservative assumption. It reflects how volatile the iron ore price is and has been. In 2021, for example, the iron ore price peaked at \$US236 a tonne in May and then fell to \$US87 a tonne in November. When there are those sorts of swings—in my time in Treasury, I have seen it in the 30s—no-one can forecast the iron ore price. The last time I was in China, I met with the iron ore chief procurement person for the second largest steel producer in China. When I said to him, “We need to try to forecast the iron ore price at four years”, he just laughed at me and said, “No. I can’t forecast it for four weeks, let alone four years.” Given that sheer volatility and uncertainty, adopting the actual long-run average price is a sensible assumption.

**Ms M.J. DAVIES:** I appreciate that explanation. Is it fair to say—this is a genuine question—that the Premier, with relative confidence, for the two years into the out years, when taking into consideration the current impacts from what is happening with Vale and in Ukraine, could accurately get a prediction on the two years, but for anything further than that, he would have to go back to the long-run average of \$US66, or whatever it happens to be at the time? I understand the need to take a conservative approach, but the budget should be as accurate as possible, and it is significantly below what most people in the industry believe it to be, at least for the next two to three years.

**Mr M. McGOWAN:** The benefit of that is that the risk has an upside. In the last three years, debt has come down. If we are incorrect, because we are being too cautious, that will mean larger surpluses and bigger debt reduction, and we will not be spending based upon overly optimistic forecasts and not be blowing the books as happened during the term of the last government, which we are keen not to do. That is the upside of it.

Forecasting is an inexact science. Imagine if we had more optimistic forecasts and it turned out that they were wrong, and the price went down even lower. The Leader of the Opposition and other people would ask, “Why weren’t you more cautious?” In many ways there is no perfect solution here. On the issue that the Leader of the Opposition raised, I do not know how the war in Ukraine is going to finish.

I hope that our relationship with our biggest customer, China, improves. Iron ore is a large part of the success of Australia and will be for many decades to come, maybe even centuries, so having a good relationship with our biggest customer is important. It is important for the stability of our security as well. I just think that all those factors conspire for us to be cautious in our forecasting and to make sure that we continue to have good relationships with China, Japan, Korea and other countries that buy our products. I will hand over to the Under Treasurer to expand further.

[9.10 am]

**Mr M. Barnes:** I am not sure that I have a lot more to add to that. The only other point I would make is that if the member has a look at a chart on China’s steel intensity—its steel consumption per capita—unsurprisingly, in the last 20 years, and particularly the last 10 years, it has had exponential growth in its steel intensity. At some point, that is going to have to level off. Hopefully it will still grow, but it will level off, as it did in Japan through Japan’s industrialisation and, going back further in history, as it did in the US, so at some point it is going to happen. I do not know how far away that is, but over time that is going to put downward pressure on the iron ore price.

**The CHAIR:** Further question, Leader of the Opposition?

**Ms M.J. DAVIES:** No, I have a new question. I refer to the same page; I am still looking at the assumptions in the budget. The Perth consumer price index estimated actual for 2021–22 is four per cent and it is then projected to reduce across the forward estimates to 2.75 per cent and then 2.5 per cent out to 2025–26. Is that really a realistic projection across the forward estimates? I note that in budget paper No 3, even Treasury and the government were saying that household spending momentum will continue, as will population growth and wages, and that business growth and significant government investment are also expected. Is the 2.75 per cent CPI figure a bit underdone?

**Mr M. McGOWAN:** I will let the Under Treasurer give a more technical answer and I might comment at the end of that.

**Mr M. Barnes:** A couple of weeks ago, the Australian Bureau of Statistics released CPI data for the March quarter. On the basis that we measure CPI in the *Budget statements*—for example, by excluding the electricity subindex in the CPI given the interaction with the household electricity credit—CPI grew in Perth by an annual average of 4.4 per cent in the year to the March quarter.

**Ms M.J. DAVIES:** Is that normal to exclude electricity?

**Mr M. Barnes:** We have for the last couple of budgets ever since the \$600 electricity credit was introduced, because it distorts growth when that is included. We have excluded that policy decision to get a better measure of the underlying inflation in the economy. On that basis, actual annual average CPI growth to the March quarter was

4.4 per cent, so a little higher than the four per cent forecast for 2021–22 in the budget but broadly similar. We expect that that will come off over the next 12 months. We expect prices will still rise; they are not going to fall, but they will rise at a slower rate. We think the key reasons for that are, firstly, the passing of a number of temporary supply chain impacts. If the member has a look at that March quarter, everything kind of all happened at once. There was the Russian invasion of Ukraine and the east–west rail line was out of action for three to four weeks, with the impact of that on prices here. During that quarter we also had the Omicron outbreak and absenteeism rates in the eastern states, including in major national distribution centres. All those factors happened at once in the March quarter and saw that spike in inflation in that quarter. Those factors will not be permanent factors; they will unwind to varying extents. As they unwind, the rate of growth in prices will slow. Another issue is freight costs. Global freight costs increased substantially during the course of COVID, unsurprisingly. We have already seen, on a couple of global freight measures, that those costs appear to have peaked and are starting to come down, so that will put a bit of downward pressure on price growth going forward. The expectation is that the oil price will ease from its current high as well over the next 12 months. That is certainly what the futures market is suggesting.

One of the other big shifts that we saw during COVID was a big shift in global consumption from services to goods. Obviously, people could not get out and about so services consumption fell and goods consumption increased. People were at home during lockdowns and bought a lot of goods online, for example. That put a lot of pressure on global manufacturing and freight, and hence those costs really increased. With COVID restrictions coming down around the world, we expect those global consumption patterns will normalise back towards services. All those factors combined should see the rate of increase in prices slow from that 4.4 per cent that we saw in the March quarter. For those reasons, we have come up with a forecast of 2.75 per cent for 2022–23. The Chamber of Commerce and Industry of Western Australia is also forecasting CPI growth at 2.75 per cent in 2022–23, which is down from its forecast of 3.75 per cent for 2021–22. That reflects similar factors that I just discussed.

**Mr R.S. LOVE:** I refer to page 134 of budget paper No 2, volume 1, and the reference to a climate coordination unit. It is the first line item in the spending changes table under new initiatives, “Climate Action—Climate Coordination Unit”. There is just over \$2 million in the budget estimates around that. I also note that on page 141, some resources are attached to the establishment of the unit. Obviously, the purpose of the unit is to coordinate climate action, but why is the unit being developed within Treasury as opposed to Environment or Climate Action? Why does this money appear here and why is the government creating a coordination unit within Treasury?

**Mr M. McGOWAN:** I thank the member for the question. We decided upon the establishment of the climate coordination unit within Treasury to support the government with its emissions reduction strategies. It is the equivalent of three full-time employees over 2022–23 to 2025–26, and some additional support for supplies and services. The role of Treasury as a central government agency—it is one of the two or three major central government agencies—means that Treasury’s views are often sought on whole-of-government and state economy impacts of climate action and the implementation of the Western Australian climate change policy. As the member knows, taking action on climate change often has an expense attached to it. That is why this is within Treasury. The functions it will undertake will include coordinating climate action–related agency submissions through the budget and midyear review process; engaging with stakeholders, including government agencies, and dealing with budget submissions on these issues; economic modelling on the implication of climate policies; supporting senior officers who are involved with the commonwealth on a range of issues, which no doubt will grow, I suspect, with the election of a new government nationally; helping with issues like carbon farming and so forth and what additional resources the state might need to put into those sorts of things; and administering government funding towards these issues. I think it makes sense for Treasury to be involved in these things because they often have a cost and Treasury is the best agency for understanding those things.

[9.20 am]

**Mr R.S. LOVE:** On page 141, under “Expenses”, I refer to the allocation of three additional resources for a new climate coordination unit. Is that three people? Is “resource” an economic term for a person?

**Mr M. McGOWAN:** Yes. Three FTE staff members at level 6, level 7 and level 8, as well as a \$50 000 per annum consultancy budget.

**Mr R.S. LOVE:** Is it also the role of this group to provide advice to the Treasury Corporation, because it indicates the agency will be developing environmental, social and governance statements for debt instruments et cetera? Is that part of that group’s role as well?

**Mr M. McGOWAN:** Yes.

**Mr R.S. LOVE:** I have a further question on the climate change aspect. It is a new item, but it relates to climate change, so I think it is appropriate to keep going. I refer to paragraphs 12 and 13 on page 138, under “Climate Change Policy Support”, which state, in part —

... Treasury ... are developing a framework to monitor, assess and report on the implications of climate change on the State’s finances, infrastructure and service delivery.

How far will this group go in determining climate change policy for the state? For instance, will it be involved in directions to approval authorities about the need to take into account greenhouse gas emissions as part of approval for, say, a major industrial project or is it merely about trying to ensure that the work of the state itself has some relevant climate policy?

**Mr M. McGOWAN:** I cannot find the exact section, but the unit will not involve itself in approvals decisions, which are independent of Treasury. This would be for the purposes I outlined to the member before, which are to coordinate state government activity, work with the commonwealth, make sure that any climate initiatives that come forward are properly funded and assessed as to their cost et cetera. The approvals decisions are separate from this.

**Mr R.S. LOVE:** Specifically, I refer to budget paper No 2, volume 1, on page 136, paragraph 13. We were talking about this point a minute ago. It refers to a climate change risk management interim guide. Is that guide publicly available, because it is the first I have heard of it? I would be interested to know whether it is a document I can find somewhere without googling.

**Mr M. McGOWAN:** I hand over to Mr Barnes.

**Mr M. Barnes:** I will hand this one over to Mr Watson.

**Mr R. Watson:** That passage refers to the guide that is intended to help agencies develop their climate-related risk assessment practices, particularly their assessment of physical climate risks. Treasury is developing, in consultation and collaboration with the Department of Water and Environmental Regulation, a climate-related risk reporting framework for government. There is no reason that guide cannot be publicly available. I am just not sure whether it is readily available through an agency website.

**Mr R.S. LOVE:** Could that guide be made available as supplementary information?

**Mr M. McGOWAN:** I am happy to release it to the member. I do not think there is anything wrong with that. If we can get a copy, hopefully, we can provide it within the next couple of hours.

**Mr R.S. LOVE:** Paragraph 13 goes on to say —

This ... encourages agencies to undertake a first pass assessment of physical climate risks, including identification of treatment options (adaptation planning).

I assume, as part of that, it will give some sort of understanding of the cost involved in those measures. Is there an indication when we would expect to have that first pass look at all these matters?

**Mr M. McGOWAN:** I will let Mr Watson answer the question.

**Mr R. Watson:** The guide will ask agencies to assess physical risk and identify those risks. They will, ultimately, depending on the individual agency, at some point in the future move to quantifying the cost associated with those risks. In some cases it will take several years of work to arrive at that position because it is a complex issue and it also requires up-to-date climate modelling to help inform that assessment. Subject to government approval at a future date, as part of the state climate strategy, the state is moving to whole-of-government reporting of climate-related financial risks and it is intended to include the costs associated with those risks.

**Mr R.S. LOVE:** Getting back to the initial question on the formation of the climate coordination unit, will all these functions be handled by three people? Is my understanding correct?

**Mr M. Barnes:** Most of the work will be led by other agencies across government such as the Department of Water and Environmental Regulation, amongst others. This is a small team to try to pull it together in Treasury and provide more of an economic lens and a whole-of-government lens to it in terms of funding priorities, for example. It is not doing the work from scratch ourselves; it is putting that Treasury lens over the top of work being driven by other agencies and then providing that advice to government.

**Ms M.J. DAVIES:** I refer to page 136, under “Commercial Advisory”, to the TAB. Could the Premier provide an update on the sale process for the WA TAB and any parties that might have been short-listed to submit bids?

**Mr M. McGOWAN:** I will provide some broad comments and then ask Mr Barnes or Mr Court to comment; I am not sure.

The member will recall that pre-COVID we had passed legislation to allow for the sale and the process was proceeding quite well. COVID came along and the process stopped for a range of reasons, mainly I think that the potential purchasers became very cautious and did not want to proceed on that basis. We have restarted the process. There is support from the board. I met with the Racing and Wagering Western Australia board on the sale process. We recommenced the process in October 2021. There was an EOI process that resulted in a range of applicants. They are due to put in offers by August this year, and they will be considered by a steering committee comprising Treasury, RWWA, the State Solicitor’s Office and the Department of Local Government, Sport and Cultural Industries. We will seek to reach a satisfactory conclusion with all of them. Who the bidders are is probably commercial-in-confidence, so I will not discuss that, but I ask Mr Court to provide any further comment.

[9.30 am]

**Mr M. Court:** As the Premier has indicated, the binding-offer stage has commenced. There was sufficient interest through the expression-of-interest phase to move to the next phase to get binding offers. That has commenced only just recently. There is still interest from proponents but, as the Premier indicated, it is commercial-in-confidence. We have a 12-week process for them to submit their binding offers and any terms and conditions that they might put forward. There will be an evaluation phase after that and then we would expect to finalise the transaction later in the year if those binding offers are attractive. Obviously, there is a need for amendments to legislation to facilitate the sale.

**Ms M.J. DAVIES:** When the potential bidders have been short-listed, will that be made public? Will the Premier announce who is on the short list? Is there more than one? That has been a problem in the past.

**Mr M. McGOWAN:** I will let Mr Court comment. These are sensitive commercial matters. I actually do not know either.

**Ms M.J. DAVIES:** I understand. I am not asking for the names.

**Mr M. McGOWAN:** I do not know the answer, so I will ask Mr Court to comment.

**Ms M.J. DAVIES:** I am just asking whether there is genuine competition for purchasing the TAB, because time was always the challenge in terms of the value of the TAB, going forward.

**Mr M. McGOWAN:** I will ask Mr Court to comment. A lot of what happened was outside of our control because of COVID, amongst many things.

**Ms M.J. DAVIES:** I understand that.

**Mr M. McGOWAN:** But I know that the industry is keen for a sale. The industry's worry is the long-term future and the competition that the TAB is in with major wagering and gaming operators. The industry would prefer the TAB to be sold and a new model put in place. We want to work with the industry on a solution to that. I will ask Mr Court if he can comment, bearing in mind that I do not think we should reveal anything that is sensitive or commercial-in-confidence.

**Mr M. Court:** With that caveat around the commercial sensitivity, I can confirm that it is a competitive process. The first stage was the expression of interest. That level of interest was sufficient to move to the next stage. I can confirm there is more than one bidder, but I cannot say much more than that given it is subject to a live process.

**Mr R.S. LOVE:** I turn to item 16 on the same page under the heading "Delivery of Infrastructure and ICT Projects", which states —

To assist in the delivery of the Government's ... Asset Investment Program, Treasury is supporting the Government's Major Projects Expenditure Review Sub-Committee ...

From reading this, I understand that that subcommittee is chaired by the Premier. Given that it is responsible for monitoring the delivery of priority projects, would the recent projects for which there were some major cost escalations have gone through that process? I am referring to the uplifting costs for the Yanchep line or the Bunbury Outer Ring Road, for instance.

**Mr M. McGOWAN:** The major projects subcommittee is designed to ensure we have progress of the major projects across the state in a very heated construction market and to make sure that we monitor how they are all tracking. As the member knows we have a great many major projects, but the cost increases are real and they are happening everywhere, for both public and private projects across the board. The good thing is that we have worked hard to get additional support from the commonwealth for our projects and we were very successful. The member might recall that we got billions of dollars earlier this year. Minister Saffioti had a very constructive relationship with Barnaby Joyce. He was very keen to support these projects with the cost increases. I think we worked constructively with former Minister Ben Morton on those sorts of things as well. That delivered a large amount—I think it was an extra \$2.5 billion of commonwealth support—for these projects because of the cost increases and because the commonwealth also wanted us to participate in funding some regional roads, which we agreed to do. The Tanami Road was one and the Outback Highway was another. We also got support for the cost increases in our rail projects and so forth. These cost increases are just unavoidable. You would have to be living in a cave—not that Western Australians do!—to not know that there are real cost increases. The projects come before the major projects subcommittee, which examines the matters and listens to the reasons before reporting on them to the Expenditure Review Committee and then the projects go to cabinet for endorsement. That is the process, but I will ask Mr Barnes to comment further.

**Mr M. Barnes:** I am not sure I have a lot more to add to what the Premier has already said. The Major Projects Expenditure Review Sub-Committee was established, I think it was last year, from memory, or the year before. Its major aim in the current challenging environment for infrastructure delivery is to try to identify any particular barriers that can be addressed to help speed up the delivery of infrastructure projects. Through that subcommittee, we get regular updates from the relevant agencies and ministers on the progress of the projects in terms of timing and the budget and any particular issues or barriers, as I said, that they need addressed. Then the major project subcommittee reports to the ERC and the ERC, of course, reports to cabinet for final endorsement.

**Mr R.S. LOVE:** When looking at providing advice on a project that is already underway, would part of Treasury's consideration be to advise whether it is more cost effective to either delay a project or smooth a project, which Treasury announced a little while ago for some projects? How does Treasury determine that? Does it have a range of forecasts regarding the likely construction costs and whether they will continue to escalate, decline or stabilise at some point in the future when there is less private construction in the housing market and in the mining industry et cetera? Is that the type of advice Treasury would provide to this committee for the committee to either take that advice or do with it what it wished? Is that something Treasury would be able to assist the subcommittee with?

**Mr M. McGOWAN:** I will invite Mr Barnes to comment in a moment. Obviously we smoothed a range of projects—it was 15, from memory—in last year's budget. A range of considerations are given as to which ones are smoothed. In order to achieve that we had a round-table discussion with industry, master builders, union representatives, the Chamber of Commerce and Industry of Western Australia and a range of construction companies, and there was broad agreement that is what had to occur. This is the problem with having such a strong economy. That is the reason for it, and so that is what we decided to do. I will ask Mr Barnes to comment further.

**Mr M. Barnes:** Yes, member, in collaboration with the Department of Finance we provide that advice to the major projects subcommittee of the ERC. That is very much around actual construction cost increases in the recent past and forecast increases going forward. Related to that is advice on the assessed capacity of the construction market to digest certain projects, or more projects. We have also been working with the Department of Finance to look at the calendar of tender releases for these projects. What we do not want to do, particularly in regional areas where the market is exceptionally tight, is flood the market with a whole heap of tenders all at the same time that the market simply cannot digest. In addition to the smoothing of the projects that the Premier mentioned in last year's budget, in this year's budget, through the major projects subcommittee, we have established a clearer calendar looking 12 or 18 months out of when tenders will be released to the market so that we can smooth those and try to increase the digestibility of those projects to the market and therefore reduce the cost pressures going forward.

[9.40 am]

**Mr R.S. LOVE:** I have one further question about construction costs generally on those major infrastructure items, whether they be railways or bridges that require similar skill sets and engineers et cetera to provide them. Does the Department of Treasury expect those costs to be on the trajectory of continual growth or will they flatline at some point in the future? Is that a call that Treasury is able to make?

**Mr M. McGOWAN:** I will let Mr Barnes comment, but the member is asking for a prediction. I will let Mr Barnes make a prediction.

**Mr R.S. LOVE:** I think it is called an assumption.

**Mr M. Barnes:** Member, it is a little bit like the consumer price index discussion I outlined earlier. The rates of increase that we have seen up until now will not continue at that rate going forward. For example, from June 2020 through to March 2022, steel prices have increased by 44 per cent. Supply pressure will be around for a little while to come—at least over the next 12 months—but we will not see those costs continue to increase at that rate with another 44 per cent increase. The prices will still increase, but the rate of increase will slow from that dramatic increase over the last 12 to 18 months. Again, similar to the CPI discussion, the global supply constraints will begin to ease not just like that, but over the next 12 to 18 months. I have mentioned the freight cost issue, which has clearly peaked and is still elevated, but those costs are coming down. I expect that over the next 12 to 18 months that will also flow through to imports for construction.

**Ms M.J. DAVIES:** I refer to page 281 of budget paper No 3 and special purpose accounts. I note a growth in the number of these accounts under this government. The government-commissioned special inquiry by John Langoulant noted that a growth in hypothecated revenue arrangements and the associated build-up of cash balances in special purpose accounts limits the Department of Treasury's ability to manage the budget. After the Langoulant report was handed down and this government accepted those recommendations, was any provision put in place to limit the number of special purpose accounts that the government has used?

**Mr M. McGOWAN:** I thank the member for the question. The reason behind these accounts is that we are obviously doing well financially and pressures are building, whether they be in remote communities, the requirement for a desalination plant for water for the future, a replacement for the old women's and babies' hospital or in climate action or a number of other areas. Rather than just ignore those things, we are using the success of today to set aside money for tomorrow's projects. Logically, it makes sense that rather than use all our current financial success on whatever the exigencies might be today, we help the people of the future—our children and grandchildren—for decades or potentially centuries to come.

Special purpose accounts were in place under the last government. The royalties for regions fund is a special purpose account. Perth Children's Hospital and Optus Stadium used special purpose accounts. We set up the three I just outlined: the climate action fund; the digital capability fund, which is designed to ensure that we can deal with issues of information technology across government; and the remote communities fund. There is huge demand in remote communities. As the member knows, there are limited economic opportunities in a lot of the areas where remote



communities are based. They are in very inhospitable environments and to fix a house or provide basic services is a big task. Using today's success to establish the fund and seek leverage from the commonwealth is a wise thing to do. That is what special purpose accounts are about. I will let Mr Barnes comment further.

**Mr M. Barnes:** The major special purpose accounts are listed in the appendix that the member referred to. Expenditure from those special purpose accounts is outlined in chapters 5 and 6 of budget paper No 3. The special purpose accounts are nothing more than a dedicated funding source for those priority areas of expenditure. Rather than leave the cash in the consolidated account where it just sits amongst everything else that the consolidated account has to fund, that cash is hived off into a dedicated special purpose account so that we have a dedicated funding source for a determined priority area of expenditure, whether that is climate action, remote communities or whatever it is. My first point is that those accounts are just a funding source.

My second point is that the expenditure from those special purpose accounts is disclosed and brought to book in the same way that any other expenditure is, regardless of its funding source.

**Ms M.J. DAVIES:** It impacts net debt, does it not? When something from consolidated revenue is put into a special purpose account, what does it do to net debt? How does it change the bottom line? Does it make the surplus look smaller or bigger?

**Mr M. Barnes:** In and of itself, it has no impact on net debt. Regardless of whether the cash is sitting in the consolidated account or moved out of the consolidated account into a special purpose account, it has no impact on net debt. When that cash is subsequently spent under the special purpose accounts that the Premier mentioned—the climate action fund, remote communities fund and digital capability fund—it will impact net debt. In this budget, all that expenditure from those special purpose accounts is fully expended over the forward estimates period so that it is fully reflected in the net debt projections.

**Ms M.J. DAVIES:** Sorry, can Mr Barnes say that last bit again? Just so that I am clear on this, will everything in the special purpose accounts be spent in the forward estimates?

**Mr M. Barnes:** All the funding for the special purpose account decisions in this budget—the additional \$500 million for the climate action fund special purpose account, the additional \$400 million for the digital capability fund and the new \$350 million for the remote communities fund—will be fully expended by the end of the forward estimates period in this budget and, therefore, are fully reflected in the net debt projections of this budget.

**Ms M.J. DAVIES:** Why are they not just line items in the budget? Why is it set into a special purpose account? Why is it treated differently from a normal item in a portfolio budget? Why have we created a special purpose account?

**Mr M. McGOWAN:** I will answer as best I can and then hand over to Mr Barnes. We set up the overall amount of money—for instance, for the digital capability fund—but it is subject to an application process across government. Different agencies will bid for that money, and in that way, we can make an informed decision on what are the high priorities. We cannot put it into a line item under the agencies because we do not know at this point in time what it will be spent on—a police communication system, a health IT system, an education IT system or whatever it might be. That process is yet to be established. It is the same with, for instance, the remote communities fund. We do not know on which community it will be spent. If we allocated it across government into the department of housing or one of the other agencies that might be delivering a service out there, it would reduce our capacity to leverage money from the commonwealth because we would not have that large lump sum that would allow us to ask the commonwealth to join it with a similar large lump sum. I will ask Mr Barnes to expand on that.

**Mr M. Barnes:** None of the expenditure of those top-up amounts that I mentioned—the \$500 million for climate action, the \$400 million for digital capability and the \$350 million for the remote communities fund—is reflected in the budget against a particular agency at this stage. It will all be expended, but globally, and that reflects that these are Treasurer's special purpose accounts. They are managed by Treasury because we need ministers and agencies to come forward with specific cases to draw down on those funds. Once those specific business cases come forward and are approved by the Expenditure Review Committee and cabinet, we will release funding from the special purpose account to the line agency. We anticipate that that will happen over the forward estimates period, so we are reflecting the expenditure at a global level in the budget and not at a line agency level.

[9.50 am]

**Ms M.J. DAVIES:** How, then, does the government know how much to put into the budget if it does not have an idea from those agencies what they will spend it on? They are essentially hollow logs. There is no budget item for each department and we do not know how the funds will be spent. This was an issue when the Langouant report was brought down, specifically around royalties for regions. The purpose that the Treasurer just explained and how it is run is, to me, no different from how we previously ran special purpose accounts. It was a problem that was identified through the inquiry, but we are now seeing a proliferation of these special purpose accounts with exactly the same rules. Why was it a problem when we were running royalties for regions or other special purpose accounts, of which there were far fewer under the previous government compared with this government? How has the government arrived at how much it should put into the budget for each of those accounts?

**Mr M. McGOWAN:** The Expenditure Review Committee makes these decisions and refers for cabinet's endorsement how much should be in each account. That is based upon advice from Treasury, the size of the surplus and the size of the demand. That is how the decision is made. In terms of the expression "hollow logs", it is very clear what the money will be used for in, for example, the digital capability fund. It is not as though we have set up some fund that will go into marginal seats to try to win over communities with whatever project it might be. This is about information technology systems across government. It is not the most sexy thing electorally—in fact, I doubt it would change a single vote whatsoever—but it is designed to make sure that government has up-to-date IT systems to serve the interests of the public and make sure that agencies have systems that do not go down over time. That is just a sensible spend of government money on important agencies that deliver services. But it is not a vote winner.

The remote communities fund, again, is not designed to try to do anything other than help the most disadvantaged people in the community with housing and services. That is all. Firstly, were we to select communities to which it would be allocated, or tried to, in that budget process, we might have got it wrong; and, secondly, it would have limited our capacity to attract money from the commonwealth because it would be spread everywhere already expended in individual communities. The commonwealth might say, "You're dealing with that." Now, we have an overall large sum of money and we can say, "This is what we are putting in; where is yours?" That is what it is about. We also kept the royalties for regions fund. All we have now is proper accountability to the ERC about the spending of it, and to cabinet about what it is spent on, not a special budget process. I will ask Mr Barnes to comment further.

**Mr M. Barnes:** The only other point I would add to that is that we have to make an assumption about the spending out of these special purpose accounts, certainly around the timing of that spending and whether it is capital or recurrent spending. It is an assumption. If we did not do that, if we did not reflect globally that expenditure out of these special purpose accounts, we would be artificially understating net debt. The way we have done it now is effectively to pre-book that expenditure and the net debt impact in anticipation of these business cases coming forward from agencies. Rather than booking it in future years, as and when those business cases are approved, we have essentially pre-booked it in this budget.

**Ms M.J. DAVIES:** We have mentioned a couple of the SPAs; how many are there currently?

**Mr M. McGOWAN:** I know there are the ones we mentioned before. Mr Barnes will provide further advice. There is the women's and babies' hospital account; the social housing investment fund, which is designed to provide more social housing; the digital capability fund; the climate action fund; and the National Redress Scheme, which is designed to support people who were sexually abused as children. We have operated this money from operating and cash surpluses, rather than paying for these with debts. We are using our success of today for these important projects of the future. There are 30 of them in the budget. In 2017, when we came to office, there were 18. This government has created 12 of them.

**Ms M.J. DAVIES:** There are 30 in total. Are we able, by supplementary information, or I am happy for the Treasurer to read the list, to have an idea of what they are?

**Mr M. McGOWAN:** We can provide the Leader of the Opposition with a list of the special purpose accounts as supplementary information.

*[Supplementary Information No A7.]*

**Mr R.S. LOVE:** The climate action fund has been mentioned a couple of times. What is the current balance of the climate action fund? It appears in budget paper No 3 on page 281 that there has been a total contribution of \$1.25 billion. Over the page it shows a closing balance of \$576 million. Does that mean that \$700 million has been spent out of that already?

**Mr M. McGOWAN:** A lot has been spent already. I am trying to find a list of what it has been spent on. The \$500 million for climate action in this budget is in addition to \$750 million in the 2021–22 budget, taking the total investment to \$1.25 billion. The \$750 million in last year's budget was allocated to a range of measures, including softwood plantations, rather than logging native forests; standalone power systems; renewable hydrogen projects; clean energy in schools; coastal erosion; wind turbine manufacturing; and a number of other initiatives. I will see whether I can find them for the member.

As the member knows, there has been very limited investment in the last 10 years in softwood plantations. I became aware of this in maybe 2020. We decided to put \$350 million into that. Again, that will not pay dividends for decades, but it will mean in the longer term future there will be a significant timber resource for the building and construction industry. I saw the figures in the 2010s; for some years there was no planting whatsoever—nothing. That provides a big problem going forward. We put \$350 million into that, but on the basis we do not cut down our native forests anymore. That is what the government decided to do. I think only Western Australia and Victoria have decided to stop logging our native forests.

For the other initiatives on climate action, we provisioned \$500 million additional to that. We will decide what that is expended on in the future. From that, \$470 million is set aside for further climate-related initiatives and \$30 million has been allocated to the just transition fund for communities affected by the decision to stop cutting

down our native forest. That takes the total of that transition fund to \$80 million. The other day I was advised that some of the people who lost their positions, because of some decisions Parkside Timber made, have been offered jobs in Talison Lithium projects. I just hope—I expect they will—that some of those companies that are involved in mining or resources will pick up these people. They clearly are. I got advice that for the people who lost their jobs through Parkside deciding to close one of its mills for a range of reasons, including our decision to get out of cutting down native forests, 100 positions were offered. I expect they are better-paying jobs than the jobs they had.

[10.00 am]

**Ms M.J. DAVIES:** I am pretty sure they liked the jobs they had, Premier.

**Mr M. McGOWAN:** If the Leader of the Opposition wants to keep cutting down native forests, that is her choice. It is the right time to make these decisions and transition people into higher-paying work given this very heated labour market. In any event, native logging was declining because of climate-related issues and, frankly, we have cut down too many over the decades. That is what was happening. There is \$30 million additional there. We have invested \$61.8 million on upgrading infrastructure on Rottneest Island so that it will become largely renewable; \$59.3 million into the electric vehicle package, which is designed to take up more electric vehicles; and \$31 million into climate action initiatives, in particular those around carbon farming.

**Mr R.S. LOVE:** In terms of my understanding of how it works in the budget, a total of \$1.2 billion was allocated to this fund, and some has been put into other accounts. For instance, there is \$300 million in the softwood plantation fund.

**Mr M. McGOWAN:** There is \$350 million.

**Mr R.S. LOVE:** That \$350 million cannot be spent any time soon so presumably that is sitting in a bank account somewhere. What effect does that have on the surplus? Does it make any difference if it is sitting with the Forest Products Commission rather than a special purpose account in terms of the surplus calculations of the budget?

**Mr M. McGOWAN:** I will let Mr Barnes explain.

**Mr M. Barnes:** The member is correct that the \$350 million for the softwood account forms part of the overall \$1.25 billion for the climate action fund, but it has been hived out of that into a standalone account specifically for the softwood plantation expansion. That \$350 million expansion is a 10-year expansion of the softwood plantation estate. At appendix 5 on page 289, which the member mentioned earlier, the member can see a reference to the softwood plantation expansion fund, which shows payments out of the fund of \$39 million in 2022–23; that is the early stages of getting the expansion up and running. Again, it does not really matter where the cash is sitting in terms of its impact on the state's finances; it is when the expenditure occurs. That \$39 million in payments in 2022–23 will equate to a \$39 million increase in net debt in 2022–23 as we spend the money.

**Mr R.S. LOVE:** I presume that, in effect, quite a bit of the money that has come out of the climate action fund has actually gone into other special purpose accounts, not just this one—or is this the main one?

**Mr M. McGOWAN:** I will let Mr Barnes explain.

**Mr M. Barnes:** The softwood plantation expansion fund is the primary example of that, member. Other amounts out of the climate action fund have gone directly to the relevant line agencies.

**Ms M.J. DAVIES:** I was trying to follow the member for Moore in terms of the impact of SPAs on the operating surplus. We talked about net debt; what impact does the shifting of funds out of the consolidated account into special purpose accounts have on the operating surplus—or is that a too open-ended question?

**Mr M. McGOWAN:** I will let Mr Barnes answer.

**Mr M. Barnes:** Member, again—I will try to explain it this way. Say we have a spike in royalty income because of the iron ore price and we get extra cash in the consolidated account as a result of that. When that extra cash comes into the consolidated account, that, in and of itself, automatically reduces net debt. If that cash is then transferred out of the consolidated account into a special purpose account, there is no impact at all; it is just a movement of cash from one account to another account. When that cash is subsequently spent out of that special purpose account, the spending of that cash increases net debt depending on how much is spent. It will also reduce the operating surplus if that cash is spent on recurrent activities.

**Ms M.J. DAVIES:** Does Treasury have guidelines or a policy around the money that is allocated into a special purpose account? Can it be spent or siphoned out into other areas of government? Once it is sitting in a special purpose account, what are the rules about it being spent along the lines of why that special purpose account was created? Can it be repurposed?

**Mr M. McGOWAN:** I will let Mr Barnes explain.

**Mr M. Barnes:** For each special purpose account, we have a special purpose statement that either the Treasurer or I, under delegated authority, approve, and that special purpose statement defines the purposes of the special purpose account and the expenditure from it. Moneys can only be expended from the account in line with the purposes established in the special purpose statement.

**Ms M.J. DAVIES:** Is that a public document? When we are given the list of the special purpose accounts that have been undertaken by the Premier, can we have the statements that come with those accounts and also the balance of those accounts?

**Mr M. McGOWAN:** I am happy to provide by way of supplementary information the document called “Special Purpose Statements” for each of the SPAs.

[*Supplementary Information No A8.*]

**Ms M.J. DAVIES:** The Premier said that there are 30 special purpose accounts. I think I counted 19 listed in this section of the budget in budget paper No 3. Where would I find the others or are they not in the budget papers?

**Mr M. McGOWAN:** I am giving the member a list of them. I think they are scattered through the budget.

**Ms M.J. DAVIES:** I appreciate that the Premier is giving me a list.

**Mr M. McGOWAN:** I think they are scattered through the budget, but I will let Mr Barnes explain where they are.

**Mr M. Barnes:** As it is stated in the introduction of appendix 5 in budget paper No 3—I assume that is the one the member is referring to—only the more material special purpose accounts are covered. It is not an exhaustive list; it is just a summary of the more material ones. The remaining special purpose accounts will be reflected in agencies’ budget paper No 2 statements.

**Mr R.S. LOVE:** I would like an understanding of how it all works with the operating surplus or deficit. If no money had been put into a special purpose account—money that was not spent but kept in consolidated revenue—what would have been the net operating position of the state of Western Australia at this budget?

**Mr M. McGOWAN:** It would have been no different.

**Mr R.S. LOVE:** There would be no difference to the surplus or deficit of the state?

**Mr M. McGOWAN:** No; no difference.

**Mrs J.M.C. STOJKOVSKI:** I refer to page 7 of budget paper No 3. The highlighted text box refers to Western Australia’s strong economic outlook. I ask the Premier to expand on current conditions in the Western Australian economy, particularly the recent job figures.

[10.10 am]

**Mr M. McGOWAN:** I thank the member for Kingsley for the question.

Our safe handling of the pandemic has resulted in the strongest economic outcomes in Australia and quite probably the world. Our domestic economy grew by 7.2 per cent over the two years of the pandemic, which was two and a half times the rate of growth of the rest of the country. That growth has been underpinned by very strong household spending. Annual retail turnover increased by 22.5 per cent between February 2020 and March 2022. Retail turnover is up 22.5 per cent, which is remarkable. The state’s investment in infrastructure supported a lot of that activity. Western Australia has accounted for 40 per cent of the growth of the national economy over the last two years. With 11 per cent of the population, we have accounted for 40 per cent of the growth of the national economy, which again is a tribute to Western Australians. We kept a lot of our resources sector—in fact, all of our resources sector—and our export industry operating during the pandemic, whereas in other countries, particularly in Brazil, the industry suffered grievous interruptions because of the impacts of COVID. At the same time, there was huge demand for these products around the world, because countries were stimulating their economies to combat the economic impact of COVID. Those two things came together and created a remarkable set of economic outcomes for WA, in particular for our export industries.

Our outlook is that the domestic economy will grow by 5.25 per cent in 2021–22 and there will be solid growth across the forward years, including by four per cent in 2022–23. Growth will moderate in coming years but that is basically because a lot of the domestic spend will moderate, with Western Australians travelling overseas and interstate and spending their money on holidays. So, all those people who said it would be good for the economy to have people go elsewhere should have thought about what they were saying. The gross state product, which includes net exports, is also expected to grow by 3.75 per cent this year. That is the strongest growth since 2013–14.

The strength of the economy is showing up in the labour figures that came down last week. Our unemployment rate is 2.9 per cent, with the highest participation rate of all the states. That is the lowest unemployment rate in Australia. No other state has recorded a rate under three per cent since current records were established in 1978—when I was 10! The Western Australian unemployment rate is the lowest in the country. It has only been lower in 2008, when I think Alan Carpenter was Premier, when it went down to 2.3 or 2.4 per cent. It is a remarkably low unemployment rate. There are nearly 1.5 million Western Australians employed. The latest figures show massive growth in full-time employment, which is terrific news. Our youth unemployment rate is the lowest of all the states at 6.3 per cent. Since we came to government, 160 000 jobs have been created. Our unemployment rate is predicted to remain low across the forward estimates. The government’s efforts to diversify the economy and keep COVID out of the state against all the objections, heat and noise from some political parties and some people were the right decisions. We successfully defended Western Australian jobs and health.

The recovery in female employment from the initial impacts of COVID has been stronger than the recovery in male employment. The female unemployment rate in April was 2.7 per cent, which is less than the 2.9 per cent unemployment rate, the lowest female unemployment rate on record and lower than the unemployment rate for men. Our efforts to get women into the workforce have obviously worked as well.

I thank the member for the question.

**Ms M.J. DAVIES:** I refer to page 139 of budget paper No 2, volume 1, and financial management and reporting, but there might be a better place for this question to land. There has been a conversation around, and it was a recommendation of the Langouant report, an oversight and advisory unit for government trading enterprises. Has there been any movement on creating that unit as part of that recommendation? It was essentially recommended as it would strengthen and provide formal oversight by Treasury to monitor the performance of GTEs.

**Mr M. McGOWAN:** We are currently drafting the laws to allow for that. We made an announcement on that a while ago. I think it has had some complexity. I will let Mr Barnes comment.

**Mr M. Barnes:** We established that GTE unit within Treasury a couple of years ago. That unit has delivered full budget paper disclosure for GTEs. We brought that in with effect from last year's budget. Prior to that, GTEs really only disclosed their asset investment program. Now they provide the same level of disclosure as budget-funded agencies—general government agencies. I think that has been a good development in terms of transparency. In addition, as the Premier said, we have cabinet approval to draft the GTE bill. That drafting is underway. We hope that that bill will be ready to be introduced into Parliament later this year.

**Ms M.J. DAVIES:** Are there FTEs associated with that unit that has been created within Treasury? How many people are in that?

**Mr M. McGOWAN:** I will ask Mr Barnes to comment.

**Mr M. Barnes:** Yes. The unit is embedded now within Treasury. It is part of our ongoing structure. It has FTEs and a budget associated with it. I do not have those number off the top of my head, member, but it is a unit of somewhere in the order of eight to 10 FTEs.

**Ms M.J. DAVIES:** Could we have clarification of that by way of supplementary information?

**Mr M. McGOWAN:** What is the Leader of the Opposition asking for?

**Ms M.J. DAVIES:** The number of FTEs in the unit that we have been discussing.

**Mr M. McGOWAN:** The number of FTEs is eight to 10. I do not really want to release their names or anything, but it is eight to 10.

**Ms M.J. DAVIES:** No, I was not asking for that. Sorry; it was not clear from the response.

**Mr M. McGOWAN:** Eight to 10 FTEs are working on this. We are hopeful that we will get legislation into Parliament later this year to address this issue.

**Ms M.J. DAVIES:** Okay.

**The appropriation was recommended.**

[10.20 am]

**Western Australian Treasury Corporation —**

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Ms K. Gulich, Chief Executive Officer.

Mr S. Luff, Chief Financial Officer.

Mr D. Lines, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the Leader of the Opposition.

**Ms M.J. DAVIES:** I refer to budget paper No 2, volume 1, page 148 and paragraph 4, which refers to the Reserve Bank of Australia. My question is in relation to the RBA ending quantitative easing. Have there been any flow-on impacts on WA, and what is Treasury Corporation expecting? Obviously, the interest rates will have had an impact on the finances.

**Mr M. McGOWAN:** I will let Ms Gulich comment.

**Ms K. Gulich:** The RBA ceased quantitative easing and started a tightening cycle in February this year, when it stopped buying government bonds. At the moment, it holds about \$7.8 billion of WATC debt, which it will hold until maturity. It is quite a slow tail as that runs off, and that will tighten as that money is replaced by other investors in the market. It is a reasonably slow way of starting to tighten. In May, it moved more aggressively and changed the cash rate by increasing it by 0.25 per cent to 0.35 per cent. That is still incredibly low by historical standards, but it is not as low as the 0.1 per cent that we have had for the last 18 months. What happened was that the market had already anticipated that increase, and we have seen our bond yields drifting up over the course of this year. Our bond yields are heavily influenced by what is going on in the global sense, particularly the US market. That has been driving the bonds up over the last four to five months and then, influenced by what is happening with the RBA, flowing into the commonwealth bonds pricing and then the states. At the moment, our debt is already costing more than it did last year, ahead of the RBA tightening cycle, and it is anticipated to cost more as the RBA continues to tighten over the balance of this year as it responds to economic conditions.

**Mr R.S. LOVE:** In respect of the expectation of having to negotiate our way through that, is there a way that the Treasurer could provide a breakdown of the age of some of the debt, when it might mature and when it needs to come back into reconsideration? Is that something the Treasurer has to hand?

**Mr M. McGOWAN:** I will let Ms Gulich explain and then we will sort out what we can provide.

**Ms K. Gulich:** We have a debt profile that shows what our maturity is and what age the debt comes up for refinancing. It is broken down into both the different types of debt we hold. We hold short-term commercial paper for part of our liquidity management, floating rate exposure and then fixed-term bonds, and we can provide by way of supplementary information the actual detail of the dates of maturity.

**Mr M. McGOWAN:** So by way of supplementary information, we will provide the maturity dates and the amounts of WATC debt that are maturing over the coming years.

[*Supplementary Information No A9.*]

**The CHAIR:** That completes the examination of the Western Australian Treasury Corporation.

#### **Insurance Commission of Western Australia —**

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Mr R. Whithear, Chief Executive.

Mr W. Stirling, Finance Manager.

Ms J. Gardner, General Manager, Government Insurance.

Mr D. Lines, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Does the Leader of the Opposition have any questions?

**Ms M.J. DAVIES:** I refer to page 180 of budget paper No 2, volume 1, and paragraph 6 in relation to the Civil Liability Act and the removal of the statute of limitations for child sex abuse claims. Could the Treasurer provide an update on the impact that that will have flowing through the budget and the special dividend that has been paid?

[10.30 am]

**Mr M. McGOWAN:** From memory, we have allocated around \$180 million of the surplus to this. As the member knows, we changed the law in 2018 to allow for victims of child sexual abuse to pursue actions against their perpetrators outside the statute of limitations. Up until then, essentially, there was a six-year limitation period, so

if someone had not taken action by the age of 24 years, their right expired. That was obviously a significant injustice, so we fixed that. Because the state is liable for a range of activities in boarding houses and other state-run venues, we have allocated money towards it. That liability has grown. I will ask Mr Whithear to comment further.

**Mr R. Whithear:** The special dividend paid was \$130 million, and that has been transferred from the third-party insurance fund as a result of very healthy investment returns in the prior financial year. Although we have only recently been able to quantify the liability for these historic claims, we now have an estimate heading towards \$300 million, so this dividend from our investment returns will provide \$130 million to meet part of those liabilities.

**Mr M. McGOWAN:** The Insurance Commission of Western Australia is allocating \$130 million and the state is putting in \$185 million to meet forecast payments from the redress scheme and civil litigation. Therefore, we will have allocated a total of over \$300 million towards these issues.

I think what I have said is correct.

**Ms M.J. DAVIES:** Just so I am clear, the quantification of the claims that the state is expecting in total is \$300 million as a result of the removal of the statute of limitations. Could I just get an understanding of how that has been arrived at?

**Mr M. McGOWAN:** The advice I got from Treasury and perhaps from the State Solicitor's Office is that the liability is growing. Obviously, if we can, we want to negotiate outcomes, not go through court processes. We made a deliberate decision in 2018 to allow for this in view of the horrific stories out there about what happened to people when they were children, so it will cost what it costs. That is the reality of what we are dealing with. We want to be fair and reasonable about it; that is certainly my commitment. I will get Mr Whithear to explain what the expectation is of the total liability.

**Mr R. Whithear:** We estimate that the total liability for the civil liability actions is approaching \$300 million. That has been difficult to calculate for quite some time, because some claims settle for very low amounts, and then there are more shocking cases for which the compensation is quite high. It has been quite difficult for the actuaries to develop averages because of the spread of the settlements, if you like. We now have a greater number of claims. We have better experience in the settlement of those claims, so our actuaries have been able to calculate this estimate of \$300 million. But the redress channel is separate, and that is not something that the Insurance Commission of Western Australia manages.

**Ms M.J. DAVIES:** Just for my own clarity, the \$300 million that has been estimated in total—although I think I heard that that is expected to increase—is currently covered by the \$130.3 million special dividend, and then there was other funding from the consolidated account, so it is fully covered for that quantity. Is that correct?

**Mr M. McGOWAN:** That is right. I think I announced on budget day a \$185 million allocation towards assisting, then there is what ICWA is putting in. That adds up to around \$300 million, which probably covers some of the legal fees as well. We are using the budget surplus to deal with what is going to be an ongoing financial liability for good purposes out of these historic claims. As I said, we committed to changing the law when we came to office, and we did. We have met some of the people who have been sexually abused and we want to do the right thing by them.

**Ms M.J. DAVIES:** I have one further question. How often does the assessment of those claims occur? I am trying to get an understanding of whether the Treasurer thinks that number will continue to grow, and how that is assessed.

**Mr M. McGOWAN:** I might ask Mr Whithear to comment.

**Mr R. Whithear:** Our actuaries will look at these liabilities every six months and we will come to a firm landing annually in our budgets and annual reports. Whether it is expected to grow will depend on claims development. Like any other insurance line, if you like, we look at the volume and quantum of claims that have materialised in any year and try to make a forecast about future claims. In this case, we think that the civil liability claims will be covered at around \$300 million, but we may have a different estimate next year.

**Mr R.S. LOVE:** I turn to page 180 of budget paper No 2, volume 1, and significant issues. The second point refers to the motor injury insurance premiums in Western Australia being affordable. It does not say it is the cheapest. It points out that there is a jurisdiction where it is slightly higher. Where do we sit between the cheapest and the most expensive, given that we have had an increase in premiums in this budget?

**Mr M. McGOWAN:** I will let Mr Whithear explain how we sit on these things. I will be interested to hear!

**Mr R. Whithear:** I know I have this written down somewhere. It is still substantially cheaper than the rates in most other Australian jurisdictions. Australian Capital Territory is \$499, New South Wales is \$515, Victoria is \$539 and the Northern Territory is \$576. Those rates vary. Some jurisdictions have risk ratings, so a young male living in western Sydney driving a car with a V8 engine will pay a lot more than an elderly lady in north Sydney who drives to the shop once a week. Those rates are not standardised as they are in WA.

**Mr R.S. LOVE:** I have a further question. Does the motor injury insurance premium that is quoted there include the catastrophic injury fund?

**Mr M. McGOWAN:** I will let Mr Whithear explain.

**Mr R. Whithear:** Yes, it does.

**Mr R.S. LOVE:** I will just ask about that fund, which was established, I think, back in 2016 because some people who were at fault could not get insurance cover through normal third-party insurance. I note that there seems to be an increase in some of the demands on the fund. It is not really qualified so much as speaking qualitatively. Can the minister give us an idea of how much money is available from the premiums that have been put into that fund, and whether there is an assessment of whether it is necessary to keep that premium at the current rate?

[10.40 am]

**Mr R. Whithear:** To answer the member's question about whether premiums are assessed, every six months our actuaries look at the adequacy of premiums and whether they need to be increased, and also at the solvency of the fund. In this budget, the government has announced an increase in the motor vehicle injury insurance premium of 2.4 per cent, but zero per cent to the catastrophic injuries fund. That fund is in a healthy financial position. I do not want to overly complicate things, but as interest rates rise, the discount rate is higher, so the liabilities of the fund come down. The catastrophic injuries fund is in good financial health.

**Mr R.S. LOVE:** Is there scope for a reduction in premiums or the removal of certain classes of vehicles from the premium?

**Mr M. McGOWAN:** I will ask Mr Whithear to comment.

**Mr R. Whithear:** The Insurance Commission of WA would not recommend that. If we reduce a premium and then the position changes—say interest rates reverse—we may then have to look at a substantial lift in premiums. That is why the Insurance Commission has taken the position for the last decade of trying to break even on its underwriting and see minimal increases rather than substantial reductions or increases in premiums.

**Mr R.S. LOVE:** Did the introduction of the NDIS have no effect on payouts or the necessity to compensate people who are catastrophically injured? There is not much difference between a person who jumps into a pond and breaks their neck and a person who falls off their motorbike and has a similar injury. Does that have any effect on the level of claims?

**Mr M. McGOWAN:** The member has to remember that the catastrophic motor vehicle injury changes were brought in under the last government. We supported them, and I support them. I think they align with what is in place in other states for catastrophically injured people. Those changes came about because there were people who had been injured in a motor vehicle accident but could not point to the liability of another party; therefore, it was a bit of a lottery whether they were compensated or assisted properly or otherwise. The interaction between the NDIS and this scheme is a broader question. I will ask Mr Whithear to comment on the interaction between the two.

**Mr R. Whithear:** There is not much in the way of interaction. As the member has said, a person who sustains a spinal injury from a swimming pool accident, or from falling off a pushbike, will presumably be covered by the NDIS. People who sustain a catastrophic injury from a car accident are now covered for their care and support regardless of whether another party is at fault. When the NDIS was developed by the Productivity Commission, with all the failings of that estimation process, it also proposed that state governments establish a fund to look after people who are catastrophically injured in a motor vehicle accident. All states have those funds. They are slightly different. For example, our fund preserves the common law right of people who have been injured by another party to claim compensation and leave the scheme and look after their own affairs. That is one difference between our scheme and the scheme in the other jurisdictions.

**Mr R.S. LOVE:** Paragraph 7 on page 180 refers to the challenging situation with insurance and certain types insurance becoming difficult to obtain. I want to ask quickly about housing industry indemnity insurance. I think the only provider of that type of insurance in WA is QBE Insurance, and it provides only limited cover, with a maximum of \$100 000. Could this organisation potentially move into that space to provide a more realistic level of cover for home builders and households?

**Mr M. McGOWAN:** I suppose it is a decision for government as to whether we do that. I would prefer those things to continue to be dealt with by the private insurance market. The more government gets involved, the greater the risk to government and to taxpayers. I am reluctant to do those sorts of things. No decision has been made to do that at this time.

**Ms M.J. DAVIES:** Premier, one of the highlights from cyclone Seroja, and certainly the feedback we get from people in regional communities in the north of the state, is that insurance is virtually impossible to obtain; and, if it can be obtained, is extraordinarily expensive. Is any work being done within government to look at that, because when these types of events occur, the cost comes back to government through emergency payments? To me, the fact that it is a very thin market is certainly a market failure. This is an issue that is raised, and I am sure government members must be hearing it as well.

**Mr M. McGOWAN:** Cyclone Seroja was a dramatic event and impacted a number of communities. Fortunately, no-one was killed. The disasters on the east coast, with the fires, floods and cyclones, were magnitudes worse. I suspect that a range of communities, particularly in northern New South Wales and parts of Queensland, are going through some of the same issues. I will ask Mr Whithear to comment on the broader question.



**Mr R. Whithear:** We certainly acknowledge that in the north of this country, insurance is expensive and difficult to procure. We know some insurers will not insure property north of the Tropic of Capricorn. The federal government has had multiple inquiries into the availability of insurance. The Australian Competition and Consumer Commission has also looked at this. The former federal government made some policy announcements about a federal reinsurance fund and an expansion of the Australian Reinsurance Pool Corporation, which was brought in to cover terrorism events. That is yet to unfold.

In the last six weeks, I have been to London to pitch to all of the Lloyd's syndicates that reinsure government assets just how little damage has been caused to this government's assets in 59 cyclones over the last 20 years. We try to make the pitch that at least in Western Australia, the losses from cyclones have not been that great. We also try to differentiate Western Australia from the population distribution in Queensland and New South Wales, which is very different.

**Ms M.J. DAVIES:** It is more decentralised.

**Mr R. Whithear:** Yes, it is far more decentralised. I think that works when we are pitching to reinsure government assets. I am not sure that it works that well in the commercial market, where a person in the Kimberley might be seen as involving the same risk as a person in Cape York, which is probably not quite fair.

**Mr M. McGOWAN:** What has been the impact on insurance of the floods in northern New South Wales and southern Queensland? A major city, Brisbane, had huge floods. Are the people over there having trouble getting insurance?

**Mr R. Whithear:** The cost of insurance is going up. There are debates about flood cover versus storm surge cover. I believe the floods were the most expensive losses in Australia, at about \$3.5 billion. That compares with the east coast bushfires in Queensland, New South Wales and Victoria, which totalled about \$2.5 billion. We can also contrast that with a 40-minute hailstorm in Canberra, which cost nearly \$2 billion. Weather events can have unpredictable consequences.

**Mr M. McGOWAN:** I still see cars around with damage from our hailstorm. They do not look good. The pockmarks are amazing.

[10.50 am]

**Mr R.S. LOVE:** Earlier when we were talking about the HIA, the Premier mentioned that the government did not want to get into the business of underwriting the risk, but is it not a fact that the government already underwrites QBE if there is a run on the program? I think a maximum amount is already in the agreement.

**Mr M. McGOWAN:** I will let Mr Whithear explain the way it works.

**Mr R. Whithear:** In 2013, the market ceased to function effectively. QBE is largely the policy issuer and the claims manager, but premium revenue is transferred from QBE to the consolidated account or a special account in Treasury and claims are paid by Treasury via QBE.

**Mr M. McGOWAN:** Is this for home indemnity all over Western Australia?

**Mr R. Whithear:** Yes, for Western Australia. I do not think commercial insurance is available anywhere in Australia.

**Ms M.J. DAVIES:** So there could be a role for the government to expand its footprint in areas where the market has failed absolutely by any assessment, particularly in the north of the state?

**Mr M. McGOWAN:** I will let Mr Whithear comment further. It is quite interesting.

**Ms M.J. DAVIES:** I am glad we are having such an interesting conversation!

**Mr R. Whithear:** I guess it is a matter for the government to decide which agency looks after different functions. For example, I think the commerce department, or whatever it is called now, oversees this arrangement. It is up to the government how it chooses to manage that facility.

**The CHAIR:** That completes the examination of the Insurance Commission of Western Australia.

**Division 12: Office of the Auditor General, \$12 580 000 —**

**The appropriation was recommended.**

**Division 19: Economic Regulation Authority, \$1 657 000 —**

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Mr S. Edwell, Chair.

Ms J. Gardner, Chief Executive Officer.

Mr R. Sarawat, Executive Director, Energy Markets.

Mr P. Kelly, Executive Director, Regulation and Inquiries.

Mr D. Lines, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

The member for Moore with the first question.

**Mr R.S. LOVE:** I refer to page 284 of budget paper No 2, volume 1, and paragraph 4 on the rail excess regime. Can the Premier provide an overview of the work that the authorities are doing on this project, whether the associated costs of any additional functions will be borne by taxpayers, and how long it will be before the ERA finalises this project?

**Mr M. McGOWAN:** I will ask Mr Edwell to provide some advice.

**Mr S. Edwell:** Is this question on the rail excess regime; is that right?

**Mr R.S. LOVE:** That is right. Can we have an update on what the additional functions will cost, whether the cost will be borne by taxpayers and when it is anticipated the project will be completed?

**Mr S. Edwell:** That raises the issue as to what the project is. Currently, the authority has a pretty limited role in the adjudication or regulation of the rail sector. There has been, and it is still ongoing, an agenda to reform the regulation of the rail sector because I think it is recognised that there are some deficiencies. That agenda is being addressed by the Department of Treasury. We understand that a number of additional responsibilities will be allocated to the authority as a result, but that policy has not yet been finalised. Accordingly, we have not been able to fully undertake the function because it is not defined, nor have we been able to fully determine what resources will be needed.

**Ms M.J. DAVIES:** This work has been going on, from Treasury's perspective, for some time. There is no indication of a time line for the ERA. It will be a significant piece of work because it is going from a light touch to a far more hands-on approach to regulate and be involved in setting costs. Much of the debacle between CBH and Arc has come about because of that contract and the inability of the ERA to insert itself into that. I would think that would be something we would seek to avoid. Also, if we want more freight on rail, with the number of mining companies coming on board particularly in the wheatbelt, great southern and midwest, a clear access regime needs to be put in place to take advantage of that. Can we get some indication of that?

**Mr S. Edwell:** I agree. I think the intention is that there will be more transparency in the way regulation occurs. One problem in the sector is that transparency is deficient. There are also issues around the evaluation of rail assets for pricing purposes. There are a bunch of things that people generally recognise as being problematic. We are unable to comment any more until we get the role.

[11.00 am]

**Mr R.S. LOVE:** I want to ask about Western Power's access arrangements. How long will it take to go through that work? This is item 1 on the same page. Western Power's network access arrangements are being put through the new review process. When might we see that coming up?

**Mr M. McGOWAN:** I invite Mr Edwell to comment.

**Mr S. Edwell:** These access arrangements take about 18 months. Currently, we are in the process of seeking and considering submissions. The first point will be a draft decision by the authority on Western Power's proposal, which is due in September this year, and then we will produce our final report in the first quarter of next year.

**The appropriation was recommended.**

**Fremantle Port Authority —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr M. Parker, Chief Executive Officer.

Mr D. Good, Chief Finance Officer; General Manager, Corporate Services.

Mr R. Pergoliti, Finance Representative.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

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I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to page 641 of budget paper No 2, volume 2, and the discussion on the Victoria Quay waterfront strategy under points 6 and 7. Has membership of the steering group changed since it was first developed? Is it still the same steering group?

**Ms R. SAFFIOTI:** There are a couple of things. The Future of Fremantle Planning Committee is overseeing the long-term plans for the transition of Fremantle port in its current location to a significant economic, residential and hospitality district. A committee has also been established for the Victoria Quay precinct. Nothing has changed; it is just that there is now an allocation of funding for the Victoria Quay precinct and some works have been brought forward to start the activation. It will start at the museum and then head east to the Fremantle Traffic Bridge. That committee has representation from the port and the Future of Fremantle group. It is sort of a subset of the Future of Fremantle Planning Committee.

**Mr R.S. LOVE:** I have a further question on the redevelopment of that area. One point, although not mentioned specifically in the *Budget statements*, is the relocation of the live sheep trade and some car-loading areas. Who is undertaking the strategy for the eventual relocation of these?

**Ms R. SAFFIOTI:** There are a number of different streams of work. As I said, the Victoria Quay activation for the works around the museum is happening right now. Two separate pieces of work will be undertaken through Westport in conjunction with Fremantle port. The two bodies of work include the relocation of the roll on, roll off vehicle berth, and we are looking primarily at maybe North Quay in the interim. Some initial studies were done at other ports but we are looking at the cost and benefit of moving within the existing port as a 20 to 30-year transition. Then there is the live sheep trade. We are looking at the potential for relocating the live sheep trade. In a sense, we are looking at two things: the feasibility or business case and the costs and benefits of those projects.

[11.10 am]

**Mr R.S. LOVE:** I have a further question on that. Who is undertaking work on the live sheep trade?

**Ms R. SAFFIOTI:** Live sheep are through Westport.

**Mr R.S. LOVE:** Does the minister anticipate that live sheep could end up somewhere between North Quay and Kwinana?

**Ms R. SAFFIOTI:** No, that is cars. We will look at the live sheep trade and every option will be examined in relation to where it can go, but business cases will be developed as best concept. As I said, it may be existing ports or new ports, but there will be an analysis of all possible locations.

**Mr R.S. LOVE:** Would that include somewhere within the Kwinana zone?

**Ms R. SAFFIOTI:** Potentially, yes.

**Mr R.S. LOVE:** Very good. Turning to —

**The CHAIR:** Member for Moore, is that a new question?

**Mr R.S. LOVE:** A different question, yes. Is that all right?

**The CHAIR:** Yes, of course. I just need to score what you do.

**Mr R.S. LOVE:** Why?

**The CHAIR:** Because we do.

**Mr R.S. LOVE:** Just me, like out of 10?

**The CHAIR:** No, everyone.

**Mr R.S. LOVE:** I refer to the \$36 million inner harbour refurbishment program on page 644 under “Works in Progress”. What is the time line for expenditure, given the push for investment in the out years? Is there an indication of the time frame for all of this to be undertaken?

**Ms R. SAFFIOTI:** I think it is spread over the forward estimates. This \$36 million will be spent primarily over 2023–24, 2024–25 and 2025–26 and includes continued works to upgrade and maintain essential infrastructure throughout the port.

**The CHAIR:** Is this a new question or a further question, member for Moore?

**Mr R.S. LOVE:** Actually, it is probably a new question. I am conscious we have all these different people, so I do not want to be too long. In terms of the future of Westport, what role does Fremantle Port Authority play in influencing that group? What is the formal arrangement between Fremantle Ports and Westport in regard to communications and planning?

**Ms R. SAFFIOTI:** It is part of the committee. Fremantle Port Authority is part of the Westport task force, and it has worked very closely with the Westport team. In relation to Westport, Fremantle Ports has a key role to keep operating the port. As it stands, Westport is looking at the bigger issues, such as the type and nature of the new port, its supply chain interactions, the road and rail corridors that lead to it, and gaining the appropriate environmental and other approvals. Westport is about planning and designing, and, in a sense, overseeing the construction of the new port. Fremantle provides input about its current relationships with the stevedoring companies and shipping lines; it provides essential information on how the port currently operates and also potential changes or things that could happen at the new port from a pure port operations perspective.

**Mr R.S. LOVE:** Because it will be the operator of the eventual port anyway?

**Ms R. SAFFIOTI:** Yes.

**Mr R.S. LOVE:** I do not have much more at the moment. I have questions to ask in Transport. With that, I will allow someone else to come in and have a chat.

**The CHAIR:** That concludes the examination of Fremantle Port Authority.

#### **Kimberley Ports Authority —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr L. Westlake, Chief Operating Officer.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. I will allow as many questions as possible. Questions and answers should be short and to the point.

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I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to page 653 of budget paper No 2, volume 2, and the table under the asset investment program. Under the heading “New Works” is the item “Supply Base”, which totals \$45 million, with \$5 million expected to be expended this year. This is obviously the new supply base that has been announced. Can the minister outline how that development will integrate into the overall port of the Broome master plan?

**Ms R. SAFFIOTI:** This supply base will help support the offshore oil and gas industry off the Kimberley coast. We are in negotiation with potential users of that supply base. We have allocated those funds to the project. We will be able to say more once negotiations with potential users are successful. It is really about supporting the oil and gas sector offshore so that WA will get an increased economic benefit from some of those oil and gas operations off the Kimberley coast.

**The CHAIR:** Is this the same question?

**Mr R.S. LOVE:** I have a further question. The funding is being supplied, basically by government all the way through. Is it expected that industry will support this amount of money at some level in terms of a recoup? What is the expectation of this investment? Will it be paid back in a certain time frame or is there any work around what the business will generate?

**Ms R. SAFFIOTI:** I do not know the detailed negotiations and I probably would not be able to disclose them if I knew them. There will be some levying and a charging system. There are two ways of doing all maritime or common-user infrastructure projects. They can be totally funded by the private sector, and then they will of course be dictated by the owner of the asset or the facilitator of the asset; or it is common-user infrastructure funded by the government and then those moneys are recovered, particularly through charges over time. In the port space, the government supports government-funded infrastructure and then funds are recovered over time. It also assists

with the profitability of the port, which can come back through dividends and so forth. There are different ways of recovering the revenue. I suspect some charges will be laid, and they will come back through the port as dividends to the state's taxpayers.

**Mr R.S. LOVE:** On the funding, I should have explained that that is the government's portion. Is this not some sort of public-private partnership? Maybe I have been misled, but the Kimberley Ports Authority website shows a \$110 million support base investment and only \$45 million is funded by the state.

[11.20 am]

**Ms R. SAFFIOTI:** A couple of things are happening. There is this project, the marine services hub and also the Kimberley Marine Support Base project that is being led by the private sector in the Kimberley ports space and is a private sector investment.

**Mr R.S. LOVE:** Is that separate?

**Ms R. SAFFIOTI:** Yes, that is separate.

**Mr R.S. LOVE:** Okay. That was my mistake.

I have a further question on the use of the facility. When does the minister think she will make some arrangements or have a firm idea about how and what the facility will be used for?

**Ms R. SAFFIOTI:** As I said, the negotiations are ongoing, so we expect that probably by the end of the year we will have some certainty about the time frame for developing this space and also of who the users will be.

**Mr R.S. LOVE:** There are a number of offshore projects in that area already, and potentially Browse and others might be redeveloped. What will the port's capacity be in the future to meet that greater demand in that area than is currently available?

**Ms R. SAFFIOTI:** I suspect the project will be built to facilitate a lot of users, but, primarily, a key proponent will underpin the time frame for the delivery of the project. As I said, the commercial negotiations are currently underway. Do I need to take my mask off or can I keep it on?

**The CHAIR:** Whatever suits you. I can hear you perfectly well. Can the member for Moore hear the minister?

**Mr R.S. LOVE:** Yes.

**Ms R. SAFFIOTI:** I might keep it on, just to be safe. It is probably easier than taking it on and off. Sorry.

The provision here is basically pending some successful negotiations. I suspect that this project will happen, but the time frame will be underpinned a little bit by a major commitment from the first user.

**Mr R.S. LOVE:** Thank you, minister. I think this has been an ongoing matter because I remember asking questions around this a couple of years ago. I refer to the integration of Wyndham and all the other ports into the one port authority and the operating subsidy, which I think is \$2.5 million a year throughout the forward estimates. Can the minister explain the basis for how that subsidy is calculated, what it provides and why it will be needed to make that port integrate into the one authority?

**Ms R. SAFFIOTI:** I will make some preliminary comments about the integration of Wyndham into the Kimberley Ports Authority and then refer to Mr Westlake to make some more comments. As I recall, the Kimberley Ports Authority has contracted out the running of the port to the existing operator. A lot of different proponents are looking at how they could use Wyndham port into the future. We think this is an exciting opportunity for new industries in that area of Western Australia. We also think there are a lot of opportunities to create more jobs at the port and to have a much more sustainable port and create local jobs for local Aboriginal people too. A proponent of a major resource project has recently shown a lot of interest in that port and also with what we can do to assist with local Aboriginal employment in that region. I will now refer to Mr Westlake.

**Mr L. Westlake:** Wyndham port has been operating at a loss for a number of years. The operating subsidy is primarily to cover some of that loss because the Kimberley Ports Authority, as a whole, has been operating at a loss as well. The good news is the potential for future developments and that we are probably even tracking ahead of the current budget compared with where we expected to be.

**Mr R.S. LOVE:** What types of different industries is the minister anticipating? The minister spoke before about different, exciting uses. Is there a particular industry that might be a white knight for the port?

**Ms R. SAFFIOTI:** Sorry, member, but whenever companies come and talk to me about these things, I am never quite sure how commercial-in-confidence it is. Is it commercial-in-confidence, Mr Westlake?

**Mr L. Westlake:** I probably would not go into too much detail, but certainly a couple of mine sites want to export their products through Wyndham at the moment.

**Ms R. SAFFIOTI:** As I said, this is exciting because I think it will create a sustainable and long-term future for Wyndham. Many industries that are talking to us are not the types that turn on and off very quickly. They are more

long-term, sustainable investments. The Kimberley Ports Authority is in negotiations with those industries about how to facilitate that trade. Sorry. If I had clarity, I would tell the member. It is not a secret; it is just that I never want to jeopardise anyone's commercial negotiations.

**Mr R.S. LOVE:** That is fine.

**The CHAIR:** That completes the examination of the Kimberley Ports Authority.

**Mid West Ports Authority —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr D. Tully, Chief Executive Officer.

Ms S. Pigdon, General Manager, Trade and Corporate Services.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. I will allow as many questions as possible. Questions and answers should be short and to the point.

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I give the call to the member for Moore.

**Mr R.S. LOVE:** Thank you and welcome to everybody from the Mid West Ports Authority. I have to say that a degree of congratulations is in order on the midwest project. My own electorate depends upon export potential from Geraldton port, so I was as pleased as anyone else to see the developments there. It is interesting to see that the port itself was the first project, I believe, to go through Infrastructure Western Australia.

Let us just talk about the port's development, which is in the budget, and about a couple of issues outlined in the Infrastructure Western Australia report that I would like to ask about, if that is okay. The Infrastructure WA report talks about the environmental assessment that is necessary for the development of the port. I am wondering whether the minister can give me an idea of how advanced that process is and what the expectation is around the level of assessment that will be necessary. At this very early stage, has the Mid West Ports Authority had any preliminary discussions with the Environmental Protection Authority or others about what will be required? How does the authority see that process evolving, and what are the time lines involved?

**Ms R. SAFFIOTI:** I will defer to Mr Tully.

**Mr D. Tully:** Geraldton port currently operates under an environmental licence from the department. Any new development or new export will require an amendment to that licence. We are currently undertaking our final tender evaluations for our engineering procurement and construction management contractor. Part of that role will be to liaise with the department and also make the required amendments so that the development and those exports can go ahead.

[11.30 am]

**Mr R.S. LOVE:** Mr Tully mentioned a procurement engineer. Is that a contractor? Has the engineering concept itself already been developed and will that person or group deliver what has already been designed or will they help to design the actual project?

**Ms R. SAFFIOTI:** I defer to Mr Tully.

**Mr D. Tully:** We have currently completed the conceptual design, which is what we went to tender for with the EPCM company. It will undertake further detailed design in the next period upon its award.

**Mr R.S. LOVE:** I will get back to the environmental assessments.

**The CHAIR:** Member for Moore, is this on the same topic or is it a new question?

**Mr R.S. LOVE:** No, it is the same. It relates to issues within the project, which has been announced.

**The CHAIR:** That is fine.

**Mr R.S. LOVE:** The minister has said that the operations of the port will require certain assessments. Since a previous development at the port, we have had an issue with erosion along the Geraldton foreshore and perhaps even further along towards Bluff Point et cetera. Will an environmental assessment be a key part of the assessment process or has some assessment of the coastal impacts further away from the development already been undertaken?

**Ms R. SAFFIOTI:** I will make some preliminary comments. That is a very good point because the wider impact of all port and maritime developments needs to be assessed. More recently, we have discussed how we have to be very sensitive with whatever we do at the Geraldton port to minimise any consequential impact further along the coast. All the examples of projects up and down the coast that have been shown to me have had very good intentions, but have created issues along the state's coast. A far greater level of sophistication has been brought to all the analysis and examination of the potential impacts of maritime infrastructure on erosion. I will ask Mr Tully to provide more comments.

**Mr D. Tully:** Importantly, the Geraldton port maximisation project that has just been approved focuses on the current footprint of the Geraldton port. The infrastructure of the channel or the actual port itself will be largely unchanged. As a result, we do not foresee any changes to the coastal processes that exist at this stage. However, that will still be taken into account as part of the detailed design and assessed by the contractor and by the port itself.

**Mr R.S. LOVE:** As part of the development, will the authority be looking to minimise the surge problems that are actually acknowledged in this report and we know have been a problem in Geraldton for some time? If that development is done, surely it would mean that some of those physical changes could have an effect on other parts of the coast.

**Ms R. SAFFIOTI:** I will refer to Mr Tully but, again, I think we discussed this. The report and the project expenditure reflects that the port will not be operational at certain times. We have accepted that and that is why the investment is on the current footprint. We will be looking at what else we can do to try to limit the impact of surge and the loading and unloading in the port. More generally speaking, the bigger issue is: how do we deal with surges in the future? In the past, people discussed having breakwaters, but we know that that would potentially impact the coast. That has not been considered as an appropriate solution. I will ask Mr Tully to provide comment.

**Mr D. Tully:** The Mid West Ports Authority is currently undertaking scientific studies. We are working with other research partners to work out the best solution to solve the surge issue or to at least improve the situation for our customers. Any new development that is contemplated as part of the port maximisation project will look at the best surge mitigation solutions to take into account that particular berth or development that is happening, so it will not apply to the port as a whole.

**Mr R.S. LOVE:** I have a further question that is more about the financing of the project. We know of the \$350 million investment, but with previous improvements at Geraldton port, a surcharge has been applied to users. One surcharge that came with a development that was done four or five years ago has now been done away with. Is it likely that existing users will have to pay an additional surcharge or will this be financed through the increased throughput at the port?

**Ms R. SAFFIOTI:** We have not committed to a specific surcharge, but, of course, we expect the revenues to improve and increase because of the increased activities. I will ask Mr Tully to comment.

**Mr D. Tully:** I will refer to Ms Pigdon.

**Ms S. Pigdon:** We have built the economics based on a user-pays model, albeit the user pays in arrears as opposed to in advance. As users use the facility, they would pay an additional charge for the use of those facilities.

**Mr R.S. LOVE:** For instance, will the existing users—CBH, Karara Mining or whoever—have to pay an additional fee per tonne, or however it is calculated, on top of what they already pay?

**Ms R. SAFFIOTI:** That is what the business case is predicated on, but we have not made a final decision about it. I refer again to Ms Pigdon.

**Ms S. Pigdon:** If existing users do not use the new facilities, they will not pay additional fees. If they use the new facilities, they will pay to utilise those new facilities.

**Mr R.S. LOVE:** What is the spare capacity at the port at the moment? How will it be determined whether a user falls into the category of being a new user or someone who has used the existing facilities if the whole port is in some way being upgraded, for instance, to combat the storm surge?

**Mr D. Tully:** As it stands, we are looking at the current customers who are proceeding through the port. They will remain largely on the same fee structure that they are on at the moment. There is spare capacity in some of those berths; however, we see that spare capacity disappearing in the forward estimates, which has brought forward this port maximisation project.

**Mr Y. MUBARAKAI:** I want to ask a further question on that. What does the port maximisation project mean for the people of Geraldton and the midwest? Could the minister broadly emphasise its impacts on the surrounding area?

**Ms R. SAFFIOTI:** It means a couple of things. When we travel around regional WA, we see that regional ports are a major economic driver of towns and cities. One of the key things we want to do is to continue to support the growth of regional ports and to allow for as much trade as possible through those ports because they are fundamental to the continued growth of cities and towns, including Geraldton. Many of these towns have been built around the port. That is the first thing.

The second is that construction activity at a port provides employment opportunities. This will be a major construction front that will also facilitate the growth of new industries. Again, the port maximisation program will see the expansion of some existing industries and attract new industries. As I said, there will be employment opportunities, particularly in regional WA. We want people to stay in those towns and these port expansions will drive very significant employment opportunities.

[11.40 am]

**Mr R.S. LOVE:** In terms of the development—I cannot read much on the little map that is in the report—what will be done specifically to improve the movement of rail in and out of the port? One of the constraining factors at the port at the moment, as I understand it from talking to rail users and the like, is that it is difficult to get trains in and out. Is that one of the issues that will be addressed in the port redevelopment?

**Ms R. SAFFIOTI:** I refer to Mr Tully.

**Mr D. Tully:** The port maximisation project will look at some of the small proponents in the midwest and surrounding area. Many of those proponents do not have the capital that is required to invest in rail. We have been focusing on those customers to give them an export path from the state. That is the plan with the maximisation project. Nothing to do with rail is specifically addressed, but we have been in consultation with Arc Infrastructure and some other proponents that are looking at rail, but it is not foreseen to be part of this project.

**Mr R.S. LOVE:** I listened to a presentation by the chair or CEO of Westport who was explaining the issues that constrain movement in freight corridors to the port. It seems to me that making sure that there are better paths into the port are an essential component of that development. There are developments around Arrowsmith and other places that could potentially use rail. I would certainly encourage that and hope we could see more of that.

**Ms R. SAFFIOTI:** As part of the agricultural supply chain network work, we will be looking at road, rail and port maximisation. This is strictly looking at the port footprint and what improvements can be done, but another key issue is what can be done on rail and other aspects of rail across the midwest, south west, great southern and the wheatbelt. Some of that work is identified in the other work that is happening and being shared by Transport. If we can and need to influence some of the work that is happening at the Geraldton port to facilitate more freight on rail, we will do that.

**The CHAIR:** That completes the examination of the Mid West Ports Authority.

#### **Pilbara Ports Authority —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr N. Sarandopoulos, Acting Chief Executive Officer.

Mr M. Kuzminski, Director, Finance.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. I will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to page 671 of budget paper No 2 under “Financial Statements”, “Income statement” and “Revenue”. It says —

1. Revenue growth is attributable to the Port Hedland Voluntary Buy-back Scheme levy, increased throughput, and approved price increases.

Can the minister detail those approved price increases? How much revenue exactly will be made by the levy and will all this money go back into the buyback scheme?

**Ms R. SAFFIOTI:** Does the question relate just to the buyback scheme?

**Mr R.S. LOVE:** Yes, and the price increase that is mentioned there. I assume the price of the lots have gone up to make the deal more attractive.



**Ms R. SAFFIOTI:** The valuation of the buyback scheme—I will seek confirmation from my advisers that what I am saying is totally correct—was done on an agreed market value in 2019, a premium of 35 per cent over that value plus \$20 000 for transaction costs. There has not been an increase in the price being paid for those areas, but I will say that 245 offers have been issued on more than 57 per cent of eligible properties. A total of 166 properties have been sold or are in the process of being sold—that is, 39 per cent that have been sold or are in the process of being sold. Does that answer the member’s question?

**Mr R.S. LOVE:** It does actually say in the budget document “approved price increases”, so one assumes that means there has been a price increase. When the minister says 35 per cent, is that the price increase the minister is talking about?

**Ms R. SAFFIOTI:** Indexation is the other key. It is the agreed market value of 2019 indexed. There could be some slight price increases because of indexation. The valuation methodology was valued in 2019 and it was indexed.

**Mr R.S. LOVE:** Indexation is just a consumer price index-type situation.

**Ms R. SAFFIOTI:** The CPI is probably bigger than forecast.

**Mr R.S. LOVE:** Would that be based on local prices in the Pilbara?

**Ms R. SAFFIOTI:** What index is used, Mr Sarandopoulos?

**Mr N. Sarandopoulos:** It is the price for the Pilbara in 2019. It is a specific price for the region.

**Mr R.S. LOVE:** Is a local index used? Pilbara prices are probably moving differently than prices in Perth.

**Mr N. Sarandopoulos:** Yes; it is for the local area and it is at a cap of two per cent for every six-month period. Indexation occurs on that.

**Ms R. SAFFIOTI:** To clarify, in reference to page 671, the revenue growth is attributable to the levy, the increased throughput and approved price increases being the increase in the price that the port charges its users.

[11.50 am]

**Mr R.S. LOVE:** I refer to page 669 and the asset investment program. The second paragraph refers to Chevron’s handover of the Port of Ashburton infrastructure and states that works to support future development are forecast to be \$3.7 million this year and \$16 million in the out years. Can the minister outline a bit about the scope of works that will be undertaken at that port?

**Ms R. SAFFIOTI:** Mr Nick Sarandopoulos.

**Mr N. Sarandopoulos:** Thank you, minister. It is for pre-works—establishing ground for future trade.

**Mr R.S. LOVE:** So is there nothing specific in mind, it is just for future trade?

**Mr N. Sarandopoulos:** It is to enable future trade. We are speaking with proponents. We do not want to develop something that is not fit for purpose. It is prudent to spend the money understanding exactly what those trades will be and what the requirements will be, so it is prudent financial management.

**Mr R.S. LOVE:** I refer to page 669 and the asset investment program. The seventh paragraph states that the Hedland maritime initiative was established to administer the voluntary buyback scheme and facilitate planning and development of the marine precinct. It is referring to the acquisition of properties. How many people are working on that initiative at the moment? Does the minister have a figure of how many staff are working there?

**Ms R. SAFFIOTI:** We do not have the exact number, but it would be fewer than six.

**Mr R.S. LOVE:** Have there been any reports to management about any issues of workplace harassment or cultural problems?

**Ms R. SAFFIOTI:** Not that I am aware of, no.

**Mr R.S. LOVE:** Is it anticipated that the maritime initiative will wind up in 2023–24?

**Ms R. SAFFIOTI:** I will refer to Mr Sarandopoulos.

**Mr N. Sarandopoulos:** The acquisition of the properties will be completed at the end of next year, but the HMI entity itself will continue to operate to manage the properties and the development of the area. That is an indefinite entity at this stage.

**Mr R.S. LOVE:** Those properties will continue to have use, even though they are being bought back. Presumably, people will not be living in them—or will they?

**Mr N. Sarandopoulos:** There are still residents residing in those properties; they are not being evicted. Those properties are still being maintained. They will be used as short-term accommodation and there will be future developments in the area.

**Mr R.S. LOVE:** I refer to page 667, budget paper No 2, volume 2, “2021–22 Dividend Retention”. Can the minister outline the forecast dividend payment and where that funding will go? A couple of examples are given, but they do not total a lot.

**Ms R. SAFFIOTI:** There was a decision that Pilbara Ports Authority could retain its dividend in 2021–22 and that will help it fund future infrastructure. Already, some of the retained dividends have been allocated to Spoilbank marina and to the Dampier cargo wharf extension. At the bottom of the table at page 666, the member will see that the retained dividends basically keep flowing through the cash assets of the port. As we continue to further develop the port, the port will be asked to undertake other projects for which it will be able to use its cash assets. Although it will still impact net debt, it will not impact consolidated fund borrowings because the port can undertake its own projects with its own cash assets.

**The CHAIR:** That completes the examination of the Pilbara Ports Authority.

#### **Southern Ports Authority —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr S. Lewis, Chief Executive Officer.

Mr S. Gavin, Chief Commercial Officer.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I want to ask these questions on behalf of the member for Roe. I refer to page 674, budget paper No 2, volume 2, and the operating subsidies, Esperance port and Mineral Resources. I refer to the potential exploration of the subsidy and commercial arrangements for the export of iron ore by Mineral Resources through the port of Esperance. Can the minister confirm whether the Southern Ports Authority has investigated the potential for it to assume control of the ingoing ore wagon dumper rotary and belly dumping infrastructure once any agreements have ended?

**Ms R. SAFFIOTI:** That is a specific question. I do not think so, but I might refer to Mr Lewis.

**Mr S. Lewis:** Thank you, minister. No, not in regard to the rolling stock at this stage. Certainly, the inside-the-port infrastructure of car dumps, sheds et cetera revert to the port, but we have not explored the value of us owning rail rolling stock—if that is the question.

**Mr R.S. LOVE:** What option is the government considering if iron ore exports cease, both in terms of meeting the costs of any future maintenance of the iron ore infrastructure and the retention of jobs at the port of Esperance or the associated iron ore supply chain?

**Ms R. SAFFIOTI:** As was highlighted before, we see the role of regional ports expanding over the future, and Esperance is a key one. It has a lot of positive attributes, in particular the depth of the harbour. As a result, we are keen to work with industry to support the continued exports of iron ore through there over a very long time. A particular strategy is being developed.

**Mr R.S. LOVE:** Is the government contemplating future financial support for the export of iron ore through the port of Esperance?

**Ms R. SAFFIOTI:** We are developing an iron ore strategy. What I find, in particular with the small producers as much as the bigger producers, is that supporting infrastructure is the primary aim. In particular, when the government can step in and support infrastructure costs or provide common-user infrastructure, that is normally the priority. But we are developing the iron ore strategy and we will be able to say more once that strategy has been developed. But we do see Esperance being a vital port for WA’s trading future.

**The CHAIR:** That concludes the examination of the Southern Ports Authority.

*Meeting suspended from 12.00 to 1.00 pm*

**Division 38: Department of Transport, \$164 710 000 —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Transport.

Mr P. Woronzow, Director General.

Mr P. Parolo, Executive Director, Finance and Procurement Services.

Mr P. Seares, Managing Director, Westport.

Mr I. Cameron, Managing Director.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to page 74 of budget paper No 3 and motor vehicle taxes. The motor vehicle licence duty is expected to rise by \$46 million and motor vehicle licence fees are expected to contribute an extra \$50 million in the budget. Given the cost pressures on Western Australian families, did the government consider freezing these fees and charges for motorists?

**Ms R. SAFFIOTI:** I thank the member for that question. The Expenditure Review Committee, of which I am a member, considers all household fees and charges in its deliberations. As part of this year's budget, there was a new \$400 electricity subsidy. That means the total household fees and charges will fall this year. In the context of the household model, all the fees and charges were taken into consideration and that is why a very significant decision was made on the electricity rebate of \$400. As a result, the whole basket of fees and charges will fall.

As we know, the motor vehicle licence duty is hypothecated funds that go to road maintenance and road building. We use all those funds to improve our roads. I would like to point out our efforts on regional road spending, for example. I will just confirm this. In the 2021–22 estimate, about 57 per cent of the expenditure on roads by Main Roads was to be undertaken in regional Western Australia. That is an incredible figure, really. That is up from about 47 per cent under the previous Liberal–National government. We are spending far more on regional roads.

We understand that cost-of-living pressures are an issue for all Western Australians, and that is why, if we look at all the household charges together, there is a reduction in the household model this year.

**Mr R.S. LOVE:** Further to that statement that it is all spent on roads, can the minister explain the table on page 639? It is a different part of the *Budget statements* but it shows where Perth Metronet projects are getting their funding from. The table states that \$67.5 million or maybe \$68 million is coming from licence fees.

**Ms R. SAFFIOTI:** As in Metronet?

**Mr R.S. LOVE:** Yes.

**Ms R. SAFFIOTI:** Metronet is both rail infrastructure and road infrastructure. It may even include cycling infrastructure. As part of Metronet, not only public transport users, but also road users in general will benefit. They will benefit in two ways. The first is that if we get more people on public transport, it will be better for road users because the roads will be less congested. The second is that there are road improvements associated with our rail projects. The best example is probably the level crossing removal projects. For example, the Denny Avenue level crossing removal project not only makes it safer for the trains, but also saves road users a considerable amount of time. We built the Davis Road underpass. We reconfigured Albany Highway in that area, improved some turning pockets and improved the entire station forecourt. Metronet also delivers road improvements.

The motor vehicle licence account allows us under existing legislation to make improvements to roads. In many instances, as I said in relation to Metronet for example, level crossing removals are a clear example of when projects benefit road users. Another area would be, for example, when we have associated roadworks that are part

of the Metronet package. That could include the Tonkin Highway works, like Broun Avenue, for example, and a lot of the road improvements for the Yanchep rail extension. Metronet is big in the sense that it covers rail users, but it also brings enormous benefits to cyclists, pedestrians and road users.

**Mr R.S. LOVE:** In terms some of projects the minister outlined, they are necessary only because of the Metronet program and the rail going in. We will not need the flyovers on the Yanchep line if we do not have the rail, obviously. I think it is a little bit of a stretch.

**Ms R. SAFFIOTI:** No. I counter that strongly. With a level crossing removal, for example, although it is a rail project, other than the brand new stations rail users will get, a lot of the benefits are for road users, who will not be waiting at the level crossing for the boom gates to go up. Although a level crossing removal is very much a Metronet project and a rail project, as part of the benefit–cost ratio, on a strict transport analysis, a lot of the benefit is for road users. I would counter any idea that we should not be using these funds for these projects, because in many instances a lot of the benefit goes to road users.

**Mr P.J. RUNDLE:** The minister spoke about regional road funding. Has the minister driven on Albany Highway between Armadale and Williams in the last couple of months?

**Ms R. SAFFIOTI:** Not in the last couple of months.

**Mr P.J. RUNDLE:** I am very concerned about the state of the roads and the new work that has been done over the last 12 or 18 months that is now being re-laid. Where it has been re-laid, within the space of a week or two, there seem to be various areas that need to be redone. How does it play out when a few kilometres of road that has been redone then has to be redone the following year? What is the interaction with the contractor and the like about who pays for it? How is the justification of the standard of work, or the lack of standard of work, worked through with Main Roads?

[1.10 pm]

**Ms R. SAFFIOTI:** A couple of things. First of all, much of that spending was through our regional road safety partnership with the federal government, to which it allocated funds on a use-it-or-lose-it basis. We were very keen to spend that money as fast as possible; otherwise, we would lose our allocation. The second thing is that we are always shocked about how much rain we get, but we do get a lot of rain, particularly in the great southern. Last winter that entire area was very, very wet and there was a lot of damage, and not only to roads. We inspected South Coast Highway; every time we went to inspect it, it was raining. There was a lot of significant rainfall, which impacted on our roadworks, particularly in that area. With regard to the contracts, I will ask Peter Woronzow to provide some comments. This seems to be a road question, but Peter Woronzow is happy to take it. We are currently on the Department of Transport. One of the things that people are excited about, and this is not a comment on any contractor, is bringing road maintenance work back into the agency. That is to facilitate continuous quality control and engage a lot more small contractors. I spoke to the current acting head of the Western Australian Local Government Association about road maintenance and how we can be more proactive in regional WA. If there is a small job that needs to be addressed, we can be more proactive in dealing with it and maybe prevent wider damage. That is one of the benefits of bringing long-term maintenance contracts in-house. This is a bit of a roads question, but I will ask Peter Woronzow to answer it.

**Mr P. Woronzow:** The work the member is referring to was delivered as part of the \$704 million regional road safety package, and I am pleased to say that we have delivered more than \$500 million of that and covered 50 per cent of the state's high-speed road network. With regard to the specific question, that work is being delivered under our existing term network contracts. If there is any defective work, it is covered by the defects warranty period. We will make an assessment. When the contractor is doing the work, we will have people going through and assessing all the work that is done, and if it is defective, they will have to come back and reinstate it.

**Mr P.J. RUNDLE:** We might pick this up under Main Roads, but I guess my question relates to the fact that I went through there last week at 5.30 in the morning and there was gravel and potholes and the like, and this was a road that had just been redone within the last 12 months. I understand that it is obviously preferable to do this work in the summertime. Is there any direction on trying to maximise summer work and minimise winter work?

**Mr P. Woronzow:** That is a reasonable question. Throughout the state we have what is called “sealing seasons”, when there is a window of opportunity during which there is the optimal ambient temperature for laying bitumen. However, there are times when a project might start when the ambient temperature is satisfactory, but during the laying of the bitumen the weather might change and the temperature might drop. It might start raining. Those things catch people out from time to time, but we have surveillance officers on all the work that is done by Main Roads, and as the minister was describing, it is all done by contract. When that work does not come up to the appropriate standard—all the contracts have a standard—it has to be reinstated.

**Mr P.J. RUNDLE:** Thanks. I will leave it at that for now.

**Mr R.S. LOVE:** I refer to page 68 of budget paper No 3 and the reference there to road user charges for zero emission and low-emission vehicles. I understand a charge has been introduced of 2.5¢ for fully electric vehicles and 2¢ for the plug-in hybrids. How did the government go about selecting these as charges? Was it simply taken from the fact that that is what Victoria and other places have done?

**Ms R. SAFFIOTI:** I think this comes under Treasury, but I am able to comment. The basis of the charge was charges that had been announced in other states. It was considered that we should have a nationally consistent scheme. At one of my first transport ministers' meetings a number of years ago, these types of items were very much on the agenda; it was about three federal infrastructure ministers ago. It was thought that having a nationally consistent rate would be the smart thing to do. Unfortunately, the commonwealth government did not provide any leadership on this matter, but most states wanted to be in a situation of being able to offer subsidies and discounts for electric vehicles, while also being very transparent about the charges that would be levied. I watched the discussion and what happened with the feed-in solar tariff. Commitments were made on the rates people would be paid for the feed-in of their solar power to the system, but then that changed. That upset a lot of people, because they had made investment decisions based on a tariff regime that was then changed; I think the previous Barnett government reversed that decision. We wanted to make sure that that was very clear.

Talking to people, there is an awareness that when people drive on the roads, they are paying—without the recent temporary reduction—44¢ a litre on fuel excise. That is not transparent or clear in any way, and it is collected by the commonwealth government. The commonwealth government then uses that as part of what it gives back to the states to fund roads. In essence, people who are filling up their cars with petrol are paying for the roads they are driving on. Moving on, we need a replacement revenue source and an equitable way of levying it, and that is why most states have announced a new user charge. However, on all calculations, the impact of the user charge on people's budget will be around 50 per cent of what they currently pay in fuel excise. That is maybe not reflective of an even higher petrol price in the future, so that is a conservative view. I think it is a very good thing to be transparent and clear about the regime we are going to be operating under. Otherwise, there will be a lot of people who are paying for the roads and a lot of people who will not be, and I do not think that is fair.

**Mr R.S. LOVE:** Is it not a fact though, minister, that the federal government is funding a component of the roads whichever way we cut the cookie in terms of the federal excise, and that this tax will not replace that but will be in addition to that contribution by the federal government?

**Ms R. SAFFIOTI:** I am not sure what the member is alluding to.

**Mr R.S. LOVE:** The federal government is still going to be providing some level of infrastructure in 2027. Does the minister expect the proportion of funding that we get from the excise to be radically different from what it is now?

[1.20 pm]

**Ms R. SAFFIOTI:** I think this will be a challenge for the new Treasurer. As I said, there is probably a lot of unfinished business or projects that were put into the too-hard basket by the former Treasurer and the former federal government. It is clear that states will now have their own source of revenue through their motor vehicle levies, and the Department of Transport will be working with the Office of Digital Government to determine how that levy will be collected—in a sense, what technology we will be using to help monitor usage and, therefore, the levy payment.

Currently, the federal budget collects the excise. Even in 2027, we expect the excise to still be a significant amount. I do not know what the forecast figures are for the purchase of electric vehicles, but I know there is an issue of production and I know that there is probably going to be more of a supply than a demand issue over the next three to four years. Although people will purchase electric vehicles, a lot of people will not; they will still be paying the fuel excise, and that will go to the federal government. Currently, as I understand it—I might be corrected—the federal government does not reallocate all of that revenue back to the states; it reallocates a portion of that revenue back to the states. How it determines the impact on state revenue or state funding is probably a matter for future ministers and future Treasurers and infrastructure meetings. As I said, a more proactive federal government would probably have considered this issue over the past few years, but it did not, and it will need to be sorted. Ideally, a nationally consistent rate would be applied, but that has not happened.

**Mr R.S. LOVE:** I have a further question on the road user charge. The minister said that the government has not yet determined how to levy that charge. When will these parameters be made known to the public? People are making decisions to buy cars today. They would probably like to know whether they will have a GPS following them around and some sort of app the government can plug in to see where they have been and how long they have been there, or whether it will be like the rather clumsy system in Victoria, whereby people send in a photograph of their odometers once a year, but, if they do not, they get a fine. When making these decisions, people would like to know how it will be applied.

**Ms R. SAFFIOTI:** I hope that the member turns off the location services on his phone!

**Mr R.S. LOVE:** I can assure the minister that Google knows an awful lot about where I go; I know it does, but I am not sharing that directly with her!

**Ms R. SAFFIOTI:** I trust the state government more than Google! We want the rate and how it will be applied to be very transparent. That has been made transparent. As I said, we will be working with the Office of Digital Government on how we will collect the data and then how it will be levied. In my view, it would probably make

a lot of sense to put it on the motor vehicle registration, but that will also have to be determined through legislation. Legislation will need to be brought in and that will make very clear how it will be applied. I know that Victoria has the photograph system. We will be investigating what is the best way of administering the new charge.

**Mr R.S. LOVE:** Does the minister expect that this will have any impact on the take-up of electric vehicles?

**Ms R. SAFFIOTI:** No. I think there is enormous demand for electric vehicles. I think, in particular, anyone who is looking to purchase an electric vehicle is making the calculations, so they know that there will still be a 50 per cent saving in the road taxes that they will be paying. As I said—this is off the top of my head—the estimate is that people who drive 10 000 kilometres per annum currently pay a fuel excise of about \$500 or more. I have the figure of \$250 to \$500 in my head; that may be incorrect. We believe there will be a 50 per cent saving in the taxes that someone who purchases an electric vehicle will pay.

**Mr R.S. LOVE:** I have one further point on the purchase of an electric vehicle. They are pretty expensive. Why limit it to \$70 000? There are not a lot of choices on the market.

**Ms R. SAFFIOTI:** We have the list; there are quite a few and there are more coming onto the market. Hyundai has brought out a couple of very good vehicles. I think that the lower range Teslas are in that range, but the higher range Teslas are not. If we consider a \$100 000 Mercedes, there has to be a line drawn somewhere. I think that the level is \$65 000, and, like I said, there are Nissans, Hyundais and a number of vehicles within that range. I was recently with the Premier at the announcement at the Motor Trade Association of Western Australia in Osborne Park, and I was impressed by the vehicles there. Sorry; it is a value of up to \$70 000. I know there was some discussion of a value of between \$65 000 and \$70 000; it is up to \$70 000. There were a lot of new vehicles, and there is a range of vehicles on the market or coming onto the market, that cost under \$70 000.

**Mr R.S. LOVE:** I have a further question on the current situation with electric vehicles. Would it be possible for the minister to provide me with information about how many electric vehicles are actually registered on the road in WA at the moment, and also perhaps plug-in hybrids, and an idea of how many the minister expects to be sold on an annual basis?

**Ms R. SAFFIOTI:** Yes, but by way of supplementary information.

**Mr R.S. LOVE:** Yes, that is fine.

**Ms R. SAFFIOTI:** We do not have projections, sorry.

**Mr R.S. LOVE:** Okay; what about over the last four years?

**Ms R. SAFFIOTI:** Yes, okay—the number of motor vehicle registrations for plug-in hybrids.

**Mr R.S. LOVE:** Yes, and full electric vehicles.

**The CHAIR:** Can we just clarify what supplementary information you are going to provide?

**Ms R. SAFFIOTI:** I will provide the number of electric vehicles that are registered. We do not have transactions, but we have registrations for plug-in and electric vehicles over the last four years.

[*Supplementary Information No A10.*]

**Mr R.S. LOVE:** I turn to page 604 of budget paper No 2, volume 2, and the Perth parking levy is mentioned there. At the moment, I think that the levy is due to bring in \$58 million; is that right?

**Ms R. SAFFIOTI:** That is the balance of the account.

**Mr R.S. LOVE:** Is that in this budget year?

**Ms R. SAFFIOTI:** Sorry; yes, that is right.

**Mr R.S. LOVE:** Can the minister please tell us which account it sits in and how much is actually in that account?

[1.30 pm]

**Ms R. SAFFIOTI:** I will just find it for the member. The estimated cash at the end of this financial year, as at June 2022, is \$166 million.

**Mr R.S. LOVE:** Could the minister explain who makes the decisions around the expenditure from that fund? Are those decisions made from the minister's department?

**Ms R. SAFFIOTI:** It is a state government collection, so, yes, the decisions are made through my department. For example, we have made some significant commitments, such as the new purple CAT service to the University of Western Australia. That is funded from this fund. We also made a decision to expand the green and red CAT services—sorry, the blue and red CATs; there is no green CAT expansion. We also made a significant commitment for a new pedestrian–cycling bridge between Victoria Park and the city. We very much make those decisions. There are also a number of minor transport projects that are caught up in the Perth City Deal.

**Mr R.S. LOVE:** Could the minister provide, either now or by supplementary information, an outline of the nine projects over the last 12 months that the minister mentioned?

**Ms R. SAFFIOTI:** Yes. The initiatives are primarily, as I said, minor transport projects as part of the Perth City Deal. They include the allocation for the new Causeway pedestrian–cycling bridge. There is also the Roe Street enhancement project. That project has taken a bit longer than we thought. There is also the commitment to the new CAT services. Is the member seeking the new expenditure from this account?

**Mr R.S. LOVE:** Yes, if the minister has a list of the proposed projects.

**The CHAIR:** Can the minister outline what she will be providing?

**Ms R. SAFFIOTI:** We will provide for 2022–23 the expenditure from the Perth parking levy on projects.

*[Supplementary Information No A11.]*

**Mr R.S. LOVE:** Has this parking levy ever funded events such as education festivals and so forth, or does it only fund infrastructure?

**Ms R. SAFFIOTI:** It has not in the past. It is governed by legislation. There will be different interpretations of what the legislation allows, but it is broadly for initiatives to support activity and transport through the designated boundaries of the Perth parking levy area. The definition is quite broad. It supports, as I recall, transport activities. I suppose there could be a wide interpretation of that. More generally, in the past it has been very much focused on running transport services. I am not sure whether we have used it for traffic management at events. It is used for transport efficiency and congestion management. I do not think we have ever used it to fund events, but there might have been some allocations to events.

**Mr R.S. LOVE:** That is not being planned at the moment by the sound of it?

**Ms R. SAFFIOTI:** No.

**Mr R.S. LOVE:** I refer now to the spending changes on page 588 of budget paper No 2, volume 2, and the line item for Westport feasibility studies. We are now leaving parking and moving to ports. We touched on this in the previous division. Can the minister give us an idea of exactly when the business case for the Westport project is expected to be finished and we will move towards the development of that project? What time line does the minister have for that project?

**Ms R. SAFFIOTI:** Does the member mean the Westport project more generally?

**Mr R.S. LOVE:** Yes.

**Ms R. SAFFIOTI:** As I said, we are going through the business case with the federal government and Infrastructure Australia. Stage 2 has been submitted. We are doing the rail corridor planning. We are moving into acquisition of property along Anketell Road. We expect this will lead to some significant activity in 2024 with some of the final investment decisions, and then moving to the start of the procurement project. I will say that the Westport project is multifaceted. There are a number of different work streams. There is the port itself, which is the one that I just referred to, but there are also other elements. We are trying to separate the different elements: the planning and development of the port, the planning and development of the road and rail infrastructure, the route definition, and the discussion with property owners about the acquisition of properties. As I said, that work is very much underway.

There is also supply chain logistics. Work is underway to identify the destination and source of containers, and to make sure that we develop an intermodal strategy to support that. We are also looking at how we can diversify more trade, particularly bulk trade, to the regional ports. It is my strong view that if we can move bulk trade through other ports, that will support what is happening at Kwinana. Work at Fremantle port and the two specific studies on the relocation of livestock and vehicles is also very much underway. We are working as fast as we can. We also have the environmental processes with respect to those time frames. As I said, probably in 2024 we will be making some serious investment decisions.

**Mr R.S. LOVE:** Further to that, the minister mentioned the extensive amount of planning that is required around Westport. My understanding is that Westport will have carriage of a lot of things other than just the port and is also looking—as part of its project, not as a different project—at the transport corridors and perhaps some of the industrial land around Kwinana that might support the port into the future. My understanding is that that will all be planned through the single body of Westport. Is that not the case?

[1.40 pm]

**Ms R. SAFFIOTI:** It is, but we are not planning the entire Kwinana strip through Westport. Westport will define the corridors in and out, and look at the logistics and intermodal implications. I will ask Patrick Seares to talk about that in a moment. But other work is being done through the Department of Jobs, Tourism, Science and Innovation and the Minister for State Development, Jobs and Trade on the entire strategy for Kwinana and the whole west coast trade strategy. It is fair to say that Patrick is very much linked into the discussions about what will happen in Kwinana more widely, but the overarching priority of the government is for the new port, and road and rail corridors to lead to that. Patrick is in charge of the road and rail corridor, what the new port will look like, how it will

function, where the intermodals will be and where the logistics park will be developed. That said, Main Roads will design the road. Westport will not be designing the road, but it will be providing input. As I said, Patrick is very much linked in to all the processes of government so I will refer it to Patrick.

**Mr P. Seares:** The member is absolutely right. The Westport design is looking at the full supply chain between Gage Roads and where the containers will be fully unpacked. We need to make sure that the whole network is optimised and that it is not just an efficient port with an inefficient road and rail network behind it. We will be doing the planning and design, with consideration of the environment, obviously, particularly in Cockburn Sound—that is, the definition of how the terminal will work, and considering the land that will be required behind the terminal for the Australian Border Force, logistics, empty container parks, all road and rail, and where the future intermodal marine terminals need to be. The location of the distribution centres might need to change as well. That will lead to potential changes in the planning system to accommodate those things in the future. That will allow us to put in planning control areas through the Western Australian Planning Commission, at this stage, to protect that land so that when the port is constructed, the land will be there; it will not be developed through urban development and other things.

Obviously, there will be substantial changes to Kwinana and the corridor between the terminal and the major transport links—that is, Anketell Road and the existing freight rail network, which may require upgrades. But, as the minister said, Roger Cook is leading the task force on the global advanced industry hub, which is looking at the full make-up of how the Western Trade Coast and Kwinana industrial area will evolve with more advanced manufacturing and other industry processes. We are trying to make sure that Westport is done in a way that will enable and leverage growth. A lot can be built on top of a substantial infrastructure project like this, so we are looking at how to design that into the Western Trade Coast's future.

**Mr R.S. LOVE:** We have heard about getting in and out of the corridors; that has been part of the discussion. For the record, I went out to Anketell Road and spoke to some of the owners of those nine houses that will be affected. I spoke to the father of one lady who had just built a house. She had just had the carpets put in but had cancelled the brick paving people that day because they had just been told about the control area. I think there has been a lack of direct communication, for whatever reason, with some of those people, especially her, which is unfortunate. However, I agree that the best course of action is to put planning control over that area rather than to do what happened to the residents in Oakajee who had their land sterilised for 30 years.

With that little aside, it was put to me by some people in the industry that a rail corridor should be built along Anketell Road as well. Has that ever been considered? Are there any constraints on the existing rail freight corridor going out of Kwinana, which I understand goes through some fairly urbanised areas and risks being subject to curfews et cetera?

[Mr S.J. Price took the chair.]

**Ms R. SAFFIOTI:** The rail alignment, or the investment in rail, is very much part of this planning. We are looking at making the Anketell corridor a freight corridor and at what options are available. The upgrades that will need to be undertaken for a rail alignment will very much be driven by the style of port and the role of the intermodals and logistics, because it all needs to work together. We need to start with the style of the port and how the containers will be moved from ships and then on from there. That will determine the inland requirements. All of that is being considered. Everything is on the table and everything is being assessed and looked at. Building a port is not simply a matter of looking at what happens in the water; it is all about the land side, which is far more complicated. It is about the relationship between the existing roads and rail, what needs to be upgraded, where the containers will go, and how to reduce the distance that is travelled.

An interesting emerging factor that needs to be considered is the continued role of direct shipping. Over the past year there has been a significant increase, from a very low base, in direct shipping into the Pilbara. We have seen further developments in the Kimberley and the Pilbara, like the Dampier wharf, together with Lumsden Point and the things that are happening in Broome. That is more direct shipping. All those things need to be factored in for the direct shipping of containers into the north.

**Mr P.J. RUNDLE:** I have a further question on that matter. A minute ago the minister spoke about the livestock trade. I remember when the Premier and the minister announced a \$2 million package for the relocation of livestock. Does the minister have any initial thoughts about where that may be relocated to?

**Ms R. SAFFIOTI:** No, not really. I think we need to have a discussion with industry to see who will benefit, particularly on transport costs. There are differing views: one is that we head north and the other is that we head south. There are two very divergent views on where livestock could be traded from. We are at a very early assessment stage and I would rather consult the industry before we make those decisions so that it does not create unnecessary concern.

**Mr P.J. RUNDLE:** Given the federal election results of the weekend, it appears that the minister and the Premier proactively support the industry through its budget allocation in this area, in comparison with their federal colleagues. Is the minister confident about the ongoing future of the live export industry?



**Ms R. SAFFIOTI:** I think the Premier made the position pretty clear. That is why we will continue to work on an alternative port for the livestock trade.

**Ms E.J. KELSBIE:** I refer to page 109 of budget paper No 2 and the sixth point under “Significant Issues Impacting the Agency”. Can the minister outline, please, what the McGowan government is doing to make regional airfares more affordable, including for the people in the great southern?

[1.50 pm]

**Ms R. SAFFIOTI:** Yes. The regional airfare cap initiative—probably the first of its kind in Australia—is modelled on the two-zone cap for public transport. It is aiming to further deliver on the government’s policy of increased affordability and accessibility of air travel. From 1 July 2022, airfares from regional towns to the city will be capped for residents of regional towns. Residents departing from an airport more than 1 000 kilometres from Perth will pay no more than \$299, and those less than 1 000 kilometres from Perth will pay no more than \$199 for a one-way flight. As I said, this is the result of a lot of work that has been undertaken. A parliamentary inquiry undertaken in 2017 made a number of recommendations to improve the transparency of what happens with regional airfares. Tourism agencies have always negotiated some seasonal discounts and so forth, but this is very much targeted to regional residents because we know that a big factor in living in regional WA is transport costs. Guaranteeing a price cap will support regional residents who are facing cost-of-living pressures, but also make it far easier for them to travel to the city for medical appointments, to visit family for special occasions or for whatever reason. When we ask or encourage people to move to regional WA, I think the availability of this type of fare will make it far more attractive because people will know that they can get back to the city for those occasions at an affordable rate.

**Mr R.S. LOVE:** I thank the member for Warren–Blackwood for that segue into my next question. I have been contacted by a former constituent of mine from Kalbarri who inquired whether Kalbarri could at some point have an air passenger service reinstated. He referenced an article in *The Geraldton Guardian* of 20 May that pooh-pooched the idea, but he would certainly like to put it forward.

**Ms R. SAFFIOTI:** Who pooh-pooched the idea?

**Mr R.S. LOVE:** It was raised by Peter Stewart. I think he may have contacted the minister’s office recently. I put to the minister that it would be an excellent idea to re-examine that service for the town of Kalbarri. It was dropped in about 2005 or 2006—something like that—but there is quite a good airstrip up there and plenty of potential, as the minister would know, with the skywalk and investments in that area. On behalf of my constituent, I ask: would the minister consider an approach to reinstate an air service to Kalbarri?

**Ms R. SAFFIOTI:** People who know me know that I will consider everything! That is my view of life. I think I consider everything; maybe that is one criticism of me. My view is that there are many more improvements that we could make with regional air travel in WA. My view is about volume. We want to make intra-regional travel more accessible and more affordable so that more people do it. Air travel is one area that might require government intervention early and then it will gain its own momentum. We have seen that in the other states. In talking to some of the airlines, sometimes air routes gain their own momentum and can then support themselves. My view is that we will continue to look at opportunities to support further routes, bigger planes and more frequency. Probably one of my biggest priorities is to have so many people who want to travel in Western Australia that the airlines respond. We have a number of good airlines in WA. There have been some criticisms about some of the planes that they fly—I can think of one in particular—but I have always had very good relationships with all of them, even airlines like REX. I have had a very good relationship with them, particularly when COVID hit, and we supported them over some tough periods. I will continue to support proposals. Aviair came to us with a proposal and we very much went into bat for that and got supported. My view is that airlines can come forward with ideas, and when we believe that we can support them and there is a future, we will back them and support them. Normally, we hear from the airlines themselves. That is the system, because they are the ones that approach us with ideas. As I said, if I could double the number of people flying in Western Australia tomorrow, I would do it. When people talk about tourism in regional WA, the reality is that some people love driving—they love two or three days of driving—and camping, but a lot of people like it to be a bit easier. One of our issues in the past has been that we have thought that everyone loves the full-on adventure, whereas a lot of people like the niceties of air travel and good places to stay, too, and I think we need to cater for everybody.

**Mr R.S. LOVE:** Going back to an old theme, I refer to page 601 of the *Budget statements*. We were talking before about the ports down around Westport and Fremantle et cetera. There is a table headed “Details of Controlled Grants and Subsidies”. The line item I am referring to is on the Fremantle container rail subsidy. It had \$5.57 million and then the budgeted amount was \$8.3 million, which was quite a significant increase on the year before. It is \$8.5 million this year. We do not have a full case yet for Westport. Will this subsidy continue for the entire time until a Kwinana solution is built? What other solutions need to be found in terms of interim expenditure on roads et cetera to ensure that freight can still move in and out of the inner harbour while we wait for the construction of the outer harbour?

[Ms A.E. Kent took the chair.]

**Ms R. SAFFIOTI:** Will the subsidy continue? I hope so. That is my plan—again, subject to future budget processes. One of the important points about this is that it has worked. We reached an all-time high for the total volume going onto rail in March this year, at 24.3 per cent. Our target was 20 per cent. Before we won government, it was below 15 per cent and had dropped to 11 per cent. If we think about that, the number of trucks we have taken off roads just through this subsidy is incredible. We removed approximately 110 480—that is very precise for an approximate number!—one-way truck movements from arterial port roads. That is quite incredible. I believe that freight on rail has a cost benefit. For the size of the subsidy, the number of trucks we are removing off roads is incredible. That has been a priority.

In relation to further road enhancements, there is planning for the Fremantle Traffic Bridge. In a sense, this is a road project that will expand the ability to move more freight onto rail because we are building a new rail bridge. We are hoping to get to well over 30 per cent when we build that new rail bridge. That is in its final design stages and will happen over the next three to four years. Again, that will take that next leap when we are looking at the number of containers on rail. It had bottomed out at about 11 per cent or 15 per cent. We came into government and moved it to 20 per cent and 24 per cent. This will be the next leap to take trucks off roads.

In relation to road improvements, we have finished some of the changes that have been made over the past two years to some of the intersections along Leach Highway. I think a couple of smaller road improvements are being undertaken as part of some election commitments.

We also committed to the High Street project, which is finished too. The roundabout and noise walls are quite significant. If anyone wants to see a modern noise wall, they can go down there and check those out; they are quite big. That has improved safety for local residents and at the netball centre. We will continue with minor road improvements, but the big policy is freight on rail. The government has achieved an all-time record 24 per cent of freight going onto rail. We will continue to work with stevedoring companies to make sure that what we do at the port facilitates more freight on rail.

[2.00 pm]

**Mr R.S. LOVE:** I have a further question on the freight issue. The minister just said the government will lift the percentage to 30 per cent, but there will still be an awful lot of traffic in that area. I do not know, because I do not travel down there very often, but it is often reported to me that Leach Highway and roads like that are often clogged, and it is not a very pleasant place to drive. Is there nothing that will be done in the interim to improve road movements in that area, apart from moving freight from roads?

**Ms R. SAFFIOTI:** As I said, minor road improvements will be undertaken. I do not have the figures on congestion and other monitoring of the network with me, but some changes have already been made to light synchronisation and turning pockets. In a sense, we see a stabilisation in and, in some instances, an improvement on efficiency indicators for the Leach Highway network. I do not have those figures with me, but I can provide some information on the improvements in traffic movement on Leach Highway. I do not doubt that a lot of people have made that point to the member, but when comparing both accidents and congestion figures across the network, there has been a stabilisation of congestion and an improvement in efficiency. We can provide that by way of supplementary information. The big factor is getting trucks off the roads. That is the main issue, and that is what freight on rail is doing. By way of supplementary information, I will provide some efficiency indicators on how Leach Highway is currently performing.

[*Supplementary Information No A12.*]

**Mr R.S. LOVE:** Still on something that is coastal in nature, but somewhat different. I refer the minister to page 589 under “Significant Issues Impacting the Agency” the last point is climate change, and paragraph 13 states —

The Department is supporting Government initiatives to address climate change ... and continues to partner with local governments to provide expertise and administer funding for coastal protection.

Could the minister give me some idea of how the department achieves this? What technical expertise does the department provide to individual local governments that might be facing some issues with coastal protection?

**Ms R. SAFFIOTI:** Coastal erosion and coastal protection cross two agencies. The CoastWA program comprises four parts: the coastal grants programs; Department of Transport data collection—its technical investigations—community engagement; and program management and technical expertise. It involves two parts. The agency supports local governments, sometimes by jointly funding engineering studies to understand the impact of coastal erosion and what infrastructure is required to support those hot spots; and it provides its own qualified engineers—I have met a few—who are very good at what they do. Sometimes this helps councils to understand what questions to ask, as well as to find the answers. The department provides in-kind support and a lot of grants that help councils develop studies and get engineering assessments and make sure the infrastructure solution is the correct solution. As noted in the previous discussion, every time I go up and down the coast, I am told that an area is an erosion hot spot because someone put a jetty there or a breakwater here. It occurs everywhere. As soon as something like that is done, it disturbs the flow of sand. In many instances, it is sand nourishment to help support the ongoing existence

of a beach. We undertake a variety of different projects. I think that councils very much support this team. I know there is massive demand for grants. If I had my way, I would have a lot more grant money to give. We approached the former federal government on coastal erosion. It is in a sense part of the climate change discussion. I will not put pressure on this new government yet—I will let them be sworn in. The new federal government may like to partner with us on this. More generally, we are doing what we can. We enhanced our grants programs over the past couple of years. We are spending a record amount on this, but I accept there is a lot of demand along the coast. I ask Iain Cameron to provide some further comments.

**Mr I. Cameron:** The minister covered it pretty well. A coastal management advisory group is chaired by the Department of Planning, Lands and Heritage and the Department of Transport partners in that. Our role is to provide technical expertise. That is on existing erosion hot spots—the existing high risk areas. As the minister said, the WA coast is basically characterised as dynamic; the coast is moving all the time. We have technical expertise in Fremantle, and we partner with local governments. We have a lot of data and analysis on what has happened and what can happen.

As the minister said, the program will fund a study and we will work with the local government on a particular problem. We might provide our expertise and technical assistance on wave buoys or we might look at current action and the rest of it. On significant projects, we can do current and wave modelling and all those sorts of things. Our role is to partner with local governments. The funding for a study would come through the program, and then we are able to provide expertise and make data available too. We are very much partnering with local government across the state. As the minister referred, there are identified and known priorities and hot spots, and other issues that come up. Of course, we do other things such as dredging. We partner with local government and provide our technical expertise. We are very proud of the expertise we have in Fremantle. We have some very talented and experienced people there.

[2.10 pm]

**Mr R.S. LOVE:** What I hear from local governments on the ground is that there is a lot of friendly advice but very little help in dealing with the issues they are facing. There is the occasional grant, but there is no real coordinated approach from the government to deal with those issues.

**The CHAIR:** Can you direct your question, please, member for Moore?

**Mr R.S. LOVE:** We have already talked about that. It is a further question.

**The CHAIR:** It is not a question, though.

**Mr R.S. LOVE:** I turn now to what the government can do to lead this discussion. The minister's department is the only department, apparently, with the technical expertise to design or even approve some of the proposals put forward, and if the government seeks advice about whether something can be done, it will seek it from the minister's department. In her role as Minister for Transport, and also wearing her planning hat, can the minister see, with that expertise, some extra assistance going to the local governments that are battling, such as Gingin and others, including those in the metropolitan area as well? They are crying out for help at the moment.

**Ms R. SAFFIOTI:** As I said, I do not doubt the demand. A lot of that has been driven by the decisions that were made in the past about where to invest in infrastructure and some has been driven by where that maritime infrastructure has been placed in the past. Again, that is no-one's fault; it is just that at that time we were probably not quite as aware of some of the long-term impacts of that infrastructure provision as we are today. We have increased funding in this area across both agencies.

On the prioritisation and the strategic approach, I think the hotspot analysis was a good start to identify the 50 hotspots across the state and to work on those in a systematic way. Of course, if a project is number six or seven on that list, it probably has not yet been attended to, but we are trying to work through that list in the same way that we prioritise funding for other programs such as the black spot program. Recently, the team has been supplemented with some new engineers. However, more generally, as I said, we have funded a number of different projects, including at Port Beach, which is a land sale and sand nourishment project, and at Quinns Beach, Rockingham, the City of Greater Geraldton and throughout regional Western Australia. We will continue to do what we can, but I would say it is one of those situations of demand outstripping supply. I suspect that as part of the climate change discussions we will probably seek a long-term partnership with the federal government to help support all the work in this area over the next 20 years because I think this is one of those long-term projects that state and federal governments will have to work together on. I note that in the other states some homes have fallen into the water, so the need is very high there, too.

**Mr R.S. LOVE:** I would like to ask another question on this same issue, but from a different angle, if I could. It is probably a new question.

**The CHAIR:** The member for Moore with a new question.

**Mr R.S. LOVE:** I refer to the line item "Coastal Projects and Zone Management" on page 601 in the "Details of Controlled Grants and Subsidies" table. Last year, funding for that project peaked. The government budget for

\$6.8 million and \$6.7 million was expended. This year, it has declined to \$3 million and the funding further declines throughout the forward estimates. Is that figure indicative of the government's support for local governments that are facing this situation, or will the government use other funding mechanisms to address those issues?

**Ms R. SAFFIOTI:** The change from one year to the next was the result of some specific projects that were funded through the recovery plan, which inflated the 2021–22 figure. As the member can see, the baseline is around the \$2 million or \$3 million mark. The usual funding is around \$2 million and some additional funding was provided through the COVID recovery plan.

**Mr R.S. LOVE:** Thank you for that, minister. I have a different question on that same table. The recreational boat facilities funding seems to remain quite static, but my understanding is that the registration fees are increasing. Is there a reason why they are not being disbursed back into a grant scheme?

**Ms R. SAFFIOTI:** This is part of what we do for boating facilities. That funding does not include all the other investments we have made in other harbours and marinas, which is listed under the asset investment program. This is simply the grants program. The revenue to fund the scheme has been consistent since 1998. It comprises a certain percentage of recreational boat registration fees and charges. We have also approved a couple of specific initiatives that have flowed through, which helped inflate the numbers for a little bit. That included the boat facilities upgrades in Broome, which were used for the Town Beach public toilets and for trailer parking at the Catalina boat ramp.

**Mr R.S. LOVE:** I want to go back to the provision of maritime facilities, which I think is on page 594, or perhaps it comes under the provision for planning, building and managing new and existing land and water-based facilities for maritime users. I want to ask a question about two facilities that I have asked about before in this place. I refer to the Port Gregory jetty, which is, shall we say, landlocked, due to the movement of sand. No action has been taken to address that. I raised that as a grievance with the minister and she said she would go up there and talk to the people concerned. I do not know whether the minister did that; perhaps she will do so during the next school holidays. Also, the Jurien Bay marina has been a matter of some toing and froing between us. Now that there has been a change of government in Canberra, will the minister address her federal colleagues in the Labor Party to ensure that funding will be provided to address the Jurien Bay marina's problems in the near future?

**Ms R. SAFFIOTI:** Absolutely. One of the issues from the federal government's perspective was that there were not many avenues through which it could fund these types of projects, but it is definitely something I will raise as part of any midyear review. I heard there might be a new budget in October, but I am not sure whether that is the case. As I said, and, again, not to put too much pressure on a government that has barely been sworn in, or is not yet fully sworn in, we will raise this issue. I understand the need for it and I understand that this has been an issue for many, many years. I will try to be successful and secure funding for it. As a minister, I do not win all the time and secure funding for projects, but I will keep trying to secure funding for that project.

[2.20 pm]

**Mr R.S. LOVE:** I would like to turn to some other aspects on the road system again. I refer to page 589 and significant issues impacting the agency. Paragraph 11 refers to reform of the towing industry. Can the minister give me an understanding of where those matters are at and what work is being done?

**Ms R. SAFFIOTI:** The towing industry reform has been outlined in two parts. The first part involves the Department of Transport in relation to—sorry, I have new glasses and I thought I did not need multifocals, but I think I do; I could be in a bit of bother for the next few weeks as I try to work out how to read without glasses! The reform is in two parts. The first part deals with vehicle regulation. The Department of Transport is in the process of getting the regulations drafted. I will refer that to Iain. That will be all about the roadworthiness of the vehicles, making sure that they have dedicated numberplates and the operation of the vehicle itself.

The second part deals with, in a sense, the conduct and checking of the owners of the tow truck companies and their drivers. That was in the commerce portfolio, but we were keen to take it over, so we did. We took it over maybe six weeks ago and the responsibility for working on that was transferred to us. As part of that, we are drafting legislation to include maximum charges for towing services, an occupational authorisation scheme covering tow truck drivers, drivers' assistance, and a scheme to register the storage yards of tow truck businesses. We also want to make sure that the costs are made very clear for drivers who need to use a tow truck.

As I said, this reform has two parts. We were working on the first part and we have now picked up the second part, which is all about setting a maximum price for towing services and, in a sense, creating a regulated industry. The report or study that was undertaken assessed our level of regulation compared with other states and territories. I think we were the least regulated of those jurisdictions. Victoria had the highest level of the regulation—its model is quite interesting—and the other states had hybrid levels of regulation. The industry and community feedback was very clear. They want more regulation of this industry and far greater transparency, and they do not want vulnerable people to be taken advantage of. We have all heard pretty bad stories about when a person has had an accident. They are scared and vulnerable and they want to be out of there as soon as possible, and a lot of these people have been taken advantage of. The broader issue is the impact of all these drivers on our freeways and the Main Roads Western Australia network, too. We need to explore more generally the impact that that might have on the surrounding traffic as well.

**Mr R.S. LOVE:** There were some terrible situations in which people were caught between the insurance company and the tow truck operator as well. All sorts of bad things have happened.

**Ms R. SAFFIOTI:** Some of the direct feedback from insurance companies has been pretty strong about some of the charges levied to release a vehicle from the storage yards and also the charges levied for towing a vehicle a few kilometres. To be honest, it is amazing that this area has not been regulated. There has been some questionable behaviour by some questionable people because of a lack of regulation.

**Mr R.S. LOVE:** Is the minister willing to put a time line on when she might have some legislation to introduce?

**Ms R. SAFFIOTI:** As soon as possible. I hate to put time frames on the Parliamentary Counsel's Office because it does not like that, but as soon as we can, member. The parliamentary draftspersons have been very busy through the COVID pandemic and they also have limited resources. We will try to get it drafted as soon as we can.

**Mr P.J. RUNDLE:** I refer to page 589 of budget paper No 2, volume 2 and paragraphs 9 and 10 under "On-demand Transport". I note the transport levy that commenced in April 2019 has already recouped the amount of money that, apparently, the department was looking for. It states that the funding would initially be collected by April 2023, but it is now forecast to be completed by June 2022. Can the minister confirm that she will complete that levy collection at the end of June 2022?

**Ms R. SAFFIOTI:** We released a statement about this on 10 May. This has been hard because we are trying to estimate when the revenue will come in to match the expenditure to date. A decision was made that we will cease collecting the levy from 31 May. We announced this on 10 May to give people in the industry some certainty because they have to change their systems. We anticipate that we will be very close to the amount of money that is required, but regardless of that, we have announced that we will cease the collection from 31 May.

**Mr P.J. RUNDLE:** Will that tidy up the voluntary taxi plate buyback scheme or the amount of money that the department needs to complete that scheme?

**Ms R. SAFFIOTI:** The buyback has ended. It was a time-limited buyback and all those plates have been bought back.

**Mr P.J. RUNDLE:** I have a further question. Have there been any other developments in the world of regional taxis?

**Ms R. SAFFIOTI:** As part of this budget, we have increased the subsidies for wheelchair-accessible taxis. We announced an increase of the existing grant from \$15 000 to \$20 000 for the modification of vehicles to facilitate providing a wheelchair service. We have increased the existing grant and we have introduced a new grant that will provide \$45 000 to existing companies that need to purchase a new vehicle to expand their existing services, or \$65 000—this is just off the top of my head. I have finally got the information. The current modification grant of \$15 000 will increase to \$20 000. We are also creating a new grant that will help a company to establish a new regional taxi service using wheelchair-accessible vehicles. This new program will encourage people to either establish a wheelchair-accessible vehicle taxi service or to continue their service. In that latter case, it may be that their existing vehicle is too old and they need to purchase a new vehicle. When there is no existing wheelchair-accessible vehicle taxi service, we will provide a \$65 000 grant. When there is an existing service, we will provide a \$45 000 grant to replace an ageing wheelchair-accessible vehicle or to purchase an additional vehicle.

I am really happy that we got to do that. Wheelchair-accessible vehicle taxis are a significant issue in regional WA. When I was in the Kimberley, the local member Divina D'Anna raised the matter. She said that she had had some issues transporting her mother-in-law because of a lack of wheelchair-accessible vehicles. Hopefully, these grants will be a big incentive to those people who hope to create a new service or to expand an existing service.

[2.30 pm]

**Mr R.S. LOVE:** The minister mentioned that the money was available for companies. Was that just a misnomer? Is it available to any business that might want to purchase? Does it have to be a company?

**Ms R. SAFFIOTI:** It is available to proprietary limited companies and the self-employed—whatever.

**Mr R.S. LOVE:** It is not strict and it has to be to a company?

**Ms R. SAFFIOTI:** No, sorry. I was loose with my language—or maybe too tight with my language!

**Mr P.J. RUNDLE:** There are concerns that regional groups in places such as Albany, Esperance and the like were, I guess, left out of the picture with any of those schemes. Have there been any other developments at all with those regional taxi companies or owners?

**Ms R. SAFFIOTI:** I think this was part of some COVID legislation about two years ago. Peter was not in the office and he is looking at me shocked. Does he remember? He was not doing taxis. Does Iain remember that we did the regional program? In 2020 we brought in that legislation to facilitate some payments to the regional taxi services. That was done as part of the COVID impact. We did that at the end of 2020 when we had specific grants for taxi operators. Of course, there were discussions about it not being enough, but we had a specific regional compensation program in April 2020.

**Mr R.S. LOVE:** When the minister determined the \$20 000 grant to fit-out a taxi, was that intended to cover the full cost of the fit-out? What was the intention there? Does the minister have any idea how much it costs to modify and fit-out a vehicle? I have heard it costs more like \$25 000 to \$28 000 for the modification, plus another \$5 000 to fully fit it out. That is \$33 000. Was the government trying to cover the full cost or just help out?

**Ms R. SAFFIOTI:** It went from \$15 000, so it was a 33 per cent increase. We went from \$15 000 to \$20 000, which reflects higher costs. It has always been a reflection of a contribution to the cost of the additional equipment and a significant contribution to that.

**Mr R.S. LOVE:** I have a further question on the situation for those operators who are already using these things. I understand there is something called a lift fee as part of the operation of picking people up. It has been reported that the payment system is very laggard in keeping up to date and some operators have some quite substantial back payments due to that. I am not sure whether it is a problem with the system they use at their level or the department's level to record what is going on, but it has been reported across the state that there is an issue with that.

**Ms R. SAFFIOTI:** In relation to the taxi user subsidy scheme in general, it is true to say that it is outdated technology in that there is no technology! It is outdated in the fact that it is paper. We are very committed to changing that. As part of this budget, I am not sure that it is explicit anywhere, but we have some funds to modernise the TUS scheme. This is a sigh of relief for everybody, I think, both the users of the TUS scheme and the providers, because I get a lot of feedback and there are others who make claims about who is doing what in relation to that scheme. We will be developing the technology to get a more modern scheme. I would say modernise, but I suspect going from paper to any form of technology is probably more than modernising; it is revolutionising the scheme.

**Mr R.S. LOVE:** Is there any time line on that?

**Ms R. SAFFIOTI:** Yes. We have the funding allocated for this year. The funding is there, but as with all information technology procurement, we will do it as fast as we can. I am not sure about this, but there might already be some systems. I quote former Treasurer Eric Ripper in that off-the-shelf is really good when we come into IT systems. There might be an existing system over east that we could try to pick up rather than creating bespoke systems all the time.

**Mr R.S. LOVE:** While we are talking about modernising, the minister was asked while representing the Minister for Local Government yesterday about the off-road vehicle fee collection service. Is that moving towards modernisation? At the moment I think it is still paper based.

**The CHAIR:** Is this a line item?

**Mr R.S. LOVE:** Yes, it is actually.

**Ms R. SAFFIOTI:** I can provide that by way of supplementary information, because looking around I do not see a lot of confidence in anyone answering that question!

**The CHAIR:** Is that a question on notice or supplementary?

**Ms R. SAFFIOTI:** It is a supplementary on the collection process for off-road vehicle registration and any moves to modernise it.

**Mr R.S. LOVE:** Yes, which I understand is happening.

[*Supplementary Information No A13.*]

**Mr R.S. LOVE:** Moving towards the driver licensing services, practical driving assessments and so forth on page 593 of budget paper No 2 under "Explanation of Significant Movements", it states —

... an increase in FTE costs in order to address the waiting time for booking of practical driving assessments.

How much additional resource has been applied to reduce the waiting time? What has the result been in the reduction of waiting times?

**Ms R. SAFFIOTI:** I will start with regional first, because that is where some particular concerns have been raised. In the south west, for example, we have allocated an additional assessor position. There had been a temporary position allocated; we have now made that a permanent position. We have increased the number of assessors in the south west. We have also changed the administrative practices in Bunbury and the south west to make sure that locals are given a priority in the allocation of time slots, because that again was a bit of an issue raised with us. We have changed the administration process. Locals having access seems to be going well now. At the other end of the state in the north west and the Kimberley, we have doubled the assessment teams both in the Kimberley and the Pilbara. In the Kimberley we went from two to four; in the Pilbara, two to four; and I think in Geraldton we also doubled, but it went from one to two. Off the top of my head, in the midwest, Kimberley and Pilbara, we have increased the number of assessors and assessment teams. That is all about trying to improve people's access to the driving test.

In the metropolitan area we, like the rest of the workforce, have become more recently impacted by the COVID-19 isolation requirements. It has been difficult because of the cancellation of some of those tests because of COVID-19.

When we had the lockdowns in 2020 and 2021, we set up temporary resources at Welshpool, for example, to get through the backlog. There is no doubt that the requirement to reduce face-to-face contact and isolation requirements have impacted driving assessor availability.

[2.40 pm]

**Mr R.S. LOVE:** I have one final question in the transport division, and it is a similar issue. I refer to page 601, “Driving Access and Equity for Learner Drivers”. This might sound like a Dorothy Dixier because I know that the minister introduced the program because learner drivers in certain districts were finding it hard to get their hours up, get access to vehicles et cetera. Can the minister explain whether there has been any consideration of funding beyond the current year—I think it finishes this year—and give us an idea how many people have been successfully trained through the program?

**Ms R. SAFFIOTI:** We started this program through the Kimberley and the north west. Over the past 12 months, \$3.5 million has been granted to organisations in the Kimberley and Pilbara. The grants have been made but they may stretch over a number of years. It is not as though the grants are made for one year. Organisations have indicated that they will be working with more than 1 000 disadvantaged learners, which should result in 550 provisional driver’s licences and employment opportunities. Noting that some of the grants have not been activated—the grants have been determined but organisations are still getting started—since January 2020, an additional 130 driving assessments within the five additional remote service offices have occurred, resulting in licences for more than 70 people. That has already happened, primarily through the Kimberley. We have also increased the number of driving instructors. For example, there are an additional eight driving instructors in the Kimberley. A few weeks ago, I met a couple of them who were finishing their course. We will continue the rollout of training driving instructors. In many instances, we will be training Aboriginal driving instructors, which, again, will encourage more local young Aboriginal people to get their licence. That system will also be rolled out through Port Hedland. Another \$5.5 million has been allocated to the program to make sure that we continue some of the current initiatives and to consider whether we roll out the program further. We are doing the sums on how far we can stretch the additional \$5.5 million. It has worked very well because the program has seen a lot of different restrictions in the past. This is really flexible. In many instances, the program gives learner drivers access to a driving instructor or a car. Getting those required hours of supervised driving is an issue for a lot of people, but it is particularly an issue in some regional towns where adults are not around to provide that supervision. We believe that this is a really good program.

**The appropriation was recommended.**

**Division 39: Commissioner of Main Roads, \$1 699 911 000 —**

Ms A.E. Kent, Chair.

Ms R. Saffioti, Minister for Transport.

Mr P. Woronzow, Director General, Department of Transport.

Mr D. Snook, Acting Managing Director.

Mr M. Cammack, Director, Budget and Investment Planning.

Mr P. D’Souza, Executive Director, Finance and Commercial Services.

Mr D. Morgan, Executive Director, Planning and Technical Services.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly state what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Roe.

**Mr P.J. RUNDLE:** I refer to paragraph 18 on page 614, “Regional Road Safety Program”. This is a flow-on from my question earlier and it relates to the increase in sealing the road shoulders. I know a lot of work has been done on Albany Highway, Brookton Highway and the like, but once again I am concerned about standards and the quality

control. I would like the minister's comments. I certainly applaud the program as such, but I am worried about the success rate and the quality controls. I would appreciate any comments. If the minister would like, I can detail what has gone wrong.

**Ms R. SAFFIOTI:** Has the member got any detail on what has gone wrong?

**Mr P.J. RUNDLE:** In a variety of places when a truck has gone off over the side into the new area, quite often it leaves massive wheel marks and indentations. The road shoulder has been built up and when a road train or the like comes off the road, it causes severe indentations, which has created real headaches in certain areas. The road seal has not sustained for any decent length of time. I am talking about it breaking up within a couple of months.

[2.50 pm]

**Ms R. SAFFIOTI:** I am just getting some feedback. There has not been an unusually high number of complaints about the work that has been undertaken. By the end of the next financial year, 7 900 kilometres of roads will have received safety treatments. I do not believe there has been an unusually high number of complaints, but, of course, I suspect there will be issues with the quality of work done on projects from before and since I became the minister. As Mr Woronzow outlined earlier, an assessment of the work is undertaken and when it is seen to be below the appropriate standard, rectification is required.

The former member for Collie–Preston used to tell me when we were in opposition and in government about some of the work done on Collie roads. He was very upset about some of the work that had been undertaken. We have not had an unusually high number of complaints, but, of course, in some instances, when work is not up to scratch, rectification is required. I remember when we were in opposition, Mick Murray talked a lot about how we manage maintenance contracting and more generally about Main Roads WA being an informed purchaser. A big theme in contracting out is making sure that we continue to build up the skills in Main Roads throughout the state after the wholesale contracting out, and a lot of that is about making sure we have people on the ground who are informed purchasers who can understand and oversee projects. I think it is incumbent on government to make sure that across all agencies we recruit the right people to oversee some of the work that is undertaken. Bringing road maintenance contracts back into government will help to do that and make sure there is a continued focus on quality control.

**Mr P.J. RUNDLE:** The minister certainly knows my thoughts on this issue because we have had discussions about the various companies and so on that contract with Main Roads. Can the minister outline the warranty situation and the time period? Is the warranty just until the job is done right? How does it work?

**Ms R. SAFFIOTI:** I will ask Mr Woronzow to comment.

**Mr P. Woronzow:** If contractor is doing a major piece of work, the defect liability period runs to seven years. If it is minor works, as in the case of some of the works that the member identified, it will be 12 months. But, as I said, our works inspectors satisfy us that all the works that are done are to an adequate standard, and that 12 months gives us enough time to rectify works.

**Mr P.J. RUNDLE:** I have a final question from a layman. Is there a standard for the thickness of seals and the like? It seems to me that the standard of road building now does not compare with that of 20, 30 or 40 years ago. We seem to have much quicker one-off sealing jobs without work on the foundation, or the base, which, as I said, quite readily, sometimes within a week or two, wears through or gets pierced. Has there been a change in the quality arrangements for sealing a normal road?

**Mr P. Woronzow:** Main Roads, like all the road authorities in Australia, belongs to an organisation called AustRoads. AustRoads sets the standards for seals. Those standards in many ways have increasingly become more onerous. The suppliers of bitumen material and the providers of sealing services have been quite innovative over the last four or five years. They have put in place processes for putting crumb rubber and plastics in some bitumen products and have brought down the temperature at which a lot of these products can be applied. In many ways, the whole industry has become more innovative and, as a result, it should be getting better. I think the minister explained it pretty well. In the last year and a half, we have put treatments on and sealed shoulders and put audible edge lines on 5 000 kilometres of the high-speed road network. The state has never seen that scale of work on regional roads before. When we are doing 5 000 kilometres—we did have a discussion about pushing out the end of the sealing season—and trying to deliver that scale of work in the time frame that has been given to us, out of that, we will see some failures. But, as I said, we have surveillance officers working alongside those contractors to pick up those things, and it is my clear expectation that the contractors will rectify them.

**Mr R.S. LOVE:** I turn to page 615, works in progress and the Bunbury Outer Ring Road. I want to get an understanding of when the cost blowouts that have occurred really manifested. The project went from \$852 million to \$1.25 billion.

**The CHAIR:** Member for Moore, can you just direct me to where this is in the *Budget statements*, please?

**Mr R.S. LOVE:** It is page 615. I did say it is works in progress and the Bunbury Outer Ring Road.

Can the minister explain how that came about and what the effect will be on the project in terms of the efficiencies gained by moving to roundabouts instead of the four flyovers that were due to be constructed? Does that mean that the actual cost blowout is much more than the \$400 million or so that that represents?



**Ms R. SAFFIOTI:** I am just trying to recall the timing of that. As part of our review of the cost of most of our projects, we noted significant cost pressures on the Bunbury Outer Ring Road. We approached the former federal government, probably before the midyear review, as I recall, to outline the cost pressures with the project. We briefed the local federal member at the time on the cost pressures. We engaged with the commonwealth on how to deal with those cost pressures. We did not have formally crystallised numbers to any degree, but we knew there were significant increases in the cost of key components and massive increases in haulage for some of the products.

The Bunbury Outer Ring Road was held up as one of the best alliance models of contracting across Australia. In fact, I think the previous government used the Bunbury Outer Ring Road as the best example of alliance contracting whereby all the key players are around the table. We included some very aggressive numbers for engagement with local suppliers—for example, local sand carting businesses—and we were very keen not to lose opportunities for local businesses and Aboriginal employment. We approached the commonwealth government.

[3.00 pm]

The commonwealth government said that it wanted to do an independent cost review and we agreed. Our agency worked with the cost review and submitted all the appropriate work. The commonwealth government, together with the agency, then determined the price for the project. The scope was up to the commonwealth government. It funded 80 per cent of it and wanted to include the full interchanges, but we made the pragmatic and right decision to change the scope slightly. It still will not impact on some of those efficiency savings to any great degree; the design of the roundabouts will ensure that. It will still be a very big project that will not only improve efficiency for the whole corridor, but also provide better connections into the port. We talked about the regional port expansions. We want to see Bunbury port continue to increase its role in trade in the area and to support local residents. I do not go down south that often, I admit, but when I do, the number of residential developments I see in the Capel area through to Bunbury is amazing and very significant. Without this project, residential activity would be severely limited and the ability to continue increasing some of those housing investments would also be limited.

**Mr R.S. LOVE:** In part of the minister's answer she spoke about the scale of the project and that the sand has to be carted et cetera. Surely that was known at the time the project commenced and did not change during the project. The scale of the project was known, but it seems there really was not a good understanding at the time that the project commenced of what the price of the materials and delivery would be. Is the minister confident that the delivery of the project is not part of the problem and that it is all about the cost increases in materials?

**Ms R. SAFFIOTI:** First of all, of course we knew the scale of the project, but I think it is fair to say that no-one could have anticipated the price increases. Someone who builds a pergola will be hit with price increases. We entered into the contract long before the housing market went crazy and all the other supply chain challenges happened, such as the flood that took out the east–west rail line, COVID continuing for 18 months longer than anyone anticipated, and Russia invading Ukraine. A number of things were not anticipated, and those cost increases were significant. We are confident that the alliance model is the right one. I think it was referred to in one of the questions asked by the member for Vasse when she was shadow Minister for Transport; she asked why we do not use the alliance model used for the Bunbury Outer Ring Road. I think it was actually held up by the opposition in its election campaign as the perfect model for contracting. The former federal government also highlighted that it was a very good form of contracting. We are confident about the form of contracting, but the massive price increases have had an impact.

**Mr R.S. LOVE:** The minister mentioned that the federal government did a review of the costs. What involvement did Main Roads have in independently looking at this project at the time that the contracts were let, to ascertain whether it was a realistic project in terms of its delivery and the costs that were originally applied to it?

**Ms R. SAFFIOTI:** My recollection of the tender process is that it was a good process. There was not any extreme low bidding happening. It was a solid tender process. Sometimes there are extremely low bids, but I do not recall that happening for this project. There was a competitive tender process and it was verified at the time that the costs provided were appropriate. On the bigger projects, we do, in a sense, reference some of the bids to what we think should be the appropriate price. There were no alarm bells ringing about the price of delivering the project. It is a big project and there have been a lot of challenges. There have been other environmental constraints that we have had to meet. People ask about the impact of all these cost escalations on the project. As I always say, it depends on where we are in the process, and this process felt the full brunt of all those different factors that are affecting the economy at the moment: supply chain issues, an escalation in the cost of materials and some of the labour force issues more generally.

However, we are determined that this project will deliver benefits to businesses in the south west. I will say this very plainly: as with road projects in the north, we could try to do projects like this as quickly as possible and not involve local businesses. We could have people coming in to do them and then leaving, but I do not think that that is what the communities want. They want as much local benefit, and benefit for local businesses, as possible. Sometimes that will involve more costs, but the benefits flow to local businesses and that supports local communities. I think that is what people want. As with projects in the north, we have deliberately decided to deliver projects over multiple years. We could have a big contractor come in and get them done as quickly as possible, over one or

two years, or we could take four of five years and have benefits for the local Aboriginal people, traineeships, and support for local businesses. We have made a deliberate decision to support local communities and local businesses through our major projects.

**Mr R.S. LOVE:** Can the minister outline to me how much was saved by the decision to change from four interchanges to four roundabouts? What did that save in terms of the cost of the project?

**Ms R. SAFFIOTI:** The original project scope, as I recall, involved some upgrades to existing intersections—stage 2, as I recall. We are not making all of those improvements. The independent cost review looked at the proposed new scope of the project. I do not have the figures in front of me for the full cost of the original project, sorry.

**Mr R.S. LOVE:** Would it be possible to provide that?

**Ms R. SAFFIOTI:** By way of supplementary information? Yes. That is the full cost of the original scope of the project.

[*Supplementary Information No A14.*]

**Mr R.S. LOVE:** Does the minister not believe that there is any need for a review of the way this project is being conducted or any of the decision-making around it, despite the cost blowout that has occurred?

**Ms R. SAFFIOTI:** The commonwealth did a review.

[3.10 pm]

**Mr R.S. LOVE:** No, from the state government's point of view. It is paying part of it, as well.

**Ms R. SAFFIOTI:** But the commonwealth government did undertake a review. On one of the first occasions, the commonwealth undertook an independent cost review, and it came up with the same answers that we did.

**Mr R.S. LOVE:** Okay. We have discussed the southern section here before. Are the environmental approvals in place for the southern section?

**Ms R. SAFFIOTI:** They are being finalised at the moment. I understand that it has gone through the appeals process and we are waiting for the minister's decision.

**Mr R.S. LOVE:** They are still not approved?

**The CHAIR:** The minister has answered the question. Next question, please.

**Mr R.S. LOVE:** It is the same question; are they not approved?

**Ms R. SAFFIOTI:** No, they are going through the final process. I did say that.

**Mr R.S. LOVE:** Is the \$1.25 billion allocation enough to finish the project all the way to Bussell Highway at this stage? Is that the whole scope of the project using the existing proposed corridor?

**Ms R. SAFFIOTI:** Yes.

**Mr R.S. LOVE:** Okay, thank you. That is it for that issue. I have a different question. I refer to the rail crossing program on page 616 of budget paper No 2, volume 2, under other works in progress. There is an allocation for that project of \$5 million per annum across the forward estimates. The rail crossing program has been there for a long time. As the minister knows, the Leader of the National Party has been advocating for a group of people who have tragically lost family members at rail crossings and want to see the improvement of passive rail crossings. The federal government has announced a program that includes \$160 million, I think, or \$180 million in total to match state government expenditure four to one. Will the minister be making an application to be involved in that program?

**Ms R. SAFFIOTI:** I do not think we should be playing politics on who says what on this, but I want to make it very clear that the state has been investing in this program for many years and undertaking a number of improvements. For example, more recently we used some underspend on other projects to improve rail crossing safety on the *Prospector* line, as I recall. There was one in Toodyay; we have done a couple over the past financial year. We have allocated our \$5 million-plus and we have undertaken some other improvements. When the Leader of the Opposition raised this issue in Parliament, as the member knows, I took it very seriously and raised it with the then Deputy Prime Minister, Barnaby Joyce. We did not hear much about it until money was allocated in the budget, and because of the timing of the election, we have been unable to get clarity on how that money will be distributed. We support and appreciate that provision, but it was a one-line provision and we still do not have clarity on how that will be allocated around the states. Meanwhile, the state has been allocating the \$5 million-plus. Because of the closure of the Armadale line and the impact that will have on the *Australind* line, we are going to take next year as an opportunity to upgrade a number of rail crossings on the *Australind* line. For example, we will be installing boom gates in Yarloop at Station Street and Clifton Street, in Picton at Waterloo Road, and at Leslie Street and Lakes Road; we will be renewing the flashing lights at Johnston Road and Peterson Road; we will be upgrading the automatic gate pedestrian crossing on Uduc Road; and we will also be renewing pedestrian crossings at Forrest Avenue, Uduc Road south, and also Watkins Road in Mundijong. We have allocated an additional \$3 million for all those *Australind* line works, too.

We take this issue very, very seriously. We are investing a lot across the state and we will continue to invest as much as we can, but we still do not have clarity from the federal government on how much we are going to get. Like I said, I do not want to be too political about this, but we are very keen to partner and do what we can to improve safety.

**Mr R.S. LOVE:** I want to ask the minister about a couple of projects in my own electorate. It is a bit of selfishness coming out, but not really, because they are very important projects, including the Bindoon bypass, which is on page 615 under other works in progress and Great Northern Highway. My concern here is that that project has been smoothed and has a delayed start date. The estimated amount of money placed against it is the same as it was two years ago, as I understand it. Is that now a realistic amount of money to deliver that program, and what threat does that place on the delivery of the program?

**Ms R. SAFFIOTI:** It is hard to comment on a question about cost, because I do not really want to speculate on that, but work has been undertaken on that project. I was able to see a seven-kilometre section of new upgraded highway before Christmas, on 17 December. That was working with an Indigenous contractor and that worked very, very well. We are also expecting to go to tender within the next couple of months for the next 11-kilometre section of the highway. We are continuing work and we are working well with Indigenous contractors for those projects. It is hard to speculate about costs, but I think under our current methodology we are keeping costs within the estimates that are there at the moment.

**Mr R.S. LOVE:** On the same page, a few lines down, is “Indian Ocean Drive—Jurien Bay to Brand Highway”. There is still \$55 million allocated for that project. Of course, it may not be as flash as it was going to be. Has the planning been completed for that and when does the minister think it might be delivered? Will it still involve a diversion via another road and will any compensation be offered to retailers affected by the proposed closure of Indian Ocean Drive?

**Ms R. SAFFIOTI:** Firstly, there has been no decision about closures, so I think that is number one. The project is going to be delivered in two stages. For the first stage, we expect to hopefully go to tender to start in July or August of this year, and then the next stage of the project is expected to commence at the end of next year. I think the closures and the impact of detouring traffic really relate to stage 2. We will be doing further analysis of not only the extra travel time of the detour, but also the impact of not having a detour on the construction time frame and the safety of undertaking the project without a full detour. No decision has been made because stage 2 is not expected to commence until the end of next year.

[3.20 pm]

**Mr R.S. LOVE:** Before we conclude this division, I want a bit of clarity. There is an item for Metronet in the estimates schedule, and also in the budget. Both Main Roads and the Public Transport Authority have some projects under Metronet. Is it best to talk about them all at once?

**Ms R. SAFFIOTI:** Which projects is the member talking about?

**Mr R.S. LOVE:** The Main Roads projects under Metronet.

**Ms R. SAFFIOTI:** The member can point to the projects he wants to talk about and I will find out whether we can talk about them.

**Mr R.S. LOVE:** I want a bit of understanding around the Caledonian Avenue rail crossing closure and the timing of the delivery of the road improvements that have been mooted to replace that crossing. The closure of that crossing is causing great inconvenience, as the minister would probably understand. How quickly will the Meltham train station bridge treatment be put in place, and also the improvements to access the Seventh Avenue bridge?

**Ms R. SAFFIOTI:** Sure. There are a number of different projects. As part of the Caledonian Avenue project, we did a thorough analysis of the different options, such as building a bridge over Caledonian Avenue, which would have meant different options and different streets. Whichever option we looked at would have involved the demolition of a number of homes; I think the least impact would have been 15 homes. When we looked at building a bridge, or some sort of subway for vehicles, it would have had a significant impact. It was determined that it was impractical to do that and that the impact on the local community and the suburb would have been too high. That is why we went for the closure. As part of that, we have allocated \$15 million to improve local roads and paths. In allocating that \$15 million, we have been consulting with the community reference group to try to get the best solution. When we undertake consultation, people want to have their say; as a result, there has been a lot of discussion about what to improve and lot of views put forward. The community reference group has met a number of times. One of the projects that we are looking at is protected bike lanes on Railway Parade. We are doing some work on that and hope that those bike lanes will become operational in coming months.

We are also looking at how we can improve the underpass at Maylands train station. Having looked at it, I can understand why people want to be able to get through that more quickly, but we also need to make sure that that will not impact too much on pedestrians who go through that underpass. We are looking at a signalised junction at Hotham Street bridge. We are also looking at new intersection treatment at Whatley Crescent—Caledonian Avenue. The local community has different views on that project and whether it should be a T-junction or a roundabout, and we are trying to work through that. We are also looking at pedestrian facilities at Guildford Road—Eighth Avenue.

Maylands businesses have also approached the council about a redesign of the entire Eighth Avenue–Whatley Crescent area. As I have said, my daughter plays soccer nearby, so I end up there most Saturday mornings. Anyone who goes there would know the train station, the underpass on Eighth Avenue, and the coffee shops and small businesses across the road on Whatley Crescent. There is a lot of planning or work that people want done to make that area more pedestrian friendly, and with a slower speed environment, and also discussions about whether particular roads should be one-way traffic rather than two-way traffic. We put forward \$250 000 to the City of Maylands to run a local activation program. There is a view that the city may not be keen to partner with us on that, so we may need to do it ourselves, which is a bit of a pity, but we will do that. We will work with the community reference group and local businesses on a plan and will invest in that over time. We are doing the planning and some of the works on protected bike lanes. Work on some of those protected bike lanes, which seems to be the more significant concern, is underway now.

**Mr G. BAKER:** I refer to page 617 of the budget papers, specifically the \$1.6 billion estimated expenditure for 2021–22 on Main Roads’ total asset investment program. Would the minister please outline how successful Main Roads has been in delivering the forecast estimates for this year compared with previous estimates?

**Ms R. SAFFIOTI:** The answer is very good news, member. We had a very ambitious spend for 2021–22. I think I have noted in this place that the Leader of the Liberal Party talked about the underspend on our capital works program. We are very much on track to deliver our forecast capital works expenditure for 2021–22. It is a credit to the Main Roads team that we are spending 100 per cent of what we had targeted to spend. Given all the challenges that we have outlined, it has done a great job in delivering 100 per cent of what we had said we would spend. This also shows that the deliberate decision that we made last year to delay or defer projects allowed us to manage the construction of those projects in such a way that we are on target to spend 100 per cent of the budget allocated.

**Mr R.S. LOVE:** The minister said that Main Roads has spent 100 per cent of the budget allocated. Did it also get done 100 per cent of the work that it had expected to get done?

**Ms R. SAFFIOTI:** Yes.

**Mr R.S. LOVE:** Did the spend on Bunbury Outer Ring Road get what the minister wanted?

**The CHAIR:** The minister has answered the question.

**The appropriation was recommended.**

*Meeting suspended from 3.27 to 3.34 pm*

**Division 40: Public Transport Authority of Western Australia, \$1,563 329 000 —**

Ms A.E. Kent, Chair.

Ms R. Saffioti, Minister for Transport.

Mr P. Woronzow, Director General, Department of Transport.

Mr M. Burgess, Managing Director.

Mr A. Vincent, Acting Managing Director, Metronet.

Mr L. Coci, Acting Managing Director, Office of Major Transport Infrastructure Delivery.

Ms R. Lamont, Acting Executive Director, Finance and Contracts.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to page 625 of budget paper No 2, volume 2. The second point under “Significant Issues Impacting the Agency” mentions the disruption that will be caused by the closure of the Armadale line. How confident is the minister that the closure of the Armadale line will be contained to the promised 18 months?

**Ms R. SAFFIOTI:** That is the plan. The clear expectation that we have given to the referred proponent is that it all needs to be done within 18 months.

**Mr R.S. LOVE:** What work was done to ascertain the cost to the economy of having those train services offline for that amount of time, not only in terms of the direct cost that the Public Transport Authority will have in its subsidies to other solutions, but also in disruption and traffic congestion et cetera?

**Ms R. SAFFIOTI:** We are undertaking consultation with the users of the rail line to see what alternatives should be put in place. The feedback so far has been very positive. We have proposed some replacement bus services, which are very attractive to a lot of people who were consulted. We believe that we can shift people onto alternative bus services. We are working through that model at the moment, looking at how we can service all the key employment centres. As I said, the feedback so far, after some very intense consultation with the users of the Armadale rail line, has been positive, particularly their keenness to use the alternative bus services that have been proposed.

**Mr R.S. LOVE:** Can the minister explain the process of the decision? Was the minister approached by the PTA or the contractors and given options? Did the minister then go to the Premier? How did it work? When did it all kick off? When did the minister become aware?

**Ms R. SAFFIOTI:** As part of the procurement process, which the PTA and Metronet run, the proponents put forward ideas on how it would manage the delivery of the project. I think with all our projects, proponents put forward ideas on how they will manage the delivery. Whether it is road or rail, they put forward how they believe they can deliver it. As part of that assessment and procurement process, the assessment team delved into what was being proposed. Discussions were had with the proponents and the preferred proponent was determined. As part of that, I was informed I suppose quite late in those discussions on what the proponents were proposing for the closure of the line. We always knew there would be some disruption. We cannot elevate kilometres of rail track and build four new rail stations without some disruption. In a sense, a proposal was put forward on which I sought advice and had discussions with colleagues, and then final decisions were made.

[3.40 pm]

**Mr R.S. LOVE:** I did not really get an answer on the cost to the entire economy of the closure, but perhaps the minister could tell me what, if any, modelling has been —

**Ms R. SAFFIOTI:** What is the economic cost of never building the Ellenbrook rail line?

**Mr R.S. LOVE:** Sorry?

**Ms R. SAFFIOTI:** What was the cost of the previous government not delivering the Ellenbrook rail line for eight years?

**Mr R.S. LOVE:** The minister is here to explain her budget; I am not here to explain decisions of previous governments.

**Ms R. SAFFIOTI:** The member is using that logic. What was the economic cost of breaking the promise on MAX light rail?

**Mr R.S. LOVE:** Who knows? What I would like to know, because it is relevant to this inquiry, is: what change to travel times is expected for people to get to the city, and especially those further out who have longer commutes— from Armadale, for instance? What do we expect will be the difference in their travel time?

**Ms R. SAFFIOTI:** Again, we are working through all those details. In consulting with users, we put forward some options for bus services. We are looking at different types of bus services. There may be some that are all stops to one point and then will go direct with no stops. We are also looking at what infrastructure improvements can be made. For example, can we put some bus jumping lanes along Albany Highway at any point? It is pretty tight around Cannington, but we are investigating all those options. We cannot confirm the final details until we determine exactly which bus routes will run. That is now being worked on following the consultation. Also, what are the other small infrastructure improvements we can make along the way? That being said, if these infrastructure improvements mean that public transport buses do not need to mix with existing traffic at traffic lights, that might be something that we might want to retain longer term anyway. We are looking at what other methods we can undertake. There are also the routes, for example, along Albany Highway. Out of all the roads, Albany Highway in Cannington, as I have said a number of times, has some significant congestion so that is where we are really focusing on what we can do to make sure that there are not significant delays. There will be longer travel times, but the length of that will be determined by what bus routes we determine and the infrastructure improvements we can make.

**Mr R.S. LOVE:** Is the minister and the authority concerned about pushing people basically into a situation in which they might choose to use cars and get used to travelling in ways other than public transport because of a lack of reasonable options? Is there a concern about the effect that might have on long-term commuter numbers when the line is finally reopened?

**The CHAIR:** Is that a question? Can the member just be very clear about what the question is?

**Mr R.S. LOVE:** It is the same question. We are talking about the modelling around the change to the Armadale line.

**Ms R. SAFFIOTI:** Not really, because of our two-zone fare. The two-zone fare cap is very much targeted at those living in the Kelmscott–Armadale area. They are the ones who benefit most significantly from the two-zone fare cap.

I will say a couple of things. As part of this project we are picking up a new catchment of Byford and all the people who live around there; there will be a new train station in Armadale and all that comes with that, which is improved amenity and better connections; and there is the two-zone cap. I think that will create a lot of attractiveness. It is tricky because we are still in a COVID world with people isolating, but we are trying to see exactly what is happening with our numbers in the outer zones, because these are the zones that have seen a significant reduction in their fare price. We are seeing a very strong bounce back in use in those areas that receive the most benefit from the two-zone discount. For example, our patronage numbers at Warnbro station are 81 per cent of the 2021 figure. Across other parts of the network it is a bit lower than that. I think we are seeing a bigger percentage of people using the stations where they are getting the most financial benefit. I think all those things indicate that we will get a bigger bounce back after the closure.

The other thing is that part of our Metronet precinct planning is about making sure that station precincts are more attractive places to be. One of the issues the Armadale line currently suffers from is that the stations are a bit old and tired. People are not that keen to be around those stations for a long time. As part of the work, we are also improving the safety, security and activity around Kelmscott station. Armadale will have a new station and Byford will have a new station in the town centre. Now that the federal government has changed, we will be doing a new station in Beckenham, too. That is another new station. I think this idea that if we shut the line, people will never come back to public transport is false. People love new infrastructure, particularly in that corridor where they have not seen a lot of new infrastructure. When we build new infrastructure, they will very much use it.

**Mrs J.M.C. STOJKOVSKI:** I would like to expand on that with a follow-up question. I refer to the same page, and in particular paragraph 7. Can the minister provide an update on patronage across the network and the effect that the two-zone fare cut is having on rider numbers, and not just on the line we were speaking about?

**Ms R. SAFFIOTI:** We are seeing that stations at which passengers benefit from the two-zone fare cap are up 11 per cent on the network average, notwithstanding the COVID impacts. For example, at Kwinana station, patronage is six per cent above the network average; Wellard is eight per cent above the network average; at Warnbro, Butler and Kelmscott, patronage is nine per cent above the network average; and at Armadale, patronage is 11 per cent above the network average. We have seen a big move into public transport at those stations since the introduction of the two-zone cap. As I said, I expect the vast majority of people who currently use train services across the Armadale–Kelmscott region will continue to use public transport services during the shutdown. I suspect that with the Byford rail line coming online, a new train station in Armadale and improved amenity around Kelmscott station, we will see a significant increase in patronage from those areas.

**The CHAIR:** Before I give the next question to the member for Roe, I am just conscious that we have divisions 43 and 44 to go in the next 10 to 12 minutes. I ask members to be mindful of that.

**Mr P.J. RUNDLE:** I refer to page 624 and the line item three lines from the bottom, “Public Transport Services for the 2021 AFL Grand Final”, with an estimate of \$1.305 million. I was under the understanding that normal football matches have a public transport cost of around \$400 000, of which I thought the home club involved paid about half. Obviously, this was the figure that was allocated. Can the minister confirm why it appears to be three times as much as normal?

[3.50 pm]

**Ms R. SAFFIOTI:** That was part of the negotiations to hold the AFL grand final here. It is similar to what we do for significant international events such as European and English football matches. Normally, Tourism negotiates with the promoter of those events to assist with public transport costs. It is a public transport stadium, so public transport is seen as a big factor in negotiating these outcomes. The amount of \$1.3 million that was negotiated included all the public transport. It could also include some of the other finals that were played here. There were two. Did the member go?

**Mr P.J. RUNDLE:** There were a couple of other finals on Friday night or whatever.

**Ms R. SAFFIOTI:** We will provide that by way of supplementary information, because the amount is bigger than I anticipated.

**Mr P.J. RUNDLE:** That will be appreciated. From memory, there may have been three finals.

**Ms R. SAFFIOTI:** That figures makes sense then.

**Mr P.J. RUNDLE:** I will be curious to learn about that.

**Ms R. SAFFIOTI:** It was not that long ago, but I cannot remember.

**Mr P.J. RUNDLE:** There were two Friday night events.

**Ms R. SAFFIOTI:** That is right. The Western Bulldogs were here. I will provide a breakdown of the \$1.3 million for the AFL grand final.

[*Supplementary Information No A15.*]

**Mr G. BAKER:** I refer to paragraph 5 on page 631 of budget paper No 2 regarding the Canning Bridge bus interchange. It is a very exciting line for South Perth. Can the minister outline what this will mean for South Perth and surrounding communities?

**Ms R. SAFFIOTI:** Sure. As the member has raised with me, that is an area of significant congestion. It is a significant intermodal area, in a sense, with people moving between train and bus services. As we know, it is a pretty tight configuration. It is now being used more and more, in particular, because the Canning Bridge activity centre precinct on both the Melville and Perth sides of the river will see greater use of this interchange. Initially, \$75 million was allocated in the 2020–21 budget to the Public Transport Authority business case to upgrade the interchange. This was increased to \$100 million, and the state has matched that. We are going through the design of that project. As I said, it will include a far better interchange, allow more passengers to move from bus to rail and improve road capacity along Canning Highway in that area. We are starting the preliminary design. Talking about complex projects to deliver, this one will be a beauty; in fact, it will be operating on Canning Highway and the Kwinana Freeway, and on top of a rail line! It will be a pretty tough project to deliver, but it is very much needed. Again, it is about making public transport use attractive by having better station development and amenity.

**Mr G. BAKER:** Fantastic, thank you.

**Mr R.S. LOVE:** I refer to page 626 and service 1, metropolitan and regional passenger services, which has an amount of \$1.4 billion. Does this money subsidise, or has any of this money ever subsidised, the bus service to Collie? I believe an approach was made for such a service after a commercial operator closed earlier this year. Was such an approach made? Were subsidies discussed? Were they denied?

**Ms R. SAFFIOTI:** With respect to the bus service to Collie, we are currently undertaking community consultation in Collie and working with the local member down there on community views and aspirations for services in that region.

**Mr R.S. LOVE:** Is nothing concrete being done at the moment to resolve the situation and provide that bus service?

**Ms R. SAFFIOTI:** We are talking to the community about it right now.

**Mr R.S. LOVE:** I refer to page 631 of budget paper No 2 and the Forrestfield–Airport Link. The budget papers list \$143.4 million in 2022–23 for post-completion works. What will that money deliver and what date will the Forrestfield–Airport Link become operational?

**Ms R. SAFFIOTI:** We are testing the line at the moment—signalling and all the other testing that comes with it—and will soon be able to make a firm announcement about the commencement of the rail line. The money allocated for 2022–23 will be the end-of-contract payments—once we get the keys, as I like to describe it. Once we get possession of the line, payments are normally made as part of the contract. Those contracts can go over time. That amount involves the last payments that are obligated under the contract.

**Mr R.S. LOVE:** Why was the project delayed for so long?

**Ms R. SAFFIOTI:** First of all, tunnelling through soft sand, water and gravel on clay was pretty difficult. I think there were eight kilometres of tunnels and there was a number of challenges along the way. The most significant challenge occurred at the time of the preliminary final or the grand final in 2018. Anyway, in September 2018, there was a significant disturbance to the tunnelling, which had an impact on the time frame. The other issue, which was raised by the member's side of politics in this place, was the concerns about safety onsite. The government made a clear decision that safety was the number one priority and, as a result, there were extensions to time frames early in 2018–19. Subsequent to that, the project was hit with many of the challenges faced when building a house in the suburbs such as impacts on the supply of vital equipment. A classic example was the rectification steelwork. The only company in the world that does rectification of the steel rings was shut by COVID for a number of months. The project has been impacted by COVID, labour shortages and general supply chain disruptions. However, the team has done a great job. It is an outstanding project. When people see these train stations, they will be blown away by what has been produced. The WA community understands that it has been tricky to deliver projects during the COVID pandemic because they have been affected by massive world supply issues. As I said, I am very proud of this project and when it opens, I am sure that people will enjoy the travel.

**The CHAIR:** We have time for one more question. You can decide among yourselves. It needs to be a quick question and a quick answer, please.

**Mr R.S. LOVE:** Has the minister done modelling on the expected number of passengers on that service? An airport service needs to get to the airport pretty early in the morning, so what impact will that have on the rest of the PTA network to ensure that people can use the service fully? What cost implications will that have on the PTA subsidy?

**The CHAIR:** That is not a quick question, member for Moore.

**Ms R. SAFFIOTI:** The patronage numbers were contained in the business case established under the member's government that it never gave us access to because it was a cabinet-in-confidence document. I think the boarding numbers are out there. I will quickly grab them. The current program services will cater for between 80 and 85 per cent

of all flights leaving Perth Airport. It is an incredible project. It will be a very affordable fare. We will not have a special airport fare like other parts of the world. It will be very affordable and people will be very impressed with what is delivered.

**The appropriation was recommended.**

**Division 43: Department of Planning, Lands and Heritage — Service 1, Planning, \$119 077 000 —**

**The appropriation was recommended.**

**Division 44: Western Australian Planning Commission, \$105 188 000 —**

**The appropriation was recommended.**

**Metronet Projects Under Development —**

**The CHAIR:** For the minutes, I note that the Metronet projects under development were not discussed.

*Meeting suspended from 4.00 to 4.30 pm*

**Division 35: Department of Communities — Services 1 to 6, Youth, \$1 072 681 000 —**

Mr D.A.E. Scaife, Chair.

Mr D.J. Kelly, Minister for Youth.

Mr M. Rowe, Director General.

Mr M. Crevola, Chief Financial Officer.

Ms C. Irwin, Assistant Director General, Strategy and Partnerships.

Ms L. Kalasopatan, Assistant Director, Management Accounting.

Mr L. Clarke, Chief of Staff, Minister for Youth.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I note for the benefit of the chamber that the member for Cottesloe is attending remotely. The member for Cottesloe is not a member of the committee but is able to participate, as all members are. Hopefully, the technology goes smoothly, but just bear with me as we go.

Are there any questions? The Leader of the Opposition.

**Ms M.J. DAVIES:** I think, minister, we will probably spend about 15 minutes on this division and then move to water, if that is okay. I am just giving a heads-up for whomever is coming in next.

I refer to the impact of COVID on young people and the *Beyond 2020—WA youth action plan*, which is paragraph 25 on page 524 of budget paper No 2, volume 2. Perhaps the minister could tell us a little bit about the plan and what funding has been applied to implement said plan.

**Mr D.J. KELLY:** Sorry, I did not catch the last part of that question.

**Ms M.J. DAVIES:** What funding has been applied to implement said plan?

**Mr D.J. KELLY:** “The” plan.

**Ms M.J. DAVIES:** “The” plan.

**The CHAIR:** Can I get a page number, Leader of the Opposition?

**Ms M.J. DAVIES:** It is paragraph 25 on page 524 of budget paper No 2, volume 2.

**Mr D.J. KELLY:** The plan is something that my predecessor had worked upon and I was very happy to complete it when I came into the portfolio. The plan revolves around a number of major themes that were identified, including elevating the voice of young people within government; helping young people reach their potential; assisting young people to gain employment; climate change, which came through pretty strongly; mental health and wellbeing,



and finding a secure place to live, which were obviously key issues; and providing help when help is needed most. Some of the initiatives that we have put in place as part of that plan include raising the voice for young people. My predecessor put in place the Ministerial Youth Advisory Council, and one of the initiatives we undertook was to make board membership a paid position. It was an advisory position originally when it was established. That matter was raised by the young people on the panel. They said it was great to be on the council, but asked why they were not remunerated in the same way members of other boards were, so we implemented that.

The Ministerial Youth Advisory Council worked on the issue of discrimination against members of the LGBTQIA+ community. One of the recommendations from that work was that the government should fund an advocacy group for young members of that community. As a direct result of that, we have entered into a three-year funding agreement with the Youth Pride Network, providing it with \$120 000 per annum. Up until that point, that group had been a voluntary organisation that worked under the auspices of the Youth Affairs Council of Western Australia. This is its first round of funding, which has enabled it to get a number of part-time staff. It has already produced one piece of work on discrimination against young members of that community in relation to homelessness services. As far as raising the voice of young people goes, they are two government initiatives. I am also aware that the Department of Education, through Minister Ellery—it is not directly my responsibility—has formed the WA Student Council to advise her on student issues. I think it comprises year 10 students.

They are a couple of things that we have entered into that were identified in the first part of that plan. I could go through them all, but we have only 15 minutes. Young people are very passionate about climate change. The initial climate change fund in last year's budget was allocated \$750 million and I think in this year's budget we have increased that funding to over \$1 billion. That is action that we are taking to address climate change generally, but, in particular, it is one of the issues that young people told us they wanted us to take action on.

On the issue of mental health and wellbeing, through the Minister for Health, a ministerial task force has looked at the provision of mental health services in the state for people aged between zero and 18 years. That report has been handed to the government. I think in this budget something like \$40 million will be provided initially to respond to those recommendations. Obviously, much more will be needed to implement the changes that are being made. They are some of the initiatives that we have funded and put in place that are consistent with that report.

One of the other initiatives that the Leader of the Opposition might be interested in and that I am pleased about is the provision of \$200 000 for specific COVID recovery grants. We provided \$202 000 in youth recovery grants to 31 organisations during 2020 and 2021. At least one round of that funding was aimed at assisting young people around employment and mental health issues relating to COVID. That is something we did. Another initiative I will mention is the Home Stretch campaign, which the Youth Affairs Council of WA and people in the sector have been campaigning a long time for. Up until the implementation of that decision by this government, once a person in care reached 18, they ceased to have any support. We funded a trial that was run by Anglicare for 12 months, I think. We have now budgeted to permanently provide funding for young people in care up to the age of 21 if they choose to continue in that system. They are a couple of the things that we have funded.

[4.40 pm]

**Ms M.J. DAVIES:** I note that the action plan runs from 2020 to 2022. Will there be another plan? Are you working on that?

**Mr D.J. KELLY:** We are considering the best way to respond from here on in. These plans involve a lot of consultation. There was a lot of face-to-face consultation in the lead up to the first plan, which was the first one that government has done. With the COVID pandemic, we have not been in a position to repeat that consultation process. One of the things on the agenda is to talk to the Youth Affairs Council of Western Australia about whether it thinks there should be a new action plan or something else in a different format. At this point, I have not made a decision. Primarily, we have not done that consultation because of COVID and I would not make that decision without doing that consultation.

**Ms M.J. DAVIES:** Is there funding in the budget to allow the department to undertake any of those activities or would that have to be a separate —

**Mr D.J. KELLY:** Most of that consultation was done prior to me coming into the portfolio. I could be wrong but I think that that consultation was done using the department's existing resources. I would not envisage there being additional funding, but, again, it depends on what form that consultation takes.

**Ms M.J. DAVIES:** Has the plan been operating on a calendar year or financial year, or is it just a loose, two-year plan?

**Mr D.J. KELLY:** I do not think it has a hard and fast beginning and end date.

**Ms M.J. DAVIES:** When does the minister see himself making a decision about what will happen?

**Mr D.J. KELLY:** I could not tell the member. To be honest, given COVID and the variabilities, we have not got a time line on when to make a decision on whether there will be a new action plan or something in a different form. Given the uncertainties of COVID, that has not been possible. I have put in place regular meetings with the

Youth Affairs Council; I think my next one will be in a couple of weeks and that will be one of the issues I will be talking to it about. These plans are good for government to do but they also have to be useful for the sector. I want to make sure that we are not doing another plan for its own sake. I want to make sure it is meaningful for the sector as well.

**Ms M.J. DAVIES:** I have one further question on this division and then we can move on. How will the department measure or wrap up the end of this plan? How will the effectiveness of the current plan be measured?

**Mr D.J. KELLY:** The current plan has so many different initiatives—mental health, homelessness—that I am not sure it would be worthwhile to come up with a metric that gives us a net result at the end of all those. Obviously, each of those in the mental health budget portfolio will have processes to determine whether what they are doing is successful, and likewise in the homelessness portfolio. I do not think it would be a good use of my time or the department's resources to try to cut across all those to do a single assessment. I suppose that each of those areas will stand and fall on their own.

**Ms M.J. DAVIES:** It is hard to understand whether it is a worthwhile activity if there is no measurement of the activity.

**Mr D.J. KELLY:** The department will look at it and consult with the Youth Affairs Council to see whether it thought it was useful. As I said, my understanding is that this is the first time that the state government has attempted this. It was not something that was tackled when the member was in government. Before we embark upon an assessment that would, by definition, have to cut across a whole bunch of different portfolios, I want to talk to the Youth Affairs Council and get its read on the best way forward.

**The appropriation was recommended.**

**Division 41: Department of Water and Environmental Regulation — Services 1 to 3 and 5, Water, \$129 376 000 —**

Mr D.A.E. Scaife, Chair.

Mr D.J. Kelly, Minister for Water.

Ms M. Andrews, Director General.

Ms H. Manderson, Chief Finance Officer.

Mr M. Awang, Acting Director, Water and Ecosystem Planning.

Mr S. Taylor, Executive Director, Regional Delivery.

Ms S. McEvoy, Executive Director, Strategic Policy.

Mr L. Clarke, Chief of Staff, Minister for Water.

Ms L. Peters, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Are there any questions? I give the call to the member for Cottesloe.

**Dr D.J. HONEY:** I refer to page 693 of budget paper No 2, volume 2. In the table under paragraph 1 is an efficiency indicator that shows 95 per cent of referrals were dealt with within targeted time frames. In relation to the assessment of referrals and the like, and we will talk a bit more about specifics later on, industry is saying that those time frames have blown out considerably. Have the targeted time frames changed in this budget?

**Mr D.J. KELLY:** No, member. There has been no change in the targeted time frames for this budget.

**Dr D.J. HONEY:** I have a further question. Just carrying on from that, one of the issues we hear about from industry is that the stop-the-clock principle is used by departments to effectively stop recording the time that it has taken for their assessment to occur, or at least the full time. Do these time frames that are measured in this section incur stop the clock? Have we seen a greater increase in that? Just to cut to the chase on this one, I am interested because I believe it is the case that in other areas staffing has been an issue.

[4.50 pm]

**Mr D.J. KELLY:** The stop-the-clock provision applies to these applications. The reason for that seems to me to make quite a bit of sense. If the department is dealing with an application or a request for advice, sometimes the information provided by the proponent is not complete, so the department may require the applicant to provide additional information in order for the application to be properly considered. In that circumstance it is on the applicant to provide the information to allow the department to complete its work. It is a little unfair, for example, to say that the department has taken 100 days—I just pulled that figure out of the air—to deal with an application, if for 50 of those days the department has been waiting for information to be provided by the applicant. I am told by the director general that this issue of stop the clock and whether it should apply to applications is being dealt with as part of Streamline WA, which is this government’s initiative to improve the way applications are dealt with across government so that there is consistency across government departments. That is being looked at. There is logic in saying that if someone wants government to process an application, the time that the applicant takes to provide sufficient information should not be recorded against the government as part of the time frame it has taken to make a decision.

**Dr D.J. HONEY:** This is the last question I have on this matter. Are staff shortages used as justification for the stop-the-clock provision, or is it only if it is waiting for information from proponents or another department?

**Mr D.J. KELLY:** Member, no, staff shortages are not used to stop the clock. My understanding is that it is only applied when the applicant has been asked for additional information. In the member’s discussions with industry he might indicate to them that one of the problems the department has is when staff are poached by industry. Industry makes offers to members of the department who do this type of work; they snaffle them up then say to the government, “Why aren’t you able to deal with my application in an expeditious way?” I do not wish to stifle the career path or job opportunities of members in the department—though I think working in the department is one of the greatest callings ever—but the member might just say to some members of industry that if they allowed our public servants to get on and do their work rather than whisking them away with job offers, that might assist.

**Dr D.J. HONEY:** Referring to the same table, there is a significant increase in federal funding flowing through the budget in 2022–23. Could the minister briefly outline the projects that will be funded by that additional revenue?

**The CHAIR:** We are on page 693. Is there a particular line item?

**Dr D.J. HONEY:** There is a comment that additional funding is flowing through with an increase in federal funding under the heading “Explanation of Significant Movements”.

**Mr D.J. KELLY:** Is the member talking about the first note there?

**Dr D.J. HONEY:** Yes.

**Mr D.J. KELLY:** We sought for some federal government funding to expand on non-potable water projects in the great southern and wheatbelt primarily, but I think some of them might be in the midwest. We were successful in getting what I would call a modest amount of money out of the previous government to expand a program that we have been undertaking to bring back online water sources in those regions so that they would be available for firefighting purposes, animal welfare purposes and the like. In the end I think it was a \$7.3 million program, with 50 per cent funding from the state and 50 per cent funding from the commonwealth. That enabled us to fund about 70 additional projects in the regions. It also enabled us to increase funding to projects that we had 50/50 with local governments on community water projects up to \$100 000 in those regions as well.

**Dr D.J. HONEY:** Are those projects mostly refurbishment of town dams and community dams?

**Mr D.J. KELLY:** It is a variety, but certainly there are old town dams that used to be the primary water source for those towns that have been disconnected for water quality or reliability issues. They have sat there and some have fallen into disrepair. As part of this program, by cleaning up the catchment and making them more accessible, they can be used for those non-potable purposes, but it might also be old railway dams, for example. I visited one that was almost 100 years old. By putting in place a pump, a bit of piping and a tank, farmers would be able to access that water on the main road. A variety of assets are being brought back online.

**Dr D.J. HONEY:** On that same table, FTEs were increased by 11 this year. What new work did the additional staff carry out, please? Just to help, it is the line item “Employees (Full-Time Equivalent)” and the 2020–21 actual was \$124 000. I see now it was increased by 10. The budget was \$135 000 and the estimated actual is \$134 000. The budget for 2022–23 is \$135 000.

**Mr D.J. KELLY:** There are a couple of reasons for that. We have additional resources to implement the Peel–Harvey estuary protection plan. There was an additional \$5 million to fund that plan, which was an election commitment and there are some additional resources there. Resources were provided to the department to implement the Yamatji Nation Indigenous land use agreement as part of that native title settlement. I think it is the first time there has been a water allocation in that settlement. There was \$20 million in that settlement to enable the native title owners to workup that water resource. There is work to be done around that in the department. There were also some additional resources for regulatory approvals of which, given the member’s earlier question, he would probably approve.

[5.00 pm]

**Dr D.J. HONEY:** The minister mentioned the Peel–Harvey protection plan. Has that manifested as a published plan or is it still work in progress?

**Mr D.J. KELLY:** We launched the plan publicly at the end of 2020–21.

**Dr D.J. HONEY:** In relation to the historic allocation of water—effectively the portion of the available water in that area to the Yamatji Nation—has there been a development of water assets under that agreement or, again, is that still work in progress?

**Mr D.J. KELLY:** Sorry, member; I was trying to get confirmation that the figure of \$20 million was correct. I am not 100 per cent sure because that money went to the native title holders as part of the settlement. It did not go to the department, so no-one from the department can confirm that figure.

As far as that water being commercialised, I am advised that the Yamatji Southern Regional Corporation has already entered into a water licence agreement with mining company Perpetual Resources to access 560 000 kilolitres of water per annum to facilitate mining operations around Eneabba.

**Dr D.J. HONEY:** Is it effectively a requirement of the department that the water allocated to the Yamatji Nation be used before any other licence applications for groundwater or other water use is made by the department?

**Mr D.J. KELLY:** My advice is that that is not how it works. That catchment is not fully allocated. Under the native title settlement—it was negotiated under the Native Title Act 1993, and not by the department—a portion of the unallocated water in that catchment has been reserved for the native title holders, but my understanding is that other water remains so if someone wants to put in application and water is available, that water can be accessed by any other applicant.

**Dr D.J. HONEY:** Thank you very much, minister. I refer to the exact same table. There was a substantial increase in the average cost per water measurement site managed by 42 per cent from the 2021–22 estimated actual. What drove that substantial 42 per cent increase in cost? I am happy to take the answer as supplementary information, minister.

**Mr D.J. KELLY:** The advice is that obviously these averages are worked out on the total cost of the service divided by the work that is done, whatever it is. In this case, a significant cost was deferred until the next financial year. I am advised that some of it was maintenance on projects that could not be done because of COVID. If the work is not done and it is shunted into the next year, that affects the total cost of service. There was also a deferral of some of the small grants programs and new funding for the implementation of the Peel–Harvey estuary protection plan. It was really just timing with some of those costs moving from one financial year to the other rather than any sort of permanent reallocation. That is my understanding.

[5.10 pm]

**Dr D.J. HONEY:** The minister can give a quick yes or no answer to this question. If we look at the increase in the average cost per water measure site managed from the 2020–21 actual to the 2021–22 estimated actual, we see a 32 per cent increase as well. Can I assume that increase would be justified in the same way?

**Mr D.J. KELLY:** I can give the member a quick answer, and that is yes.

**Dr D.J. HONEY:** I refer to page 693 of budget paper No 2, volume 2, and service 2 “Water Planning, Allocation and Optimisation”. The table refers to the total cost of service but there is no reference to a direct line item in that table. As I told the minister earlier, his department put out a discussion paper on managing water in the Fitzroy River catchment in November 2020. I told the minister I thought that was a very measured approach to developing water resources in the Fitzroy River. I do not recall hearing about any public commentary or any progress on that plan. Given the potential for really substantial job creation in a community that needs jobs, has there been any progress on further implementation of that plan? I understand that consultation was slowed down a bit by COVID, but has there been any progress since the release of what is a very sensible document?

**Mr D.J. KELLY:** The member is correct that we put out a discussion paper that included a number of options that might form part of a water allocation plan for the Fitzroy River. The discussion paper generated significant interest. I think there were 43 000 submissions. The department is still working on a response to that discussion paper. It is complicated because it is an area where traditional owners have, and should have, a significant say in how that resource is managed, developed or protected, and COVID made that process more difficult than it would have been otherwise. Many of those remote communities were locked down for significant periods. Although I will endeavour to get a response to that discussion paper as soon as possible, it is still a work in progress.

**Dr D.J. HONEY:** How many of the submissions that the department received on that discussion paper were from Western Australia versus from other corners of the globe and the eastern states?

**Mr D.J. KELLY:** I do not have those figures with me. I know there was a significant number of submissions from the Kimberley, but I do not have exact figures. Presumably, that consultation report will come out at some point, and it is my understanding that those sorts of details might be in it.

**Dr D.J. HONEY:** Does the minister have a timetable in mind? As the minister knows, I have spent a reasonable amount of time in the Fitzroy talking with a range of stakeholders, including Aboriginal communities and senior

Aboriginal representative organisations, and it is fair to say that although there is diversity of opinion, there does seem to be an appetite for that plan in some groups in particular. In fact, particular communities, not all of them, saw a huge opportunity to develop their water assets. Does the minister have a time line in mind for when the department will come to some sort of conclusion on this matter?

**Mr D.J. KELLY:** I am really reluctant to put a definite time line in place because we do not know what disruption is going to come our way, but I hope within—again, it is only an estimation—the next 12 months there will be progress on that issue. I am certainly not trying to delay it, but a substantial amount of work is involved and we live in uncertain times.

**Mr M.J. FOLKARD:** I refer to page 694 of budget paper No 2, volume 2, and service 3 “Water Regulation, Licensing and Industry Governance”. I understand that the department through this service has developed draft guidelines for spring exemptions. Can the minister outline why these guidelines have been developed and whether the department has received any criticism on this matter?

**Mr D.J. KELLY:** I thank the member for the question. It is a very topical issue. Spring exemptions have caused some controversy amongst water users. If a person has a spring on their property, they are not required to seek a licence. In some areas of the state, the question of whether a person’s spring is exempt from licensing has become a hot topic. In the south west, around Manjimup in particular, which is an area that is largely fully allocated and has no water to be licensed left, there is quite a lot of discussion about whether a farmer has a spring exemption on their property.

This issue has bubbled away, if you like, for many years. Under the previous government, the minister put in place a process whereby farmers were invited to go to the department and get advice on whether what they believed was a spring was exempt from licensing. That resulted in farmers going to the department to seek that advice, causing some difficulty because some farmers got the answer they wanted and others were told that an exemption would not apply and some people were disappointed by that advice. To try to resolve the issue, we asked the department to work with the Warren Donnelly Water Advisory Committee, which represents locals from the area, to come up with some guidelines to inform farmers about what is a spring, essentially. The department put many hours into that process. Spring guidelines were put out for public comment and they are now being considered.

Given the department’s hard work, I was very disappointed that the member for Cottesloe on one of his regular podcasts was highly critical of the agency and the public servants who had done that work. He said that last week he spent three days down in Manjimup and surrounding areas talking to farmers who are deeply concerned about what the government plans to do about their existing licences and some future changes that are proposed to water laws—the bills and at least the acts—that regulate water management for farming, in particular. He went on to say that the government came in with a heavy-handed approach that was threatening to farmers, and that farmers feel utterly intimidated by —

**Mr R.S. Love** interjected.

**The CHAIR:** Just a moment, minister. The member for Moore has raised a point of order.

[5.20 pm]

**Mr R.S. LOVE:** I seek your advice, chair. The budget estimates process is a chance to interrogate the budget. I do not see what the relevance is to the budget process of the minister reading out the comments of another member of Parliament. I seek your guidance, but I believe those comments are out of line and out of order.

**The CHAIR:** There is no point of order, but as members will know, I play a pretty straight bat in estimates in terms of who gets the bulk of time, and I am sure the minister will draw his answer to a close shortly.

**Mr D.J. KELLY:** I will just finish by saying that the member described the farmers feeling that they had been utterly intimidated by heavy-handed inspectors coming out and threatening their capacity to utilise the water on their farms. I find those comments highly offensive. The members of the department that is funded by these budget line items are dealing with a very controversial issue. It is not an issue of those agencies’ making. They are dealing with legislation and policies that were put in place by the former government and I think it is disrespectful and, in many ways, dangerous for members of Parliament to whip up those sorts of sentiments against public servants who are just trying to do their job. I urge the member for Cottesloe to choose his words more wisely than to whip up those sorts of feelings against public servants who are very professional, are trying to deal with a difficult situation and, essentially, are just trying to do their job.

**Dr D.J. HONEY:** I am glad the minister got onto that topic, because that was one of the areas I was keen to get some clarification on. Who was consulted about developing the guidelines that were developed? For example, were the government’s own hydrogeological experts consulted on that? Were other hydrogeological experts consulted on it? I will say that I have had extensive feedback from hydrogeologists that the conclusions reached in that document, particularly the concept of underground streams, defy hydrogeological science.

**Mr D.J. KELLY:** I am glad the member for Cottesloe has asked me another question on that. As I said, he is entitled to question what we have done, but these are public sector workers who go out into these communities and deal with farmers who may be, in some cases, quite emotional about these issues. It really does not help to have the member

whipping up anti-government sentiment in the way that he has. Quite frankly, I actually thought he was better than that. I know we have disagreed on a number of things, but I thought he was better than to use the quite inflammatory language that he has used.

**Ms M.J. DAVIES:** Just answer the question. The minister has already had one go; just answer the question. It is a waste of time. None of the minister's colleagues has been doing it; only he has. I have sat through it all.

**Mr D.J. KELLY:** Sorry, member for Central Wheatbelt; I did not hear any of that. Does the member want me to answer the question?

**Ms M.J. DAVIES:** I can repeat it. The minister is wasting the chamber's time. None of his colleagues has done this in any of the other estimates hearings and he has already made his point.

**The CHAIR:** Members! Leader of the Opposition! Minister.

**Mr D.J. KELLY:** The question was: who was consulted? The Warren Donnelly Water Advisory Committee, which includes, amongst others, the Shire of Manjimup, was deeply involved. Local licence holders, the shire, all water licence holders and representative stakeholder organisations were notified that this process was in place. The department's own hydrogeologists were deeply involved in the formulation of the spring exemptions document, which I stress to the member is out for public consultation; it is not a final document. I am personally aware that it is quite long. When advice is being given, the purpose of which is to make user-friendly provisions in the legislation, it has to be ensured that what is being given to people is correct, but that has resulted in quite a long document. There was extensive public consultation and professional advice was sought before that document was put out.

**Dr D.J. HONEY:** In relation to the surface water in that catchment, it was put to me by the local farmers that what are called streamlines were developed remotely by someone using topographical maps. Does the minister know whether that is the case?

**Mr D.J. KELLY:** As the member for Cottesloe can tell, it is a quite complicated process. I am advised that under the process that has been contemplated in the guidelines, there certainly would be a process of on-the-ground verification as part of that process. Although some of it might be done from information gathered remotely, there would certainly be on-the-ground verification.

**Mr R.S. LOVE:** I refer to page 694 of budget paper No 2 and the heading "Explanation of Significant Movements". Paragraph 1 refers to the total cost of service due to delivery of the Gngangara allocation plan, and water licence and permit application assessments for various things. I understand that the department is currently also involved in allocation planning for the Gingin shire. I think it is reshaping some of the previous models of allocation plan boundaries. People are saying that they have been told that they will have a cut in their allocation. I am wondering whether the minister can tell me a little about where that plan is at, when it will be delivered and whether there have been any communications with licence holders to indicate that they are to expect a reduction?

[5.30 pm]

**Mr D.J. KELLY:** The member will probably be aware that that plan borders the Gngangara plan area. The Gngangara plan is currently out for public consultation. I am advised that there has been no work commenced on a new Gingin plan, so there has been no communication to people that there is likely to be a reduction in water allocations. I could be wrong, but I think I have had one bit of correspondence from someone in Gingin about a potential reduction in their water allocation, and I think they mistakenly thought that they were going to be covered by the Gngangara plan, so there may be some confusion that the reductions in water available under the Gngangara plan may apply to the Gingin area. I have something in the back of my mind telling me that I have had at least one bit of correspondence of that nature. I am certainly advised that work has not yet begun on a new plan for Gingin, and so there is no basis upon which to say that there is going to be a reduction in water, because there is no work being done yet.

**The CHAIR:** Before we go on, given the time, I want to make members aware that we have 30 minutes and three off-budget authorities remaining before all these divisions and off-budget authorities have to be put. Further question, member for Moore.

**Mr R.S. LOVE:** I just have one follow-up. Is there going to be a revision of the plan; and, if so, when will it commence?

**Mr D.J. KELLY:** I am advised it is in the forward works plan. I am just trying to get the member a bit more detail than that. I am told that the work will begin in the next financial year—not the current year, but the next financial year, so 2022–23.

**The CHAIR:** New question, member for Cottesloe.

**Dr D.J. HONEY:** Thank you. I made the fatal mistake of muting myself, and only the host can unmute me, which may serve some people!

Just quickly, if I could, please, minister, coming back to the area of the Warren–Donnelly catchment, whilst I was there, I was shown a large area that was subject to forestry where there has been replanting of karri or jarrah. The areas have been planted at a density of around 3 000 stems a hectare, which is a completely unnatural density of trees. I am told that the watertable in those areas has declined enormously, over nine metres in area, because there are many more

trees than would be in a natural forest and there does not appear to be any thinning activity. The locals' concern was that thinning activity seems to have stopped. There are two issues. Firstly, if we have a drought, large areas of those trees are going to die because they will lose water. Secondly, the forest there is 85 per cent of the area of the whole shire. It is the single largest user of water. If there are concerns about environmental streamflow, part of that has to be management of the forest and the density of trees in the forest, especially in those unnatural areas that have been replanted rather than seeded naturally. I wonder if the minister can tell me whether there is a plan to deal with that as well.

It concerns me that there is an enormous amount of focus on the farmers. My understanding is that the farms only comprise 15 per cent of the total area, but it appears that there is no management of the large sections of the forest that were subject to forestry and have been replanted to manage environmental water flow to the streams.

**Mr D.J. KELLY:** I am glad the member raised those points. The claim that the forest is the biggest user of water in the catchment and that farmers have an infinitesimal influence on the water within a catchment—that catchment in particular—was one of the points the member raised in his podcast. I have to say, it does not indicate that he has a great understanding of how these matters work. Those forests have been there for thousands of years, and I think that to describe them as the biggest water user in the catchment really misrepresents and causes confusion amongst people who might take that seriously.

The Department of Water and Environmental Regulation works very hard with the Forest Products Commission on forestry issues. The rules on which forests are harvested and where they are replanted are set out in the forest management plan. As the member knows, the current plan finishes at the end of 2023; there will then be a new one. Public comment is currently being called on that, so if farmers have issues with the way forestry is being conducted in that catchment, they can make that comment to the Department of Biodiversity, Conservation and Attractions, which leads that process. Again, I would just ask the member to be a bit cautious about his language. I can assure the member that the Forest Products Commission, the Department of Water and Environmental Regulation and the DBCA, even though it is not one of my agencies, take the science around this stuff very seriously. I urge the member to be a bit careful about some of the things he is saying.

**Dr D.J. HONEY:** I thank the minister very much. If there is one thing I am very aware of, it is the science. A natural native forest evapotranspires 70 per cent of the rainfall or more, so in a typical forest, only around 30 per cent or less of the water actually enters the ground. But in those areas that have been replanted—I would encourage the minister to go and look at them—the stems are literally less than an arm's length apart. It is a completely unnatural forest. In fact, I would bet that there is essentially no water entering the streams from those areas that have been reforested. It is a completely unnatural environment. My concern is twofold—it is not only the water issue, but also the bushfire risk of those areas. My understanding is that the Fire and Emergency Services Authority has asked for tracks to be pushed through those areas because of its concerns about the bushfire risk. The minister will probably give me the same answer. Those areas were being thinned, but it appears for some reason that the thinning has stopped. There has been a dramatic reduction in the ground watertable and that means there is a dramatic reduction in water going to streamflow from those areas. That was my point. The forests there are not thousands of years old; that is just not geologically or scientifically correct. The fact is that there is run-off from those replant areas. I saw streams in those areas that were completely dry when streams in other areas of natural forest were flowing.

[5.40 pm]

**Mr D.J. KELLY:** I am not really sure how to respond to that to be honest. When we came into government, we inherited forests that had been managed under the previous government. Some of those areas that the member describes as being unnatural were areas that were obviously harvested under the previous Liberal government. Thinning programs are currently in place. One of the things we have said is that under the next forest management plan, we would like further thinning of those areas that have previously been harvested. We are conducting thinning trials, in conjunction with the Forest Industries Federation (WA), because we understand that there are probably some things to learn about how to best conduct that thinning so that we not only get a more natural forest, but also perform the thinning without causing further damage to the forest around the areas that we are thinning. We understand that more thinning needs to be done. I suppose that for the member for Cottesloe to give us lectures about the requirement to do thinning, given that very little of that was done under the previous government, is a bit rich.

**The appropriation was recommended.**

**Water Corporation —**

Mr D.A.E. Scaife, Chair.

Mr D.J. Kelly, Minister for Water.

Mr D. Page, Chief Financial Officer.

Mrs K. Willis, General Manager, Customer and Community Group.

Mr L. Clarke, Chief of Staff, Minister for Water.

Ms A. Gismondi, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Are there any questions? The member for Cottesloe.

**Dr D.J. HONEY:** The Water Corporation website indicates that the Gngangara mound replenishment scheme phase 2 was due for completion earlier this year. Has that process been commissioned yet?

**Mr D.J. KELLY:** I am advised that work is still being done, not on the processing plant but on the injection bores themselves, so some work is still required before stage 2 can be commissioned.

**Dr D.J. HONEY:** Is there an estimated time line for when that work will be completed?

**Mr D.J. KELLY:** My advice is that diagnostic work, I suppose we would call it, is still being done on some of the issues relating to those bores, so there is not a firm time line to determine when they will be fully commissioned.

**Dr D.J. HONEY:** The minister has perhaps answered the question, but the figures in the table on page 825 show that 21 per cent of wastewater is recycled. Obviously, that phase 2 replenishment would be an increase of 12 per cent, but I see that the budget for 2022–23 is still that 21 per cent will be recycled. Does that mean the minister does not expect that system to be online this financial year; it will continue to be 21 per cent in the new financial year?

**Mr D.J. KELLY:** I am told that Mr Hambleton, the CEO, would be able to advise whether that target includes the additional 14 gigalitres, but he is not here because of illness. That is a statewide figure. The groundwater replenishment scheme will impact that figure by only one or two per cent. There are 100 wastewater re-use schemes around the state, and although the groundwater replenishment scheme would be the biggest, this is a whole-of-state figure; therefore, from a statewide perspective it will affect that by only one or two per cent.

**Dr D.J. HONEY:** Does the minister expect that when that scheme is implemented, we will see a recovery in the water levels in Gngangara mound?

**Mr D.J. KELLY:** My understanding of how that scheme works is that the water that is injected will enable an equal amount of water to be taken by the Water Corporation at a different site. It is a one-for-one project. In general terms, 28 gigalitres of recycled groundwater going in will not result in an increase in Gngangara water levels. Having said that, when that scheme was planned, the Water Corporation looked at whether there would be environmental benefits depending upon where the water was injected. My understanding is that the injection bore locations that were chosen are in areas in which there would be a benefit to local wetlands and the like. It will not result in 28 gigalitres more water in Gngangara mound, because it is a one-for-one scheme.

**Dr D.J. HONEY:** In November 2019, the government announced that maintenance activities for the Water Corporation would be insourced and stated that this would result in maintenance cost savings. How many positions were insourced, and does the minister have a system in place to measure maintenance cost savings?

[5.50 pm]

**Mr D.J. KELLY:** My advice is that about 400 positions were brought back in-house. Mr Hambleton would be able to give the member some more advice. Systems are in place to measure the cost of maintenance. In general terms, the advice I have received is that the insourcing of those services has gone according to plan and there have been no unexpected outcomes. If staff are the most valuable resource in an organisation, they will be very happy with a decision to insource. For example, I met one staff member who had been at the Water Corporation for over 40 years. He started as a Water Corp employee. His job had been outsourced by the Court government. He had gone through a number of contractors and he said that throughout the whole time that he did basically the same job, he refused to wear the corporate colours of the contractors because he still felt like a Water Corp employee. Now that we had made the decision to insource his job, he said that he could proudly wear the Water Corp's colours and could now retire after 40-plus years feeling as though he was valued by the corporation. If you value anything, member for Cottesloe, you have to take into account the people you ask to work for you.

**Dr D.J. HONEY:** I think all organisations value their people, but it does not mean they all have to be in government. Minister, are there any metrics tracking the performance of maintenance costs? The contractor carrying out that maintenance work was on very strict KPIs and had to show a two per cent year-on-year cost saving as part of that contract. Does the minister have any metrics to show the efficiency or at least the cost of the maintenance activities; and, if so, can that information be provided, please?



**Mr D.J. KELLY:** I am advised that the Water Corporation keeps a close track on all its costs. I cannot give the member those costs; I do not have them available today. However, I would say in respect of the comment, which the member has made elsewhere, that the contractor must be doing a great job because they were required year on year to produce a two per cent efficiency dividend. The Water Corporation has a year-on-year efficiency dividend that it must deliver that is based on its business-as-usual level of activity. It is now 1.5 per cent, but I understand that that business efficiency dividend was brought in by Eric Ripper when he was Treasurer. Mr Page is saying that it was a bit before his time. I am happy to be corrected, but I understand that was an ongoing efficiency dividend the Water Corporation was required to deliver in lieu of open competition to keep the Water Corporation on its toes.

The member for Cottesloe said that the contractor that was replaced was doing such a great job because it had to deliver this efficiency dividend. That dividend was two per cent from the Water Corporation, so it was just an equivalent efficiency dividend that the Water Corporation itself had to comply with. That dividend figure has since been reduced to 1.5 per cent. The Water Corporation as a government entity does not get a free ride from Treasury. It has to constantly show that it is innovative and reducing its costs.

**Dr D.J. HONEY:** In relation to the asset investment program and the retained dividends, Water Corporation has now retained \$1.3 billion of earnings. Has any of that money been allocated to other activities; and, if so, what other activities has that money been allocated to?

**Mr D.J. KELLY:** It is specifically for the third desalination plant, so that money has not been allocated to any other activity.

**Dr D.J. HONEY:** What is the schedule for the next desal plant?

**Mr D.J. KELLY:** The indicative timetable for that to be operating is 2028. That lines up with the draft Gngangara groundwater allocation plan, which is out for public consultation. Under that plan, the amount of water that the Water Corporation will be able to take will be reduced by 30 gigalitres. That reduction in allocation is due to kick in in 2028. The plan is that that desal plant will be in operation by 2028 to coincide with that change in water allocation. Obviously, it is early days. No contract has been let. A whole lot of work has to be done. Environmental approvals are still being sought from the Environmental Protection Authority, but 2028 is the indicative timetable.

**Dr D.J. HONEY:** Within phase 2 of the replenishment program of the Gngangara mound, over 100 gigalitres of secondary treated wastewater will be going out into the ocean. One way of preserving the water level or increasing the water level in Gngangara mound and allowing horticulturalists to utilise that source without their licences being cut would be to recycle more of the secondary treated wastewater. Does the Water Corporation have any proposal to develop a phase 3 or at least another replenishment program to utilise that good water that is being pumped out into the ocean?

**Mr D.J. KELLY:** I remind the member that the previous government was talking about a reduction of up to 25 per cent for horticulturalists, and because of the good work done, primarily by the Department of Water and Environmental Regulation, only a 10 per cent reduction is being contemplated under that new plan. As for other plans to utilise further recycled water, the Water Corporation is always looking at these types of projects. I know the Water Corporation has worked on whether further managed aquifer recharge could use water from other, what we now call, resource recovery facilities. As yet, none of those projects are at a point at which they are viable within the current time frame that we need the next water source. I agree with the member that the water that is currently going out to the ocean is a potential resource that the state could use for Perth's water supply, but none of those projects is currently at a point at which it would be environmentally and financially viable to replace the next source, which will be a desal plant. I can assure the member that the Water Corporation always has that on the agenda.

**Dr D.J. HONEY:** Is there any contemplation that a third party could come in and utilise that water and recycle it for other purposes, thus avoiding pressure on government to do that?

**Mr D.J. KELLY:** The member may recall that the Barnett government identified the wastewater treatment plants in the metro area owned by the Water Corporation as candidates for privatisation. That would have been a disaster, because as we now know, that water is actually a resource for either drinking, industry or agriculture. It would have been a disaster to privatise those plants. Under the Water Corporation's current business model, it does recycle that water.

[6.00 pm]

**The CHAIR:** Given the time, that completes the examination of the Water Corporation.

**Bunbury Water Corporation —**

**The CHAIR:** For the minutes, I note that the Bunbury Water Corporation was not examined.

**Busselton Water Corporation —**

**The CHAIR:** For the minutes, I note that the Busselton Water Corporation was not examined.

**Division 14: Department of Jobs, Tourism, Science and Innovation — Service 3, Forestry, \$105 033 000 —**

Mr D.A.E. Scaife, Chair.

Mr D.J. Kelly, Minister for Forestry.

Ms R. Brown, Director General.

Mr J. O'Hare, Executive Director, Industry Development.

Ms C. Brooks, Senior Project Manager.

Mr L. Clarke, Chief of Staff, Minister for Forestry.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Are there any questions on this division?

**Ms M.J. DAVIES:** Sorry, are we in forestry?

**The CHAIR:** We are in forestry.

**Ms M.J. DAVIES:** There are no forestry staff.

**The CHAIR:** This is the Department of Jobs, Tourism, Science and Innovation, service 3, forestry. Afterwards, we will have the off-budget authority of the Forest Products Commission.

**Mr D.J. KELLY:** While members opposite are gathering their thoughts, they might indulge me. We anticipated that Busselton Water Corporation would be questioned and I had intended to note the fact that Helen Shervington, who has been the longstanding chair of Busselton Water, is retiring from that position. She was appointed in October 2011 and elected chair of the board in July 2012, so she has been a longstanding chair of Busselton Water. I just wanted to congratulate her on the outstanding work that she has done in that position. Her term expires on 31 May 2022 and she will be replaced as chair by existing member Dr Robyn Paice. We thank Helen for her work and wish her well.

**Ms M.J. DAVIES:** Hear, hear!

**The CHAIR:** With a new question, the member for Moore.

**Mr R.S. LOVE:** I have a question relating to page 198 of budget paper No 2, volume 1. The line item is "Native Forest Just Transition Plan". It appears to have a sum of \$51.6 million required in 2023. Will this be made available to provide the promised financial support for workers and businesses?

**Mr D.J. KELLY:** This is the line item that contains the funds for what is now an \$80 million transition package. We have previously outlined assistance packages for workers and businesses, and this is now an industry and community package. This is the funding for that program.

**Mr R.S. LOVE:** This is not quite a follow-on, but on page 202 of the same volume, one of the items under the significant issues affecting the agency concerns the creation of local jobs in the area. Paragraph 18.4 makes reference to the native forest just transition plan. How many local jobs have been created at this stage under that item?

**Mr D.J. KELLY:** The just transition plan has a number of components. I emphasise that the priority given to those three packages was determined by the just transition group, which includes the shires and the chambers of commerce. They identified that developing the worker package was the first priority, the business package would be the second priority, and the third priority would be the community and industry development package. By its nature, the worker package will offer assistance to workers who were displaced by the decision. That is now in place and workers are starting to receive assistance. The business package is for mills that have been directly impacted. As far as I am aware, no business has yet accessed funds out of that package. The third package, which I suppose is the job-creation element of the three, is now being put together by that just transition group. It was that just transition group, with representatives of the shires and the chambers of commerce and industry from the south west, that identified that the worker and business packages should come first and second, and that the package the member described as the job-creation package should be third.

**The CHAIR:** A further question?

**Mr R.S. LOVE:** No, I think it has been answered. I will let it go.

**Ms M.J. DAVIES:** I think we can stay in the same section for the just transition plan. A note in the *Budget statements* states —

... \$3 million from this provision was allocated to industry engagement and the establishment of a Bunbury-based project team.

Can the minister explain what industry engagement was undertaken?

**Mr D.J. KELLY:** What page is the member referring to?

**Ms M.J. DAVIES:** I thought we could stay on the same one, but it is actually on page 113 of budget paper No 3. There is a paragraph at the bottom of the page about the native forest transition.

**Mr D.J. KELLY:** Is the question on what staffing has been allocated?

**Ms M.J. DAVIES:** No. It states —

... \$3 million from this provision was allocated to industry engagement and the establishment of a Bunbury-based project team.

What industry engagement has actually been undertaken?

[6.10 pm]

**Mr D.J. KELLY:** We established a native forest transition group, which includes shires and representatives of the various chambers of commerce and industry. That group has been resourced, in part, by a team from a mixture of staff from the Department of Jobs, Tourism, Science and Innovation and the South West Development Commission. They have been based in the south west. Industry engagement has primarily been through that native forest transition group. That group has met at least six times. In addition, subgroups of that larger group have met to talk about the worker package and the business package; and there is now a subgroup to work on the community and industry development package. I suppose that is the formal process. That team has also directly fielded inquiries from businesses that, for example, are interested in offering positions to people working in the industry. The formal engagement has been through that native forest transition group, but that group has also fielded numerous inquiries from businesses that want to take advantage of the decision the government has made.

**Ms M.J. DAVIES:** Has that \$3 million gone to paying for a new industry engagement group or paying for people to participate? What is it actually supporting?

**Mr D.J. KELLY:** It has paid for some additional staff because, if we are going to do this, we cannot expect agencies to deal with a project as significant as this out of their existing resources. It has paid for a small number of staff; and, in addition, there has been IT and vehicle costs, and some small consultancies—those sorts of things. If we are going to listen to what the community is saying, there has to be a process and there will be a cost to it.

**Ms M.J. DAVIES:** Sure. Can the minister give me an understanding of how many additional staff have been added to undertake the work?

**Mr D.J. KELLY:** It is right here in front of me, I am advised there are 7.5 FTE staggered over a two-year period for JTSI itself to the period December 2023 and 1.5 FTE for South West Development Commission staff assigned to the Department of Primary Industries and Regional Development.

**Ms M.J. DAVIES:** Are they new positions that have been created?

**Mr D.J. KELLY:** That is right. Some of those roles have been filled by existing staff, so they are not all newcomers to the public sector, but they are new positions.

**Ms E.J. KELSBIE:** I refer to page 211 of budget paper No 2, volume 1, under “Details of Controlled Grants and Subsidies”, which also relates to the just transition plan, in particular, the work transition plan line item. I note money is set aside for the workforce transition plan the minister has just been talking about. Can the minister elaborate on exactly what support this will provide to workers as they transition out of the native forest industry?

**Mr D.J. KELLY:** I thank the member for the question. I really appreciate the positive way the member has advocated for workers in particular around this issue. As a government, we completely understand that for some workers this decision will cause some disruption in their lives, so we have been very conscious of trying to put in place assistance to help those workers transition out of native forestry. Part of that is the financial package. There is a \$10 000 payment to full-time staff who choose to voluntarily leave the industry. They may wish to take up one of the jobs available in the south west before the mill they work for closes. That is a \$10 000 payment for people who leave voluntarily. Alternatively, there is a \$30 000 payment, plus \$1 000 a year for each year of service up to a maximum of \$15 000 for workers that are made redundant by a mill that has a contract with the Forest Products Commission. In addition to that, there is retraining, reskilling and a new employment support program for workers. Workers are eligible for

\$2 500 towards external training and support from TAFE or an approved provider. A job matching service is available for workers, with up to \$500 provided to assist workers to prepare a résumé in preparation for seeking employment. There is up to \$5 000 available for training, new equipment or uniforms for staff that move to new employment. There is a significant financial package for those workers.

I am pleased to say that with additional staff put on, the feedback we have so far from workers has been very positive. The retraining opportunities are significant, but we need staff who can walk those affected workers through those options. There will be new employment opportunities. Many businesses in the south west are crying out for staff, so the additional staff we have put on are able to talk with those affected staff and walk them through what job opportunities may exist. Although we acknowledge this decision is disruptive for some employees, we think the package we have put in place is substantial and will go a long way to assist those workers to transition to new employment.

**Mr V.A. CATANIA:** Among the packages there is the figure \$30 million. How many employees is the minister hoping to transition into new opportunities? Has it been modelled on the number of people who will be affected? Is it for those who are directly affected through mills closing down? Does the minister have a number?

**Mr D.J. KELLY:** Member, we have not modelled how many of those staff will transition to new employment. Some staff will make the decision to take the redundancy package, if that is their circumstance, and retire. There are some who will seek to continue employment in other positions but, as the member can imagine, we have no visibility over the choices those workers might make. The member would not expect us to. We are trying to give people a financial base, which is significant for their period of service in the industry, and then give them a range of other options. Whether they choose to retrain, retire or seek re-employment is a decision for individual workers.

[6.20 pm]

**Mr V.A. CATANIA:** I understand that it is very difficult to work out what pathway an employee in that industry would take, but surely the government has modelled a figure of whether 100 or 200 people in the industry will be affected. What is the number of employees working in the native timber industry who will be affected? Has the government done modelling on moving them across to the softwood plantation industry? How many jobs does that industry have to facilitate such a move if everyone was to take up those opportunities? My first question is: how many employees in the native forestry industry does this affect; and, second, how many job opportunities are there in the softwood plantation, for example, for these workers to take up?

**Mr D.J. KELLY:** I do not think it is any secret that the assessment that we have done when talking to the Forest Industries Federation of WA is that about 500 direct jobs in the native forest industry will be affected.

**Mr V.A. CATANIA:** Direct jobs?

**Mr D.J. KELLY:** Yes. I think some people still think that native forestry is the bulk of the timber industry in WA. It is actually less than 10 per cent. The majority of forestry in WA is already plantation-based forestry. About 500 is what we think. That is the figure that FIFWA would broadly agree with. The number of new jobs that will be created in the softwood plantation industry is probably in the order of 50 to 60. However, if we follow that decision through, that decision is also driven by the desire to support the several thousands of jobs that are already in the plantation industry—those people who are employed at businesses like Wespine Industries and Wesbeam who rely on the plantation softwood estate. It was never envisaged that there would be a direct transition of all 500 staff in the native forest industry to the plantation estate. We are aware, for example, that the Talison Lithium mine at Greenbushes is looking for hundreds of new staff over the next couple of years. The member would be aware that the mill that closed a week or so ago is located in Greenbushes. I am aware that a number of those staff have already been in contact with Talison. Anecdotally, I understand that some of them have already started working there. I would expect that the majority of the native forestry workers who will be impacted will go to other industries and other types of employment rather than go directly into the softwood industry.

**Mr V.A. CATANIA:** The decision has affected 500 direct jobs. Has the government done any modelling on the number of indirect jobs that it will affect—whether it is the tyre fitters, someone who fits gearboxes, a chainsaw sharpener or whatever the case may be? Has the government done any modelling around that?

**Mr D.J. KELLY:** At the moment, so many businesses in the south west are actually looking for staff that I think the number of indirect jobs that will be lost at the present time is pretty small.

**Mr V.A. CATANIA:** Does the minister have a figure for that?

**Mr D.J. KELLY:** At the moment, the tyre fitters and cafes and the like are looking for additional staff rather than laying people off. I do not know whether the member goes to the south west. When talking to businesses in the south west, they say they are looking to take on staff, not lose staff, and certainly not as a result of this decision. Having said that, one of the target groups in the third element of the just transition package, which will provide \$30 million, is those businesses that, although not direct customers of the Forest Products Commission, may be indirectly impacted by the forest decision. They will be able to apply for money to support, redirect or reshape their businesses. Part of that package will be aimed at them.

**Mr V.A. CATANIA:** Correct me if I am wrong, but is the softwood plantation a \$350 million investment over a period of time?

**Mr D.J. KELLY:** Yes, it is over a period of time.

**Mr V.A. CATANIA:** What is that time?

**Mr D.J. KELLY:** It is 10 years.

**Mr V.A. CATANIA:** Will part of that investment lead to more jobs that are needed because of that investment, or will it just keep pace with the need to develop the softwood plantation?

**Mr D.J. KELLY:** It will lead to some additional jobs. With some latitude from the chair, that \$350 million plantation investment is not part of the Department of Jobs, Tourism, Science and Innovation just transition package. It is probably a question the member should ask when we get to the next agency, which is the Forest Products Commission, but it is over a 10-year period.

**The appropriation was recommended.**

**Forest Products Commission —**

Mr D.A.E. Scaife, Chair.

Mr D.J. Kelly, Minister for Forestry.

Mr S. West, General Manager.

Mr A. Lyon, Director, Business Services.

Mr T. de Nobrega, Director, Finance.

Mr L. Clarke, Chief of Staff, Minister for Forestry.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

The Leader of the Opposition.

**Ms M.J. DAVIES:** I refer to page 296 of budget paper No 2, volume 1. The second item under the heading “Native Forests” talks about the forest management plan and the fact that it will allow for ecological thinning for forest health and harvesting ahead of approved mining operations for the period of the plan.

**Mr D.J. KELLY:** Sorry, I am on page 296. Which item is it under?

**Ms M.J. DAVIES:** It is the second item. It is about the FMP and some of the mining operations. I imagine that under that FMP there will be a renegotiation with businesses like Simcoa, which currently has a state agreement with the government and is getting by-product of native forestry to make sure that it can continue its business operations. Simcoa has recently said that if its access to that by-product is cut, it will have to make a decision on whether to import Colombian coal, which I would not have thought would be a good outcome, given that we have a sustainable resource here in Western Australia. Have there been discussions with the government around how that might be managed so that Simcoa can continue to operate? It is a big operation and has created a lot of jobs for the region. It is a pretty important manufacturing and processing operation. I understand that it is the only one of its type in Australia. Is the government working to ensure that Simcoa will have a sustainable and non-Colombian coal outcome?

[6.30 pm]

**Mr D.J. KELLY:** I am glad that the member asked the question because there are a few misunderstandings around this —

**Ms M.J. DAVIES:** I am happy to have them cleared up.

**Mr D.J. KELLY:** That is what I am going to try to do. The member is right: Simcoa is a very important business. As a government, we want to see Simcoa do well. It has a state agreement but it is not in relation to its contracts with the Forest Products Commission. Simcoa has a contract with FPC that expires at the end of 2023, which is at the end of the current forest management plan. Like anyone else under that plan, Simcoa will have to retender for a resource under the new plan. A state agreement normally gives guarantees beyond a certain period.

**Ms M.J. DAVIES:** Does that not apply to the contract?

**Mr D.J. KELLY:** It does not apply to FPC's contract. The issue has been raised about what would happen if Simcoa did not get the resource that it wants under the new FMP and how it would not be a good thing if it decided to then import coal from Colombia. The member may not be aware that Simcoa already imports coal from Colombia.

**Ms M.J. DAVIES:** It tries to minimise that.

**Mr D.J. KELLY:** Sorry? My advice is that it imports about 30 000 tonnes of coal per annum from Colombia. My understanding is that it goes from Colombia to Ireland, where it is washed—I do not know exactly what that means and why it needs to be done—and then it comes to Western Australia. Simcoa currently makes a commercial decision on how much coal it imports versus how much timber it imports. It is not the case that it consumes as much native timber as it can and then only uses coal —

**Ms M.J. DAVIES:** But it currently does consume that, so it is going to be displaced.

**Mr D.J. KELLY:** No. The member said she would be happy if I explained this.

**Ms M.J. DAVIES:** My apologies.

**Mr D.J. KELLY:** I am just trying to explain it to the member. Simcoa currently makes a financial decision as to the mix of coal versus timber. It is not the case that it takes as much timber as it can to minimise its coal usage. My understanding is that it makes a commercial decision. It already utilises Colombian coal. I am not sure whether people understand that from the commentary. Having said that, we believe that with the thinning activities that we will be undertaking and with the approved mine site clearing, that will still continue outside the FMP. That is not a matter that is covered by the FMP separate approvals process. The anticipation is that that will provide a resource for Simcoa. But I can assure the member that the state government is very keen to see Simcoa continue to prosper, and we will do what we can to ensure that that is the case. The issue that somehow a decision we have made will require Simcoa to start importing coal from Colombia is not correct because it already does that under the existing arrangement.

**Ms M.J. DAVIES:** Thank you, minister. I appreciate the clarity, but obviously the decision will mean if they cannot get access to that resource, Simcoa will increase the amount of coal it imports. I cannot imagine that that would sit well with the minister who speaks regularly about the impacts of climate change, or with the government that has a climate change agenda across the entirety of its portfolios. Clarity is being sought on the time line so that Simcoa can have certainty on that. My understanding of the chemical process is if that if a company needs to retool or change what it currently uses, it has a lead time in which to do that within the business. When will Simcoa have clarity or confirmation of what the resource is that will be available to it?

**Mr D.J. KELLY:** The forest management plan process is not run by the FPC but by the Department of Biodiversity, Conservation and Attractions. That is currently out for public comment and submission and it will be concluded prior to the end of 2023. Member, Simcoa understands that it has a contract for the existing amount of resource only up until the end of 2023. Simcoa is a very sophisticated business. It is not a newbie. It knows that under its existing contract, it has a contract only until the end of 2023. At the end of the new FMP —

**Ms M.J. DAVIES:** When Simcoa signed that contract, it assumed there would be another FMP that included native forestry.

**Mr D.J. KELLY:** Member, I have just said that it is a very sophisticated company. It operates worldwide. It completely understands the pressure on companies now to be sustainable in the way that they operate. When I met with Simcoa, it wanted to be more—not less—environmentally sophisticated. I am sure that Simcoa is working on a range of options depending on what the outcome of the next FMP will be.

As I say, my advice is that a resource will be available in the next FMP that Simcoa can bid for, but it would be completely inappropriate for the state to prejudice the outcome of that process. When the member was in government, it entered into an FMP in which Simcoa had to bid for its resource. The circumstances it faces now are no different to the process when the member was in government. When the resource became available for the current FMP, somebody could have come along and said, "We're going to turn that residue into high-value jarrah or whatever", and pay more—I will not tell the member how many dollars per tonne Simcoa paid, but it paid a residue price for that jarrah. Someone could have come along and said that they would pay significantly more and Simcoa would not have had access to it. That is how the process that the previous government went through works, and we will go through the same process. The member can try to whip up some hysteria that Simcoa is going to close, but I do not think that that is going to be the case.

**Ms M.J. DAVIES:** No, I am not doing that, minister. I am simply reflecting the concerns raised with me by the business itself.

**Mr D.J. KELLY:** Sure.

**Mr V.A. CATANIA:** I will also refer to page 296 of budget paper No 2, volume 1, and the fifth paragraph on plantations and softwood. I want to know where softwoods sit in Western Australia. Wespine and Wesbeam are two softwood—what would you call them—plantations?

**Mr D.J. KELLY:** Mills.

**Mr V.A. CATANIA:** They have two state agreements with the government; is that correct? It says here that there is obviously a big demand for pine, particularly in Western Australia with the building industry going through the roof. In terms of security that these two companies have over the softwood plantations in WA, is the government meeting its state agreement obligations that it has with these two companies?

[6.40 pm]

**Mr D.J. KELLY:** I am almost surprised that the member asked the question.

**Mr V.A. CATANIA:** I just want to get a good understanding of it. It is an honest question.

**Mr D.J. KELLY:** There is a shortage of softwood in Western Australia, especially when we look at the longer term, largely because of the failure of the previous government to plant new plantations. Some years when the member was in office —

**Mr V.A. CATANIA:** Has the government planted some over this period of five years?

**Mr D.J. KELLY:** The member asks questions during question time and he never listens to the answers; he has asked me this question before. For years under the previous government, I think the member was the Parliamentary Secretary to the Minister for Forestry for some years, no softwood was planted at all—zero hectares. I think in the first few years it planted only 1 000 hectares. There is a supply gap, if you like, and it is one of the reasons that we have invested \$350 million to restart that plantation process. Since we came to government we have spent \$26 million on plantations. We have started to plant again in numbers significantly higher than in the member's term of government. Having said that, it means that there are difficulties to meet the demand of Wesbeam and Wespine. We work with them and the Forest Products Commission does a great job. I give the company Wesbeam credit. It has looked at other options to meet its demand. I am not sure whether the member is aware that it produces a laminated board and it now supplements the pine with karri. The layers of timber that go up to make the plywood include karri. To make up for the shortage of pine, it is utilising other species. We are in constant contact with both Wespine and Wesbeam to make sure that we are giving them what they need. The housing industry is going gangbusters because of the incentives that were put in place by both the state and federal governments around the COVID pandemic. The member may have seen that over Christmas we increased the supply to Wespine to meet some of that demand. It is no secret that supply to both those companies is tight, but I give them both credit that rather than, I suppose, jumping up and down and complaining, they are working with government to keep that supply of timber going.

**Mr V.A. CATANIA:** Is there a time frame in the state agreement for both companies—in terms of 2036 or something, I cannot remember—whereby the government will meet the obligations in fulfilling the pine? How will the government fulfil that potential gap in the current state agreement? Is the government renegotiating a new state agreement, based on the announcement of \$350 million over 10 years to grow or keep planting in the softwood estate? Is the government negotiating a new state agreement to include that \$350 million; and, if so, where will the government plant the softwood estate in Western Australia?

**Mr D.J. KELLY:** There are a couple of issues in that question.

**Mr V.A. CATANIA:** There are. I am trying to get it all in one, sorry.

**Mr D.J. KELLY:** The current state agreement for Wesbeam is until 2029 and for Wespine until 2032. They still have a significant way to run. The member is probably aware that those state agreements are managed by the Department of Jobs, Tourism, Science and Innovation, not by the FPC. If the member has questions around that, he probably should ask JTSI during its session. I assume that when they are renegotiated, the fact that we committed \$350 million and are planting new plantations will be factored into the new state agreements; I could not imagine why they would not. I am not anticipating being around in 2032, but I suppose you never know! They will be factored in.

**Mr V.A. CATANIA:** Is the minister aware of the area that the government will plant the pine? Does the minister have a map that indicates where the opportunities are? Some of the limiting factors were drought or whether the area has a Carnaby's black-cockatoo habitat—all these factors or force majeure prevent any future investment in the softwood estate. Whereabouts is the government looking at planting this increased amount of pine in WA?

**Mr D.J. KELLY:** As far as a map goes, start with a map of Western Australia and then —

**Mr V.A. CATANIA:** Does the government have any designated areas and how is it going to grow the industry?

**Mr D.J. KELLY:** I am sure the member has asked me this previously. In any event, start with a map of Western Australia and look at rainfall above 600 millimetres.

**Mr V.A. CATANIA:** I understand that, but the government needs vacant land to put it on. What land has the government designated?

**Mr D.J. KELLY:** Start with a map of Western Australia and look at areas that have rainfall over 600 millimetres. Distance is the next factor. There is no point planting in the Kimberley because the Wesbeam and Wespine mills are both in the south. The criteria are rainfall, existing plantations and infrastructure because, for example, if we

have an existing plantation that we would be servicing anyway, adjacent land to that may be economical to plant in, whereas if there was no other plantation, that would be a new frontier and the parcel of land might not be big enough to justify the transport cost. Those factors tell us where we would like to be. It will then be a commercial decision to identify the land. Obviously, the land has to be for sale. We are not going to commandeer anyone's land—not at this point, if you want a headline! We are not planning to commandeer anyone's land.

**Ms M.J. DAVIES:** “Not at this point”—sarcasm does not translate into *Hansard*, minister! That would be a headline.

**Mr D.J. KELLY:** That is right. No, we are not going to do that. Where the FPC purchases the land will be a commercial decision. It has to meet those criteria and people have to then put it up for sale.

**Mr V.A. CATANIA:** Does the minister have a figure for the amount that he expects to be planted over the 10 years for \$350 million?

**Mr D.J. KELLY:** It will be a mixture. People asked, “Why don't you just enter into contracts with private farmers to grow plantations on their farms rather than the government purchasing the land itself?” The problem with that is if all the \$350 million goes to those sorts of agreements and in 20 to 25 years when the trees are harvested the farmer says, “I'd rather do something else with my land. I do not want to do a second rotation”, we will be back in the situation we are in now, whereas if the government owns the land, we are guaranteed that when the timber is harvested, we will be in a position to replant for a second rotation. Having said that, yes, a significant portion of government land will be purchased, but we are not opposed to the Forest Products Commission reaching commercial arrangements with other government agencies or private landowners. My understanding is that it has already reached agreement with the Water Corporation to plant 1 300 hectares of plantation on Water Corporation land. That is a great example of agencies cooperating. That is land —

[6.50 pm]

**Mr V.A. CATANIA:** And reverse the thinning of the government's water sources.

**Mr D.J. KELLY:** No. If the member for North West Central is making a reference to Gngangara, that is not owned by the Water Corporation.

**Mr V.A. CATANIA:** No, the weirs.

**Mr D.J. KELLY:** The point is that it will be a mixture of land sources. It certainly will not be only private land because that would leave us potentially exposed to not being able to have a second or third rotation.

**Ms M.J. DAVIES:** I refer to page 297 and the outcomes and key performance indicators. Note 4 relates to first and second rotation softwood planting targets being achieved. It points out that the estimated actual was lower than the 2021–22 budget due a range of operational challenges, including approval processes and the reduced availability of land. Under the current scheme, the government has been unable to deliver what was budgeted and the minister is now talking about delivering significant additional planting. The member for North West Central is right; there is a degree of scepticism about whether the bold headline can be delivered. Can the minister clarify how the reduced availability of land has impacted on what the government is currently trying to do and how that then relates to what it is trying to achieve with its bold policy statement?

**Mr D.J. KELLY:** The Leader of the Opposition has made the criticism before that this is just a headline and a plan without substance.

**Mr V.A. CATANIA:** It is coming from you!

**Mr D.J. KELLY:** I am glad that the member for North West Central is on the Leader of the Opposition's side because I know she dislikes him as much as I do!

**Ms M.J. DAVIES:** Do not put words into my mouth, minister.

**Mr D.J. KELLY:** Everybody dislikes the member for North West Central—even the member for Moore!

**Ms M.J. DAVIES:** I am interested in the answer to the question, minister.

**Mr R.S. LOVE:** What is the minister on about? Just answer the question.

**Mr D.J. KELLY:** He is about as popular as Barnaby Joyce!

**The CHAIR:** Minister!

**Mr D.J. KELLY:** It is not just a bold headline because we have actually put the money aside. If we had made the headline without putting the money aside —

**Ms M.J. DAVIES:** But the government's budget says that it cannot deliver on what it is currently doing.

**Mr D.J. KELLY:** I think the Leader of the Opposition is confusing two things. There is a target in the existing budget for thinnings. We have currently not met that target because of access to markets, timing of land purchases and all that sort of stuff. The thinnings are done when there is a market for the resource.

**Ms M.J. DAVIES:** I am not talking about thinnings. I am talking about note 4, which specifically refers to “operational challenges, including approval processes and the reduced availability of land”.



**Mr D.J. KELLY:** It is the same issue. There are planning approvals for the land and a whole range of things that currently impact the ability to meet those targets. As I said, money is in the budget. I am surprised. When the member for Central Wheatbelt was the forestry minister, her government hardly planted anything at all.

**Ms M.J. DAVIES:** This is about the minister's plan and whether it can be delivered or whether the minister is just basking in the glory of a major headline.

**Mr D.J. KELLY:** The member said she wants me to answer the question and now she is interrupting again.

**Ms M.J. DAVIES:** The minister is attacking me instead of answering it.

**Mr D.J. KELLY:** The member is still doing it.

We have put money aside; it is in the budget. During our term in government, we have planted more than 6 000 hectares. From 2010 to 2016, the former Liberal–National government planted 1 000 hectares and in some years it planted nothing. We have already planted 6 000 hectares since we came to government. We have provided \$26 million in real money and real trees —

**Ms M.J. DAVIES:** That is less than what was needed, as is stated in your own budget papers.

**Mr D.J. KELLY:** Yes. We are playing catch-up because of the black hole that you and the member for North West Central —

**Ms M.J. DAVIES:** How am I responsible for reduced availability of land, minister? Tell me that. That is utterly ridiculous. That is a ridiculous statement.

**The CHAIR:** Leader of the Opposition!

**Mr D.J. KELLY:** Your federal counterpart Senator Duniam gave our plan for native softwood 10 out of 10. The Leader of the Opposition is going to interject again; you cannot help yourself, can you?

**Ms M.J. DAVIES:** The minister will get 10 out of 10 if he can deliver.

**Mr D.J. KELLY:** The Leader of the Opposition cannot help herself.

**Ms M.J. DAVIES:** The minister is not answering the question.

**Mr D.J. KELLY:** The Leader of the Opposition wants me to answer the question, but every time I say something she does not like, she interjects. I really do not mind—this is your time, not mine.

**Mr V.A. CATANIA:** You know and the guy next to you knows that you cannot fulfil your obligations.

**The CHAIR:** Member for North West Central, the minister has the call.

**Mr D.J. KELLY:** The accusation that it is a headline and nothing of substance does not bear the experience under this government. Six thousand hectares have already been planted and \$26 million has already been spent to date. The Nationals' coalition counterpart gave the \$350 million that is in the budget a 10 out of 10. The member can come back and tell me what she thinks of it at the end of 10 years, but at least give us credit for putting real money aside and having a real plan. When the Leader of the Opposition was in government, she left it to the member for North West Central and he has already told this house that his plan was to get timber from New South Wales. We want to create jobs in WA, not New South Wales.

**Ms E.J. KELSBIE:** Will firewood continue to be available after native forest logging ends? Is the Forest Products Commission currently supplying its customers with jarrah for the firewood market?

**Mr D.J. KELLY:** There has, again, been some commentary from members opposite about the supply of firewood. I assure people that under the next forest management plan under the thinning arrangements with the continued approved mine site clearing, we anticipate that there will be a continuing supply of firewood to firewood contractors. I am happy to advise that in 2021, we delivered 86 000 tonnes of firewood to firewood contractors. People will be aware that the firewood that is delivered to contractors is green, so it sits for 12 months and is sold the year after. Last year, we provided 86 000 tonnes to firewood contractors, which can be compared with the 71 000 tonnes that was provided in 2018. Last year, the amount of firewood delivered to contractors was significantly more than several years ago. The idea that somehow there has been a reduction in the supply of firewood to contractors is not correct. We believe that there will still be a supply of firewood to contractors under the next FMP.

**Mr R.S. LOVE:** The minister spoke about a map of suitable planting areas. Can he perhaps provide by way of supplementary information a map of suitable planting areas —

**The CHAIR:** Members, given the time, that completes the examination of the Forest Products Commission. This committee is adjourned until nine o'clock tomorrow morning.

*Committee adjourned at 7.00 pm*

