

Division 13: Finance, \$616 288 000 —

Ms M.M. Quirk, Chair.

Dr A.D. Buti, Minister for Finance.

Ms J. Cant, Director General.

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

Ms K. Ingham, Deputy Director General, Advisory Services.

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

Mr D. Geraghty, Chief Finance Officer.

Mr C. McMahon, Commissioner of State Revenue.

Ms H. Farrell, Chief Customer Officer.

Ms A. Kidson, 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 Vasse.

Ms L. METTAM: I refer to page 165. The fourth paragraph under “Significant Issues Impacting the Agency” refers to the major projects directorate. There are a few projects listed there. How many major projects are currently being considered by the major projects directorate at the moment?

[5.30 pm]

Dr A.D. BUTI: I will hand over, but let me just say a few things first. The major projects directorate has been established in the department to deliver several major projects on behalf of the government, and many of those projects are listed at paragraph 4. But in regard to further elaboration on the member’s question, Shaun Whitmarsh will answer that.

Mr S. Whitmarsh: Thank you. There are a number of different projects at different stages: the women’s and newborns’ hospital is listed in the papers, along with the Peel Health Campus redevelopment, the Bunbury hospital redevelopment, the inpatient surge facility, and the new metropolitan facility for the Department of Primary Industries and Regional Development laboratories—bit of a mouthful, that one—and the Casuarina Prison redevelopment. Projects are also underway through public–private partnerships for some schools as well. I think there is one school left to deliver.

Ms L. METTAM: How does the infrastructure delivery unit interact with this unit? There is a reference there in the paragraph, but how does that unit interact with major projects?

Dr A.D. BUTI: It is part of the major projects directorate.

Ms L. METTAM: Is it a unit within the directorate?

Dr A.D. BUTI: Yes.

Ms L. METTAM: What information does that provide?

Dr A.D. BUTI: They communicate with each other on the projects and the infrastructure that is being built.

Ms L. METTAM: Now that the market-led proposals unit is being moved from Finance to Lands, have any staff changed departments as part of that?

Dr A.D. BUTI: Yes.

Ms L. METTAM: How many staff?

Dr A.D. BUTI: Ms Cant can answer that.

Ms J. Cant: Yes. I think it was four who have been transferred across with that change.

Ms L. METTAM: Does Finance have any oversight over the market-led proposals now following that shift?

Dr A.D. BUTI: No. Now it is in a different department. The department is on the steering committee that makes the proposals.

Mr V.A. CATANIA: I refer to page 165, “Significant Issues Impacting the Agency”. The second paragraph states —
The Department is supporting the response to the COVID-19 pandemic by procuring and distributing all personal protective equipment and Rapid Antigen Tests ...

Have all 15 government-supplied free RATs per household been distributed?

Dr A.D. BUTI: Okay. I could make a joke about rats, but I will not!

Mr V.A. CATANIA: I know. As soon as I said it, I thought, “I’m bugged”!

Dr A.D. BUTI: As the member knows, Australia Post has been involved with distribution, and I think something like three per cent, or maybe less, of people have not received their RATs. To answer the member’s question, through that process, not everyone has received them, but hopefully they will. There have been other avenues. People could have gone to collect them. The member for North West Central as a member of Parliament would have received RATs as well, as we all have.

Mr V.A. CATANIA: Is the department also responsible for the school rollout of RATs to students?

Dr A.D. BUTI: No. We assisted, but that is done through the Department of Education.

Mr V.A. CATANIA: What cost was associated with giving 15 rapid antigen tests to each household?

Dr A.D. BUTI: Does the member mean the cost of the postage?

Mr V.A. CATANIA: I mean the cost of postage and the actual tests.

Dr A.D. BUTI: I will ask Ms Ingham to answer that.

Ms K. Ingham: On average we are paying about \$7.73 for RATs to be delivered to households, for the whole program. That includes the cost of the RATs. That is the cost, a handling cost and postage cost.

Mr V.A. CATANIA: Given that COVID will potentially continue for a while, will the government consider providing further free rapid antigen tests to households? Has that been factored into any financial situation?

Dr A.D. BUTI: The government is continuing to monitor the issue, and we will see what the situation is as we go forward. The government has been very successful in aiding to purchase a considerable number of RATs.

Mr V.A. CATANIA: Is that why they are free?

Dr A.D. BUTI: One of the member’s colleagues was complaining, which I found very unusual, about how many RATs we were obtaining and distributing. In response to the question, it will be monitored as we go forward. We will see what needs to be done. We are the only state, in my understanding, that has provided free statewide access to RATs.

Mr V.A. CATANIA: Is the minister suggesting there is an oversupply of rapid antigen tests, hence the government is prepared to give taxpayers their money back through free rapid antigen tests?

Dr A.D. BUTI: No, not at all. I said that the member for Moore criticised us for giving free RATs to the public. He made the criticism. We have never said that we had an oversupply. I do not think that has ever been said. I would be interested to know whether Mr Love distributed the 1 000 that he received.

Mr V.A. CATANIA: The minister can ask him that question when Parliament resumes.

Dr A.D. BUTI: Maybe.

Ms L. METTAM: In relation to the purchase and distribution of the RATs, where was the supply from? Was it from the South Korean supplier or the WA distributor?

Dr A.D. BUTI: I will ask Ms Ingham to elaborate.

Ms K. Ingham: The Department of Finance sought to diversify its supply, so it bought from three different suppliers; all are local. One is an Aboriginal business and one is also on our common-use arrangement. We diversified through those three organisations.

Ms L. METTAM: How was the decision made about which product was utilised or purchased and where the department purchased these products from?

Dr A.D. BUTI: I will ask Ms Ingham to elaborate. The finance department, which is absolute expert in procurement, obviously has a list of suppliers. And we also have an Aboriginal procurement policy that we are very proud of, so it was great to have an Aboriginal business involved. Can Ms Ingham elaborate on the specifics?

Ms K. Ingham: Yes. Thank you, minister. I think there are two parts to that question, if I am understanding it appropriately. The Department of Finance got involved very much to support the Department of Health. We, obviously, are responsible for a number of things that are COVID-related. We were looking at the procurement of RATs for non-health settings. There are a number of reasons for that; we have the general population, schools and the critical worker protocol. All the RATs that we procured were seen as having an efficacy of 95 per cent or above, so very high sensitivity. Before we progressed with the actual procurement, I can confirm for the member that all the RATs that we purchased had also been through the post-market review that the Therapeutic Goods Administration is still conducting. We wanted to make sure that we were absolutely buying the best RATs that were on the market.

[5.40 pm]

Ms L. METTAM: Some concerns about the lollipop RATs have been raised in news reports recently. Is the minister or the department aware of these concerns? What assurance can the minister provide about the efficacy of this product?

Dr A.D. BUTI: I am aware and the department is definitely aware of those concerns that have been raised, but they have been approved by the TGA. Those concerns may be raised, but they have been approved. Ms Ingham might want to elaborate.

Ms K. Ingham: I can confirm that no defects have been reported to the TGA nor does the TGA have any registered concerns, which is actually a standard process for any medical product. Interestingly, the lollipop RATs, as we like to call them, which I think are the ones the member is referring to, got a little bit of social media. They come with some fairly strict instructions on how to use them and things not to do such as not eating or drinking in the 30 minutes before using them. People do not always read the directions for use. I want to actually add here that the Department of Health has received only 33 complaints and over seven million of these RATs have gone out. It represents about 0.0034 per cent of the total number. We do not see it as a significant issue.

Mr P.J. RUNDLE: I heard mention of three different suppliers. I might have missed it, but was there a price difference between each RAT supplier?

Dr A.D. BUTI: There was AM Diagnostics, Cole Supplies, and Stewart and Heaton. In regard to price differentiation, the expert here is Ms Ingham.

Ms K. Ingham: Yes, there is a variance in the cost. AM Diagnostics come in at the most expensive of the ones that we bought at \$6.95. The member's obvious question to that would be why we bought those. Those were the ones that we could quickly mobilise; we could get them here as fast as possible. Given how quickly Omicron was starting to spread in the east, that was one of the priorities for the procurement. With the other two suppliers, Cole Supplies was \$4.85, and Stewart and Heaton was \$6.16.

Mr P.J. RUNDLE: Who is Stewart?

Ms K. Ingham: That is our common-use arrangement contractor that looks after total apparel management for the state.

Ms L. METTAM: Is WA expecting any additional supplies as part of this contract or do we currently have the stock as anticipated?

Dr A.D. BUTI: Everything we have ordered, we have received. What happens in the future happens in the future. But what we have ordered, we have received.

Ms L. METTAM: So, the current contract does not allow for additional supplies to be received into the future and there is no possibility of additional stock.

Dr A.D. BUTI: Under the common-use agreement regime, if we needed to buy more, we could, tomorrow.

Mr V.A. CATANIA: There was a ban on rapid antigen tests, which was lifted towards the end of last year. My understanding is that the government's advisers said that because the Omicron variant was out of control in the eastern states, the government had to procure expensive rapid antigen tests, and the price got significantly cheaper, with the further two purchases costing around \$2 less than the first purchase. Did the earlier ban on these tests mean that the government was too slow in reacting and purchasing these rapid antigen tests and therefore paid a higher premium to be able to get them into Western Australia in a timely fashion? The advice was that Omicron was starting to be out of control in the east. We did not have those rapid antigen tests and we needed them now, and the government paid a premium because of the ban in this state. Is that the case?

Dr A.D. BUTI: What I can tell the member is that, as he knows, COVID has been a challenging issue for two years. No-one could predict that there was even going to be an Omicron variant. The only government that has been caught with its pants down on this is the former federal government with its vaccination rollout. We have not been caught short when it comes to providing RATs to people. In regard to vaccinations, if there has been any shortage here, it has been due to the federal distribution. We allowed part of our distribution of vaccines to go to New South Wales because of its poor management of COVID over there. I will not hear any criticism on the way that we have

handled the COVID response in Western Australia and the supply of RATs and vaccinations. I will repeat: we are the only state that provides free RATs to households. If the member—Nostradamus—could have predicted that Omicron was going to be what it was, he should be going into another profession.

Mr V.A. CATANIA: Those free rapid antigen tests are paid for by the taxpayer. Taxpayers are actually paying for those free rapid antigen tests; let us make that quite clear. I think we were the only state in Australia that actually banned rapid antigen tests, so we were behind the eight ball from day one. If that is not mismanagement, what is? Why did the government ban them? The rest of the world was purchasing these rapid antigen tests. Western Australia was not, and suddenly we were behind the eight ball and paying a premium.

Dr A.D. BUTI: Does the member want to know something? We got them at a cheaper price than the commonwealth paid. I do not know what the member's criticism is.

Mr V.A. CATANIA: All I know is that the government paid \$6 for one and then \$4 for another. That is a significant price difference. That is all.

Dr A.D. BUTI: We got them at a cheaper rate than the commonwealth paid.

Mr P.J. RUNDLE: Minister, further to the question, we have a Premier who banned rapid antigen tests in November —

The CHAIR: Which item number is this? Is it the same item number?

Dr A.D. BUTI: Yes, that is right. Yes, this is not just a general conversation. What is the member referring to?

The CHAIR: Is this still page 165? Yes, you are still on page 165.

Mr P.J. RUNDLE: Yes, thank you. It is page 165. Sorry; chair.

Dr A.D. BUTI: What is page 165?

Mr P.J. RUNDLE: My further question.

The CHAIR: The first question was such a long time ago that we are refreshing the minister's memory.

Mr P.J. RUNDLE: Thank you. We saw the result of the ban, which flowed through until November. The cost of the purchase of those tests was then in the order of \$550-odd million. Now we have purchased tests that were apparently more expensive than the others. I do not know about a comparison with the commonwealth government. Perhaps the minister could enlighten us on the cost of tests in WA versus the cost for the commonwealth. What did the WA taxpayer pay for those tests?

Dr A.D. BUTI: No one supplier would have been able to supply the amount that was needed. We had to diversify the suppliers. It is also good business not to rely on one supplier. Really, the member's line of questioning is just absolutely pathetic.

Mr P.J. RUNDLE: We are asking questions on behalf of the WA taxpayer.

Dr A.D. BUTI: It is a pathetic question. We obtained a supply of rapid antigen tests —

Mr V.A. Catania interjected.

The CHAIR: Member!

Dr A.D. BUTI: Excuse me—at a cheaper rate than the commonwealth did.

Mr P.J. RUNDLE: What was the rate?

Dr A.D. BUTI: We obtained those tests at a cheaper rate than the commonwealth and we have obtained a quantity that has allowed us to distribute tests to every household and allowed the member, as a member of Parliament, to also distribute tests to his constituents. How the member can criticise that is beyond belief.

Mr V.A. CATANIA: It is because you panicked and bought a whole heap.

The CHAIR: Further question, member for Vasse, and we will move on after your next question.

[5.50 pm]

Ms L. METTAM: Thank you, chair. I refer to the procurement of the rapid antigen tests. I understand that there was a \$1.4 million investment in charter flights to deliver some of those rapid antigen tests to WA. Is that cost included in the Department of Finance's procurement, and why were the charter flights necessary?

Dr A.D. BUTI: In this item, we are looking at the procurement of this department, the Department of Finance. None of our procurements required charter flights.

Mr V.A. CATANIA: I refer to page 165 of budget paper No 2, volume 1, and the third paragraph, which states —

RevenueWA continues to play a significant role delivering economic support in response to the COVID-19 pandemic. This includes administering State and Commonwealth housing grants and payroll tax waivers for eligible businesses.

I refer to the state and commonwealth housing grants. Can the minister tell us how many housing grants were issued by the state and how many were issued by the federal government? If the minister could firstly answer that.

Dr A.D. BUTI: Is the member referring to the building bonus?

The CHAIR: It is the third paragraph on page 165, minister.

Mr V.A. CATANIA: It is not quite clear. It just says “housing grants”.

Dr A.D. BUTI: All right. This relates to the building bonus and the HomeBuilder grant. For the building bonus, which is the state grant, 27 007 applications have been received so far and 21 661 of those applications have been paid. For the commonwealth HomeBuilder grant, which the department administers on behalf of the commonwealth, 21 772 applications have been received and 16 453 applications have been paid.

Mr V.A. CATANIA: Does the minister have a breakdown of where those housing grants have gone to, and whether they have gone to metro or regional WA?

Dr A.D. BUTI: I do not think we have that here, but we can provide that on notice if the member would like that information. Does the member want to put that on notice?

Mr V.A. CATANIA: Can it be given as a supplementary?

Dr A.D. BUTI: If the member wants to put that on notice, we can provide it, but we do not have it with us at the moment.

Mr V.A. CATANIA: But that is something that the minister could supply as supplementary information.

Dr A.D. BUTI: No; it is up to the member. If the member wants to put it on notice, he will receive the information.

Mr V.A. CATANIA: I refer to payroll tax waivers for eligible businesses. How many businesses had their payroll tax waived?

Dr A.D. BUTI: That information has not been gazetted yet, but I will refer to Christopher McMahon, the Commissioner of State Revenue, to elaborate.

Mr C. McMahon: Thank you, minister. The waiver is under the emergency tax relief powers and requires gazettal of the waiver rules, which is currently underway. We expect that to be gazetted by the end of May. Eligible businesses will then be entitled to apply for the months of April, May and June of this year for a waiver of payroll tax for eligible large hospitality businesses.

Mr V.A. CATANIA: Has no one yet had a waiver on their payroll tax, or have businesses already applied for the payroll tax waiver and the department is working through the detail? The government has made the announcement.

Dr A.D. BUTI: I will ask Mr McMahon to elaborate. My understanding is that some waivers have taken place but have not been gazetted, so we do not have the information on the numbers, but Mr McMahon can elaborate.

Mr C. McMahon: The rules regarding the waiver are publicly available, but until the gazettal takes effect, we are taking applications and holding those applications in the interim, pending any liability or payment of that payroll tax for those applicants, until the gazettal is in place. In terms of the numbers and amounts waived, until such time as the gazettal takes place, we will not actually be able to process them to give that figure, but that information will be available once the legislation is enabled.

Mr V.A. CATANIA: I am trying to understand this, minister. People have applied for the payroll tax to be waived and they have obviously filled in a form with the reasons and the amount to be waived. Did the minister say that they could apply for the months of April, May and June of this year? Is that right?

Dr A.D. BUTI: Yes; it is April, May and June of this year.

Mr V.A. CATANIA: Why is it for this year and not the last financial year? Excuse my ignorance, but why these particular months?

Dr A.D. BUTI: It is because that is when the relief was needed.

Mr V.A. CATANIA: Going back a stage, when is payroll tax paid? Is it every month, every two months, or every financial year? When is payroll tax paid?

Dr A.D. BUTI: Let me explain about the eligibility of the waiver. The waiver is available to eligible hospitality businesses that have an annual payroll between \$4 million and \$20 million that experienced at least a 40 per cent reduction in turnover over any four-week period between 1 January and 30 April of this year compared with the same period last year. It has to be compared with last year. That is why it could not be put in for last year; we did not

have anything to compare it with because of the COVID period. As Mr McMahon said, when the regulations have been drafted and gazetted at the end of May, we will have available the information that the member is seeking.

Mr V.A. CATANIA: When will those regulations be gazetted? Why has it taken so long for them to be gazetted? If a business is asking for a waiver of payroll tax, I would imagine that it needs some financial assistance pretty much now. Why is it taking so long, way after the need is there?

Dr A.D. BUTI: The legislation has to be in place. As the member knows, because he has been in this place a long time, things cannot just be done like that. They need to follow laws and regulations. The legislation that enabled this to take place is the Finance Legislation Amendment (Emergency Relief) Act 2022, which was given assented on 21 February of this year. We then have to undertake the drafting of the regulations. We have been moving as quickly as possible, but it has to be done properly.

Mr V.A. CATANIA: When does the minister anticipate that this will be finalised?

Dr A.D. BUTI: We anticipate it will be finalised at the end of May this year.

Mr V.A. CATANIA: At the end of this month?

Dr A.D. BUTI: Yes.

Mr V.A. CATANIA: That is Monday of next week.

Dr A.D. BUTI: Yes, it will be around then.

Mr V.A. CATANIA: It will be finalised by Monday?

Dr A.D. BUTI: That is when it is expected to be finalised. I will just get clarification of that. Yes, at the end of the month.

Mr V.A. CATANIA: Therefore, on Monday, those companies with an annual payroll of \$4 million to \$20 million will receive their relief, or have the ability to receive their relief in payroll tax. Is that going to happen on Monday, or is it going to happen on Tuesday, 1 June, or is it going to take two weeks, or is it going to take another month? When will those companies receive that tax waiver in their bank account?

Dr A.D. BUTI: I will ask Mr McMahon to answer that.

[6.00 pm]

Mr C. McMahon: Thank you, minister. Payroll tax is payable seven days following the month that the wages were incurred. The waiver will not actually be a payment of moneys into a person's account. An applicant will need to apply for the waiver, at which point the tax will be waived and the liability will cease for that particular month. It is not actually a payment of moneys to them. At this stage, we are dealing with applicants who are making inquiries about the waiver on an administrative basis and essentially deferring their liability or for them to take any action until such time that their application can be formalised when the regulations are gazetted and we can then process those applications. Essentially, once the gazettal occurs, we will move straight on to process the applications at that point and then have those discussions with applicants to let them know the outcomes.

Mr V.A. CATANIA: Just to get some clarity, how long is that process? I ask this question because with the small business grants, for example, we heard about the announcement, and then months and months later the criteria were developed, and then months and months later the money actually started to flow. It is like announcements first; criteria last; work out the detail later. That is why I want to get some clarity on how long that process will be. A relatively small-to-medium business with a payroll of \$4 million may incur payroll tax of \$50 000 or \$60 000 over the months that it has deferred and not paid. Has that business been given assurances by the department that it will not need to pay that tax? Someone in the department may have looked at the books and said, "Yes, you've got a 40 per cent downturn, so don't worry, mate. You won't have to pay that money." Suddenly, the department has received and developed the criteria, the person who gave the assurance has moved on, and another person within the department says, "No, sorry, buddy, you have to pay that \$60 000 or \$80 000", or whatever it may be. Have those people who have contacted the department been given a guarantee that they will not be required to pay that payroll tax because the department has given assurances that it will be waived?

Dr A.D. BUTI: Member, since the announcement was made in March, those businesses have not been paying the payroll tax.

Mr V.A. CATANIA: That is my concern.

Dr A.D. BUTI: It has been deferred. They have not been paying it since March.

Mr V.A. CATANIA: Have they been given a guarantee?

Dr A.D. BUTI: They have to apply.

Mr V.A. CATANIA: Have they applied? If they have applied, does that mean that they have been approved?

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE B — Wednesday, 25 May 2022]

p249b-255a

Chair; Ms Libby Mettam; Dr Tony Buti; Mr Vincent Catania; Mr Peter Rundle

Dr A.D. BUTI: An application does not mean an approval. Businesses have to apply and go through the process.

Mr V.A. CATANIA: How many businesses have been approved through the application process that the department has already conducted?

Dr A.D. BUTI: If a business meets the eligibility requirements, it will receive the relief.

Mr V.A. CATANIA: I have one more question.

The CHAIR: Member, listening to the minister's answers, there may well be people that have not yet applied. Asking for a number might not be particularly instructive for your purposes.

Mr V.A. CATANIA: Okay. Firstly, what number of businesses have applied up until this point? Secondly, how long is the department going to leave open the application process for those businesses to be able to access this payroll tax waiver?

Dr A.D. BUTI: I might ask Mr McMahon to answer that question.

Mr C. McMahon: I do not have any information regarding applications, because, at this point, we are simply deferring the liability or the need to lodge a return for those taxpayers. The member asked how long the application process will be open. Once the gazettal takes place, the taxpayer will be able to make application for up to five years; there will then be an assessment period that applies to state taxes.

The appropriation was recommended.