

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Ms Alannah MacTiernan; Mr Tom Stephens; Mr Mick Murray; Mr Paul Papalia; Mr Ian Blayney; Dr Mike Nahan

Division 18: Regional Development and Lands, \$17 226 000 —

Mrs L.M. Harvey, Chairman.

Mr B.J. Grylls, Minister for Regional Development.

Mr P.B. Rosair, Director General.

Mr D. Morgan, Acting Director, Lands.

Mr M.C. Rowe, Acting Director, Regional Development Policy and Operations.

Ms L. Leonard, Manager, Governance and Reporting.

Mr A.D. Kerr, Manager, Financial Services.

Mr G.S. Thomson, Chairman, Regional Development Council.

Ms A. Dann, Principal Policy Adviser, Office of the Minister for Regional Development.

Ms J. Sounness, Principal Policy Adviser, Office of the Minister for Regional Development.

The CHAIRMAN: This estimates committee will be reported by Hansard staff, and the daily proof *Hansard* will be published by 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account; this is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the chairman's intention to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the minister to clearly indicate to the committee which supplementary information he agrees to provide, and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 11 June 2010 so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and, accordingly, I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by Friday, 11 June 2010.

It will greatly assist Hansard if when referring to the program statement volumes or the consolidated account estimates, members give the page number, item, program and amount in preface to their question.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: Member for Geraldton.

Mr I.C. BLAYNEY: I refer to page 264 of budget paper No 2, volume 1, part 5, under "Details of Controlled Grants and Subsidies", line item "Royalties for Regions — Country Age Pension Fuel Card". I note that there has been a significant increase in the budget estimate for the fuel card over last year's allocation. Can the minister please explain the reasons for the increase?

Mr B.J. GRYLLS: The fuel card is a very important program of the Department of Regional Development and Lands with expert support from the Department of Transport. In this year's budget we have extended access to the fuel card to our four new Centrelink recipient categories: disability support pension, widow pension class B, wife pension and carer pension. We believe that our work with Centrelink will mean that up to 15 000 new pensioners across regional WA will be eligible for the fuel card. The fuel card is a \$500 subsidy. We have put a lot of governance around that. It seems to be working very, very well. We think it is a very strong response to the fact that public transport as in the metropolitan area is not available for the vast majority of regional people. It is certainly not. What is available is expensive. To be able to offer the \$500 fuel card is very, very valuable.

As well as that, four new postcodes have been included. Areas in the development commission boundaries were deemed to meet the criteria. They are in the southern part of the area; that is, Dawesville, Bouvard, Clifton and

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Herron and in the Shire of Serpentine–Jarrahdale. The postcodes are 6124, 6125, 6126 and 6211. It has been a very good process to go through. There were a lot of questions about the fuel card in last year's budget estimates. We believe that we have met all of the checks and balances of that and have been getting very positive feedback, especially from disability pensioners who are all on fixed incomes and find that accessing public transport in western areas is impossible. It is very important for them to have some support to travel to medical appointments and other things. If we get the full take-up, over 43 000 country pensioners will be eligible for the fuel card. We are seeing strong efforts in providing some equity to those people.

Mr T.G. STEPHENS: Can the minister quickly explain how this item is organised? Why is there a reference to royalties for regions under the Department of Treasury and Finance designated for discussion at 4.00 pm, yet we are having a discussion about it under the Department of Regional Development and Lands?

[12.10 pm]

The CHAIRMAN: Member for Pilbara, these divisions that are listed—divisions 18, 19 and 20, all the way through to division 28, and division 9—are all for the consideration of Minister Grylls. The amount of time that is allocated to each of those divisions is entirely up to the committee. Members can allocate as they see fit. If the member for Pilbara wants more time allocated to division 9, I suggest that he try to move through the previous divisions expeditiously.

Mr T.G. STEPHENS: They are all division 10.

Ms A.J.G. MacTIERNAN: That is not the question. The question is: why do we have royalties for regions appearing separately when the minister is clearly now, under this division, dealing with royalties for regions issues?

Mr T.G. STEPHENS: They are all division 10, Madam Chair. We do not mind if it is all rolled into one big discussion. It is just that it is listed separately at division 10.

Mr B.J. GRYLLS: I think I can go some way to explaining it. Division 9 is from the Treasury and Finance part of the budget paper.

Mr T.G. STEPHENS: There is nothing on ours that says anything about division 9—at least on this paper that we have. Does the minister have an amended paper that says division 9?

Mr B.J. GRYLLS: Just above “4.00 pm”, my copy says “Div 9”. That is a division that would need to be passed by this estimates committee.

Mr T.G. STEPHENS: An earlier version must exist, which has been circulated to us, that has no reference to a division 9. If the paper has been amended, I would not mind having the amended version of it.

The CHAIRMAN: Member for Pilbara, we will get you an updated copy. This timetable was circulated to the Clerk. My assumption was that it was given to the member's Whip.

Mr T.G. STEPHENS: This is what I received from the Clerk, and now I see that the document is completely different.

Mr M. McGOWAN: What we can take from this, Madam Chair, is that we can have a broad-ranging discussion about any of the items contained therein up to four o'clock, and the WA Land Authority will be dealt with after that; is that correct?

The CHAIRMAN: That is correct.

Mr M. McGOWAN: So we can ask questions on royalties for regions, even though we are in Regional Development and Lands.

The CHAIRMAN: No. At 4.30 pm we have the WA Land Authority scheduled, and we have until 4.30 pm to deal with the divisions that are listed as per the paper that the member has just been given. Members need to confine their discussion to division 18 at this stage, and once we have done with division 18, we will move through.

Mr T.G. STEPHENS: Under division 18, I refer to page 261. There is \$150 million in the out years for the Pilbara Infrastructure Australia state contribution, and there are earlier amounts. The state contribution totals \$395.3 million. What is all of that for?

Mr B.J. GRYLLS: I thank the member for Pilbara. As the member is well aware, as we grow the Pilbara, major infrastructure challenges come on board. The water and waste water treatment systems are essentially not capable of dealing with a city of 50 000 in either Karratha or Port Hedland. The member would also be aware that the state has prioritised, in an Infrastructure Australia submission, \$470 million, I think, from the

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commonwealth to support those major infrastructure investments that are needed. In this state budget, we have allocated over the out years \$310 million essentially to be put on the table to partner with the commonwealth to deliver those major infrastructure needs. In broad terms, because this is not yet defined, this is essentially partnership money that we are seeking from both the commonwealth and industry to meet those big-ticket infrastructure needs of the north, focused mainly on water and waste water treatment.

I also add that the state contribution allows for the planning to be undertaken regarding what that new major water supply for the Pilbara will actually be. We wanted that work to be undertaken and for it to not be dependent on the commonwealth agreeing, because until now the commonwealth government has not agreed to support the Pilbara in any way through that Infrastructure Australia submission. Again, this is a way of the state putting the money on the table and seeking a partnership with the commonwealth to deliver on that important infrastructure for the member's part of the world.

Mr T.G. STEPHENS: Can the minister table a breakdown that shows the way in which that \$395 million state contribution is to be spent across those four years?

Mr B.J. GRYLLS: I have a breakdown here of the Infrastructure Australia submission in terms of the money put forward by the Department of State Development to the commonwealth under that program. It details waste water treatment and water supply in Karratha, the same in Hedland, and some support for the airports in both those communities. Essentially, the money that appears in the state budget is focused on the water side of those things, as it is, I believe, the most important infrastructure impediment to the Pilbara Cities vision. Again, if that money were to be spent, we would need to partner with the commonwealth, and a cabinet Economic and Expenditure Reform Committee submission would be required to detail that funding.

Mr T.G. STEPHENS: My question was: is a document available to be tabled in reference to that?

The CHAIRMAN: There is no opportunity to table documents during estimates.

Mr T.G. STEPHENS: I will get back to that then. In reference to the line item immediately above that, the Jigalong essential services pilot for \$10 million, can the minister outline what the Jigalong community will get for \$10 million in 2010–11 and 2011–12?

Mr B.J. GRYLLS: Yes. This is a project being run by Regional Development and Lands. The service provision of power and water infrastructure in those remote communities has been problematic for a long time, as well as expensive. This is a pilot project looking at bringing new innovations to the supply of those essential services and looking to leverage industry support and expertise in doing that. I think, if my memory serves me rightly—I might ask my director general to add to that—Jigalong will be the first of 16 remote communities that we will target under this program. Therefore, it is not just Jigalong; we have just named it the Jigalong essential services pilot because Jigalong will be the first. The initial work will be to study the viability, cost and benefit of supplementing the Jigalong community water supply by piping mine dewatering water from the FerrAus Ltd mining project to the Jigalong community. That is the first part of that pilot. We would hope, over time, to expand that program to 16 other remote Indigenous communities across the Pilbara.

Mr T.G. STEPHENS: So that \$10 million is to be spread around 15 or 16 communities. Is the minister saying that even though it is headed “Jigalong Essential Services Pilot”, from this bucket of funds, that \$10 million is not being allocated specifically to Jigalong, but will be spread, under that title, to maybe 16 communities?

Mr B.J. GRYLLS: As I said, I will get some further information for the member. My understanding is that we will start in Jigalong. Because the work is yet to be done, we will define the cost of that FerrAus Ltd project to get its mine dewatering water to the community to supplement the Jigalong supply. However, this is the start of a project that will look at 16 remote communities, and obviously that will be defined off the back of the work that is done in Jigalong. Mr Rosair will add to that.

Mr P.B Rosair: Yes, the Department of Regional Development and Lands will be engaging a consultant to conduct a viability and cost-benefit study for the community in supplementing the Jigalong water supply, and also the power supply. As the member is probably aware, under the former government an essential services submission for remote Aboriginal communities was put forward.

Mr T.G. STEPHENS: That was under Horizon Power.

Mr P.B Rosair: No. It was a combined state infrastructure essential services submission. We have been working with State Development and Premier and Cabinet to look at putting \$10 million towards a program that is looking at 16 remote Aboriginal communities, as the minister advised. We will not have ascertained the availability of funds beyond Jigalong until we have done the cost-benefit analysis and the costings for Jigalong, but whatever money is provided beyond there will go to those other communities in an agreed manner with State Development and Premier and Cabinet. This is a subsidiary to offset the total essential services Infrastructure

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Australia bid in 2008, which was not finalised with the commonwealth; so that we can at least do a preliminary run on the 16 communities and reassess them and the capital works program in light of the Infrastructure Australia bid over the next three years that the minister outlined for infrastructure in the Pilbara; and there could be the capability of using some of the infrastructure funding for the rest of the remote Aboriginal communities in the Pilbara.

[12.20 pm]

Mr V.A. CATANIA: My question is related to budget paper No 2, volume 1, part 5, page 264 under details of controlled grants and subsidies and the line item relating to regional workers incentives. Can the minister explain how the allocation of \$25.7 million in the 2010–11 budget will benefit regional workers; and does this meet the minister's election commitment that he made?

Mr B.J. GRYLLS: This is a really important program. The district allowance for years has languished below the actual cost of living in the regions. There was a disappointing circumstance in which workers in the same job and on the same level in the regions were effectively penalised for going to the regions. That led, of course, to workers not going to the regions. Having positions available but not filling them helped ministers and agencies meet their budget requirements. Essentially saying that there was a full-time equivalent commitment but not filling the job was a very good way of protecting the budget bottom line. We do not believe that is acceptable. We have worked closely with members of the Community and Public Sector Union-Civil Service Association of WA—CPSU—who put to us prior to the election a plan to improve the district allowance. We have worked that through the system and now have an offer before district allowance recipients via the CPSU for their consideration. Our feedback from that has been very positive. This district allowance boost is focused on the north west. It totals \$25.7 million in this year's budget, with a total of \$110 million over four years, again focused on the north west. It will mean a substantial boost in the district allowance. We are not prepared to release all of the figures yet, as the negotiation phase between the Department of Commerce and the CPSU is ongoing. However, the initial feedback has been outstanding, right down to a report from Karratha that off the back of the district allowance offer two police officers, who intended to leave the police service to pursue careers elsewhere, have made the decision to stay in the police force. That is exactly what this increase was aimed at doing. It is a substantial investment.

Another important point is that we have been receiving some comment about the election commitment for rent subsidies for workers. During the election campaign the CPSU put to us that although the rent incentive would be a good thing, it would affect probably only half of government workers in the north west, because not everyone gets access to a house under the Government Regional Officers' Housing program. Therefore, a rental subsidy for recipients of GROH houses would not have the effect that a substantial boost in district allowance would have. We made the decision, off the back of that consultation with the actual people who receive the allowance, that it was better to focus on the district allowance than the rent incentive. That is what we have done.

Another issue that has occurred is our agreement to conduct a regional price index review every two years. That regional price index review will feed into the whole district allowance system so that essentially any increase in the RPI will mean that workers who receive the district allowance will receive a district allowance boost based on that. That will make sure that regional workers are not given a disincentive to move to the regions.

Mr V.A. CATANIA: I have a further question in regard to that. The previous district allowance was about \$2 800 for workers in the Pilbara. Is the minister able to release any detail on the amount to which the allowance will rise? I know that the CPSU and the Western Australian Police Union were pressing for an increase of around \$10 000. Will the increase be anywhere near that amount?

Mr B.J. GRYLLS: As I said, without wishing to make any announcement prior to the CPSU finalising with its members its response to the government offer, it appears that the CPSU has said that a figure of around \$10 000 would meet the members' needs. We believe when we finally come to an agreement that our figures will be very close to that mark, which should make a substantial difference. I add that the current methodology for payment of the district allowance was established in 1968. It had not been reviewed until now when we went in and looked at the methodology. The fact that the same process has been followed for 40-odd years will probably give the member some understanding of why government employees in those regional areas were pretty disappointed with the system. We should now have a modern district allowance system that will meet changes in the economic circumstances of communities; and that will be a positive.

Mr V.A. CATANIA: I have a further question. Did the minister say that the district allowance had not been reviewed for 15 years?

Mr B.J. GRYLLS: No; 40 years.

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Mr V.A. CATANIA: Forty years! That just shows the neglect of previous governments. Does this review system mean that it will take, I suppose, power out of the minister, and that the allowance will be reviewed every two years regardless of any political interference?

Mr B.J. GRYLLS: That is right. Under the process we are putting in place now, the next regional price index review will be undertaken in 2011; and following that, every two years. We have also expanded the scope of the RPI. Until now a couple of towns were chosen for the RPI review. We want that to be much more substantial so that we get a good snapshot of the RPI right across the regions. I suggest that with an RPI review coming out every two years stating what is the extra cost of living in those communities, it would be a brave government in future that did not agree to change the district allowance to reflect the increase in the RPI. Hopefully, we are locking in a system that means we do not have to wait another 40 years before the district allowance is addressed.

Mr M. McGOWAN: My question relates to page 264 on the budget estimate on controlled grants and subsidies. The budget across royalties for regions for the 2010–11 financial year was \$644 million in total, yet the actual expenditure as contained in the documents is \$357 million in total; therefore showing an underspend in total across the current year of \$287 million. Will the minister explain that, and what he expects will be the underspend in the following financial year for royalties for regions expenditure?

Mr B.J. GRYLLS: I thank the member for Rockingham. The \$644 million figure was 25 per cent of the estimated royalties in the May 2009 budget. Because the royalties for regions legislation was not in place at that time, the whole fund was being managed administratively. We had a commitment for a \$25 million saving under the government's three per cent efficiency dividend drive; therefore, \$25 million came off that making it \$619 million, which was the money available to spend. As the economy slowed dramatically and royalty receipts slowed dramatically over the course of that year, the midyear review in December detailed that actual royalty receipts were a further \$130 million off that, bringing that figure back to \$489 million. That was the figure that we worked on for expenditure during that financial year; therefore, the \$489 million estimated figure became the actual figure. The figure the member referred to is what the actual expenditure will be, meaning that there will be some carryovers. Those carryovers will be due mainly to projects in the Pilbara, such as the Pilbara underground program and the Pilbara service workers' accommodation, which will make up the vast majority of the carryover figure for this year. Those projects are funded and underway. It is just a matter of budgeting when that expenditure is actually accounted for. We are very comfortable that we are managing that process well. This year's budget outlines what we expect to expend. It is my job and the job of the agencies responsible to meet the requirements of the budget.

[12.30 pm]

Mr M. McGOWAN: Following on from that: the minister essentially underspent by \$140 million or thereabouts on the revised budget figure in the past financial year up until 30 June this year. The minister is now saying that he is going to spend that money in addition to 25 per cent of royalties in the next financial year; is that correct?

The CHAIRMAN: Which page and line item is the member referring to?

Mr M. McGOWAN: Page 264 in terms of royalties for regions. I asked the question in the context of underspends on the grants programs. There is an underspend of \$140 million. Is the minister saying he will spend that in addition to the 25 per cent of royalties in the next financial year?

Mr B.J. GRYLLS: I am happy for Paul Rosair to explain that. In this year's budget, \$817 million is the figure that equals 25 per cent of the royalty revenue. The actual expenditure is \$897 million, which accounts for that carryover from the previous year.

Mr M. McGOWAN: It does not add up. It is still how many millions short there? Maybe Paul can answer that.

The CHAIRMAN: Members need to direct their questions through the minister.

Mr M. McGOWAN: The minister just directed it to him.

Mr B.J. GRYLLS: I am happy for Paul Rosair to add some information to that question.

Mr P.B Rosair: The budget for 2009–10 for royalties for regions was \$644 million. As the minister explained at the midterm review, due to the nature of the Aussie dollar and forecast royalties that midterm review forecast was reduced to \$514 million. Is the member happy with that process?

Mr M. McGOWAN: Yes; and then the \$25 million on top for the three per cent efficiency dividend.

Mr P.B Rosair: Yes.

Mr M. McGOWAN: That took it down to \$489 million; is that correct?

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Mr P.B Rosair: Yes, that is correct.

Mr M. McGOWAN: My question related to the \$140 million that is missing.

Mr P.B Rosair: At the midterm review it was a figure of \$514 million; or \$489 million, as the member suggested. Now we are going to a forecast actual of \$357 million. That is a variety of deferrals including what the minister said in relation to Horizon Power and the like. Am I correct that the member's question is: in next year's budget there is only a deferral of \$80 million into 2010-11 rather than the complete underspend of \$140 million?

Ms A.J.G. MacTIERNAN: That is roting the system.

Mr M. McGOWAN: Does that mean \$130 million has been taken out of royalties?

Mr P.B Rosair: Yes. I am just getting the logic here. The member is suggesting that our forecast in the midterm review was \$489 million, but it is now \$357 million. So that is a differential of some —

Mr M. McGOWAN: Of \$135 million.

Mr P.B Rosair: In next year's out year, 2010-11, there has been an \$80 million deferral. The rest of the deferral is in programs that have been deferred in further out years.

The CHAIRMAN: Members, further questions are to be asked by the proposer of the question. I must request that members direct questions to the minister. This is not an opportunity for a conversation with civil servants across the chamber. All questions must be directed to the minister. Minister, you need to direct your advisers to answer.

Mr M. McGOWAN: He did that. In the minister's defence, I saw him do that.

The CHAIRMAN: It needs to be spoken for *Hansard*.

Mr M. McGOWAN: Of the \$135 million that was unspent from this financial year on the revised budget, which had been revised down \$150 million already, is the minister saying that of that figure roughly \$50 million will not be spent in the coming financial year?

Mr B.J. GRYLLS: No. As Paul Rosair answered, that money is deferred into the out years.

Mr M. McGOWAN: It will be spent in years after that?

Mr B.J. GRYLLS: Correct.

Mr M. McGOWAN: When the minister calculates the 25 per cent of royalties in next year's budget, is he incorporating these deferrals into that?

Mr B.J. GRYLLS: As the member saw this year, we are calculating \$80 million of those deferrals into expenditure this year. The balance of that will be calculated into the expenditure during the subsequent out years. I suggest we would continue to do that.

Mr M. McGOWAN: I am not quite getting it. Is the minister saying that the money that is deferred is on top of the 25 per cent, or is that part of the 25 per cent in next year?

Mr B.J. GRYLLS: Yes, it would be; as the \$80 million component is on top of the 25 per cent this year from \$817 million up to \$897 million.

Mr M. McGOWAN: Does the minister mean this year coming?

Mr B.J. GRYLLS: This year coming.

Ms A.J.G. MacTIERNAN: I refer to page 269 of budget paper No 2 and page 159 of budget paper No 3. I am trying to work out what has happened here with the regional and statewide initiatives. If we look at the regional statewide initiatives, there is total expenditure of \$6 million, whereas in the midyear review that sum was increased to something in the order of \$90 million but in fact all that has been spent is \$15 million. Going back to this year, we are only expecting \$10 million. Can the minister explain which projects were not there at the time of the budget in 2009-10 but miraculously appeared and required the sum to go up from \$15 million to \$90 million in the midyear review, and have now vanished? What were all these additional projects that required a great lump of money to be designated in the midyear review which now appear—looking at page 269 of budget paper No 2 and page 159 of budget paper No 3—to have totally vanished?

Mr B.J. GRYLLS: As we said at the midyear review, we still have seven or eight months of the year left. In line items throughout the budget we can see projects that have been through the cabinet process, and have been funded and therefore accounted for; therefore reducing that bottom line, as the member said.

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Ms A.J.G. MacTIERNAN: No. The minister is not able to read his documents. I refer the minister to page 159 of budget paper No 3. The minister is saying that he has expended \$16 million. The minister had \$15 million in the budget at the beginning of the year; he then ramped it up by something in the order of \$80 million. It is quite evident it has not been spent nor has it been carried over for expenditure this year. What were these magical projects that come under regional and statewide initiatives that appeared in the midyear review? Obviously during the seven months of the midyear review none was actually delivered because he has not spent the money; and they will not be delivered this coming year. The minister really needs to explain to us what those projects were and where they have gone.

Mr B.J. GRYLLS: For a start, the member for Armadale is wrong because she is talking about the 2009-10 budget. There is \$16.6 million left for new regional and statewide initiatives—\$4.8 million of that is for administering the royalties for regions fund, which is the cost of managing the new part of regional development and lands that administers royalties for regions. The figures of \$6 million and \$5 million relate to the capital and recurrent split. That money has not yet been expended. The rest of it is contained in line items in the budget.

Ms A.J.G. MacTIERNAN: The question is: the minister added something in the order of \$70 million to \$90 million to this fund in the midyear review and he has not spent a cent of it; why did the minister add that into the midyear review? Why has none of it been expended? What were the projects that were supposed to be developed in the last six months of this year?

[12.40 pm]

Mr B.J. GRYLLS: I am happy for Paul Rosair to add some information to that.

Mr P.B Rosair: I am trying to clarify the question, but the 2009-10 budget contained a budget line item for regional grants scheme recurrent of \$63 million.

Ms A.J.G. MacTIERNAN: No, I am talking about new regional and statewide initiatives. This is what we are talking about—let us be very clear. Is there anyone from Treasury in this place?

Mr P.B Rosair: Not from Treasury.

Mr B.J. GRYLLS: The bottom line is that new and regional statewide initiatives are programs that are not line itemed in the budget. Essentially, it is money that has yet not been allocated to a particular project. The member was right when she said that the amount was \$89.6 million in the *Government Mid-year Financial Projections Statement*; we have now reduced that to \$16.6 million with a \$4.8 million component for the administration of the fund.

Ms A.J.G. MacTIERNAN: But hold on, minister —

Mr B.J. GRYLLS: Some of that money has gone into specific projects line itemed in the budget; some of that money may well be the money carried over into the next financial year. It has not disappeared at all.

Ms A.J.G. MacTIERNAN: No, minister, it has!

The CHAIRMAN: Further question, member for Armadale.

Ms A.J.G. MacTIERNAN: The minister is really evading this issue. There was \$15 million in the budget at the beginning of 2009-10. At the midyear review the amount was increased by \$74 million. Why, in the midyear review, would that allocation be increased by \$74 million? Presumably it was because the minister had all of these projects that he thought he was going to complete in the following six months. But now we see that none of it was spent—in fact, it is not even clear that the entire \$15 million that was available in the first instance was expended. Why was that change made in the midyear review? Which projects required the minister to so dramatically change his budget, although it appears not a single cent of it was spent?

Mr B.J. GRYLLS: I am happy for Sandy Kerr from my office to add some information to that question.

Mr A.D. Kerr: Yes, as outlined by the minister, that line item relates to moneys that stay in the fund.

Ms A.J.G. MacTIERNAN: Sorry?

Mr A.D. Kerr: That line item in the special-purpose account relates to items not yet announced, or projects not yet announced. That money sits in the fund, in the special-purpose account at Treasury, until such time in the future when we are in a position to announce and define projects. That money will then come out of that fund and be redirected to those projects and initiatives at the midyear review.

Ms A.J.G. MacTIERNAN: We are trying to work out why, halfway through the budget year, it was necessary to add \$74 million. That would only be done if there were actually some projects, presumably, but there is no evidence that any of that money has been spent.

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Mr B.J. GRYLLS: I am happy for Sandy to continue answering the question.

Mr A.D. Kerr: That predominantly related to a deferral for housing for workers, which decreased from \$180 million to \$111 million. That deferment was housed, if the member likes, in the regional and statewide —

Ms A.J.G. MacTIERNAN: What is meant by deferment?

The CHAIRMAN: Excuse me, member for Armadale, you have asked five further questions. I have a list of people who are waiting to speak, so if the member is not getting her answer, I might suggest that she puts her question on notice. I will allow one further question.

Ms A.J.G. MacTIERNAN: In reality, is it not the case that this was just a justification for ripping the money out of the country local government fund and parking it in this area, where it could not possibly be expended? This is why there was this massive underspend referred to by the member for Rockingham, because the department cooked the books. It had absolutely no projects in mind, but it wanted to park the money there.

The CHAIRMAN: That is not a question, member for Armadale.

Mr B.J. GRYLLS: I am happy to answer it. Member for Armadale, I think the resource super profits tax is what will cook the state's books, and the member is out there publicly supporting it.

Ms A.J.G. MacTIERNAN: The minister cannot answer the question!

Mr B.J. GRYLLS: We have answered this question four times.

Ms A.J.G. MacTIERNAN: The books have been doctored in the most shameful, shameful way!

The CHAIRMAN: Order, member for Armadale!

Ms A.J.G. MacTIERNAN: The minister has lied —

The CHAIRMAN: Order, member for Armadale!

Mr B.J. GRYLLS: If the member read the budget, she would see that in the same year she is talking about, the housing for workers fund—as mentioned by Sandy Kerr—was reduced \$180 million to \$111 million as actual expenditure.

Ms A.J.G. MacTIERNAN: Yes, because the minister did not want to spend it; he wanted to pretend he was spending it!

Mr B.J. GRYLLS: No, that was because we are building so many houses in regional Western Australia that we could not get the contractors to do them. They have never been there before!

Ms A.J.G. MacTiernan interjected.

Mr B.J. GRYLLS: We are very happy! We are very happy! The member comes into this place and yells and rants and raves for the whole time. We know what the member's *modus operandi* is!

The CHAIRMAN: Order! I am going to call both of you to order!

Mr T.G. STEPHENS: Chuck the minister out!

The CHAIRMAN: Members, this is not an opportunity for robust debate across the chamber; it is an opportunity to ask questions of the minister about division 18. With that in mind, the member for Pilbara has the call.

Mr T.G. STEPHENS: Page 262 of the *Budget Statements* lists a welcome allocation of \$4.5 million for Ngarluma Aboriginal sustainable housing project in Roebourne. I understand that there are similar ambitions for the South Hedland group, KDM. Do these *Budget Statements* show that it has been successful in securing funding for its project?

Mr B.J. GRYLLS: I thank the member for Pilbara for that very sensible question. The member is exactly right; the Area K project is quite similar to the NASH project. We are putting a lot of governance around the NASH project, because, essentially, this is where government is making a grant available to the NASH project to undertake the headworks component of its subdivision. We are happy with its progress. Treasury has been undertaking a major feasibility study of that project. That has not yet been completed, but Peter Dowding from the NASH project is happy that it is progressing in the right direction. If Peter Dowding is happy, then it must be progressing in the right direction—he is not normally! We think we are getting close to being able to lock that project away.

The member is also aware that Housing has agreed, essentially, to bring forward its commitment to buy the blocks for the NASH project. That will give the project around \$10 million to undertake it. The Area K project is

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quite similar. We were not at the stage where we were prepared to define that as a line item in the budget, and so it is not as advanced as the NASH. Needless to say, work is being undertaken on Area K, and we hope that we can see that potentially go ahead in the future—it is not there yet.

The other interesting thing is that South Hedland has a lot of non-government organisation providers, such as Bloodwood Tree and others, that are interested in partnering with government in these types of project for NGO housing. We are currently looking into whether we can link Bloodwood Tree-type organisations with Area K to make that project a reality with some government support. We are working on it, but they are difficult and complex questions. Treasury puts some fairly onerous requirements on projects such as this, which is probably good for checks and balances but it makes it more difficult to get these projects across the line. I hope that the area of land known as Area K in the member's electorate in South Hedland is a potential housing project in the future.

Mr T.G. STEPHENS: Two lines above that is a reference to the wild dog management plan.

The CHAIRMAN: No, that is a separate question, member for Pilbara. I will note it as a separate question.

Mr T.G. STEPHENS: No, it is just two lines above.

The CHAIRMAN: The member for North West has the call.

Mr V.A. CATANIA: I refer to the first bullet point on page 259, under “Significant Issues Affecting the Agency”, regarding the new Pilbara Cities office. Can the minister explain the role of this office and the types of projects this office will be responsible for?

[12.50 pm]

Mr B.J. GRYLLES: I thank the member for North West. The Pilbara Cities office will be very important to drive our vision for Pilbara cities. The Premier and I, along with the member for North West, announced a new government vision at the end of November to build vibrant, modern cities in the north of the state, essentially focusing on Port Hedland and Karratha, but also on the hinterland towns of Newman, Tom Price, Paraburdoo and others. From the government's strong focus on the Pilbara, we have already seen a real engagement from the private sector; this is exactly what we were hoping for. We have already announced the Finbar Group as the preferred proponent for a multimillion-dollar apartment complex in Karratha, which is a very exciting demonstration that the private sector is willing to be engaged. Members can look at what is happening in the Pilbara with government expenditure across the agencies, royalties for regions funding, and, hopefully, a commonwealth contribution through Infrastructure Australia, and also what the industry is prepared to commit in terms of social and community infrastructure. The government has put into the Pilbara nearly \$1 billion alone with royalties for regions money; if we look at all government expenditure, it is probably more than that. The Pilbara Cities office is pulling all that together, making sure that government agencies are responding in a timely manner to the needs of the people on the ground who are doing the work. That office is helping to build the capacity of the four local governments in the area so they can undertake what they need to in terms of community infrastructure at the local level, and it is ensuring they have the capacity for design approval and scheme amendments in their planning documents. With the major investments being undertaken, the government wanted a special office that could bring all that together. We are in the phase at the moment of looking to appoint a director of the Pilbara Cities program. As has been shown in the Ord, having a dedicated office has been very valuable for the two major redevelopment projects. The Ord - East Kimberley development office, led by Peter Stubbs, has become a very important tool for state and federal ministers and state and federal agencies to ensure that we are getting real-time information from the coalface about what is happening. Essentially, through the Pilbara Cities office, which is a much bigger project than the Ord - East Kimberley project, we want to set up the same sort of outcome and ensure that governments are responding to those needs. We continually find that if little problems get left for a month, they become big problems, and big problems can become fatal to the project. There is value in having someone at the coalface addressing that situation. We look forward to the appointment of the Pilbara Cities director and to rolling out that very exciting vision for the member's part of the world.

The CHAIRMAN: Members, I am mindful of the time.

Mr V.A. CATANIA: I know that the Pilbara has been severely underdone by previous governments and I am, like the minister, gobsmacked at the lack of planning. Will this office assist in areas such as water and other much-needed infrastructure that have never been planned for in the Pilbara because no-one ever thought about making a city there? Will this office be tackling that very important issue of water?

Mr B.J. GRYLLES: Absolutely. We want to look at ways to ensure that development occurs, and if the mining companies or private sector see an opportunity for investment, that will mean the government need not go down that path. We have found that agencies think like agencies normally do and have done for a long, long time, and

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to realise the vision of a city in the north will need innovation and entrepreneurialism. We have certainly made that a major criterion in the appointment of the Pilbara Cities director. I am confident that we will get that.

The other really important part of that process is a very close engagement with our partners in the project—the Indigenous community. For too long the Indigenous community has been regarded as a stakeholder but has been consulted after the fact. We need to build a relationship with it from the grassroots so that it knows exactly what the government wants to achieve and the government knows what the traditional owners want to achieve. That level of partnership has allowed, as I said earlier, the Ord – East Kimberley to proceed at a pace that could never have been envisaged before to the stage where we are up and running on the construction of that project. We hope to facilitate a similar type of arrangement in the Pilbara. Next week I again fly to the Pilbara to meet with those traditional owners to keep them abreast of exactly where we are at.

Mr V.A. CATANIA: Minister —

The CHAIRMAN: Member for North West, I know that you are anxious for a further question, but I have the member for Rockingham.

Mr V.A. CATANIA: It is just on the location of the office.

The CHAIRMAN: Minister, if you could keep your answer short; we have spent a lot of time on this question and I have other people waiting to ask questions.

Mr B.J. GRYLLS: It is our intention that the office will be in Karratha.

Mr M. McGOWAN: It is five minutes to one o'clock, but I might ask the question and see how it goes and seek the call after two o'clock, depending on what the minister has to say.

My question relates to page 266 of the *Budget Statements*, “Royalties for regions fund”, which shows \$306 million in the 2010–11 budget estimate, and \$383 million, \$507 million and \$649 million in future years—if the minister believes in forward estimates. Incorporated within that and other parts of the royalties for regions budget are things like the Carnarvon police and justice complex, the Clontarf Foundation, responsible parenting, the Albany hospital, school improvements and things of that nature that have traditionally been funded by line agencies, many of which were already in the budget. How does the minister define something that is now royalties for regions funding, which initially was supposed to be additional, when they are projects that were already part of existing government programs and that former governments funded as part of existing government line agency programs? How do these things now come under royalties for regions and how are they additional when they were always something that was in the budget or that line agencies put in place in any event?

Mr B.J. GRYLLS: I think the member for Rockingham has made several comments about this in the media since the budget. I define what we would regard as royalties for regions funding as funding over and above what Labor had in the forward estimates. The member referred to the Carnarvon police and justice complex. A couple of things have happened to that project: it was chronically underfunded, so it was not going to get built. It was another example of what occurred with the Kalgoorlie hospital in that not enough money was allocated to the project, but there was enough money allocated to show an interest in the project, and it kept getting put into the forward estimates. However, it never got to the stage at which a sod of dirt was dug. However, \$15 million of royalties for regions money was added to the Labor forward estimates amount for the Kalgoorlie hospital, which essentially is why that project is proceeding. Members will see this year in the budget around \$10 million is being expended because this government is proceeding with the project. Kalgoorlie is getting a new and refurbished hospital off the back of that funding. The Carnarvon police and justice complex, which has been used by the opposition as sort of a pin-up project to define that this is a cost shift, started off in one part of Carnarvon and was changed late in the day without any work being done to what is known as the traders site. The money that the Labor Party had put in its forward estimates in 2008, when it last prepared a budget, was not enough to undertake that project. Royalties for regions has added \$9.5 million to that money that the former Labor government included in its forward estimates to enable that project to proceed, to take place, to get built; consequently, police and justice workers will be able to work in a functioning new facility in Carnarvon. On anyone’s reading of what was previously in the budget under the Labor Party, that would not have been possible. The Labor Party has a track record of projects being underfunded in the budget and never coming to fruition. I also add that the money that the Labor government had in the forward estimates was so far into the out years that the escalation costs of that project meant that by bringing it forward into this budget, as this government has done, and by adding \$9.5 million, the saving, when compared with the previous time frame, from memory, is about \$10 million. This government has saved \$10 million by bringing it forward, rather than suffering the cost escalation.

Mr M. McGOWAN: Magic!

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Mr B.J. GRYLLS: The member for Rockingham understands the concept of escalation.

Mr M. McGOWAN: I do.

Mr B.J. GRYLLS: The Liberal-National government brought the project forward so that those police and justice workers, whom the member has stood up so strongly for, get to move into that facility in a much more timely manner. That has resulted in a substantial saving, and the only money that royalties for regions has committed to that project is \$9.5 million that was required on top of the money that the former government had included in the forward estimates. I am absolutely happy to say that royalties for regions has made that project happen. It has brought it on line much faster than would have occurred under the previous government, and it is a pretty good outcome for the people of Carnarvon.

Mr M. McGOWAN: I am pleased to see the minister confirm that royalties for regions is funding projects that were already in the budget.

Mr V.A. CATANIA: Envy!

Mr M. McGOWAN: I do not know how you can open your mouth, mate!

I query the minister about the Clontarf Foundation, which the minister claims is something special and magical, saying that eight facilities will be opened whereas seven or eight were opened over the term of the last government, including some in its last couple of years by the then education minister. How has that somehow gained magical status above and beyond what governments would otherwise do?

Mr B.J. GRYLLS: I can.

The CHAIRMAN: Minister, you will need to answer that question later. We will be adjourning for an hour. Member for Rockingham, I have you listed for a further question at the start of the next session.

Meeting suspended from 1.00 to 2.00 pm

The CHAIRMAN: We will now reconvene. I believe the member for Rockingham has the call. I ask him to please restate a page number.

Mr M. McGOWAN: I refer to the royalties for regions fund on page 266 of the *Budget Statements*. Before the break we were discussing the concept of what is special or magical about royalties for regions badging and how it is that items that are the ordinary business of government, many of which were planned or projected by governments over a number of years, suddenly become badged as royalties for regions. The minister provided an answer. I refer to some of the other projects that are badged under this particular title. Twenty million dollars has been allocated for conservation and parks infrastructure and roads over four years. Roughly \$140 million has been allocated for regional schools and regional residential colleges, and \$20 million has been allocated for the Bunbury to Albany gas pipeline. How is expenditure on those projects different from the ordinary business of government when one takes into account the fact that the government has reduced the overall budget of the Department of Environment and Conservation? The Department of Environment and Conservation has undertaken regional parks upgrades and improvements over the entirety of its existence in its current and former forms. In the case of regional schools and regional residential colleges, the former government constructed two, three or four residential colleges around Western Australia under the existing education budget. It also built many schools throughout country Western Australia and undertook many school improvements. The Bunbury to Albany gas pipeline was a Liberal Party promise and Liberal Party money. How is it that those three things, which are already part of the ordinary business of government, and the Bunbury to Albany pipeline suddenly get the headline of royalties for region money?

Mr B.J. GRYLLS: The member for Rockingham has suggested that those projects should have come under the normal funding of government. If he believes that those projects should have come from the normal funding of government, I do not understand why they were not funded in the eight years that the Labor Party was in government, particularly when it had multibillion-dollar surpluses. Further, given the opposition's strong focus on the veracity of forward estimates in the budget in the past couple of weeks, I do not understand why the Labor government's forward estimates in its budget of 2008 did not include this funding. The Labor government rejected the Bunbury to Albany gas pipeline. That project would not have happened under a Labor government. In the 2008 election campaign, the member for Blackwood-Stirling, Terry Redman, made it very clear that the extension of the Bunbury gas pipeline to Albany was a project that he wanted to see funded. I think the member for Rockingham is right in saying that the Liberal Party indicated that the pipeline project was one it wanted to see funded. In the out year forward estimates of the budget just handed down, \$20 million has been made available under the royalties for regions program. The simple way to judge this is to ask whether the Albany to Bunbury pipeline would have been constructed if the Labor Party had still been in government. The answer is

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no. Under a Liberal–National government and the royalties for region program, the pipeline corridor will be constructed in coming years.

The member for Rockingham said that the Clontarf program is a good program and one that the government should have funded. Why did the Labor government not fund it?

Mr M. McGOWAN: Why does the minister say that? It is pretty ignorant to say that.

Mr B.J. GRYLLS: If the Labor government had funded it, the communities of Carnarvon, Newman, Northam, Wyndham, Katanning, Derby, Roebourne, Karratha and Fitzroy Crossing would have had Clontarf academies.

Mr T.G. STEPHENS: They are the new ones.

Mr B.J. GRYLLS: They are the new ones; that is exactly right. We are very happy that the royalties for regions program is in place because it will enable the kids in those communities to access a Clontarf school.

Mr M. McGOWAN: Is the minister saying that but for the royalties for regions program, that would not have happened?

Mr B.J. GRYLLS: Correct.

Mr M. McGOWAN: So how were eight schools created during the former government's time in office?

Mr B.J. GRYLLS: They were the eight that already existed, not the eight that we funded. The eight that we funded are the ones that did not exist.

Mr M. McGOWAN: Right. Okay. I did not get it. The ones we created out of the general budget would not have happened but for the forward estimates. Why were they there?

Mr B.J. GRYLLS: The member has managed to concoct the idea that the Labor government was thinking about it. It would have been a good idea if it had done it; but it never quite got there. With so many projects in regional Western Australia, the exact fact is that it never got there. Under the Liberal–National government, there will be new Clontarf academies in Carnarvon, Newman, Northam, Wyndham, Katanning, Derby, Roebourne, Karratha and Fitzroy Crossing. It is a damn good program. Perhaps the member wants to spend the next two hours going through every particular program. If he thinks that this is expenditure that the government should have otherwise undertaken, in a Labor budget it would have been rolled out under the normal budget process. It would have had 25 per cent of the royalties—on top of everything that we announced—to spend on new projects. It would be an exciting time when the member for Rockingham outlined to regional Western Australia how the whole royalties for regions program that has been outlined in this budget was put back into normal government expenditure—that is what the member said—which would free up \$817 million to spend on new projects. A Labor government would get to define that. It would be wonderful for a Labor government to come up with all those projects and for its members to visit people in the north and tell them what they were going to do with it. If the Labor Party did that, people might start to talk to its members again.

Mr M. McGOWAN: The minister is deliberately misrepresenting what I am saying. I am asking him why it is that things that would have ordinarily happened —

Mr B.J. GRYLLS: Because they did not ordinarily happen. Those eight Clontarf schools did not ordinarily happen.

Mr M. McGOWAN: Eight of them were created by the former government without royalties for regions. Let us leave that aside. I can see the minister is deliberately ignoring the logic of what I am saying. I refer to conservation parks infrastructure and roads. Last night the minister acting for the Minister for Environment said that that is core business of the Department of Environment and Conservation. The Minister for Regional Development has \$20 million in royalties for regions for that even though it is the ordinary business of the Department of Environment and Conservation. The department has had its budget cut by the government, yet the minister is saying that the government is doing all this work under royalties for regions—work that the department would have otherwise done. How does the minister justify that and say that is additional to what the department should be doing?

Mr B.J. GRYLLS: A parliamentary committee, which comprised members of both the government and the opposition, undertook a full inquiry into caravan and camping in Western Australia. It investigated the issue across the length and breadth of Western Australia. It said that Western Australia is severely underfunded in terms of amenities and infrastructure at our national parks. It said that many more people would visit them if the infrastructure was improved. The government, through royalties for regions, in partnership with the Department of Environment and Conservation, has put in place a \$20 million program. There is an existing agency infrastructure spend in that area. Our money—I am absolutely confident—is new money on new projects in national parks that have been underfunded for years. Again, if the member is suggesting that this should

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otherwise have occurred, he should make the point that the Labor Party would have factored this \$20 million into its normal budget and that that would have freed up another \$20 million for it to allocate to regional Western Australia. Those people would be very glad to see where it would have allocated that money.

[2.10 pm]

Mr M. McGOWAN: No. The point I am making is that what the minister said when he introduced this program is not what is happening while this program is being implemented. He made a specific commitment that all of the projects under royalties for regions would be additional to what the government already does, yet what we are seeing all the way through is things that governments have done over long periods. I turn to projects such as the wild dog management plan, the Kimberley and Pilbara youth justice services program, and the regional residential colleges. The former government had a program to deal with feral animals, with boost funding to the Department of Environment and Conservation, and, indeed, a program to deal with starlings as well. That all took place under the former government. The Pilbara youth justice programs have happened all over the place and new residential colleges were constructed around Western Australia under existing programs, yet the minister is now saying that those things happened only because of royalties for regions, when historically they happened in any event. That is the point I am making. There are three more examples, and I could go through virtually every one of these and say exactly the same thing.

Mr B.J. GRYLLS: If the member gave me the opportunity to respond line by line, I would be happy to do it. I turn to the funding for the residential college in Esperance. On the back of that announcement, the local community said that for five years, while its residential college was chronically overcrowded, it begged the government for funding and the government continually rejected funding for the residential college.

Mr M. McGOWAN: We just upgraded the high school; that is all. We built Hopetoun Primary School.

Mr B.J. GRYLLS: That is good. I am glad that the previous government upgraded the high school. But for the Labor Party, now that it is in opposition, to portray to the public that somehow, magically, it would have done this when it did not do it in the eight years that it was in government and it did not put it in the four years of forward estimates from the 2008–09 budget —

Mr M. McGOWAN: We just built them in Broome and Albany.

Mr B.J. GRYLLS: The Labor Party did not do the one in Esperance.

Mr M. McGOWAN: How did they happen in Broome and Albany if the royalties for regions program was not in place?

Mr B.J. GRYLLS: The ones in Broome and Albany are good, and there will now be one in Esperance and one in Merredin as well.

Mr M. McGOWAN: How did they happen if there was no royalties for regions money during that time in office?

Mr B.J. GRYLLS: As I said, the best response the member could give me, and through which he could prove his point very clearly, would be to indicate which parts of the royalties for regions budget the Labor Party would include in its normal standard government budget. When it had the Treasury bench and it did a budget, none of this was in it. But the member is now indicating that it would have done this or it was thinking about it. He could free up a whole lot of money under the royalties for regions program notionally if he undertook this plan, and regional Western Australia would be very happy to hear what he would spend it on. What he has said is that the \$817 million of royalties for regions money this year is actually normal government expenditure and nothing is over and above what the Labor Party would normally have done in government. That is good. That would have been done and the member can add \$817 million to what his government would have done. The member for Pilbara would be very gratified to hear that. I am sure that he looks forward to detailing that in the future.

Mr T.G. STEPHENS: Do not put words into my mouth!

Mr M. McGOWAN: I can tell the minister that we will continue to fund country areas as we have always done. Upon assuming office, he said that we had done a good job in government and, indeed, he wanted to join with us in forming a government.

Mr B.J. GRYLLS: Now that I know that our program is normal government expenditure, I think I want to join with the Labor Party again. This is the greatest plan of all time. The member has actually taken our whole program and put it under normal expenditure, freeing up 25 per cent of royalties for new stuff. That is brilliant!

The CHAIRMAN: Minister! Can we just have the question? Is there a further question?

Mr M. McGOWAN: Yes, there is.

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Mr V.A. CATANIA: On a point of order, the member for Rockingham is making a statement rather than asking a question.

The CHAIRMAN: I have just asked the member for Rockingham to ask a question, member for North West.

Mr M. McGOWAN: To wrap up what the minister has said, I refer to the Kimberley and Pilbara youth justice services expansions and the Kununurra and Broome justice complexes. As the minister knows, because I think he has recently opened them, new justice complexes or police stations that were planned and put in place by the former government have been opened in many communities around Western Australia. As things happen, of course, and as communities in the state expand, there will be more of those sorts of projects around the state. How did those projects happen under the former government without royalties for regions money being in place?

Mr B.J. GRYLLS: Again, they did not happen because what we are talking about —

Mr M. McGOWAN: So those police stations that the minister opened are not actually there?

Mr B.J. GRYLLS: Let me answer the question.

Mr M. McGOWAN: They are invisible!

Mr B.J. GRYLLS: Was a Kimberley and Pilbara youth justice service in place while the member was in government?

Mr T.G. STEPHENS: There was a Geraldton and Kalgoorlie one.

Mr B.J. GRYLLS: Was there one in the Kimberley and Pilbara?

Mr T.G. STEPHENS: But the same point is still the case—that is, if it happened before —

Mr B.J. GRYLLS: It did not happen.

Mr T.G. STEPHENS: Is it not just good spin on the minister's part?

The CHAIRMAN: Members!

Mr B.J. GRYLLS: If the member is suggesting that it is spin, he can define that by rolling this under the Labor Party's budget and defining what it would spend over and above. I am really looking forward to seeing what that would be.

Mr T.G. STEPHENS: It is all in the narrative.

The CHAIRMAN: Members! We will move on.

Mr V.A. CATANIA: I know that we have limited time, Madam Chair, and I know that you have an order for questions. I refer to the line item "Royalties for Regions — Gascoyne Revitalisation Plan" in the table on major spending changes on page 257. That plan is very dear to my heart and obviously to the people who live in the Gascoyne. I am sure that the member for Rockingham would love to bring his sneakers up one day and have a look to see what has been transformed in the Gascoyne.

Mr M. McGOWAN: You really are a loser!

Mr V.A. CATANIA: Can the minister please expand on where the funds allocated to the Gascoyne revitalisation plan will be spent and how projects will be prioritised?

Mr B.J. GRYLLS: I thank the member for North West. I know that to have a project called the Carnarvon revitalisation plan is something that he is very excited about, and his excitement would be matched only by the excitement of those people from Carnarvon and the Gascoyne hinterland, who are very excited to see a long-forgotten part of the state prioritised. We do not just prioritise in dribs and drabs; we have looked at a fundamental program of transformation for the Gascoyne. An amount of \$130 million has been allocated over four years to look at all aspects of the community and to build, repair, revitalise and grow those areas. In the line items in the budget this year, \$1 million has been allocated for the foreshore redevelopment—that is, the waterfront area in Carnarvon, which is quite spectacular but has been underdone for four years. That planning will give a clear indication of where we need to go in revitalising that area and allowing it to become a major focus of the local community. The Carnarvon library and arts centre is a project that has been prioritised by both the local council and the development commission. An amount of \$1.8 million will be provided to get that project underway, with matching funding from the local government. As we talked about, the Carnarvon police and justice complex, which was promised for years and continually underfunded, has been allocated \$1.5 million this year to get that project up and running. People will be moving into that project probably towards the end of 2011–12 or 2012–13. Exmouth is seeing some major expansion. Anyone who watches regional television at the moment will have seen images of the Exmouth marina, which is a private development proposal. That is going to market at the moment and it is very exciting to see that happening. Again, to enable those communities to take

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their true place as destinations where people want to live, work and invest, we need to cover all areas. The Exmouth clinic has an allocation in this year's budget. Boat ramps are facilities that are constantly talked about when members visit regional communities. The Gascoyne, as the community that borders on —

Mr M.P. MURRAY: Did the minister not hear the people from the South West who want boat ramp facilities as well?

Mr B.J. GRYLLS: Unfortunately, member for Collie–Preston, the Labor Party had eight years to have a go at it but did not quite get there. There is now the Tantabiddi boat ramp in Exmouth, and \$1.5 million will build a fantastic new facility there. The same thing is happening in Carnarvon. I think there has been a \$3 million injection for the Carnarvon boat ramp. It is probably the first issue that was put on the table. Most importantly, the Carnarvon hospital is another example of what the member for Rockingham was talking about. The previous government's forward estimates for the Carnarvon hospital detailed a \$6 million patch-up job. An amount of \$6 million was never going to cut the mustard and by the time that government actually got around to doing it, that \$6 million would have been worth about \$3 million. With royalties for regions money, that \$6 million has had \$20.7 million added to it over the next four years for a complete revitalisation of the Carnarvon hospital. On the back of that, we are looking to attract private investment for aged care services in Carnarvon so that people can retire in aged care facilities in the local community. Community leaders are now forced to come to Perth because there are no aged care facilities in Carnarvon; the last one just outside town recently closed. Locals who have given their lives to growing the Gascoyne are shipped to Perth. We are very comfortable that with this development of the hospital, the aged care provider and the commonwealth may come online and allow us to offer aged care services in the Gascoyne. There is also money available in the out years for the Gascoyne Development Commission and the four councils of the Gascoyne to further progress their priority projects as they look to build a legacy from this Gascoyne revitalisation plan for the next 100 years.

[2.20 pm]

Mr V.A. CATANIA: I refer to the Gascoyne revitalisation plan and how that money will be spent. How did the government decide that all these projects are to be funded?

Mr B.J. GRYLLS: I thank the member for North West. We asked local governments to partner with the Gascoyne Development Commission, and they came forward with 20 priority projects across the four local governments, many of which have been line items in the budget. They also have, I suppose, second-tier and third-tier projects. The list before me has 90 projects as prioritised by the Gascoyne community, which is a wonderful way of ensuring that we are strongly engaged at the local level, rather than simply flying in as a government and telling people that we know best. Grassroots local leadership has prioritised expenditure and government has looked to partner with it and industry to deliver on those projects. We hope that over the coming years we can undertake this program in more regions of the state. A similar proposal is being undertaken in the Esperance–Goldfields region, and I am sure people there look forward to presenting to government their priority projects for the future.

Mr M.P. MURRAY: Following the same line, when the government chopped the local government fund in the midyear review, many local authorities, as I am sure the minister is aware, had already committed expenditure that they had to go ahead with. Will there be any compensation for those people or will they be able to back charge royalties for regions, in simple terms, because they were caught out of pocket on the understanding that money would be coming through but was withdrawn?

Mr B.J. GRYLLS: The answer to that question is no; they will not be able to back claim the money.

Mr M.P. MURRAY: In that case, why is there no carry forward of—I think these were the minister's words—the delayed implementation of that money? The government has put forward only the same amount; it did not increase the amount when it moved forward for those six months.

Mr B.J. GRYLLS: Does the member have the budget papers in front of him?

Mr M.P. MURRAY: No, I have not.

Mr B.J. GRYLLS: That is obvious because there is an amount in the —

Mr M.P. MURRAY: I have a paper before me, but I am not on that exact page.

Mr B.J. GRYLLS: The member should read it before he asks questions because it makes him look a bit silly.

Mr M.P. MURRAY: I am quite clear in my mind that there was no carry forward.

Mr B.J. GRYLLS: If the member looks at the line item in the budget for the country local government fund —

Mr M.P. MURRAY: Certainly, the Shire of Capel is of the same view.

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Mr B.J. GRYLLS: The line item in the budget for the country local government fund has \$111 million in 2011–12, \$111 million in 2012–13 and \$111 million in 2013–14.

Mr M.P. MURRAY: With all due respect, minister, in the other chamber, we were told that forward estimates are not worth the paper that they are written on.

Mr B.J. GRYLLS: To a degree.

Mr M.P. MURRAY: It was said by our Premier, and the minister was in the chamber at that time.

Mr B.J. GRYLLS: As the Premier rightly said, this is a classic example.

Mr M.P. MURRAY: There is no guarantee that this money will be in the budget next time.

Mr B.J. GRYLLS: No, because the forward estimates are just that—estimates. Until the money is allocated in the budget year, that is the case.

Mr M.P. MURRAY: There is no guarantee that that money will be in the budget.

Mr B.J. GRYLLS: No, there is not. However, the member made the point —

The CHAIRMAN: Minister, excuse me for one moment. Can I please clarify where in the budget we are talking about so I can tie this discussion to a line in the budget?

Mr P. PAPALIA: The third line in the “Major Spending Changes” table on page 257 of the *Budget Statements*.

Mr B.J. GRYLLS: In the *Economic and Fiscal Outlook*, the 2011–12, 2012–13 and 2013–14 years detail \$11 million extra in each of those three years, being a total \$33 million reimbursement, I suppose, of the money that was taken out of the budget in the midyear review last year. Also, we have added another year to the out years for local governments, so what was originally a \$400 million commitment to the local government sector in regional Western Australia now totals a \$543 million commitment. This year we provided \$35 000 to each of the 110 regional local governments so that they can prepare a comprehensive planning document for both asset management plans and strategic plans. This is in direct response to requests by the member for Albany and the member for Warnbro who were unsatisfied that regional local governments had satisfactory planning documents. To be eligible for further funding under the country local government fund, those councils have to complete and submit those documents, which we think was a positive suggestion from the opposition, and we have done that. We think that we more than any other government have provided a very, very strong base for local government to grow on into the future.

Mr P. PAPALIA: Further to that question, Chair —

The CHAIRMAN: I am actually not allowed to take further questions; they have to be asked by the person who put the original question. We had the rules clarified yesterday. I am terribly sorry, member for Warnbro, but I have you listed for a question after the member for Geraldton.

Mr P. PAPALIA: After the dorothy dixer.

The CHAIRMAN: Yes, after the member for Geraldton.

Mr I.C. BLAYNEY: I refer to the fourth dot point on page 259 of the *Budget Statements* that describes the Ord – East Kimberley project as providing benefit to the Indigenous community. Can the minister detail how this agricultural project will provide a real benefit to the traditional owners?

Mr B.J. GRYLLS: I thank the member for Geraldton and acknowledge his continued interest in this most exciting project in the state.

Mr P. PAPALIA: He sounded like he was interested when he read it out!

The CHAIRMAN: Members!

Mr B.J. GRYLLS: The member for Warnbro has made a solid contribution so far! He might want to refer to his copy of *Hansard* for his contributions.

Mr P. PAPALIA: It was light-hearted; I thought the minister might have needed that!

Mr B.J. GRYLLS: It was great to be in Kununurra on the weekend and to be taken on-site to see work underway. There is bare dirt and excavators everywhere as work begins on the task of building 19 kilometres of irrigation channel and 14 kilometres of road, as well as the associated irrigation superstructure that is needed—the drains, crossovers and so forth. Most importantly, however, the level of engagement, participation and project ownership by the local Miriuwung–Gajerrong people is an absolute credit to the project proponents—Peter Stubbs and the Ord expansion team, the Department of Regional Development and Lands, Leighton and Indigenous Business Australia who won the tender, and the local Wyndham – East Kimberley community. When

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the Premier and I were there a fortnight ago for the first sod turned by the excavator, seeing a local Miriuwung–Gajerrong traditional owner with his yellow reflective vest and hardhat climb into the excavator to kick-off the project really signified what this is all about. It is as much about a strong partnership and engagement with the traditional owners as it is about the expansion of 8 000 hectares of agricultural land.

Members will be interested to know that the Ord final agreement—that work was done by Eric Ripper; we continue to acknowledge that—would have been for nothing if it did not lead to a project because the benefits to the local Miriuwung–Gajerrong people have flowed from the project taking place, not simply signing the Ord final agreement. It seems that members opposite would never have got to that point, and that would have been disappointing. Major employment is taking place within the local Indigenous community—many more jobs than they have had previously. Through the local Indigenous labour hire firm, Wannawork Labour Hire Solutions, 40 Indigenous people are working on that contract. This issue comes up all the time. If it was appropriate, I would have brought some of the rice that is being grown there with me today. Opponents of the project love to ask what will be grown and they say that the project is a white elephant. At the moment, 500 acres of rice is being grown there each year. It is about five feet tall. Given the member’s interest, I will bring a sample to Parliament so that he can see it. The rice is being grown by a farmer from the Murray–Darling Basin. He indicated that it is not economic to grow rice in the Murray–Darling Basin because of the lack of certainty over water entitlements. He is very excited by what he has seen of the growth and yield potential in the Ord. He is looking forward to further investing in technology to grow a local variety of rice rather than the eastern states’ variety that is being trialled this year. Everyone is excited about the state ship and what that means for the Pilbara. The state ship is being contracted to take containerised rice from the Ord straight to Indonesia for sale on the market. That will be a major extension of the state ship arrangements that have been in place to date. Some synergy is starting to be shown between what this project is about. It is about Indigenous capacity building, local community growth in the East Kimberley and agricultural expansion in an area where water is not limited by changes to the climate. This rice crop is a very important part of that.

[2.30 pm]

Mr P. PAPALIA: I refer to the country local government fund on page 257 of the *Budget Statements* under “Major Spending Changes”. Has the minister just confirmed that country local governments will receive only \$37 million in the 2010–11 financial year, as opposed to the \$100 million that the minister promised? Is the minister claiming that that is okay because he has extended the out years—never–never land—by another year? Is that the minister’s justification for ripping off local governments to the tune of \$67 million in one year?

Mr B.J. GRYLLS: By interjection, the member could confirm whether, when the Labor Party is elected, he plans to continue the country local government fund.

Mr P. PAPALIA: Is that a yes or a no, minister? Is the minister confirming that \$67 million has been removed from the \$100 million that he promised to local governments?

The CHAIRMAN: I point out that interjections are not welcomed.

Mr P. PAPALIA: The minister asked me to interject.

The CHAIRMAN: I understand that. I am pointing out to the minister that it is not a good idea to invite interjections.

Mr B.J. GRYLLS: I will put it on the record, and will be corrected in a follow-up question by the member for Warnbro, that the opposition has previously said that it would scrap the country local government fund. In a supplementary question, the member can tell country local governments whether or not he plans to do that. He did not understand what I said in my answer to the question asked by the member for Collie–Preston. He cannot be looking at the budget papers that are in front of him because they show that we have allocated to the country local government fund \$101.7 million in 2010–11 and \$111 million in each of the years 2011 to 2014.

Mr P. PAPALIA: I was asking the minister about 2009–10. I was at the meeting of 400 country local government delegates when the minister said that the money for that year’s allocation for the country local government fund had been deferred. I am trying to confirm whether it has been cut and has disappeared altogether.

Mr B.J. GRYLLS: No. I said at that meeting that Treasury was telling us that the royalties estimates had been reduced substantially. We chose to defer it —

Mr P. PAPALIA: How much does it cost?

Mr B.J. GRYLLS: I will answer that question with an absolute figure. We said that we were deferring that in the midyear review. We deferred \$90 million in the midyear review, subject to what the actuals would become at the end of the budget year. In this budget, which does not quite get us to the end of the year but which is as close

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as we could get, \$33 million has come back to the program and been added to it. The cut becomes \$90 million minus \$33 million. The fund has been cut by \$77 million but \$33 million has been returned. There is a cut to the country local government fund in 2009–10 of \$57 million.

Mr P. PAPALIA: All I wanted to confirm was that the minister said that he would give country local governments \$100 million but that he has cut \$57 million from the program. That is not coming back. All the councils that thought the minister's word was worth listening to have been left in the lurch.

Mr B.J. GRYLLS: No. It was made clear to all the councils that the reason the money was deferred is that Treasury said that we would not get that money from royalties. If we had returned any more than that amount to the country local governments, we would have spent more than 25 per cent of the royalties.

Mr P. PAPALIA: That would have reduced the surplus by \$57 million, but it still would have been a surplus.

Mr B.J. GRYLLS: We are absolutely comfortable with what we are doing with the country local government fund.

Mr P. PAPALIA: I am glad that the minister is comfortable. If I was on a local government in Capel, Donnybrook or Balingup, I would not be very comfortable after anticipating that the minister would keep his word.

Dr M.D. NAHAN: I refer to the third dot point on page 259 of the *Budget Statements*. An issue in the past, particularly under the previous government, was the availability of land and particularly the ability of LandCorp and the state land developers to get land to market. The dot point states that the Economic Audit Committee has a plan for the release of land to help development in the Pilbara. Can the minister describe some of the efforts that he has made there?

Mr B.J. GRYLLS: I thank the member for Riverton. The availability of land in the Pilbara was a fundamental disincentive for government, small business and everyone else to undertake business in that part of the world. When we came to government, the track record of LandCorp was, effectively, to release about 300 lots a year. The bottom line was that by creating just 300 lots a year, demand continued to skyrocket and rents continued to grow. People who wanted to be involved in small businesses or who were not involved in the mining sector faced enormous challenges. Since we formed government, LandCorp has committed to bringing more than 1 000 dwelling units to the market this year. As well as LandCorp's involvement, we are bringing more in-globe lots to the market and engaging the private sector to develop those lots parallel to what LandCorp is doing. That could see more product being brought to the market. We are very happy that considering the private sector showed no interest in the Pilbara over many years, that situation has now turned the corner. We now have major interest from the private development sector in the Pilbara and they are winning major contracts. Humfrey Land Developments is a Geraldton-based property developer and has just won an expression of interest invitation in South Hedland. Finbar Pty Ltd, which we have talked about, has been awarded a high-rise apartment project in Karratha and Auzcorp has projects in most Pilbara communities. There is very strong interest from eastern states' developers that are starting to catch on to the fact that the growth in the Pilbara means that the Pilbara is a very positive place for their businesses to locate. I welcome the fact that eastern states' developers are now looking to compete with Western Australian developers to bring land and housing to the market. A purely normalised market in the Pilbara would not need the involvement of LandCorp at all. I hope that that is where we are heading. We are not there yet by a long way, but as the minister in charge of LandCorp, I am hoping to do LandCorp out of a job and to have the private sector take its place. I want LandCorp to work in other areas where the market is failing and hopefully build those areas in the future. The proof will be in the pudding as we start to meet outcomes rather than just talk about targets. Projects like Finbar, Auzcorp, Humfrey and others give us some confidence that as well as government capital and investment in the region, we also have private sector investment and capital coming into the region.

Dr M.D. NAHAN: Who does Finbar believe will buy the apartments? Will it be fly in, fly out workers or permanent investors?

Mr B.J. GRYLLS: It is a private project, so Finbar will need to go to the market. Normally, it would attempt to sell at least a portion of the project off the plan to underwrite it. There has been strong interest in the project from the resource sector. When talking to Finbar about its pricing, we hope that the price point will enable small business owners, government agencies like the Government Regional Officers' Housing and others to buy an apartment rather than a three-by-one or a four-by-two house in the suburbs of Karratha. We believe that project will provide a whole new level of amenity, with commercial and retail on the ground floor, with gyms and pools and bars and so forth, and with people living eight or nine storeys above that. We believe that will really change the face of homeownership in the Pilbara. We hope that with projects like the Spoilbank Marina in Port Hedland

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quickly coming on line as well, projects like this will be possible along the coast of Port Hedland as well as in Karratha.

[2.40 pm]

Mr M.P. MURRAY: I refer to page 269, the first dot point relating to the royalties for regions fund—the regional infrastructure and headworks fund. It has been brought to my attention that there seems to be a split between the National Party and the Liberal Party on funding for infrastructure that will benefit country people. It has been suggested by the member for South Perth that royalties for regions should be contributing to the cost of a new stadium in Perth, because 30 per cent of the people who will use that stadium will come from the country. Will the minister rule out any further funding, or any funding at all, for this stadium into the future—or should the local people put a tollgate on the freeway and the Narrows Bridge for country people who come into town?

Mr B.J. GRYLLS: Does the member for Collie–Preston think that is a good idea?

Mr M.P. MURRAY: I have asked the minister the question, and I expect a reasonable answer.

Mr B.J. GRYLLS: Okay!

Mr M.P. MURRAY: If that is the way the minister wants to be—just smarty and smarmy—keep it going! We have seen how the minister has been spreading the money all around the place on existing infrastructure projects. Now get serious and answer the question!

Mr M. McGOWAN: It is a serious question. One of the minister’s colleagues in government raised it.

The CHAIRMAN: Members, the member for Collie–Preston has asked a question.

Mr B.J. GRYLLS: Tomorrow I will be in Dunsborough to open the new playing fields that the Busselton shire council had put as its priority project under the first round of funding from the country local government fund. We are very excited that Dunsborough and the surrounding community will now have that new playing facility. I think, member for Collie–Preston, that the focus of royalties for regions will remain on regional areas. I can categorically state that royalties for regions will not be used to build a sports stadium in Perth.

Mr M. McGOWAN: The minister will be able to walk to the stadium from his home!

I refer to page 264, the third item, “Royalties for Regions — Bushchange Housing Grant”. In the 2009–10 budget, \$10 million was allocated for that project. No money has been spent on that project to date. What has happened to that money? Secondly, in the forward estimates, \$60 million is to be spent on the Bushchange housing grant project. The election commitment was that people would be paid grants of \$10 000, \$15 000 or \$20 000, or thereabouts, to move to country areas. That was irrespective, as I read it, of whether they had intended to move to the country anyway. I am interested to know what progress has been made on the Bushchange project; what the criteria will be; and what has happened to the \$10 million that was already in the budget?

Mr B.J. GRYLLS: The Bushchange grant has been put back a couple of times as we redefine how we want to roll out that project. That money from this year would have been reassigned to other priority areas. Most of our priority areas are in the Kimberley and the Pilbara, so that is most likely where that money has gone. We are looking at a number of programs under the Bushchange grants. I said at the Western Australian Council of Social Service conference the other day that one of the emerging challenges in regional housing is that social housing got a huge boost from the commonwealth, Aboriginal housing got a huge boost from the commonwealth, and Government Regional Officers’ Housing got a boost under the royalties for regions program, with about 400 new homes across the regions for government employees, but there is a real gap in housing for non-government organisations, because non-government organisations are not eligible for any of those housing support programs. We are currently working out whether we can include some support for non-government organisations under that Bushchange-type scenario, because attracting NGOs into the regions is obviously vitally important. Under this government, more and more services are being provided by NGOs, and they are doing a very good job. So we are still defining what that Bushchange program will be. Quite a deal of work has been done on that up until now. It has not appeared in this year’s budget, because we are not ready to go with that, but that will be redefined over the coming six months and be ready to go into the forward years.

Mr M. McGOWAN: As I have said, in the out years, \$60 million of public money is to be spent on the Bushchange program. Am I to understand that the minister’s original plan to pay people grants to move to country towns is no longer one of his promises, and that he will not be proceeding with that, but rather he will be providing this as some sort of addition to public housing or housing for community organisations in country areas? Is that how Bushchange is now going to be redefined?

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Mr B.J. GRYLLS: As I have said, we have not redefined it yet. I am considering multiple options. Some of them are not what the original commitment was about, which was about essentially a first home owner boost off the back of the commonwealth-type program. But over the coming months we will look at those options and seek cabinet support, and that program will be announced.

Mr V.A. CATANIA: I refer to page 262 and the heading “Income Statement”. The last dot point under the heading “Expenses” is Ngarluma Aboriginal sustainable housing in Roebourne, with an amount of \$4.5 million. What will that money be spent on, and how many lots will be developed in Roebourne under that project? Over the past 20 or 30 years there has been virtually no investment in the town of Roebourne. This project will be on the back of, I think, \$5 million for the revitalisation of Roebourne Village. How will that all be tied together to ensure that Roebourne moves forward rather than backwards as it has done previously?

Mr B.J. GRYLLS: I thank the member for North West for the question. The first part of this project was to make available to Ngarluma Aboriginal Corporation 50 hectares of land on what is essentially the other side of the road from the Roebourne township, where the oval is located. I do not know my north, south, east and west when it comes to that part of the world, but it is on the other side of the road. That 50 hectares of land was made available for \$1. That has essentially given Ngarluma Aboriginal Corporation access to 50 hectares of town site land for the project. That was signed off by me as Minister for Lands. The Ngarluma project envisages a 380-lot residential development. The master plan for that 50 hectares will be of that scope. There will be a school, seniors housing and a commercial centre. Stage 1 of the project involves a creation of 100 lots, including 50 lots for social and government employee housing to be purchased by the Department of Housing, and 50 lots for Ngarluma Aboriginal Corporation. They are hoping to do it in stages. The money that the member has talked about is to fund stage 1. That will create 100 lots. As I said earlier, \$500 000 has been allocated to Treasury to do a detailed business case on that project. Subject to the successful completion of that business case, \$10.5 million will become available—\$4.5 million through the royalties for regions Pilbara revitalisation plan, and \$6 million as a deposit from the Department of Housing towards that project. Again, this is capacity building and enhancing the ability of the local Ngarluma Aboriginal Corporation to undertake its own projects in partnership with government, but essentially it is its project. There is a series of further projects, including the youth centre in Roebourne, the Roebourne Art Group and the other project announced in the budget, which is \$5 million for housing to essentially knock down the Village area and start to rebuild it. These will be very important steps in ensuring the future of the community of Roebourne, which for years has been the horrible secret of Karratha and the highly valuable Burrup Peninsula precinct. Hopefully, the government is on the right track with the multiple projects it is facilitating in Roebourne. I ask members to compare the look of despair on the face of the local person who lived in the Village that appeared in a photo on the front page of *The West Australian* with the follow-up story, in which it was shown that the government would at last make an investment in that community. That is probably the reason that people like the member and I do this job. We actually want to try to make a difference. Hopefully, the focus of projects across all areas in Roebourne will enable us to create more smiles on the faces of the people who have been forgotten for too long.

[2.50 pm]

Mr P. PAPALIA: I refer to page 291 of the *Budget Statements*. Without being able to find the exact line, because I think it is reflected in the budget for the Department of Corrective Services rather than the minister’s budget, I am trying to find the \$49 million for youth justice centres in the Kimberley.

The CHAIRMAN: Member, can you clarify where this is in the *Budget Statements*?

Mr P. PAPALIA: Can we say page 292, under heading —

Mr T.G. STEPHENS: On a point of order, this is the challenge of the fact that royalties for regions —

Mr P. PAPALIA: This is my question!

Mr T.G. STEPHENS: It is my point of order; the Chairman is about to rule the member out of order.

The CHAIRMAN: Members, there is no point of order. Can I have a line item that relates to this division?

Mr P. PAPALIA: Page 292.

The CHAIRMAN: That is outside this division.

Mr P. PAPALIA: Sorry; page 266.

The CHAIRMAN: Page 266 is a much better page, I suspect! If members are ready, the member for Warnbro might like to pose his question.

Mr P. PAPALIA: I refer to page 266 and the item “Royalties for regions fund” under “Cashflows From State Government”. All I have picked out is a royalties for regions line item. It is difficult to give the minister a

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specific location. There has been some \$40 million allocated to youth justice centres in the Kimberley and Pilbara over the next four years, most of which begins in 2011–12, but it is all detailed under the division for the Department of Corrective Services. I commend this as an investment of government funds, but I want to know where it is accounted for in the minister's budget as opposed to the Department of Corrective Services allocations.

Mr B.J. GRYLLS: It is detailed in chapter 7 of budget paper No 3, which is where the full royalties for regions program is defined. That is the englobo amount, but obviously each of those different programs are administered by different agencies. The Nickol Bay Hospital, for example —

Mr P. PAPALIA: I am referring specifically to this. That kind of accords with my assessment. Why is it that these youth justice centres, which will replicate those in Geraldton and the eastern Goldfields—wonderful Labor government initiatives—must be funded by royalties for regions, when it is clearly a core responsibility of the Department of Corrective Services to provide these services? They were adequately funded under the previous government by the Department of Corrective Services' normal, mainstream budgeting processes. Why suddenly, under the Liberal–National government, has a core activity of the Department of Corrective Services—providing youth justice centres in needy areas—become something that must be funded by what was sold to the people of Western Australia as a fund that would provide above and beyond core budgeting processes, forward estimates and normal activities of government in the regions? Geraldton and the eastern Goldfields are in the regions; they were funded by the Labor government through the normal processes of government, but now the same thing happening in a different part of regional Western Australia must be funded by royalties for regions money.

Mr B.J. GRYLLS: I refer to the member's reference to the needy areas of the Kimberley and Pilbara. I absolutely agree with him. The youth incarceration rate in the Kimberley and Pilbara regions is —

Mr P. PAPALIA: No, the minister knows that I know as well as he does about that, and I commend him for the initiative. The question is about where the money is coming from and why he is calling it royalties for regions money when it is obviously normal government activity.

Mr B.J. GRYLLS: Again, the member has defined his government as not being a normal government —

Mr P. PAPALIA: I am not asking about my government, although we did bring about great initiatives in Geraldton and the eastern Goldfields through normal government activity. Why is the minister doing it through royalties for regions?

The CHAIRMAN: Member for Warnbro, can you please not interject when the minister is trying to provide a response.

Mr T.G. STEPHENS: No, he is not. It is a narrative; a spin.

Mr P. PAPALIA: He is just obfuscating.

The CHAIRMAN: Minister, would you please provide your response?

Mr P. PAPALIA: He is a bumper sticker politician, and this is veneer-thin; there is no depth to it.

The CHAIRMAN: Member for Warnbro, the rules of debate still exist in this forum, and I would like you to keep to them, please.

Mr B.J. GRYLLS: I think it is absolutely disgraceful that the previous government did not focus on the Kimberley and Pilbara when youth incarceration was so serious; the previous government could not be bothered.

Mr P. PAPALIA: Are you saying that the Geraldton and eastern Goldfields initiatives were not good enough to replicate?

The CHAIRMAN: Members, I have said already that the standard rules of debate are followed in this chamber.

Mr P. PAPALIA: The minister is a bumper sticker politician!

Mr B.J. GRYLLS: I do not know how many young people have been locked up in the Kimberley and Pilbara, because there was no youth diversion program.

Mr P. PAPALIA: He is a bumper sticker politician! It is veneer-thin!

The CHAIRMAN: Member for Warnbro, I call you to order for the first time.

Mr T.G. STEPHENS: He is a bumper sticker politician!

Mr B.J. GRYLLS: I do not know how many young people in the Kimberley and Pilbara would have been locked up —

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Mr P. PAPALIA: How many would have been locked up in Geraldton and the eastern Goldfields before we ran a pilot program to prove that it worked? The government is replicating it in the Kimberley and Pilbara!

The CHAIRMAN: Member for Warnbro, I do not want to throw you out of the chamber, but you are heading that way.

Mr B.J. GRYLLS: It was a good pilot; I concede that it was a good pilot. The previous government funded it in Kalgoorlie and Geraldton, and it provided good outcomes. However, the problem is that what the member for Warnbro refers to as normal government expenditure cannot have been too normal, because it was never funded. It did not appear in the forward estimates and it was not going to be funded. The member might like to —

Mr P. PAPALIA: It was piloted in Geraldton, it was proven, and then it was funded in the eastern Goldfields. All the government has done is copy it! Why is it not normal government activity?

The CHAIRMAN: Member for Warnbro!

Mr P. PAPALIA: It was normal government activity in Geraldton and the eastern Goldfields, and now the government is calling it royalties for regions! It just wants to take the credit for it!

The CHAIRMAN: Member for Warnbro, I call you for the second time. We do not need any additions from anyone else in the chamber. Minister, please give an appropriate answer to the question that will cease this kind of interjection, if possible.

Mr B.J. GRYLLS: Let me be absolutely rock-solid crystal clear for the benefit of *Hansard*.

Mr T.G. STEPHENS: He is a bumper sticker politician!

Mr B.J. GRYLLS: If the member for Warnbro were still in government, the Kimberley and Pilbara would not have had a youth justice diversion program, because the Labor Party never funded it when it was in government. It never included it in forward estimates.

Mr P. PAPALIA: There might be 27 per cent fewer people in the prison system. That is something that might have happened.

The CHAIRMAN: If the minister can provide an answer, please do so now, otherwise I will move on to another question.

Mr B.J. GRYLLS: The \$43.9 million going into the Pilbara and Kimberley youth justice service will focus on preventing and diverting young people from entering detention centres; helping young people complete community-based sentences after they have been convicted of a crime; intervening with young people and their families to help them get back on track when a young person develops a criminal record; and working with young people in detention or coming out of detention. This is the project that I am most proud of. I spent so much of my time in the Kimberley and Pilbara as a backbencher without the ability to do anything and now, as a senior minister, I have the ability to make projects happen. We have been able to build on the pilot work undertaken by the previous government in the Kalgoorlie and Geraldton areas. We noted that that pilot went well and now we have taken it from a pilot, which the previous government said it was, to a full-blown program. The statistics show that some of those young kids whom I see running around the community of Kununurra and in other areas will end up in long-term incarceration. However, through royalties for regions and the Department of the Attorney General, through the leadership of Christian Porter, this program can now be rolled out in the Kimberley and Pilbara. Members of the previous government can say whatever they like, but the bottom line is that the previous government did not fund this program.

[3.00 pm]

[Mr J.M. Francis took the chair.]

Mr P. PAPALIA: Further to my question, the minister outlined what those services will provide. I agree with them. I knew what those services would provide. I did not have to read them off a bit of paper provided by a staffer. Why is it not mainstream government activity and why must it be labelled for purely partisan political purposes as royalties for regions?

Mr B.J. GRYLLS: Because the previous government did not do it. It sounds as though it wanted to do it, it sounds as though it wished it could have done it and it sounds as though it would have been a good idea if it had done it. However, it did not. Unfortunately in the world of politics, unless it is done, members cannot take credit for it. We have done it and young kids in the Pilbara and Kimberley who get into trouble will be much better for it.

Mr M. McGOWAN: I go to page 257 and the line item “Royalties for Regions — Country Local Government Fund”. An amount of \$5.025 million is the estimated spend for 2009–10. The budget estimate for 2010–11 is

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\$95.110 million. Perhaps the minister can provide the answer by way of supplementary information. What projects will that money be spent on, down to individual projects, in the coming financial year?

Mr B.J. GRYLLS: The money the member is talking about is essentially the first round of the country local government fund of \$100 million. We can most definitely provide the member with that list, if he would like to ask for it via supplementary information. I think that there have already been questions on notice about it; therefore, some of the member's colleagues would have that information.

To give a flavour of what the fund has done, I will start at the top. The following projects in Albany took place—a day care centre had a project for \$34 000; the Emu Point enhancement project, which was on the Emu Point foreshore, received \$185 000; the construction of two bathroom facilities at Cheyne Beach and Surfers Beach, \$200 000; the North Road footpath was constructed at a cost of \$34 000; a major community path extension project through areas of Albany, \$866 000; and construction of a soccer field at Albany. I turn now to Collie, for the information of the member for Collie–Preston so that he knows what the local government fund provided in his part of the world. The first round of projects in Collie totalled \$1.337 million and included the construction of a footbridge over the river to link north and south, \$680 000; lighting to the Collie Public Library, \$10 000; fencing around community facilities, \$70 000; construction of a disabled ramp to the local authority administration building, \$250 000; improvements to the drainage network; replacement of ageing footpaths, \$175 000; car park lighting in Roche Park; additional ramps at the Collie skate park; the demolition and rebuilding of the change rooms at the Collie swimming pool; the redesign and implementation of Throssell Street parking; and construction and installation of entry statements, lights and boardwalks around trains at the western town entrance.

Mr M. McGOWAN: It was a supplementary information request. The minister undertook to provide it to me. I would like a breakdown of what the money was spent on in that financial year and what the \$95 million allocated to the fund in the 2010–11 financial year is expected to be spent on. Does the minister have that level of detail?

Mr B.J. GRYLLS: I have that level of detail for the first round, which for the two years was \$5 million in 2009–10 and \$95 million in 2010–11. It would relate to the list of projects I referred to. I explained earlier that this year \$10 million was allocated to local governments to get their planning documents up to scratch. It was a request by the members for Albany and Warnbro because more work needed to be done by local governments on their strategic planning and asset management planning. Local governments have been funded this financial year to undertake that planning. Next year, subject to new guidelines that will be released shortly and subject to local governments providing copies of complying plans to the department, they will have their notional allocation made to them again. They will then be required to define what they will do with that allocation and then sign a financial assistance agreement with the department before any funding flows. I do not know what their year 2 projects will be.

Mr M. McGOWAN: Does the minister know what the 2010–11 projects that the government is funding will be?

Mr B.J. GRYLLS: I do not know.

Mr M. McGOWAN: So the minister does not know.

Mr B.J. GRYLLS: I did not know what projects would be funded from the first \$100 million that was provided. It is a direct grant to local governments subject to guidelines on the criteria for infrastructure spend. Local governments come back to us and if their application complies with the guidelines, they are funded. Those projects in Albany and Collie that I detailed were what those local governments defined as meeting the criteria.

Mr M. McGOWAN: Some are extending over a number of years. I would expect the minister to know those that are extending over a period of time.

Mr B.J. GRYLLS: Again, the projects that will extend over a number of years will be detailed in the information I provide the member by way of supplementary information.

Mr M. McGOWAN: That would be great.

The CHAIRMAN: I would like to clarify this for the record. The minister agrees to provide supplementary information. Minister, would you state exactly what that information is?

Mr B.J. GRYLLS: It is a list of projects under the first round of the country local government fund.

The CHAIRMAN: Is the member for Rockingham happy with that?

Mr M. McGOWAN: As long as it is those under the first round and any that are ongoing.

Mr B.J. GRYLLS: I am happy to add that as well.

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[*Supplementary Information No B17.*]

Mr V.A. CATANIA: I refer to the line item on page 264 referring to the Country Age Pension Fuel Card. The eligibility criteria for that fund has been expanded this financial year. What criteria must now be met by people who want to access that card?

Mr B.J. GRYLLS: Essentially, in the first year of the implementation of the Country Age Pension Fuel Card, people in possession of an age pension in eligible regional Western Australian postcodes were able to get access to a \$500 fuel card to assist them in meeting their travel costs if they did not have access to public transport. Approximately 28 000 pensioners in regional Western Australia applied for and were granted access to that card. In year 2, we are expanding the eligibility criteria to include four new categories. People receiving a disability support pension, a carer payment, a widow B pension and a wife pension will now be eligible to apply for the fuel card provided they meet the criteria. The vast majority of the people who will be eligible to apply for the fuel card will be 15 000 to 16 000 disability support pensioners. People receiving a carer payment fall into the next highest category. The number of people receiving widow B and wife pensions would be in the hundreds rather than the thousands.

Essentially, we expect an extra 15 000-odd applicants for that fuel card. The way to explain it is that a means-tested pensioner in regional Western Australia can now access the fuel card. There are some pensions for veterans and so forth that are not means-tested, so they are not eligible; however, a means-tested pensioner who lives in an eligible postcode in regional Western Australia will get access to the fuel card. The program has been so successful with age pensioners that it was deemed appropriate and important that disability pensioners, who, although not meeting the age criteria, are also on fixed incomes, and many of them are forced to travel to access help and support by virtue of their disability. It is really important to give them the extra support. I was under fire in Merredin the other day over the railway; they are pretty angry about that. However, I am happy to note that someone ran up to me in the street and passed me a card thanking the government for extending access to the fuel card to disability pensioners. As local members, we know that people with disabilities do it tough. The pension is tough to live on in the regions. We have already talked about district allowances and the fact that we are giving a major district allowance to attract workers to the regions because it costs more to live there. Disability pensioners do not get that allowance, but they will be eligible for the pensioner fuel card. I know this will make a lot of difference to a lot of people on fixed incomes in the regions.

[3.10 pm]

Mr M.P. MURRAY: Is there a cap on commissions that can be charged on fuel?

Mr B.J. GRYLLS: The member for Collie—Preston has raised that issue with me before. Obviously someone in Collie is getting ahead of themselves and is essentially fleecing pensioners over what they are charging on top of the cost of petrol. There was a recent change in the rules that allowed any card merchant to charge a fee for use of a card so that small business owners are charged a percentage every time someone uses a card. I am not aware of this happening in Collie and we receive most of these complaints about a fuel outlet that is essentially ripping off pensioners.

Mr M.P. MURRAY: They could because there is no cap.

Mr B.J. GRYLLS: I do not think there is a cap on it. That is a decision of the individual business owner. I would like to add that with the fuel stations that have played silly buggers and have not wanted to get involved and have said it is all too hard, once we explain what the project is and who it benefits we have been successful at the department level in discussing their reasons for not doing this. If the member for Collie—Preston has a problem with anybody, please let us know and we will send a team down to work with them to show them it is not an onerous task to accept the fuel card. It has been put in place to do the best we can for those in the community who are on fixed incomes—pensioners, and now disability pensioners. Some small businesses are pretty hard-nosed and tough, but I do not know if their hard-nosed attitude to business extends to not making this program available to people who need it.

Mr M. McGOWAN: My question relates to development commissions broadly, rather than individually and we are going to deal with each of them shortly. I refer to page 257 and the reference to the Gascoyne revitalisation plan, and I know that the Gascoyne Development Commission will be involved in that. What is the future of the development commissions? Does the minister have a plan to abolish them? Does the minister plan to roll them together and reduce their staffing? What is the minister's intent in relation to those organisations?

Mr B.J. GRYLLS: I thank the member for Rockingham. That is a very good question. The government has just announced a review of regional development commissions. During the budgetary process the Economic and Expenditure Reform Committee requested that a review be undertaken. That was off the back of the fact that up

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until now the development commissions have not had a very strong decision-making role in the expenditure of public funds. That has now changed substantially.

Mr T.G. STEPHENS: That is not true though. They had the rural adjustment scheme, so they had funding programs for local decision making.

Mr B.J. GRYLLS: The local decision making across the forward estimates now is in excess of \$500 million.

Mr T.G. STEPHENS: But it is true that they have had local decision making. It may be that the government has increased the quantum but they have always had the decision-making capacity.

Mr B.J. GRYLLS: The capacity for local decision was \$500 000 through those grants, and for the rest they made a recommendation to the Department of Local Government and the Department of Regional Development and Lands, which sometimes acted on that and sometimes did not. There has been a serious quantum change in what I am asking them to do. The review is essentially to make sure that the capacity, skill base and FTEs are there in those development commissions to handle that level of decision making, as well as meeting the checks and balances that are required by the Auditor General and other processes. We have done a lot of work to build their capacity, but it seemed a timely opportunity to take a closer look, through this review that will be chaired by Hon Wendy Duncan and will comprise Paul Rosair, Mal Wauchope from Premier and Cabinet, and the chair of the Regional Development Council, Graham Thomson. Graham is here, and I will get him to add something to this at the end. We are going into that review with an open mind. We regard the development commissions as very important tools in local decision making as well as assisting agencies to make the right decisions about what they are doing. I believe from the review that we will be able to establish what is needed in governance and the financial support for those development commissions. I will give the member an example. The baseline budget of the Pilbara Development Commission stayed static over the past four or five years. That led to the situation, essentially, in which \$1.5 million in the Wheatbelt was different from \$1.5 million in the Pilbara—as the member for Pilbara would know. Essentially, the only way that the Pilbara Development Commission could function was not to have FTEs, and at one stage it got down to six FTEs when most of the other development commissions were running at 10 to 13 or something like that. The capacity of the Pilbara Development Commission to respond to what it needed to do was fundamentally undermined by being underfunded. That led to the board spending all of its time looking internally, rather than at what it needed to do. When we get to the Pilbara Development Commission, the member will see that the government has provided a substantial boost in its baseline funding into the future so that it can get its FTEs back up to baseline. And with the advent of the Pilbara Cities office and the other support they are getting the government is making sure that, on the ground in places like the Pilbara, we have the right sort of support. I will hand over to Graham Thomson, who is the chair of the Regional Development Council. That is essentially the chair-of-chairs group and if Graham can talk for a minute I can quickly go to the bathroom!

Mr G.S. Thomson: The important matter in relation to the review is the fact that commissions were originally established—or in recent years—to handle \$500 000 a year. We are now in the situation where it is \$5 million plus. While commissions have been able to comply with statutory requirements and all that sort of thing, the current structure of the commissions and services available to commissions has not allowed them to flourish as much as they might. This review provides an opportunity to see the commissions' structure in the future to be able to handle a far increased capacity, responsibility and authority for the next five or 10 years.

[3.20 pm]

Mr M. McGOWAN: The minister indicated that there is a discretionary decision-making role on the part of the commission for \$500 million. What was he referring to there?

Mr B.J. GRYLLS: If the member refers to chapter 7, it is the total royalties to regions budget of \$302 million. One line item is the regional strategic projects. If the member also looks at the line item for regional capital works initiative —

Mr M. McGOWAN: I do not have the page.

Mr B.J. GRYLLS: It is essentially on the last page. The regional capital works initiative is \$212 million over the forward estimates. If the \$300 million and the \$200 million are added together, over \$500 million is allocated there. It still needs to go through a formal process. Essentially we are asking the development commissions to look at their contestable grants program and their strategic grants program, of which round one has already been done, so that information is available on round one. A second round will be coming forward in the next couple of weeks. There is that and the capital initiative where we are essentially asking the regional development commissions via the Regional Development Council to advise government of where the priority projects are into the future.

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Mr M. McGOWAN: So it is not discretionary. Who makes the decision? Does the minister made the decision?

Mr B.J. GRYLLS: The Regional Development Council makes recommendations to government. I, as the minister, would take those recommendations to cabinet. It is a much greater role than there has previously been. Essentially we are trying to create a system of checks and balances at the local level, because I am very wary as a result of what happened with the previous federal government's regional partnerships program. It was seen that ministers were making decisions that were against the wishes of the local community for political reasons. I am absolutely determined to have a system in place for royalties for regions that does not have me as minister able to make those sorts of decisions. The job of people like Graham Thomson, the chair of the Regional Development Council, and other chairs, as well as the Regional Development Trust that is set up under the legislation, is to make sure that is what happens, and also to create a much greater level of engagement and buy-in from the local community for local decisions.

Mr M. McGOWAN: Mr Chair, we have about an hour to go and we have got to do the development commissions and the Treasury components.

The CHAIRMAN: I am guided by you, member for Rockingham.

Mr M. McGOWAN: I have one further question on this section. We have eight development commissions.

The CHAIRMAN: I might go straight to the member for Riverton and then come back to the member for Rockingham.

Dr M.D. NAHAN: On page 259 the last dot point refers to a rangelands reform program for the improved management of fire, feral animals and weeds. Could the minister describe what he has in mind there?

Mr B.J. GRYLLS: The Liberal-National government has been very determined to look at the pastoral industry, how pastoralists operate, how they raise capital and how they go about their business under some of the terms and conditions of the current act, which is quite restricting on what they can do. There have been some examples where pastoralists would like to diversify but have found the process is too difficult or the rules not flexible enough to enable them to do it. I, as Minister for Lands, and Minister Redman as Minister for Agriculture and Food, are embarking on a major program to facilitate that diversification. We have done such things as writing to every pastoralist in the state and asking them to dare to dream about what they would like to do on their pastoral lease, so that we can get a bit of an idea, if there were no rules, of what they would like to do. As the agency we are looking to provide them with support to hopefully bring many of those projects to fruition. The money in the budget is essentially to put together a team to allow them to provide that level of one-on-one support to those businesses.

Obviously, the protection of the rangelands is absolutely vital. We need to make sure that the good environmental management of that continues. It is a key part of this. But in some instances pastoral leases required pastoralists to graze even though they might have been able to do better out of a tourism business. They were required to continue to graze because that is what the pastoral lease specified. We are just trying to look at all of that. We will be looking at amendments to the Lands Administration Act to allow us to create more flexibility into the future. There are some tenure questions around that. The bankability of a tenure is also important, as people try to borrow against leasehold tenure rather than freehold tenure, which is always more difficult, as the member would know. Off the back of the work that was done by the previous government we did a southern rangelands review, with Hon Wendy Duncan as the chair, which made some recommendations. In strong consultation with industry, hopefully we are bringing forward the innovations that are possible in pastoral leases. We have a lot of interest in things like mining companies dewatering and moving to centre pivots for either fodder production or maybe a bit more intensive horticulture, which is exciting. Some of that requires special leases, which are pretty hard to navigate. So it is streamlining the process and so forth. Declan Morgan, who thought he was going to have to sit here all day without anything to do, is the boss of the lands agency in my department and I am sure can add some very insightful comments on that question.

Mr D. Morgan: The minister has given a pretty comprehensive answer to that question. We are pulling together a cabinet submission that outlines the details of the resourcing requirements for that. There will be a significant legislative component that will result in the potential amendment of the Lands Administration Act, part 7, which relates to pastoral activities. There is the possibility of some new tenure types, and certainly the capacity to enable pastoralists to diversify their operations with significantly more ease, including a one-stop shop and a reduction of red tape around pastoral diversification largely.

Dr M.D. NAHAN: Is the minister considering perhaps in this process providing environmental stewardship grants to provide moneys to the pastoralists to protect, preserve and augment the environment of the pastoral leases?

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Mr B.J. GRYLLS: It is a really interesting point. There has been some discussion about that. I think that the southern rangelands review pointed out that some of the pastoral activity in parts of the world is pretty marginal. The government does not really want those pastoral leases to be abandoned, because then the management of wild animals and weeds and the general maintenance falls by the wayside. We have seen in a newspaper story that the Department of Environment and Conservation cannot maintain some of the pastoral leases it has bought. The picture of goats wandering through that old homestead was pretty disappointing. No management is worse than a poor pastoral lease would be my argument. I put the question of stewardship payments to the Pastoralists and Graziers Association. The PGA was not overly positive that it was a positive step forward. I am not sure whether it did not understand what was being suggested or it had a focus on somewhere else. I do not think that stewardship payments are currently on the list, but I think the issue is worthy of further discussion and debate around the industry, because essentially, if the pastoralist does not manage the rangelands, somebody has to. What we always find in remote communities is that if that somebody has to be funded by government, it costs us about four times as much as it would to have pastoralists who could essentially stay on their pastoral property and reduce their stock to something that was more manageable and more financially stable for them rather than essentially risking everything year in and year out and pushing fragile ecosystems to the limit trying to make it work. If we could almost give them a ranger's badge and ask them to undertake some work on behalf of the community in managing a pastoral lease and reporting on pests, weeds and other things, that to me would seem to be valuable. We are not there yet, but I appreciate the member raising that. It is something that we might look to in the future.

[3.30 pm]

Mr T.G. STEPHENS: Reference has been made a couple of time to Pilbara Cities. Can the minister tell us whether that office is currently operational? Is there an acting director of that office? When will the position become operational? Presumably, it will be funded as of 1 July. If the minister has not appointed someone by 1 July, will an acting person go into that office?

Mr B.J. GRYLLS: I might let Paul Rosair, as the director general of the department, answer this. As I said earlier, the identification of an appropriate person to be the director of Pilbara Cities is taking place. I know that we have had some discussions about an acting position because obviously identifying someone in June, if that person needs to give notice and so forth, probably will not mean that that person will start on 1 July. I will let Paul outline how that is going to happen.

Mr P.B Rosair: The Pilbara Cities office has been identified as commencing on 1 July 2010. It is funded to have a general manager, plus five additional full-time equivalents to be on the ground to do some of that delivery of activity in the Pilbara.

Mr T.G. STEPHENS: As from 1 July?

Mr P.B Rosair: Yes, as from 1 July. Leading up to that, we are finalising the selection process as we speak. We expect to be able to make an announcement on that person hopefully within a couple of weeks. Depending on that person's availability, the person may be able to commence on 1 July and take up that role. We are also advertising for another manager, which would conclude the appointment process. There is a chance that we may have the person on board on 1 July; however, if not, we probably will have someone act in that role until that person is on board.

Mr T.G. STEPHENS: If the positions have not been permanently filled as from 1 July, where will the acting positions be located?

Mr B.J. GRYLLS: I think the answer to that is: we do not know yet.

Mr T.G. STEPHENS: What is the reporting structure? Where will the director or the general manager of the office of Pilbara Cities report to, and what will be the connection with the Pilbara Development Commission structure?

Mr B.J. GRYLLS: I am happy for Paul Rosair to answer that.

Mr P.B Rosair: There are two reporting arrangements for the general manager of the Pilbara Cities office. It is administratively located within the department, and it will administratively report to the director general of the department. However, having said that, it will have reporting arrangements right through to the Premier and the Minister for Regional Development, and the ministerial council that oversees development and approvals. There is also a directors-general group for approvals and a directors-general working group for land availability. Both those directors-general groups will outline the priorities of the Pilbara and the activities that this role will undertake.

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Mr B.J. GRYLLS: I will just add to that. As we have said, member for Pilbara, we have been very happy with the way that our office for East Kimberley development has worked. There is a strong partnership with the commonwealth at both a ministerial level and an agency level. Obviously, there is a very good partnership with not only our agency, but also all the different state agencies that are undertaking projects. Commonwealth funding has been provided for the East Kimberley project. The hospital and the school are being revamped, and housing has had a major boost, as has the Wyndham swimming pool, sports facilities, airport and port. Just about every government agency is involved. It has been absolutely invaluable to have someone located in Kununurra who can turn to the most pressing issue of the day and define easily for government where that problem is and how it can be fixed. I think we have built a level of partnership with the commonwealth through people like Gary Gray, the parliamentary secretary responsible for that program. Essentially, Gary Gray was ringing Peter Stubbs directly to find out how key performance indicators were being met, whether we were meeting time lines and so forth. We hope that what we set up with Pilbara Cities can do exactly the same thing.

Mr T.G. STEPHENS: Is the structure that the minister is describing in the East Kimberley the same reporting structure that is being put in place here?

Mr B.J. GRYLLS: It is quite similar. In the Ord–East Kimberley, we have a ministerial council comprising the Premier, me, the Minister for Environment, the Minister for Water, the Minister for Agriculture and Food and the agencies. Peter Stubbs essentially reports through my agency to them.

Mr T.G. STEPHENS: Through which agency?

Mr B.J. GRYLLS: The Department of Regional Development and Lands; he is an RDL employee.

Mr T.G. STEPHENS: Is he inside the development commission office?

Mr B.J. GRYLLS: No, he is separate to the development commission.

Mr T.G. STEPHENS: Is he separately housed?

Mr B.J. GRYLLS: He is in the government building at Kununurra. The development commission is separate. We have had a very strong synergy between Jeff Gooding at the Kimberley Development Commission and Peter Stubbs. The member might be able to put these questions to Steve Webster from the Pilbara Development Commission later on, but we are certainly seeing a strong and focused working relationship between the development commission and the office of Pilbara Cities.

Mr T.G. STEPHENS: Is it a vote of no confidence in the development commission to be setting up an office of Pilbara Cities instead of drawing on the support of the Pilbara Development Commission?

Mr B.J. GRYLLS: I do not think that. I do not think that what we have done in the Ord was a vote of no confidence in the Kimberley Development Commission. They have worked quite strongly together and we do not see this as being any different. I hope the member has noted in the budget that we have fundamentally re-based the budget of the development commission, which, given what we know about the cost of doing business in the Pilbara, quite frankly was pretty damn embarrassing. The Pilbara Development Commission was being resourced at the same level as the Wheatbelt Development Commission when we came to government.

Mr T.G. STEPHENS: Finally, in reference to the location of the office, as the minister has described it, in Kununurra, and having done some remarkable things for Kununurra, is the positioning of the office in Karratha to do some remarkable things for Karratha at the expense of the interests of the capital of the Pilbara, Port Hedland?

Mr B.J. GRYLLS: No.

Mr M. McGOWAN: I suppose we are now 50 or so minutes from dealing with LandCorp.

Mr B.J. GRYLLS: That is right, yes.

Mr M. McGOWAN: I refer to page 269 and to the unallocated \$38 million of royalties for regions money. The final paragraph states —

... 99 per cent of the overall Royalties for Regions funding has been allocated to specific projects or set aside as savings measures ...

Can the minister define that and perhaps provide by way of supplementary information a list of those savings measures? Does that mean that that money is sitting there unallocated, as that money identified earlier by the member for Armadale was placed there? How much is being spent on individual projects and how much is unallocated in totality when we take into account that the total budget, including carryovers, is \$897 million? Will the minister provide by way of supplementary information the money that is sitting unallocated? Secondly,

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the budget papers indicate that this \$38.328 million is reserved for a number of strategic projects under development. Will the minister provide supplementary information explaining what they are?

Mr B.J. GRYLLS: Essentially, this is the unallocated line of the budget. In 2010–11 that figure is \$10 million. That is not yet defined. It will be defined over the course of next year and will show up as a line item in the budget. The savings measures that the member refers to is the \$25 million haircut, as it were, that we agreed to for the three per cent efficiency dividend. That amount was able to be saved administratively in the first year. Under the terms of the act, how we would make that saving is now more complex. I am happy to, by way of supplementary information, have Treasury give the member some details about how that will happen.

[3.40 pm]

The CHAIRMAN: I ask the minister to state again for the record what that supplementary information is, so that the member for Rockingham can continue.

Mr B.J. GRYLLS: I am happy to provide by way of supplementary information more information around the line on page 269 that deals with projects set aside as savings measures.

Mr M. McGOWAN: That line also states “and are detailed elsewhere in these budget statements”. The minister said only \$25 million; however, we identified, for instance, that BushChange is unallocated. The member for Armadale identified money that was unallocated in relation to —

The CHAIRMAN: Sorry, before you continue, member for Rockingham, you are talking about a different supplementary question, so I have to allocate this first supplementary information number.

[*Supplementary Information No B18.*]

Mr M. McGOWAN: Page 269 suggests that other royalties for regions money is unallocated. I seek details of where that money is parked and how much in total is unallocated. For instance, as I said before, we identified BushChange as being unspent. How many others of those are there —

Mr B.J. GRYLLS: Not unspent; reallocated.

Mr M. McGOWAN: I seek the totality. It is tantalisingly mentioned that those savings measures are there and that the minister knows what they are. I want to know what they are and the totality of those amounts.

Mr B.J. GRYLLS: I will provide by way of supplementary information more information about how those savings measures, which is the \$25 million a year, are defined in the budget. If the member is not satisfied that that answers the question, he can ask questions on notice and questions without notice in the Parliament.

Mr M. McGOWAN: I refer to the full-time equivalent employees on page 260 of the *Budget Statements*. The number of full-time equivalent employees has jumped from 22 in 2008–09 to 64 in the 2010–11 budget, which is 42 additional staff. I have a number of questions about this. Are these 64 people involved only in administering the royalties for regions program? In total, how many people in this agency are above level 8; and, what has it increased by since the member became minister?

Mr B.J. GRYLLS: I am happy for Paul Rosair as director general of the department to outline those full-time equivalents. He has the figures in front of him. He may not have the level 8 information, so that might need to be asked as a question on notice. I think the member has asked similar questions.

Mr P.B Rosair: Is this in relation to the increase from 57 full-time equivalents to 64?

Mr M. McGOWAN: As I said, it went from 22 FTEs in 2008–09 to 64.

Mr B.J. GRYLLS: The FTEs changed from 22 to 17 to 57 to 64.

Mr M. McGOWAN: It has not gone from 57 FTEs last year anyway; it has gone from 22 to 57, when the government actually budgeted for 17, and now it has gone up to 64. Who are all these people and what do they do? The minister can provide it by way of supplementary information. Are these the people who administer royalties for regions?

Mr P.B Rosair: The 22 full-time equivalents were in our major projects division. They were responsible for administration of the royalties for regions program and the establishment and ongoing governance, communications, and project evaluation assessment and administration. Those 22 FTEs were the initial divisional structure. In addition to that in 2009–10, we moved to 57 FTEs by way of the 22 in the major regional projects, five FTEs for the Ord expansion project, six FTEs for the Pilbara revitalisation plan stage 1 and stage 2, 13 FTEs for the community resource centres, seven FTEs for the regional investment administration and four FTEs for the corporate services allocation. In 2010–11 we expect the Pilbara Cities office to be increased by an additional six FTEs to 12, and we expect two FTEs for the country local government fund, which we have

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now taken over administration for from the Department of Local Government. We have dropped one corporate service FTE allocation, so that equates to the seven additional FTEs in 2010–11.

Mr M. McGOWAN: That is a 300 per cent jump in staff in two years to administer the program in total.

Mr B.J. GRYLLS: Yes, we have gone up to 64 full-time equivalents in the regional development component of the agency; there are more FTEs in lands as well. We have had a substantial increase in full-time equivalents focused on regional development—is that not a good thing?

Mr T.G. STEPHENS: The director general said that there will be 12 officers at the Pilbara Cities office in the next financial year. Will all those 12 officers be based in the Pilbara?

Mr B.J. GRYLLS: Paul can answer that question.

Mr P.B Rosair: Probably up to 50 per cent will be based in the Pilbara.

Mr T.G. STEPHENS: I think we have established it will be in Karratha.

Mr P.B Rosair: That is where the general manager is likely to be located, whether they are all located in the Karratha office —

Mr B.J. GRYLLS: Karratha is still the Pilbara, member for Pilbara!

Mr T.G. STEPHENS: Therefore, 50 per cent of them will be based in the Pilbara.

Mr P.B Rosair: Fifty per cent will be based, currently, in the city. I think the minister also alluded earlier to the fact that the Pilbara Development Commission has some difficulty in maintaining its recurrent costs in an area where the cost of housing services and the cost of living are quite high. We will have some flexibility —

Mr T.G. STEPHENS: I thought the minister had fixed that by now!

Mr P.B Rosair: We will have some flexibility to manage —

Mr T.G. STEPHENS: It has grown more since this minister has been in the job.

Mr B.J. GRYLLS: As we said, the Pilbara Development Commission got down to six full-time equivalents because it was chronically under-funded, which was a bit of an embarrassment given its importance to the state. The addition of the six FTEs in the Pilbara Cities office, plus the rebasing of the Pilbara Development Commission should, essentially, put us back to 12 FTEs at the PDC. Stephen Webster will be able to confirm this for the member later, but I think it is 12 plus six so we will have 18 FTEs focused on the regional development of the member's electorate. I think the member will be excited about that.

Mr T.G. STEPHENS: Plus another six.

Mr B.J. GRYLLS: It is a billion-dollar program, member for Pilbara, so it is probably a good thing that we have good people focused on ensuring that that project delivers a very positive outcome.

The appropriation was recommended.

Meeting suspended from 3.48 to 3.55 pm