

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2021–22 BUDGET ESTIMATES



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 21 OCTOBER 2021**

**SESSION FOUR
DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT**

**Members
Hon Peter Collier (Chair)
Hon Samantha Rowe (Deputy Chair)
Hon Jackie Jarvis
Hon Nick Goiran
Hon Dr Brad Pettitt**

Hearing commenced at 4.15 pm

HON ALANNAH MacTIERNAN

Minister for Regional Development, examined:

Mr RALPH ADDIS

Director General, Department of Primary Industries and Regional Development, examined:

Ms HEATHER BRAYFORD

Deputy Director General, Sustainability and Biosecurity, examined:

Ms KERRINE BLENKINSOP

Lead, Climate Resilience Taskforce, examined:

Mr ALEX LYON

Managing Director Corporate Services, examined:

Mr LIAM O'CONNELL

Deputy Director General, Industry and Economic Development, examined:

Dr MIA CARBON

Executive Director, Biosecurity, examined:

Ms MANDY TAYLOR

Chief Financial Officer, examined:

Mr PAUL GREGSON

Manager, Funds Management, examined:

Mr BRUNO MEZZATESTA

Executive Director, Operations and Compliance, examined:

Mr ROHAN PRINCE

Director, Horticulture, examined:

Mr COLE THURLEY

Chief of Staff, Minister for Regional Development, examined:

The CHAIR: Welcome to today's estimates hearing. The committee acknowledges and honours the traditional owners of the ancestral lands upon which we meet today, the Whadjuk Noongar people, and pays its respects to their elders both past and present.

Can you indicate whether you have read, understood and signed a document titled "Information for Witnesses"?

Hon ALANNAH MacTIERNAN: We have.

The CHAIR: Your testimony before the committee must be complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and broadcast live on the Parliament's

website. The committee will place the uncorrected transcript of your evidence on the internet a few days after the hearing. When the transcript is finalised, the uncorrected version will be replaced by the finalised version. This is a public hearing but the committee can elect to hear evidence in private. If for some reason you wish to make a confidential statement, you should request that the evidence be taken in closed session before answering the question.

Members, before asking your question, I ask that you provide the relevant page and paragraph numbers; however, as I always say, we do provide some latitude in the Legislative Council in this area. Minister, would you like to make a brief opening statement? You do not have to, but if you like, you are quite welcome.

Hon ALANNAH MacTIERNAN: Very quickly, this budget shows us continuing our work to redevelop and reinstate the R&D capability of the department. It also shows the appropriations for the work that we are doing to develop climate resilience and address the need to decarbonise in our agricultural space. It shows the works that we are doing to stimulate diversity in our regions through the regional economic development grants.

[4.20 pm]

Hon JACKIE JARVIS: I have a question regarding biosecurity. I refer to page 222 of budget paper No 2, volume 1. Halfway down the page under new initiatives is a line item “Biosecurity Incidents and Emergency Response”, \$11.9 million. I note an explanation on page 230, which states that that amount was for the Queensland fruit fly incident, which took quite a long time. The explanatory note says that it is difficult to budget for biosecurity incidents. What is the link between that line item, and then a few lines down is one called “Enhancing Biosecurity and Emergency Response”? I hope understand \$11.7 million was a one-off spend, but I am interested to know what “Enhancing Biosecurity Emergency Response” is; it is about \$15 million over the forward estimates.

Hon ALANNAH MacTIERNAN: Thank you. I apologise. I have Heather here giving me glances that I had forgotten to mention biosecurity, because I was being told to hurry up.

This is very important. Certainly that \$11.9 million is our funding towards supporting the national program for the eradication of the Queensland fruit fly, and it is also providing some money for the management of other issues.

The enhancing biosecurity and emergency response is not one-off funding. This is about resetting the base, in a sense, for the biosecurity endeavour in this regard. What we have seen steadily since 2014 is that the number of incidents of pest incursion has increased significantly, so it may be that you have got one of these creatures emerging at one a year, but this has grown really quite rapidly. These 22 new FTEs are really about giving us enhanced capability. It gives us a standing team, for a start. Currently, we have to divert people from other tasks when an incident occurs. This enables us to have an element of a standing team. It will enable us to enhance early warning and detection systems and, really, to have better developed response plans. It is a fairly significant reset, and it is a recognition that this is not just something that can be done once. This is re-setting up the FTEs available in this important area.

Hon JACKIE JARVIS: On page 232 there are two other biosecurity line items. Under “COVID-19 Response” there is the “Boosting Bio-Security Defences” line item, and then further down under “New Works” there is “Modern Biosecurity and Product Integrity”. I just wonder how they are linked to biosecurity.

Hon ALANNAH MacTIERNAN: The first one is carryover funds for the replacement of the irradiator used to produce sterile flies to help us in our quest to get rid of fruit fly, and the other is capital for

the replacement of the quarantined glasshouses at South Perth and the development of a traceability system to meet national and international requirements. Dr Mia Carbon.

Dr CARBON: There is a lot of work going in biosecurity at the moment, including around product integrity and traceability. That is a very significant focus for us. Obviously, the COVID-19 situation has shown us the importance of both early detection, which we do through surveillance, and quick response in order to get in front of pest and disease issues. It has also shown us as a whole community the importance of being able to trace the movements of, in this case, animals and plants to manage a biosecurity response. The funding that you referred to for modern biosecurity and product integrity is primarily around developing our traceability systems for plants, and potentially then for aquaculture, to better manage our biosecurity risk and also to provide facilities to allow us to continue to provide quarantine services for plants coming into Western Australia to protect our Western Australian plant industries from biosecurity risks.

Hon JACKIE JARVIS: I also have a question in regard to page 223, dot point 3, and the \$15 million agricultural climate resilience fund. Can you just provide an overview of whether that is in R&D fund or some other support program?

Hon ALANNAH MacTIERNAN: This is an important part of our response to climate change. We also have a land restoration and carbon farming fund, but this particular fund will be used to really tailor solutions to support farmers to build soil carbon to rehydrate landscapes and really take up, if I can say, the challenge and the opportunity agriculture has to be a major response in the area of carbon sequestration. We note that in the last IPCC report there are increasing numbers of references to the need for us to understand the role that land clearing has had in the creation of microclimates to add to what is happening at a global level. The Paris conference on climate change saw the initiation of a big project to develop soil carbon, because it is understood that by developing soil carbon, a modest 0.4 per cent increase in soil carbon could sequester around 25 per cent of anthropomorphic emissions, as well as help provide some of the solution to the land clearing by increasing the vegetative cover of the land.

One of the things, for example, that we are doing with this fund will be developing our research capability and making a contribution to get leveraging off this to get some of those drought funds. We are running a whole series of masterclasses in the regions for farmers who want to look at taking up these options and understand what farming practices would be required. We have been running those, and to date we have had Northampton, Beacon, Salmon Gums, and I think there are others planned perhaps. We have the soil masterclasses. We have been introducing training programs for ag students. We are also using this fund to look at how we could develop and understand more about the measurement et cetera of soil carbon.

[4.30 pm]

Hon SAMANTHA ROWE: Through you, minister, I want to ask some questions and it is under “Significant Issues Impacting the Agency” on page 223, paragraph 6, around InterGrain. I am wondering, are you able to advise us on the financial position of InterGrain? The reason I am asking that is I understand that previously it was proposed for sale as it was running at a loss and I am just wondering: has that changed? Has it turned around? What has changed?

Hon ALANNAH MacTIERNAN: I have to say if we are proud of something that we have done in this agricultural portfolio, InterGrain is part of that. When we came into government, InterGrain was proposed to be sold, and there was a sale proposal to sell it off to interests over east. In part, that was because its financial trajectory was not looking good. But we were deeply concerned about it and we actually had submissions. It was interesting; some of the first letters I got were from staff members and from other members of industry really questioning the wisdom of sending this off

over east. So we decided to terminate that sale and express confidence in InterGrain. They have done an absolutely stellar job in rebuilding that organisation, so that it has gone from a projected minus \$2.25 million deficit in 2017 and now we see in 2021 a projected in excess of \$6.5 million return. At the same time, they have been able to develop incredible new grains in wheat and barley and they have managed to win back, with some help from some of the funds that we have put in through an oats partnership, the national oat breeding program—a program that even though we are the biggest oat producer in the country, we lost some years ago to South Australia. So we have been able to take that back.

The benefit of having a breeder that is focused on Western Australia and Western Australian conditions and being able to produce an ever-changing variety of wheat, barley and now oats is just fantastic. The work that they are doing in collaboration with AEGIC is really very, very impressive—opening up new markets for Western Australian wheat, barley and oats. They have got their sights set on lupins and pulses next. It would have been really sad to have lost that and lost that energy and potential that, with a bit of support—it went through some very bad times under the previous government, where part of it was sold off, bizarrely, to Monsanto to get involved in GM wheat. That did not work out very well and it was sold back. But it has been rebuilt and we are extremely proud of their work.

Hon NICK GOIRAN: At page 224 in budget paper No 2, volume 1, it sets out seven services with respect to the department. Are we able to ask questions today in respect to all seven services?

Hon ALANNAH MacTIERNAN: If you want.

Hon NICK GOIRAN: I am specifically interested in asking some questions with respect to fisheries.

Hon ALANNAH MacTIERNAN: So you want to ask some questions around fisheries and you want to tie it to reference 7 and a resource agreement; is that right?

Hon NICK GOIRAN: Potentially. I am mindful that sometimes with these large departments that have been amalgamated, the ministers do not always necessarily have the full volume of witnesses available.

The CHAIR: Let us see how we go.

Hon ALANNAH MacTIERNAN: We have Heather Brayford here, who is head of that pillar in the agency. Just to point out, there have been many benefits from the amalgamation.

The CHAIR: Minister, sorry; we will not go down that path. We have a lot of people to get through, so we need to get on with it. Hon Nick Goiran, can you please ask your question.

Hon NICK GOIRAN: Thank you so much, Mr Chairman.

Minister, with respect to the workload of Fisheries, how many controlled operations were undertaken in the last financial year?

Hon ALANNAH MacTIERNAN: Bruno, can you explain what the situation is?

Mr MEZZATESTA: I think the member is referring to controlled operations taken out under the criminal investigations covert powers legislation. I do not have that information to hand, but that information is reported to Parliament in six-monthly returns.

Hon ALANNAH MacTIERNAN: We will wait to do that in the six-monthly reports on that.

Hon NICK GOIRAN: It is okay. It has already been reported to Parliament; there have been two controlled operations in the last financial year. What I am interested to know, minister, is there is some form of key performance indicator to indicate how often the department would want to utilise that power. Controlled operations under that particular piece of legislation is a pretty extraordinary

power. It is not provided to every agency. I notice in the previous year there was one controlled operation and in the previous two financial years there were two. Is that some type of measure?

Hon ALANNAH MacTIERNAN: No; I do not think that is —

The CHAIR: Sorry, minister, just a moment. Can you just finish your question first?

Hon NICK GOIRAN: I want to know if there is some form of key performance indicator with respect to this extraordinary power.

Hon ALANNAH MacTIERNAN: No; that does not constitute a key performance indicator for the department. It is not legislation that we administer, so we are not the administering authority. That is administered through police, is it?

Hon NICK GOIRAN: No; your department —

Hon ALANNAH MacTIERNAN: We have authorisation to act. I will just get Heather to confirm that we do not have KPIs concerning the use of this other piece of legislation.

Ms BRAYFORD: That is correct, minister.

Hon NICK GOIRAN: Minister, in this last financial year there were two controlled operations. The last report that has been provided to Parliament indicated that a decision whether to lay any charges pursuant to those operations was pending. Is there any update on that?

Hon ALANNAH MacTIERNAN: Bruno, are you able to answer that?

Mr MEZZATESTA: No; again, I do not have that information to hand. We report that information to Parliament. It is a requirement of us to meet that reporting obligation. What happens is at the end of controlled operations the investigators will continue to examine the information they have collected and, ultimately, make a determination with respect to charges, but I do not have the precise detail of where those two particular investigations are at.

Hon NICK GOIRAN: Can we take that on notice?

Hon ALANNAH MacTIERNAN: I am not sure really that is —

Hon NICK GOIRAN: I am interested to know if we can take on notice what is the status of the charges that are said to be pending with respect to those two controlled operations in the last financial year.

Hon ALANNAH MacTIERNAN: With respect, I do not consider that to be a budgetary item. I think we are straying well away from the budget item, and I am not prepared to undertake to do that as part of the budget process.

[4.40 pm]

Hon NICK GOIRAN: Okay. Minister, how many officers employed by your department are authorised to use these powers?

Hon ALANNAH MacTIERNAN: I will ask if anyone has any information on that.

Mr MEZZATESTA: Again, I cannot provide the precise number, but it is around six. It is a very limited scope. We do not provide that power to the entirety of our investigative cohort.

Hon NICK GOIRAN: I agree, and I thank the witness for the candidness of the response. Nevertheless, those approximate six people are paid by the budget that we are scrutinising at the moment. Minister, could you take on notice the precise number of officers who have access to this extraordinary power?

Hon ALANNAH MacTIERNAN: I am prepared to do that.

[*Supplementary Information No D1.*]

Hon NICK GOIRAN: Further to that, minister, could we have an update—I am happy for it to be taken on notice—with respect to those charges that are pending with regard to those two controlled operations?

Hon ALANNAH MacTIERNAN: I am reluctant to take that on notice. I think that is straying well beyond a budget consideration.

Hon NICK GOIRAN: Would the minister be willing to take it on notice, and then we will see what response comes back?

Hon ALANNAH MacTIERNAN: I mean, there must be some limit. These are budget estimates. I do know, and I make this point, that there is a process whereby six-monthly reports are made to Parliament in relation to this matter. I also do note that these are issues in relation to criminal investigations. I am reluctant to commit to providing that information in relation to particular investigations that are ongoing.

Hon NICK GOIRAN: Minister, you say that reports are provided six-monthly. Who prepares the reports?

Hon ALANNAH MacTIERNAN: Who prepares the reports?

The CHAIR: For Hansard's sake, it is either the minister responding, or the adviser.

Hon ALANNAH MacTIERNAN: Okay. I am a representative minister in this regard, so I am wondering if there is any officer here who could respond. The director general.

Mr ADDIS: The reports are prepared by the covert operations group that Mr Mezzatesta referred to, and authorised by them and then sent to me for me for my review and authorisation.

Hon NICK GOIRAN: And they are done every six months?

Mr ADDIS: Yes.

Hon NICK GOIRAN: Who are they provided to after that?

Hon ALANNAH MacTIERNAN: The question now is: after this has been signed off by the director general, what happens next?

Mr MEZZATESTA: The reports are provided to the minister, and the minister then organises for those to be tabled in Parliament.

Hon NICK GOIRAN: The minister can see that there are a few people who get paid by the department are involved in the preparation of these reports in respect of these extraordinary powers. Controlled operations involve officers—Western Australians—doing things which are normally unlawful, but they are authorised by law to do that to try to catch some of these criminals out there. So these are pretty extraordinary powers that we are giving to some fisheries officers, powers that I personally support. I am just making sure that we can ascertain whether these powers actually lead to charges being laid. We know there were two controlled operations in the last financial year. I am simply asking for an update as to what is happening with those charges. If you take that on notice and says, “We have not made a decision yet”, that may well be the response. Alternatively, you may say, “Good news. We’ve charged these guys, and we’re about to lock them up and throw away the key.” That is what I am asking you to take on notice.

Hon ALANNAH MacTIERNAN: Just to enable people to move on, I will take it on notice, but I do point out that this is the budget estimates. I think it is very clear that your characterisation there has not been accurate in the sense that these people have not been engaged specifically to do this task. As I understand it, there are a number of existing officers that have become authorised officers

who are able to utilise these powers. They are not people that have been employed specifically to act in that way.

The CHAIR: Thanks, minister. We take on board that you will provide whatever information you can. [*Supplementary Information No D2.*]

Hon Dr STEVE THOMAS: Minister, if I could take you to budget paper No 3, the royalties for regions section, if we could jump to page 224, which is the final page with the totals on it.

Hon ALANNAH MacTIERNAN: Which page, sorry?

Hon Dr STEVE THOMAS: Page 224, budget paper No 3. Let us start with the first of the line items there, which is “Administration”, which varies from, let us say, \$82.5 million to effectively \$89 million a year, and is a total of \$343.1 million for administration. That sounds like a very high number to me. Can you just give us an indication of how much of this particular line item is directly related to the administration of royalties for regions, and whether any other part of DPIRD is funded out of this particular line item, the administration of RforR?

Hon ALANNAH MacTIERNAN: I am sorry; we are struggling to find the reference that you are making.

Hon Dr STEVE THOMAS: Budget paper No 3, 2021–22 budget, page 224.

Hon ALANNAH MacTIERNAN: Yes, I have that.

Hon Dr STEVE THOMAS: It is the end of a chart. It starts “Administration and Administered Items” in bold print.

Hon ALANNAH MacTIERNAN: Can you just double-check the page, because we have “Summary of State Government Social Concessions” at 224.

Hon Dr STEVE THOMAS: Are you on budget paper No 3?

Hon ALANNAH MacTIERNAN: Yes.

Hon Dr STEVE THOMAS: Has everybody else on this side got the same as me?

Hon JACKIE JARVIS: Yes.

Hon Dr STEVE THOMAS: Okay. Watch out, minister. The Treasury has given you a dud budget paper!

The CHAIR: What was the line item?

Hon Dr STEVE THOMAS: Page 224, the line item is “Administration”. Perhaps one of your members might have budget paper No 3, the *Economic and fiscal outlook*. Well done, Hon Matthew Pritchard. Hon Martin Pritchard—I was saying Matthew. That is just insulting, sorry.

Hon JACKIE JARVIS: How long has he been here?

Hon Dr STEVE THOMAS: A long time!

Hon ALANNAH MacTIERNAN: The question is—and I will ask the director general to respond—there is the administration fee charged that has been accredited.

Hon Dr STEVE THOMAS: Yes, the administration charge. It seems like a very high amount. In theory, it is supposed to administer, I think, the royalties for regions fund. Is that all it is doing? Is it costing \$343 million to administer \$4 billion, or are there other parts of DPIRD expenditure that are coming out of that budget item?

Hon ALANNAH MacTIERNAN: It does not pretend just to be the funds involved directly in the administration of the royalties for regions fund. It developed in 2015—around that time—as the government of the day was seeking to manage big problems in the budget. They moved the

expenditure for the development commissions and the expenditure for what was then the Department of Regional Development into RforR, so we have kept that time-honoured tradition going.

[4.50 pm]

Hon Dr STEVE THOMAS: Is it possible to get a breakdown of that administration fund into those particular line items?

Hon ALANNAH MacTIERNAN: It is a bit complex because the departments have obviously now been amalgamated. Basically, that item, fundamentally has continued at around the same level prior to us coming into government. Notwithstanding the MOG, we have kept that stream.

Hon Dr STEVE THOMAS: I am hoping we might be able to, by supplementary information, be provided with a breakdown of it.

Hon ALANNAH MacTIERNAN: I am going to ask Mr Gregson to respond.

Mr GREGSON: Thank you. Across the forward estimates, the administration of the fund is allocated \$343.1 million, as you can see in budget paper No 3. That basically goes to four distinct areas. A total of \$142.5 million is for the administration of the royalties for regions fund. That pays for some of the department's operations. Another \$90 million is allocated towards the regional development commissions and their staff. It also involves funds towards regional workers incentive scheme. That is also included in that \$343 million. There is just a small portion, one FTE, which is based at Treasury, that helps us administer the royalties for regions fund.

Hon Dr STEVE THOMAS: Thank you for that. That is a reasonable amount of detail. As much as I would like to blame the government, perhaps I have to blame another one.

There are multiple pages of royalties for regions expenditure. It averages out, as it is supposed to, at just over \$1 billion a year. Does the Department of Primary Industries and Regional Development keep a record or a measure? The word I have trademarked is "trans-subsidisation" but you might instead use the word "substitution". I would be interested to compare the Treasury answer to the DPIRD answer from the Treasury estimates earlier. Does the department keep a record of the substitutions—that is, expenditure that previously would have expected to have been from the consolidated fund that is now from royalties for regions; and, if you do, could we have a measure of that amount?

Hon ALANNAH MacTIERNAN: No, because that is a construct that you have drawn, and I will leave you to make that construct. As we have pointed out previously, a decision was made by the previous government that the administration of regional development and the regional development commissions could, although they were pre-existing entities, be rightly held against the royalties for regions fund. At some point, I think when we came into government, there were a whole variety of schools that were going to be funded through that. The idea of what is some sort of substitution or trans-substantiation or whatever you call it really is a political construct that I will leave to you. I think it would be fair to say, and I would acknowledge, that something like the country water subsidy is used. That is a new item that we brought in under government but we have reduced the amount that was used there.

Hon Dr STEVE THOMAS: To pay for election commitments.

Hon ALANNAH MacTIERNAN: And to pay for election commitments. There is nothing wrong with that. We went into the 2017 election with, I think, \$800 million worth of regional commitments that we made very clear in all of our budget documents that were released before that election—that they would be funded out of the RforR fund.

We have never held back about that. As I said, the nature of projects changed over time as we moved away from singing toilets and plastic cows to schools; there was a transition over time of what the money was spent on.

Hon Dr STEVE THOMAS: Just a couple of more questions. Given that, obviously the audit process around this program is going to be highly essential and critical. Do all royalties for regions programs and projects have a business case that is assessed? Again, you might want to check the Treasury answers later when you get a chance. Are they all assessed in advance? Do they have a business case? Are they audited at the end of the project or, if they are an ongoing one, do they have an annual audit? If that is the case, where can the public and MPs like us gain access to that information?

Hon ALANNAH MacTIERNAN: As I think was discussed in the Langouant report, there is a threshold amount above which a business case is required. Quite clearly, there were no business cases for a number of the small grants that we went to the election with as commitments because they were below that threshold of \$200 000. That is not to say that there is no accountability for those grants; there are grant agreements that are entered into in relation to all of them, and there are milestones to be completed before payments are made. Those projects are acquitted at the end of the day and are presumably subject to some audit process during that acquittal.

Hon Dr STEVE THOMAS: The Department of Primary Industries and Regional Development is also a recipient of royalties for regions expenditure. Do DPIRD projects and programs that are funded from royalties for regions have a business case? I think \$200 000, by the way, is a very high threshold, but —

Hon ALANNAH MacTIERNAN: I have just been advised that that is possibly incorrect, and that it is \$400 000.

Hon Dr STEVE THOMAS: That is twice as bad! Anyway, my question is: do all the DPIRD projects that come out of royalties for regions also have a business case and get audited? If so, where can I look at those?

Hon ALANNAH MacTIERNAN: Generally speaking, all expenditure from the consolidated fund, whether it comes through royalties for regions or is allocated to the RforR portion of the budget, has to be approved by the Expenditure Review Committee. Generally, business cases are required.

Hon Dr STEVE THOMAS: That is a bit like what Treasury said, although no-one seemed to be able to guarantee that it was in place and we do not know where we can find it. I note that last year the department received a qualified audit from the Auditor General. I think you have actually had a few in recent years. Can you indicate why they are qualified, and particularly whether it is in relation to acquittals of royalties for regions? If that is the case, how can you reassure us that the proper audit and oversight is in place? You and I have agreed publicly many times that this whole process needs to be more efficient and open and accountable; we have both said that. I am interested to know whether this is related to the qualified audit, and what is going to happen.

[5.00 pm]

Hon ALANNAH MacTIERNAN: I will ask the director general to comment.

Mr ADDIS: Thank you, minister. Yes, you are correct. Last year all the financial statements were qualified and they were qualified on two fronts, one being IT controls, which is a substantial, I suppose, set of challenges and risk that we are working to solve through the integration of those core business systems.

Hon Dr STEVE THOMAS: You would be pleased to know there is a lot of money in the budget for IT so you might get some of that.

Mr ADDIS: Maybe. The second was in relation to essentially our controls in place to manage the balance between untied cash at bank and tied cash at bank. We did not have any breaches in that; we just did not have a sufficient controlling place to satisfy the AG. That is the basis of the qualifications last year and that does not relate to the acquittal of RforR projects and programs.

The CHAIR: We will now move on to the man with the dapper new haircut—Hon Kyle McGinn.

Hon ALANNAH MacTIERNAN: Oh God, what has happened?

The CHAIR: You look like Nat Fyfe!

Hon KYLE McGINN: Just to clarify, it is to raise funds for mental health. I just want to put that on the record.

Hon ALANNAH MacTIERNAN: God, it is interfering with my mental health though!

Hon KYLE McGINN: Wow; my partner said I would get this reaction!

Minister, just on page 236 of budget paper No 2, my question is in regards to the regional economic development grants, which is something I am quite passionate about and have seen, since coming in in 2017, how it has affected the regions. I am just wondering if you are able to outline some of the regional businesses and the communities that have benefited through the RED grants process. The line item is about three-quarters of the way down, totalling the scheme of grants. I am just curious as to how this has been beneficial to the regions, particularly business.

Hon ALANNAH MacTIERNAN: I think this program has been very beneficial for the diversification of industry in regional WA, as has, I think, some of our food and beverage value-add funds as they have applied in the regions. We have really seen some extraordinary things happen in terms of, for example, the interception of tasks that previously would have to go to Perth, so keeping skilled work, skilled jobs, in regional areas. One the member would be aware of is the project in Kalgoorlie where—I have not got the name of that company before me—but we assisted them to fund a non-destructive testing for mining applications that had the impact of creating new highly skilled jobs in the Kalgoorlie region, doing work that previously would have been sent to Perth. It also reduced the cost structure for the mines in that area because work was able to be done that would not have been previously done. We had another, very similar in concept a grant that was given to JMH Group in Geraldton to support the first heavy breaking testing facility, which we recently opened in Geraldton, and that has meant that a lot of the maintenance of heavy vehicles and trucks that previously went to Perth is now being intercepted and being done in Geraldton. Of course, it is enhancing Geraldton's capability and the permanent good well-paying jobs in Geraldton but it is also saving carbon in terms of having to send equipment down to Perth and it is saving costs for the mining sector in the Pilbara. Although it is not a regional economic development grant but a value-add grant, I went to Quintis Sandalwood.

I went with Jane Kelsbie, the local member, to open their new plant, which is, they tell us, the first significant development in the process of distilling oils since the Pyramids were built. We like to think our contribution actually—and they say this—absolutely helped get them across the line to invest in all of this new technology. The extraordinary thing was that the actual technology itself and the complex computation was all developed by local people. So they were given this opportunity to work at a much more sophisticated level than they ever would have before.

Hon KYLE McGINN: I think NTD was company in Kalgoorlie. I have to say, minister, that has been an amazing turnaround in Kalgoorlie in respect to business not going to Perth and coming back. It

sounds as though that has been rolled out, as you said, in Geraldton. I think there was also a project in Esperance—a brewery.

Hon ALANNAH MacTIERNAN: There are lots of breweries. They are all the go.

Hon KYLE McGINN: I think it was Lucky Bay that had a RED grant as well, and that has been great for their business.

Hon ALANNAH MacTIERNAN: That is right. The whole brewing story has been a very interesting one because it has benefits for agriculture—it is creating pathways for some very premium crops and pathways for some real innovation in malting—but also having supported some of these companies early on, we now see them expanding and becoming a fulcrum of the tourism industry in those regions. We have assisted quite a few breweries to get into that early commercialisation stage, to get the canning lines and to expand their premises. I think, member, you might have been with us in one that we had assisted similarly in Exmouth.

Hon KYLE McGINN: I will just say that I see Lucky Bay Brewery jumpers everywhere now; they are a bit of a trend. So, thanks for that.

Hon COLIN de GRUSSA: I have a quick question regarding biosecurity. I refer to pages 222 and 232 of volume 1 of budget paper No 2. I note on page 222 there is the spending changes table and that the last line item in the table is the “Western Australian Wild Dog Action Plan 2021–25”. On page 232 there is the works in progress. The last line item under “Works in Progress” is the “Wild Dog Action Plan”. Presumably, the “Western Australian Wild Dog Action Plan 2021–25” supersedes the “Wild Dog Action Plan”; would that be correct?

Hon ALANNAH MacTIERNAN: I have seen your reference on page 222.

Hon COLIN de GRUSSA: On page 232, the last line item under “Works in Progress” is the “Wild Dog Action Plan”, and I note funding to that drops down to \$1 million per year in the forward estimates. Is the “Western Australian Wild Dog Action Plan 2021–25” a successor to the “Wild Dog Action Plan” or do they run concurrently?

Hon ALANNAH MacTIERNAN: The first one is the recurrent and the second one is capital. Those aspects of the plan—the funding of the dog baiters and things like the Murdoch veterinary program—are the ongoing recurrent part. As I am advised, the one on page 232 is the capital projects, so that is obviously the cell fences. The components were the \$5 million renovation of the existing fence.

We had the money, over \$6 million, for the Esperance extension and then around \$4 million, I think roughly, for the cell fences. There were three capital components of that project. I think the cell fences are probably almost completed. The renovation has pretty much been completed; that has been the most tremendous success, using exclusively Aboriginal contractors to do that work along the 1 100 kilometres of the fence. But we have, obviously, had some challenges on the Esperance one. Hopefully, we are making some progress on the Esperance one with the recent obtaining of native title approval for the Tjaltjraak one.

[5.10 pm]

Hon COLIN de GRUSSA: Minister, am I to take it then that the majority of expenditure for those projects obviously ends in the current year and that million dollars of ongoing capital expenditure per year—for example, for the Esperance barrier fence extension, although it is far from complete—largely for the materials and so on, have been purchased already?

Hon ALANNAH MacTIERNAN: Certainly, the materials have been completed. Sorry, I have just been advised that the line item above, the 166, which is the wild dog action plan, the capital component,

the line above that, which is “Regional Natural Resource Management Program”—God only knows why they are under two different titles—that is also partly funding the capital. There is a little bit more than the \$1 million a year in the out years. We have \$3 million in 2022–23, so a little bit more of that. Whether or not all of the money that we have set down this year is going to be expended, given that we have only just been able to finalise—COVID has actually played a part in it, but it is complex—that Tjaltjraak agreement, some of the money that is indicated that would be spent in 2021–22 might, in fact, spill over to next year. But we are going to try to get started as quickly as possible.

Hon COLIN de GRUSSA: Is it possible, minister, to get a breakdown of the components of those two line items, the “Regional Natural Resource Management Program”—I appreciate this might have to be taken on notice—and the “Wild Dog Action Plan”, so we can see what the RNRM program is funding in terms of wild dog action?

Hon ALANNAH MacTIERNAN: I am happy to do that.
[*Supplementary Information No D3.*]

Hon COLIN de GRUSSA: I have further questions around biosecurity. I go to page 222 in the spending changes table. In reference to the “Enhancing Biosecurity and Emergency Response” line item, I have a question around the proposed new—I think you said—22 FTE as part of this program. Will those FTE—will the people—be solely dedicated to biosecurity or will they have other roles within the department as well?

Hon ALANNAH MacTIERNAN: Certainly, all of those positions are dedicated to ensuring our emergency response.

Hon COLIN de GRUSSA: So, they are solely biosecurity?

Hon ALANNAH MacTIERNAN: We have three themes, as we have set out: emergency preparedness, early detection and warning, and incident and emergency response. They are all about having us being well-prepared for these incidents. You may not have been here earlier, member, but we talked about one of the rationales for this. I think it would be probably true to say that when we came to government, the department was a bit underdone in this regard, but that has been made more problematic by the intensification of the number of pest incursions. Over the last couple of years, the number of incidents that have been emerging and the number of new creatures that are being discovered has increased, hence that has made it more necessary to have, in part, a bit of a standing capability so that we can respond quickly.

Hon COLIN de GRUSSA: Minister, in relation to this funding, is it possible to provide a breakdown of what proportion of that funding is for personnel, and what other projects are we funding as a part of that?

Hon ALANNAH MacTIERNAN: The vast majority of it is for personnel. It was based on the need for additional personnel.

Hon COLIN de GRUSSA: Thank you. As a part of the biosecurity response, I presume that the department is undertaking regular exercises or simulations of incursions, in line with other states and jurisdictions as well. Has that been able to continue even though COVID has probably thrown a spanner in the works?

Hon ALANNAH MacTIERNAN: I have to say that my very first phone call I got after I was announced as Minister for Agriculture and Food was from the South Australian minister telling us, “Did you realise how bad WA’s capability was in this regard?” I think it was during the psyllid thing that had happened during caretaker. So it has been evident that we had to do some rebuilding. But, perhaps

if I can ask Dr Carbon to talk about how we have been able to build those relationships nationally and what we have done to achieve that.

Dr CARBON: Thank you, minister. The department has undertaken a significant amount of work to improve both our capability in emergency response and also, particularly with this new funding now, our capacity to undertake that response. Within that time, we have developed a department-wide emergency response strategy. Obviously, that is largely focused on biosecurity response as that is our primary responsibility; however, increasingly, the department is required to play a part in other responses, such as natural disasters, fires, floods, cyclones and the like. As well as that, we have been developing an emergency response training program, which will be rolled out to staff in the department. Currently underway we have a significant amount of work going on to prepare first response teams throughout all regions for the natural hazards season coming up.

Hon COLIN de GRUSSA: Still related to biosecurity—or wild dogs, actually. I refer to page 232, again, and the wild dog action plan capital expenditure, or to the wild dog action plan in general, really. I am sure other members might have questions related to this as well. Just noting the funding issues raised by the Carnarvon Rangelands Biosecurity Association and I guess the change in rating up there, has additional funding been allocated to that group in order to offset the change to the declared pest rate up there?

[5.20 pm]

Hon ALANNAH MacTIERNAN: Right. Just to make this clear, because this is quite a complex issue, what happens is that with our regional biosecurity groups, they form and ask government to authorise them. They then ask government to raise a declared pest rate, which is a levy on property owners in the particular region, and we then match dollar—like for like. That is sort of set out in the legislation, that we match like for like for the amount that they are going to raise through that declared pest rate, and they have a program of works.

What happened with the RBGs in the pastoral lands is they set their budget and then they appealed against the way in which their rates had been valued. As a result of their action, the rateable value of their properties went down, hence the amount of money that they were able to raise from their declared pest rate was reduced. Legislatively, we will require to return to reduce the matching funding. We had to return from our account the sum of the moneys that we had appropriated for that regard. What we are looking to do is to see the degree to which we could make an ex gratia payment to bring our level of funding back up, not to cover their decision to reduce the amount that industry raises, but in light of, you know—as I think a special provision to keep our rate at the same rate and we will be corresponding with the organisations. We will then need to go and look at, and I have asked the department to look at, what other rating system we might be able to put in place to avoid this happening, like in some areas they have a flat rate so it does not vary according to the valuation. I mean, the principle was 50–50. We understand there is some special circumstances and we are prepared to take some measures. We suggest that the industry also take some measures to help meet that gap.

The CHAIR: One quick one, Hon Colin de Grussa, if you do not mind.

Hon COLIN de GRUSSA: Thanks, chair. I am not sure if this will be a quick question, minister, but I will try.

The CHAIR: If not, we may need to come back, we still have a fair few to get through.

Hon COLIN de GRUSSA: We may have a chance to come back. It follows on from that discussion around RBGs and the funding mechanism that is legislated at the present time. The act is being reviewed; I think that review is currently in progress. Are other models of funding for those

biosecurity groups being considered? It is not new to have questions and complaints raised regularly around the funding mechanism.

Hon ALANNAH MacTIERNAN: No-one apparently likes to pay for clearing pests off their land and that the taxpayer needs to pay for the clearing of land. There is going to be a review of the BAM act, as you know, and we are just finally trying to get the actual personnel who will do that locked away, and that should be hopefully finalised in the next six weeks or so. But in the meantime, the Biosecurity Council, which was set up under that BAM act, they have actually been doing some work on this and they have been looking at some alternative models. That will also feed into that review, but I am happy to provide a summary when I get that report from the Biosecurity Council to release a summary of that. Obviously, there will probably be a fair amount of sensitive stuff about who said what to who, but certainly, look at putting the recommendations out there. I think one of the things that might come out of it that they might be looking at is how we can streamline some of the administration. I think one of the problems has been particularly the southern ones, the northern ones, where there is more uniformity of landholder. We have got a less diversity of people; they are only after one particular pest. There seems to be more unification of view. That did not actually happen in Carnarvon with the fruit fly. The wild dog ones, they are functioning in a pretty united way.

The CHAIR: We have to keep moving, if you do not mind. We still have a lot of members to get through.

Hon Dr BRIAN WALKER: I will keep this relatively short. I had planned spending a half hour! No surprise here, I wish to ask about hemp, for which I can find no mention in the budget, even with an electronic search. Looking at budget paper No 2, volume 1, page 222, the line item about halfway down, “Carbon Farming and Land Restoration Program”—excellent idea. I wonder, bearing in mind the enormous efforts you are putting into hemp, especially as it would also feed into carbon capture, what is the current state of carbon capture science with respect to hemp? Are we to expect this to be used in a profitable manner in WA shortly?

Hon ALANNAH MacTIERNAN: That is a good point, but I do not have any particular information on that. I do not know whether Rohan Prince would have some information. Do we have data specifically on the carbon sequestration of hemp? Look, we do not, but it stands to reason, just as if you plant pine trees and you then chop those pine trees down and use them for building, that is a form of carbon sequestration. Obviously, if we are growing hemp and then using that hemp, there will be a certain amount of carbon consumed of that hemp. If that hemp is then used for building products, for example, there clearly would be some potential there for additional carbon sequestration coming out of the hemp. You would have to look at the whole energy budget, but certainly that has got some potential, I would have thought.

Hon Dr BRIAN WALKER: Minister, do we have any idea whether the federal government is prepared to put any money towards carbon capture and the measuring of that?

Hon ALANNAH MacTIERNAN: There are federal funds and federal programs. When we say “carbon capture”, I would be a little careful there, because people tend to think what you are talking about is this somewhat controversial science of putting it below the ground. This is more looking at carbon sequestration, so capturing carbon in plants. I think Court Innovation Australia has a hemp program. I am asking Rohan Prince if he knows anything about this—so AgriFutures is a federal body if Mr Prince can describe this.

Mr PRINCE: There are a couple of initiatives that AgriFutures is funding, with hemp. At the moment it is around the value chain development in hemp and about the value chain analysis in hemp, and

also about the industry's capacity. Also, they are recently funded by the department as part of the national variety trial for hemp.

Hon Dr BRIAN WALKER: Does the McGowan government have any plans at present to review the operations of the Industrial Hemp Act 2004?

Hon ALANNAH MacTIERNAN: We are open to it. In fact, the first piece of legislation I got through amended that legislation to increase the allowable limit of THC. There certainly is an issue, as I understand it, about who is entitled to be licensed. I am very happy to look at whether or not we should be changing some of that around who is actually licensed. That is because my understanding is that there is potentially a problem there around who is licensed.

[5.30 pm]

Hon Dr BRIAN WALKER: If I could possibly ask a question on notice regarding the exact figures on the financing of hemp as an industry. That is not reflected in the budget I see here. If that could be broken down at a later date at your leisure.

Hon ALANNAH MacTIERNAN: I am happy to take that on notice. What we will set out for you is what we have spent to date and what we are doing ongoing investment in terms of the varietal trials.

[*Supplementary Information No D4.*]

Hon WILSON TUCKER: My questioning follows a similar line to that raised by Hon Colin de Grussa on page 221. Who is responsible for conducting consultation for the declared pest rate each year? Is it DPIRD or does the responsibility fall to the regional biosecurity groups?

Hon ALANNAH MacTIERNAN: I will quickly run through how it happens. If a group wants to form as an RBG, they get together, they put forward a proposition it comes to me first to approve whether or not they are going to be an RBG. Having been formed and incorporated, they then come forward with a proposition that they have a declared pest rate. Of course, the department reviews their proposal, looks at their operational plan and then provides me with some advice. We approve going out to consultation for the imposition of a declared pest rate. If it is a new declared pest rate or if there is a significant increase in the amount of the declared pest rate, we write to every single landowner—it is a very laborious process—as well as advertising in papers et cetera. Then we look at the volume of response and make a determination as to whether we will finally approve it. Generally, in most cases, notwithstanding the petitions and whatever, when you actually write out, very, very few people write in complaining. The numbers are minuscule, with the exception of Carnarvon and the fruit fly. That was the one where we abandoned the declared pest rate and the RBG because there just was not enough. Even though there might be majority support, there was far too much conflict around it. Generally speaking, it is less than two per cent of people who object.

Hon WILSON TUCKER: Regarding the consultation process with DPIRD and the stakeholders, either any changes to that process envisioned in the future?

Hon ALANNAH MacTIERNAN: We are looking at the whole RBG structure and whether it would be better to roll this in, for example, in some cases with the NRMs in a region, whether or not this can be properly managed by these volunteer groups. In some cases, there is a question mark around that. But we are not looking at a departure from the concept of a shared responsibility for dealing with pest management on private property.

Hon WILSON TUCKER: Minister, the takeaway I got is that you mentioned potentially rolling some of these groups into the department.

Hon ALANNAH MacTIERNAN: Into?

Hon WILSON TUCKER: Into your department, is that correct?

Hon ALANNAH MacTIERNAN: No. Out in every region there are things that have a variety of names, but they are basically natural resource management entities. For example, there is a Rangelands NRM.

In some areas such as in the Mining and Pastoral, where, generally speaking, the RBG system is functioning well because there is a homogeneity around it and it is not presenting problems, we would not be looking at change there. But in some of the areas as we head closer south into the more intensively occupied areas, there are more conflicts of view and a wider variety of pests. We are looking at whether or not there is a better management structure, but we would not be looking at departing from this model of co-funding.

Hon WILSON TUCKER: Given that the declared pest rate has been reduced, what role will RGBs have in the future? You mentioned that you are still looking at this co-funding model. What are the expected changes that will affect the RGBs?

Hon ALANNAH MacTIERNAN: Next year, they could put the declared pest rate up, because it is a rate in the dollar. It is levied in the Mining and Pastoral as a rate in the dollar. Once they objected to their valuations and that was reduced, then the amount that they paid was reduced. But next year, you could go back to where you were by just increasing the amount of the rate, or you could move to some sort of fixed levy like they have in some areas—you pay 50 bucks each. There would be a little bit of unfairness in that given that you have everything from billionaires to tiny Aboriginal-owned stations with very little economic activity on them. We will be talking to the RBG. An easy way for them to get out of this from the years forward is instead of an X rate per dollar, you have a Y rate per dollar to take you back up to the same amount of money.

Hon WILSON TUCKER: This is my last question. Is the BAM act currently under review?

Hon ALANNAH MacTIERNAN: I think we have answered that question.

Hon WILSON TUCKER: I will check the *Hansard*. Thank you.

The CHAIR: I think that the answer is yes.

Hon SHELLEY PAYNE: My question follows on from the question from Hon Dr Brian Walker with regards to the carbon farming and land restoration program. I know that his questions were relating to hemp. You talked a little bit about the program and its goal to sequester carbon. Could you outline a bit more about how the program is supporting the government's climate action agenda?

Hon ALANNAH MacTIERNAN: Thanks for that question. What we are trying to do is to get greater resilience. We understand that by sequestering carbon, we can not only provide carbon credits or enable farmers to get carbon credits, but, more importantly, actually provide greater climate resilience. But there has been some resistance because of the capital cost, even though there are many farmers who are already doing this because they have appreciated the science and how that would really work in their favour. We want to come in and buy your carbon credits early. Then, when you have got to the point where you have generated the carbon credits and you want to start selling those, we will take our share of them back. It is about providing that early funding.

We have got a number of separate components. In terms of the grants to the farmers, there will be those who want to do tree planting, and hopefully in a strategic way so that it is done in corridors where it will enhance wind turbulence and help with the microclimate, biodiversity and integrated pest management.

[5.40 pm]

The sort of funding that we will offer will help them put in place the infrastructure, the trees, the fencing—whatever—to get that tree planting going.

But we are also very keen on soil carbon projects—so, projects about building the actual carbon in the soil and using farming practices that are natural capital retentive. We particularly want to focus on the low rainfall areas in that regard, because that is the area of the greatest need where we are seeing the very real impacts of climate change in hotter, drier climates. Certainly, the science is telling us that if we can do this—build the soil carbon, build the tree corridors—we can actually also go some way to turning around the microclimate effects. We get the double value of sequestering carbon and then also of having some potential to impact on the microclimate.

Hon MARTIN PRITCHARD: This has been touched on a couple of times, but I just want a bit more information. It is budget paper No 2, page 222. You have touched on the oat industry and also a little bit on the wine industry. There are budget items about a third of the way down—“Western Australian Processed Oats Industry Growth Partnerships” and “Western Australian Wine Industry Export Growth Partnerships Project”. I notice that the oat one looks like it is just commencing. I am just wondering what that looks like. What does a partnership look like, what is the money spent on and how does it help those industries?

Hon ALANNAH MacTIERNAN: In the oats one, I think it is very exciting because, as I said, we actually are the biggest producer of oats in Australia, particularly oats at the premium end for human consumption, but we think we can get a lot more value out of the industry. The first thing that has been funded out of this is some support for InterGrain—putting some money on the table for InterGrain—as they were wrestling to get the national oat breeding program back to WA. Part of the problem in WA is we often have not had enough money on the table to get these things back. There is a portion of that \$13 million—possibly around \$1 million—that has assisted so InterGrain are able to offer that as part of their oat breeding program. That will go on oat breeding and research into new varieties. But this is a program that will be working with industry. Processing of oats is another possibility—how we can do more processing of oats. Most of our products are just sold as commodities. Through AEGIC, as well as InterGrain, we have been, for example, really focusing on getting into the Asian market with our oats. They do not tend to eat our sort of porridge or muesli-type stuff, so they have been making oat noodles and oat rice and looking at how we can make oat products that speak to that market, but also, importantly, high-value oat processing—oat milk. That gives you a flavour of it.

In the wine, again, one of the things that we are doing is working on varietals. Some of them are very ancient varietals from Spain and southern Italy—varietals that are better adapted to our heat and drying climate.

They are new and exciting and have a bit more fizz within that, so we are doing that sort of work as well as finding new ways to drive our market competitiveness internationally.

Hon MARTIN PRITCHARD: The Asian market regarding wine—I know it is a fairly fledgling industry—is that growing?

Hon ALANNAH MacTIERNAN: Yes, we think there is more potential in that. I do not know whether Liam wants to add to it. Certainly, we have been doing work into Japan, because China has presented some problems, but Japan is a new market and, of course, Singapore is somewhere we have been putting a lot of investment. Liam, would you like to comment?

Mr O'CONNELL: Thank you, minister. That is correct. We are looking very much at premium in those markets in Asia—Japan, Singapore et cetera—and more at the upper-end supporting industry target and more at the upper-end food service hotels and getting in that way with industry. But we are

also looking at some of the traditional markets such as the UK and the US. Industry, again, is very keenly re-looking at those markets in a fresh way. The department, Wines of WA and Wine Australia are working together to support industry.

Hon ALANNAH MacTIERNAN: That having been said, we are very disappointed we did not actually get any money from the federal government. This was supposed to be a partnership that the federal government was part of, but it did not come to the party, but anyhow.

Hon MARTIN PRITCHARD: Particularly in the Asian market, where I have some interest, is that high-end or quantity?

Hon ALANNAH MacTIERNAN: No; it is very much high-end. In fact, one of the things that has finally got Wines Australia interested in WA is that we occupy a greater percentage of that higher end market.

Hon STEVE MARTIN: I refer to budget paper No 2, volume 1, page 236, with a couple of telecommunications questions, please. Right down the bottom it refers to “Regional Telecommunications Project”. The budget for 2020–21 was \$11 million and a bit and the actual for 2020–21 was \$2.6 million. Can I have an explanation for the underspend, please? There was a budget of \$11.3 million and an estimated actual of \$2.6 million for 2020–21.

Hon ALANNAH MacTIERNAN: My understanding is that it is fundamentally the Mobile Black Spot Program and there are often delays. This is administered through the commonwealth.

Mr O'CONNELL: Yes, that is correct, minister. We use our funds and leverage them very much with the federal government and with the service providers, Optus and Telstra. The delay is very much a moving up of some cashflow to the right. We have run a number of rounds. There is quite a lot of complexity in getting some of these up and running on the ground with approvals. It is just the third round and we are just moving it in terms of timing.

Hon ALANNAH MacTIERNAN: This is often not in our control. We identify areas that we think are worthy mobile blackspots. That list is put through to the commonwealth and the commonwealth determines which ones they want to participate in, but it is fundamentally to be provided by the service provider.

[5.50 pm]

Hon STEVE MARTIN: Minister, could I ask, the \$2.6 million that was the estimated actual for 2020–21, how many black spots did that cater for, please?

Hon ALANNAH MacTIERNAN: I have some figures here about the different rounds, but you are saying how many black spots were actually completed? Because this is part funding, here.

Hon STEVE MARTIN: For the \$2.6 million state contribution, yes.

Hon ALANNAH MacTIERNAN: Yes. We will give you a list of projects. So you want, basically, a list of projects that were completed in 2020–21?

Hon STEVE MARTIN: Correct.

[*Supplementary Information No D5.*]

Hon STEVE MARTIN: Minister, I do notice there is, again, a larger amount in the budget for 2021–22, but in the out years, 2022–23 et cetera, there is no funding in that regional telecommunications project stream. Does that mean that that is the end of the black spot program funding?

Hon ALANNAH MacTIERNAN: No, it does not mean that, but it means that once the commonwealth announce that they are proposing to continue their program, then we will make a budget

submission for it. At the moment, my understanding is that we have got funds for all the current rounds that they have made available, and that should they come forward with another round, then we will make a submission. We have got a certain amount of money available that we are—you know, if their federal program is going to continue, then we will make submissions in our budget to continue it.

Hon STEVE MARTIN: Minister, can I also ask on notice the number of black spot towers that the 2021–22 budget of \$12.971 million will cater for, please?

Hon ALANNAH MacTIERNAN: Look, what I think we will do—that probably is the best thing—is to give you a list of the sites that have been agreed, because it is really a bit outside our control once we have signed up to those agreements. So what I will do is give you the rounds 4, 5 and 5A, which is a total of 26, 44 and 14 sites, and give you a status update. Mr Chair, if we can say that we will provide details of the sites from rounds 4, 5 and 5A and indicate which have been completed, which are works in progress, and which are still at an early stage of development.

[Supplementary Information No D6.]

Hon STEVE MARTIN: One more quick one. I refer to page 221 of budget paper No 2, volume 1, please, which is the first page, about a third of the way down, under “Total appropriations provided to deliver services”. The 2019–20 figure is \$196.374 million and the 2024–25 number is \$190.186 million. Given, I assume, a gradual wage rise between now and then, CPI et cetera, does that reflect a decline in FTEs or services for the department?

Hon ALANNAH MacTIERNAN: No, it does not, but I will refer that to—the great contraction has finished! I refer that to the director general to explain.

Mr ADDIS: Thank you, minister. Thank you for the question. Sorry, I did not quite catch which line of the budget you were looking at?

Hon STEVE MARTIN: It is about a third of the way down, under delivery of services. It is the slightly less bold, “Total appropriations provided to deliver services”; it goes from \$196 million to \$190 million.

Mr ADDIS: Yes. Essentially, the net appropriation includes the salaries line, which I can provide a reference to you for that, if I find my notes.

Hon JACKIE JARVIS: The salaries line is the line above, which does show an increase.

Mr ADDIS: Page 234 outlines the expenditure for employee benefits that is included in that total cost of services. The net cost of services is on page 221. Employee benefits for the relevant years are \$212 million, \$210 million, \$217 million and, in 2024–25, \$213 million. As the minister alluded to, we have a very stable base in terms of employee expense. If we convert that to expected FTE numbers, I can advise you that we currently have approximately 1 695 FTE, and over the next three years we are expected to have 1 686, 1 711 and 1 657 respectively. You can see that there is some up and down because some of our projects and staff are funded on short-term funding and projects, but by and large it is a very stable core base of FTE.

Hon NEIL THOMSON: I refer again to the dogs issue very quickly, the ex gratia payment. Thank you. I implore you to do that quickly. I was on the phone today to the Carnarvon Rangelands Biosecurity —

Hon ALANNAH MacTIERNAN: We are looking at that.

Hon NEIL THOMSON: They do have seven doggers, and that is going down to four. There is a line and a letter here from the department. Without the finger-pointing around rates—because that

affected a lot more than biosecurity groups; that affected the whole local government sector across the rangelands.

Hon ALANNAH MacTIERNAN: That is right. The pastoralists are paying even less rent. It is not as if it is a windfall for them. They are paying less rent.

The CHAIR: Can we just have the question please.

Hon ALANNAH MacTIERNAN: I mean for God's sake; they can put their hands in their pocket and cover it.

Hon NEIL THOMSON: When can we see some smoothing in relation to this issue, where the current available figure represents a 55 per cent reduction to the group's planned declared pest account-funded operations this financial year? That is in a letter from your department to that group.

Hon ALANNAH MacTIERNAN: I have explained the issue, I think very patiently and in great detail.

The CHAIR: Can you just ask your question please?

Hon NEIL THOMSON: Can we have a date when we have this ex gratia payment resolved so we do not have staff laid off?

Hon ALANNAH MacTIERNAN: We will resolve it when we have made our final decision. I just point out that this is money that has gone into the pockets of the pastoralists. I just find it extraordinary that you should be coming back and saying that the taxpayers should actually fill the entire breach when the cattle prices are enormous and this is a very, very good year and they have got far lower rents than they had expected. I think the question should be asked: put a little bit more back into the pot.

Hon NEIL THOMSON: I will move on. I have another question.

We talk about the great contraction quite often. I am going back to page 221, net appropriations, and I look at the overall appropriations over the next four years. They seem to be contracting somewhat: \$236 million in 2021–22, down to \$183 million in the out years. Staff benefits—employee benefits—are \$213 million over four years. Given the wages policy, are there going to be redundancies planned over the next four years?

Hon ALANNAH MacTIERNAN: I think we have just given you the figures.

Hon NEIL THOMSON: Page 234, "Employee benefits", and just the trend?

Hon ALANNAH MacTIERNAN: The employee benefits portion of the budget is very stable. It goes up a bit and it goes down a bit. Our anticipation is that whilst there will be some fluctuations, sometimes the FTE numbers are pretty stable. They are expected to be 1 695 this year. In two years' time, it will be 1 711. The year after that, it will be 1 657. It is just staying roughly within that band. We do not have any plans for redundancies.

Hon NEIL THOMSON: That answers that one.

Hon NICK GOIRAN: Further to this line of questioning, minister, it does not really make sense. The member makes a good point. If you look at that line item at page 234, the budget for employee benefits is \$212 million.

Next year it is going to be \$210 million. That would seem to suggest that there are going to be less employees. I accept that the note at (b) suggests otherwise, but the only other way you can have more employees with less total money is by paying them less.

Hon ALANNAH MacTIERNAN: I will ask the director general to respond.

Mr ADDIS: I think we made a very clear point that there is a very stable core base of FTE, but I did make the point that there are, of course, some FTE who are based on time-limited, short-term projects and program funding, and therefore it does go up and down a little bit, but off a pretty stable base. There is certainly no plan that the core will be reduced any time in the out years. We would expect that, as time goes by, we will have more of those short-term or time-limited projects and programs coming into the budget, and therefore that will actually shift things again, but again, we have a very stable core base.

Hon NICK GOIRAN: So the time-limited contracts are not part of the full-time equivalents listed at (b)?

Mr ADDIS: No, they are.

Hon NICK GOIRAN: They are?

Mr ADDIS: Yes.

Hon NICK GOIRAN: That still does not make sense.

Mr ADDIS: There are ups and downs all the time. We are constantly having attrition and turnover.

Hon ALANNAH MacTIERNAN: For example, we might enter into funding arrangements with GRDC for a three-year program and we fund those programs, but what we have got is, as we have said, 1 650, which is pretty much a stable base going forward.

Hon NEIL THOMSON: I will follow up on that. Are you going to meet the wages policy within that budget envelope with the FTEs not being reduced?

Hon ALANNAH MacTIERNAN: Obviously, if a new wages policy is developed, that will flow through in increases to the budget.

Hon JACKIE JARVIS: Just so I can get it straight in my own head, regional telecommunications might be a relevant point. We talked about the funding ending at a certain point, and then when the commonwealth starts new funding, DPIRD goes back to Treasury to seek new funding. Would that be an example where FTE might not be in the forward years because their contract will end at a certain point, but with the expectation that their contract will then be extended when there is another amount of commonwealth funding?

Hon ALANNAH MacTIERNAN: It is possibly the number of personnel that we would need to have to administer that project. As I said, our view is that we probably expect that the commonwealth will announce ongoing rounds, and then we will make our submissions so that we have enough to cover any contingency over the next year, but that could be an example of where we have made some estimations.

Hon NEIL THOMSON: Back to the issue of carbon credits and carbon farming, is there an approved calculator for carbon sequestration available? I have been online and I cannot find one for the farming community in Western Australia.

Hon ALANNAH MacTIERNAN: I think the carbon calculator is a bit of a different thing from a determination of the carbon content of the soil, for example. A carbon calculator is what is used to determine the overall carbon footprint of a farming operation, and there is a number of these carbon calculators. We are doing work to go through a process to help farmers work out what is a legitimate one.

It will depend to some extent on your market. If you take carbon credits, for example, if you are just looking at carbon farming and the development of carbon credits as a subset of this thing, to obtain an ACCU, which is an Australian carbon credit unit approved by the Clean Energy Regulator, that is

a higher standard than you would need to get to satisfy some of the American markets. There are certain people that are going out and saying, “We’re happy to go with this—it might not be a triple A, but a B plus or an A minus carbon credit process—because it’s a market that’s available at the moment so we will do this.” We have to help guide and help people understand what these different systems are but there are people that are electing to do something and to go into a less demanding market because there is a return available for it. But part of the land restoration fund will help do work on these carbon calculators but also the determination of soil carbon. Do you want to add to that, Kerrine?

The CHAIR: It has to be very quick, unless it is about specific information because that is what the estimates is for.

Hon ALANNAH MacTIERNAN: Can I just sort of talk about the —

The CHAIR: No, sorry. We are going to run out of time. Hon Colin de Grussa.

Hon COLIN de GRUSSA: Thanks, chair. Minister, just going back to the enhancing biosecurity emergency response and the 22 FTEs there—I neglected to ask earlier—where will those FTEs be placed predominantly or do you have a geographic picture of where they will be?

Hon ALANNAH MacTIERNAN: Dr Carbon will speak to that.

Dr CARBON: We are still looking to determine the exact operational needs around those new FTE. Some of those FTE will be regional, including in the north, to deliver increased surveillance capacity there and also increased controlled capacities around some emerging biosecurity risks, including *Ehrlichia canis* in dogs in the north. Some of those will be metro based because, particularly for some of our emergency response staff, because it is actually preferable to have them based metro so that they can travel to the regions as required rather than have to travel into Perth and then back out, but we are still looking at the exact location of some of those positions.

Hon COLIN de GRUSSA: Thanks for that response. I am going to change to page 236, budget paper No 2, volume 1, and specifically the “North West Aboriginal Housing Initiative”, which is not quite halfway down the page. You will note there is an amount of \$1.9 million in the 2024–25 forward estimates. As I understand it, this project is currently part of the Department of Communities’ budget. Why does it appear in the Department of Primary Industries and Regional Development’s budget in 2024–25?

Hon ALANNAH MacTIERNAN: Good question. Perhaps if I can get Mr Gregson to explain that.

The CHAIR: Sorry; can we get a response, please?

Hon ALANNAH MacTIERNAN: As I understand it—are you able to respond, Mr Gregson. Okay; director general.

Mr ADDIS: The overall north west Aboriginal housing fund was funded partly from royalties for regions, partly from the state through the Department of Communities and partly from the commonwealth. This just reflects the last stages of the funding out of the RforR program towards the communities-run program.

Hon COLIN de GRUSSA: What will that deliver in the 2024–25 period? How many houses with that deliver, I guess?

Hon ALANNAH MacTIERNAN: To begin with we definitely had a role on the steering committee but really we have stepped away from that work and I would suggest that that would be a question you could ask Communities. I think it would be better to direct that to Communities.

Hon COLIN de GRUSSA: We are going to go back to biosecurity. You mentioned earlier, minister, that you are very close on the agreement with the traditional owners down in Esperance—Tjaltjraak. What has been the delay there? It seems to have taken an inordinate amount of time to get that agreement negotiated.

Hon ALANNAH MacTIERNAN: Well, it just takes time, you know. I think Tjaltjraak have been very good in coming to the party. I want to particularly recognise the role of the chair, Gail Reynolds-Adamson, in the role that she has played. I think it would be true to say that there was a fair amount of ambivalence in the community about this. They have a very different attitude, as you could imagine, to dingoes than sheep farmers do. I think it is a tribute to them that they have been able to get to that party. I am not suggesting perhaps that we necessarily, to begin with, had our best team negotiating. That might have contributed. Perhaps we could have, early on, had a slightly stronger team, but certainly when we saw that this was not moving forward, we increased the firepower—increased the package that we had on offer to secure the agreement. You know, these are complex matters and we have to work with the community. If we were not able to get that agreement, we would have had to go back and redesign the fence entirely and create even more delays. It is not always in our hands; we have to bring this other group along with this. I am very pleased that we have finally got there. Now we have not done the negotiations on the eastern end of the fence, and it may well be that parts of that eastern end might be better done as a cell fence on private property rather than as a public fence. So, I would not put that idea away, but in the meantime we have signed the agreement; it just needs to be approved by the Native Title Registrar. We are hoping that we have the contracts ready to go out to get that work done.

Hon COLIN de GRUSSA: How long do you anticipate that last remaining process will take? Are we talking weeks and months?

Hon ALANNAH MacTIERNAN: The law sets it as three months, I understand, from the time of signing the contract. We have a revised construction plan. We are trying to have some works done in parallel, so we are looking at sending out a request to quote documents to contractors in November, and we are hoping that we can have some contractors approved in January.

Hon COLIN de GRUSSA: Turning to page 222—maybe not; I will just find the page. I cannot remember which page the Geraldton finfish nursery is on. Can I have an update on where that project is in terms of the market-led proposal? I think we were at that stage.

Hon ALANNAH MacTIERNAN: No, I do not think that is a market-led proposal. Director general, are you able to answer that?

Mr ADDIS: Yes, certainly. I can confirm that that is not subject to, or related to, a market-led proposal. It kind of relates to the proposed use of the midwest aquaculture development zone that was awarded to Huon Aquaculture as the lessee. It is not related to a market-led proposal.

The CHAIR: We have one minute. Hon Neil Thomson, have you got a quick one that you wanted to finish on or not?

Hon ALANNAH MacTIERNAN: Did you want more on that one?

Hon COLIN de GRUSSA: If possible, just to understand where that is at and when that will be complete.

Mr ADDIS: You may be aware that Huon is subject to takeover negotiations with a foreign firm, JBS, from Brazil. My understanding is that that sale process remains on foot and subject to Foreign Investment Review Board decisions. That is a matter that is out of our control. We understand from Huon that it is still committed to the midwest venture, but essentially we will

respond with the construction of that facility in support of and, I suppose, in response to a clear investment commitment.

Hon NEIL THOMSON: Will the department put a methodology online which complies with the Clean Energy Regulator? We are not talking about the greenhouse gas framework, which is currently available, which we talked about —

Hon ALANNAH MacTIERNAN: You mean a soil carbon methodology?

Hon NEIL THOMSON: Correct.

Hon ALANNAH MacTIERNAN: There are one or two approved methodologies, but we are also doing some work as part of the land restoration fund to look at developing those methodologies to be more suited to Western Australia, particularly in the low rainfall areas.

The CHAIR: Thank you. With that, this is to the witnesses: this is our last session after a very long week. As we conclude the estimates hearings, I would like to acknowledge the committee staff, who are exceptional: Andrew Hawkes, Denise Wong and Margaret Liveris. We will have more to say in the parliamentary process, but thank you very much, and also to the committee. It has been a very long week. Having said that, for those present, can I thank you very much for your attendance, particularly the witnesses.

Members, you may submit your remaining questions through the electronic lodgement system, which closes at 5.00 pm on 29 October 2021. That is for any questions that you have not asked thus far.

Witnesses, the committee will forward an uncorrected transcript of evidence, with questions taken on notice highlighted, as soon as possible after today's hearing. Responses to questions on notice are due by 5.00 pm on 17 November 2021. Should you be unable to meet the due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons why the due date cannot be met. Once again, I thank you very much for your attendance today.

Hearing concluded at 6.18 pm
