

Mr Mark McGowan; Mr Terry Redman; Mr Chris Tallentire; Dr Graham Jacobs; Mr David Templeman; Mr Ian Blayney; Chairman

Division 13: Goldfields–Esperance Development Commission, \$225 000 —

Mr N.W. Morton, Chairman.

Mr D.T. Redman, Minister for Regional Development.

Mr P. Rosair, Director General, Department of Regional Development.

Mrs F. Antonio, Chief Financial Officer, Department of Regional Development.

Mr A. Mann, Acting Executive Director, Regional Investment, Department of Regional Development.

Mrs J. Collard, Executive Director, Business and Social Development, Department of Regional Development.

Mr P. Gregson, Manager, Budget Services, Department of Regional Development.

Mr M. Rowe, Executive Director, Policy and Planning, Department of Regional Development.

The CHAIRMAN: The Leader of the Opposition.

Mr M. McGOWAN: My question refers to the total appropriations on page 189 of the *Budget Statements*. What are the reasons and circumstances behind the departure of the chief executive officer of the Goldfields-Esperance Development Commission, Robert Hicks, and what sort of payout was made to him upon his departure?

Mr D.T. REDMAN: Thank you, Leader of the Opposition. The member would be aware that the last Minister for Regional Development, through the board of the Goldfields-Esperance Development Commission, produced a report that was commissioned around issues raised at a public level and within the development commission region. The review made a number of recommendations, which I have made public. A significant number of the recommendations reflect on the issues of leadership in particular. As a result of that review, I consulted and had a meeting in my office with the chair of the Goldfields-Esperance Development Commission and the Public Sector Commissioner, Mal Wauchope, to discuss the review. It was agreed at that meeting that the chair of the development commission would talk to the CEO of the development commission about his tenure in the position.

[11.00 am]

Mr M. McGOWAN: Was the ultimate decision for him to leave made by the minister or the chair of the development commission?

Mr D.T. REDMAN: We agreed at a meeting on a course of action on the issues that were identified around leadership in the Goldfields–Esperance Development Commission, and that is what played out.

Mr M. McGOWAN: There is not much clarity there. My questions are: did the minister or the chair make the decision; apart from the generic term “leadership”, what were the reasons for the decision; and what was the cost of any payout to the CEO of the Goldfields–Esperance Development Commission?

Mr D.T. REDMAN: I am very cautious to not get into any detail around a particular employee’s performance. Suffice it to say—this is public knowledge—that a review was done around issues of leadership. There has been a lot of public reporting around the challenges for the last Minister for Regional Development. When that report came to me, I had a meeting with the Public Sector Commissioner—clearly, we take advice from the Public Sector Commissioner on these matters—and the chair of the development commission, and at that meeting a decision was made on a course of action. That course of action has played out. I am happy to provide the Leader of the Opposition, by way of supplementary information, any payout arrangements that can be made public around that CEO’s position.

[*Supplementary Information No B5.*]

Mr C.J. TALLENTIRE: I refer to the third dot point on page 190 of the *Budget Statements*, where reference is made to the southern ports amalgamation reforms.

Mr D.T. REDMAN: I think we are on the division of Goldfields–Esperance Development Commission.

Mr C.J. TALLENTIRE: Yes, page 190.

Mr D.T. REDMAN: Did the member say Albany?

Mr C.J. TALLENTIRE: No, Esperance—page 190.

Mr D.T. REDMAN: My apologies.

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Mr C.J. TALLENTIRE: What resourcing is being put towards the Goldfields–Esperance Development Commission’s ongoing engagement and relationship with the Southern Ports Authority that is to be created?

Mr D.T. REDMAN: What resources from the Goldfields–Esperance Development Commission are being made available to the Southern Ports Authority?

Mr C.J. TALLENTIRE: To ensure that there is an ongoing engagement and relationship, as mentioned in the third dot point on page 190. Does the minister need background information? It is a vital question for the Goldfields–Esperance Development Commission; the CEO is going to be located in Bunbury because of the government’s decision to create this amalgamated Southern Ports Authority.

Mr D.T. REDMAN: Member, the development commission does not provide any resourcing for the CEO of the port; the port —

Mr C.J. TALLENTIRE: That was not my question. I am asking the minister what resourcing the GEDC will put towards maintaining or nurturing a relationship with the Southern Ports Authority when it is created.

Mr D.T. REDMAN: The job of the development commissions is to engage in all matters of community interest around the development of regional Western Australia, and the Goldfields–Esperance Development Commission is no different. It is its business, including the business of the boards, and part of the make-up of the boards is to ensure that we get a cross-section of community interest. They will engage with industries in all manner and form, right across the Goldfields–Esperance Development Commission region, so the notion of asking me what proportion of resources will be devoted specifically to the Esperance port, as a matter of where it spends its time, is farcical, quite frankly.

Mr C.J. TALLENTIRE: I am asking because it is highlighted under the third dot point.

Mr D.A. TEMPLEMAN: It says —

The Commission will be participating and ensuring adequate engagement and relationships across the stakeholders to address the Southern Port’s Amalgamation reforms.

Mr D.T. REDMAN: The point is that it is simply talking about the reforms that are clearly happening through the Department of Transport, through the amalgamation of the southern ports. It is making the point that the commission will be engaged as a stakeholder in that process, because the ports are the avenue for commerce going out. In fact, Esperance is a very significant port for the state, and the commission’s engagement with it is totally appropriate. In respect of the question of what resources or time, community engagement is an activity of the development commission.

Mr M. McGOWAN: What has been the impact of the review of this reform? I do not know whether the minister is aware, but a week or so ago he announced a review of this reform, so what is the impact?

Mr D.T. REDMAN: Of the ports?

Mr M. McGOWAN: Yes, the ports reform. The minister announced he was going to amalgamate these three ports, and then a week or so ago he announced a review of the amalgamation of the ports. What has been the impact of that review on the Esperance port and its vital infrastructure and the like?

Mr D.T. REDMAN: All things to do with the port amalgamations and reviews come under the Minister for Transport; that is where those questions need to be directed.

Mr M. McGOWAN: I did.

Mr D.T. REDMAN: We are talking about the development commissions being the state government’s regional arm of development, and the roles that they play in encouraging and supporting regional development activities. Part of that is about directing resources, giving advice to the government about where resources should be directed, and engaging with the community, as stakeholders at different levels, about what is important for the economic development of the regions. Clearly, engagement with the ports is important and critical, but questions about the review would be more appropriately directed to the Minister for Transport; they are quite frankly wrong in this forum.

Mr M. McGOWAN: It is the third dot point on page 190, about significant issues impacting one of the minister’s agencies, and it is all to do with the reform of the ports and the subsequent review. Were the representatives of the development commission actually here, I am sure that we would have got an answer in relation to those issues.

Mr D.T. REDMAN: I think the point being made is that the port reform is a significant issue and the Esperance port is a significant port. The development commission quite rightly engages with all the industry in its particular region, and the ports are a part of that. I think it is significant that there are decisions made by this government

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the impacts of which the development commissions, as a group, will no doubt monitor, and if there is advice they bring back to government around that, it is obviously going to happen. I understand the significance of it; what I do not understand is the original question asked by the member for Gosnells about what resources the development commission will be putting into that engagement. The development commission is engaging with all manner of industries in its region.

Dr G.G. JACOBS: On the same dot point, rather than asking about the allocation of resources from the GEDC, I would like to ask: in recognition of the Esperance port being vital infrastructure—the third dot point indicates that the port is essential to the region’s continuing economic prosperity—can the minister outline the contribution to continuing economic prosperity that will be brought about by the southern ports amalgamation reform?

Mr D.T. REDMAN: I thank the member for Eyre. I will not comment on the amalgamation process or the objectives of government, through the Department of Transport, around the port amalgamation, but suffice it to say that, as the member highlighted, and I absolutely agree with him, the Esperance port is a significant piece of port infrastructure for Western Australia. We have iron ore going through that port in significant quantities and it was very pleasing to see the upgrades of the road infrastructure going into that port. I suspect a substantial chunk of that was funded by federal government, and that again highlights the importance of the Esperance port as a piece of infrastructure, not only for the immediate Esperance region. Iron ore comes down from as far away as Koolyanobbing, as I recall. As the member well knows, there is also activity happening around the old BHP mine at Ravensthorpe, so Esperance port is significant for Western Australia. It is absolutely critical that the development commissions, as our regional development arm, engage with the ports to ensure that they fully understand the challenges around port infrastructure, and that engagement is happening. I cannot make a comment specifically on the ports; that is more appropriately directed to the Minister for Transport.

[11.10 am]

Dr G.G. JACOBS: The next dot point addresses managing the increasing costs of doing business in the regions. One of the major issues that the minister would be aware of is the high cost of new business start-ups due to headworks imposts both in water —

Mr D.T. REDMAN: Is this a question in regional development or under the division?

Dr G.G. JACOBS: It is under the Goldfields–Esperance Development Commission, the fourth dot point on page 190, which talks about managing the increased costs of doing business in a region, particularly the high cost of utilities. What sort of programs are set up to assist businesses in new business start-ups, because this is a major issue in my region, the goldfields–Esperance region, and no doubt other regions? The regional infrastructure and headworks fund helped with some of the headworks charges in new business start-ups, especially for the first mover who cops the whole cost of a headworks impost. What sort of programs will be set up to replace the regional infrastructure and headworks fund to deal with, as noted in the GEDC text, those barriers to new business start-ups?

Mr D.T. REDMAN: I thank the member for Eyre for the question. He highlights what was raised when I met with Grant Shipp, a very competent young fellow at the Esperance Chamber of Commerce and Industry. He talked to me very briefly about some of the challenges and the costs of doing business on the tenet of the question the member for Eyre has asked. That is something that we continue to grapple with. I suppose there are two levels. There are the decisions around how much to charge for utilities and government utility decisions. That sits outside my portfolio area, and in some cases at a commercial level there are some differentials there for regions that obviously concern me as the Minister for Regional Development. Also, decisions were made in the past to support headworks, when past government policy decisions around headworks and putting a charge on headworks, particularly on mum and dad users, were an impost on business and housing investment. Royalties for regions supported the gap for that. I am not sure what the policy settings are now, but that is certainly not part of government business now. I might add that the extra headworks charge was put in place under the last government. We took it out and replaced it with support from royalties for regions funds. There is also a Buy Local policy, the business case of which is being worked through now, to help small businesses access significant projects and give them the capacity to respond to significant projects that may be on offer, particularly in government tender processes. I do not think that we have done it well enough in the past so that businesses could get significant investment in the regions, rather than businesses that are centralised in the city and choose to act a long way from home. Those are some of the initiatives.

Under the various investment initiatives, including the revitalisation funds, I am sure the member for Eyre, as the co-chair of that group, would have discussed where these resources go. These are the sorts of things that will be identified. If there are infrastructure barriers, they may well rise to the surface in terms of priority. There is no direct subsidy into the pocket through any programs to make up that gap. We are trying to get these communities

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to a level at which they do not have barriers. For Esperance, as a SuperTown, there is an alignment of the utilities—that is, Water Corporation and, in the member for Eyre’s case, Horizon Power—embedded in the state planning policies to ensure that they do not have infrastructure barriers to growth and development. Given that the state has put a priority on SuperTowns, it is embedded in the state planning policies that the last thing that the Water Corporation would want is to be a barrier to growth. It will make sure in its forward planning that it covers off on growth of those communities. It is the same with Horizon Power.

There are some policy settings. The member for Moore has raised the matter of water with me on a number of occasions, particularly who pays at the front end of a development. When a developer comes to town, the first person to put in the infrastructure is the one who wears all the cost. I have had conversations about this with Hon Mia Davies; it is something I took up with the Water Corporation when I was Minister for Water and something the government should be pursuing so that it can modernise those settings to have what they have had, and probably still have, in power infrastructure—that is, a contributory scheme in which the first investor does not wear the whole lot but there is a way of getting rebates as new users come into those schemes. I think there are some government settings in which we can do a better job, and I know from the water side, it is certainly on the agenda for the Minister for Water.

Mr D.A. TEMPLEMAN: Another one?

Dr G.G. JACOBS: These are real questions; do not worry about another one, member for Mandurah. These are concerns of my electorate, and they are real concerns.

Mr D.T. REDMAN: Absolutely.

Dr G.G. JACOBS: Would the minister have a mood to accept some business plan, if you like, for a program that could be adopted to overcome the issue of the barriers to first movers in developing headworks? A group in Esperance is working towards presenting a solution. I flag that I will be putting that to the minister for consideration to try to obviate some of the barriers to first movers, particularly for the establishment of new businesses.

Mr D.T. REDMAN: The question the member puts is absolutely valid. I am absolutely happy to look at any initiative that is put up. I think we need to bring innovation to the table and try to get solutions to some of these challenges. In the past, regional Western Australia has been left out of the mix. The government is trying to put that back on the map. Of course, the government is prepared to look at whether little policy-setting barriers can be shifted. With any of those decisions, resourcing it becomes important, but if they are big enough, serious enough and important enough, one would like to think that those issues rise to the surface and we can respond.

Mr I.C. BLAYNEY: I am really pleased to hear the minister say that he is aware of that problem. I have been banging on about that since I have been in this place. I have two developers refusing to develop land for the simple reason that they will have to pay for sewerage infrastructure that everyone else along that sewerage infrastructure can connect into at no cost except the money that the Water Corporation then collects from them at \$6 500. Those people are sitting on their hands. They have land they are ready to develop but on principle they will not develop it.

The CHAIRMAN: Member, it needs to be a question to the minister.

Mr I.C. BLAYNEY: It is not really a question, but I am really glad the minister is addressing it.

Dr G.G. JACOBS: I ask opposition members to recognise that the goldfields–Esperance area is my patch, so hopefully they can see that it is appropriate that I ask questions on this area. I will ask one more that concerns the dot point at page 190 that begins, “The delivery of telecommunications coverage being sporadic”, and refers in particular to the south east agricultural region, which is my farming region. I recognise the government’s regional mobile communications program and the minister’s reference to an extra \$45 million for stage 2. What portion of that \$45 million can the south east agricultural region expect, particularly as it has been highlighted by the Goldfields–Esperance Development Commission? The program is about farmers not only having a mobile phone, but also running an agribusiness in the twenty-first century, because all the technologies of agriculture, including the GPSs on harvesters and seeders, are reliant on these telecommunications, which the minister would know. Can we get some prioritisation, as it has been highlighted particularly by GEDC, and some of that money to improve communications with a few more regional mobile towers to overcome the issues of black spots in this agricultural region?

[11.20 am]

Mr D.T. REDMAN: As the member is aware, I have already talked about both stages. In the first stage, which is still being completed, I think 86-odd towers have been built. We will hit the 100 mark pretty soon and we will have 113 by the end of this year. The extra \$45 million is an extension to that. I make the point that this is not

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state business; this is federal business. Because the member and others have raised this as a priority issue for regional Western Australia, we are making that investment. When we look at the state of Western Australia, even the building of 113 new towers does not go a long way. I am sure the member would have seen a map that shows where they are going. It does follow some of the arterial routes. We have a lot of remote communities in the north, particularly remote Indigenous communities, where mobile phone service is non-existent, and we are making every endeavour to get a good outcome.

A couple of things are important here. The first is trying to come up with some sort of priority list—the first cabs off the rank. That is the point that the member is making. I cannot provide a figure on what the south east part of the state will get compared with what someone else will get; it depends on service need and priorities around broadband that we are adding to the mix now. The other reason I am cautious to come to too much of a sharp point on where the resource goes is that we need to engage with two other groups. We need to engage with the federal government. It has provided \$100 million at a national level. If we get a population share, we should get 10 per cent of that. I would be very surprised if we do. That puts another \$10 million on the table. We also have the rollout of the national broadband network. If we are going to build a tower somewhere, we can share some of the cost of provision for not only mobile phone coverage, but also the broadband network on the same towers. We are trying to get some clarity around all the respective interests and the resources to get a complementary outcome that gets better bang for our buck than we would get if we just went to the table. I am advised that the Department of Commerce is doing a telecommunications needs assessment. I know many members of Parliament are inputting to that assessment. Inputting to the Department of Commerce would be a good move to represent the member's constituency.

Mr D.A. TEMPLEMAN: I want to ask about the Goldfields–Esperance Development Commission's blueprint for the future, which is mentioned in various places on page 190 that I cannot quite pick up. This is a general question about all the development commissions. It relates to the minister's requirement for them to prepare a blueprint. What is the time line for the sign-off for the blueprint?

The CHAIRMAN: Can anybody find a reference for this?

Mr D.T. REDMAN: I am happy to respond to the question. I think the point the member is making is that royalties for regions is a significant resource. I have highlighted in my answers to previous questions the importance of the blueprint process in directing that resource. There are specific statements in the broader budget papers around the blueprints and their importance. The development commissions are independent groups; they have a board and a chair and make their own decisions. Although they are not a part of the Department of Regional Development, I see them as the government's extension of regional development into regional Western Australia. They have all been asked to develop blueprints in line with the Duncan review, which recommended that we take a much more strategic approach to identifying growth and development opportunities and also being aspirational in regional Western Australia. All the development commissions are taking a different approach to that. I expect that the blueprints will all be different because there are different priorities in different parts of the state. I will use a very stark example. The Kimberley Development Commission covers a region that has an Indigenous population of near on 50 per cent, if not 50 per cent. I expect that a big part of its blueprint will highlight the notion of economic development around the Aboriginal community, what we can do to support that and all those challenges related to disadvantage in some of those more remote communities, as distinct from one for the wheatbelt, which will highlight some different priorities.

At a glance—I will not put my personal view on this—there are differences in the quality of the blueprints that I have seen so far. I expected that to be the case. I have asked the Western Australian Regional Development Trust, the peak body that advises the minister on all matters of regional development at a state level, to look at the blueprints. I have helped with some resourcing if it wants to get some outside assessment to help with that process. Basically, I am putting in place a process to ensure that we have a quality document that genuinely reflects not only the aspirations, but also the identified competitive and comparative advantages of each region. We need to identify the potential investments and barriers to investment in those areas, whether it be infrastructure needs or critical issues around areas of the private sector that they want to develop further. These documents will need to be robust. They are in consultation form now. Some are out for consultation; some have not been put out for consultation. I am expecting all the stakeholders, which includes groups such as ports, local government and community groups, to comment. It is a social and economic investment plan; it is not a shopping list, but it should guide us to where future investments go. Some are out for consultation now. Some will come out soon. Some are more robust than others and some will need more work. The point I made earlier is that some of the significant resources that are going into the Growing our South initiative and also the blueprint at a state level do not come until the out years of the budget, so we have some time to get that planning right. It is our intent to be much more strategic. The development of blueprints, as a product of the Duncan review of the

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regional development commissions initiated by the former Minister for Regional Development, is part of our strategy for getting to that end.

The appropriation was recommended.