

Mr Chris Tallentire; Mr Terry Redman; Chairman; Mr Mark McGowan; Mr David Templeman; Mr Shane Love

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**Division 14: Great Southern Development Commission, \$219 000 —**

Ms L.L. Baker, 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 member for Gosnells.

**Mr C.J. TALLENTIRE:** I ask this question on behalf of my friend and colleague the member for Albany. Why is the government de-funding the Great Southern Development Commission? I note that since the state election, we have seen a downward spiral in the government's contribution. I am looking at "Net cash provided by State Government" on page 202. There is a downward trend. The same goes for the corresponding expenditure. It paints a picture that the government is giving up on the great southern. Why?

**Mr D.T. REDMAN:** Is the member talking about the cash flow resources for the Great Southern Development Commission? I seek some clarity. The member for Gosnells talks about the Great Southern Development Commission, saying that there is a downward spiral in the resources, as indicated in the budget papers. He asked for the reasons for that.

**Mr C.J. TALLENTIRE:** Yes.

**Mr D.T. REDMAN:** I ask the director general to respond.

**Mr P. Rosair:** I am probably not in a position to respond to that reduction other than to say that the royalties for regions fund is now completely funding all the development commissions. One of the decisions made was to reinstate their baselines back to 2012–13. We will have to take on notice why the drop from \$3.8 million in 2013–14 to \$1.8 million in 2014–15 has occurred.

**Mr C.J. TALLENTIRE:** Can we conclude that the member for Albany's concerns seem well justified? There is a very disappointing downward spiral. Money is being halved relative to what it was.

**Mr D.T. REDMAN:** I am not aware of any significant reductions.

**Mr C.J. TALLENTIRE:** The minister has only to look at page 202 and the net cash provided by the state government. The actual was \$5.6 million in the 2012–13 financial year. The government is putting up \$2.1 million for 2014–15, more than half the amount. The government is giving up on the great southern.

[11.30 am]

**Mr D.T. REDMAN:** The director general.

**Mr P. Rosair:** We will provide further information, but I can assure the member that the consolidated operational recurrent account funding is maintained. In actual fact, it has been re-established to the figures of 2012–13. I can only surmise that the amounts of money the member for Gosnells is talking about are project-related moneys associated with royalties for regions projects that are coming to fruition.

**The CHAIRMAN:** Can I just clarify, minister: are you providing supplementary information?

**Mr D.T. REDMAN:** Not at this stage. Would the member for Gosnells like me to provide specific information on that line item? If that is the case, I am happy to do that. By way of clarification, the tenet of the member's question was about halving the size of this regional development commission —

**Mr C.J. TALLENTIRE:** It is more than that.

**Mr D.T. REDMAN:** I am confident that that is not the case.

**Mr C.J. TALLENTIRE:** It is in terms of the net cash funding.

**Mr D.T. REDMAN:** Members should bear in mind that a lot of projects and initiatives go through the development commissions with varying cash flows. The cash flow piece that we pick out to look at could change depending on initiatives. A regional grants program is coming up soon whereby the development commissions will have access to a specific fund to put out smaller regional projects. That will be cash flowed accordingly and we will see that responded to in the budget. The director general.

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**Mr P. Rosair:** An action agenda commenced two years ago, which rolled out a number of projects and initiatives through all nine development commissions. I imagine the change in figures reflects a flushing through and completion of those action agenda projects, but we will confirm that. There has been no drop in operational or recurrent funding for staff salaries and operations.

**The CHAIRMAN:** Before we move on from this point, will there be supplementary information?

**Mr D.T. REDMAN:** Yes, we will provide supplementary information specifically for the line item that the member for Gosnells highlighted when he suggested that there is some sort of downwards spiral of funds in the development commission.

**Mr C.J. TALLENTIRE:** A death spiral.

**Mr D.T. REDMAN:** We will provide specific information to clarify the response. I think the point has been made that if the development commission has carriage of particular projects or funds, it gets cash flowed through the development commission, and the budget papers will show that. The member for Albany should be singing from the rooftops that we now have the \$600 million Growing our South initiative. I am sure the development commissions will play a significant role in deciding where those funds are directed and what sorts of resources will support the member for Albany's region.

[*Supplementary Information No B6.*]

**Mr M. McGOWAN:** I refer to "Net amount appropriated to deliver services" on page 196 of budget paper No 2, and also page 213 of budget paper No 3. I have a question about the Albany to Bunbury gas pipeline. It appears that \$18 million is allocated over the forward estimates for operating expenses and asset investment in the Bunbury to Albany gas pipeline. I am interested in what role the Great Southern Development Commission is playing in expediting that project and whether that project is occurring.

**Mr D.T. REDMAN:** I have some ownership of the Bunbury to Albany natural gas pipeline. We have committed to progress this great initiative. The state government has made a decision about the corridor that the pipeline will take down through Donnybrook, Bridgetown and Manjimup, across to Mt Barker and then down to Albany. As I understand it, a significant part of the resources in the budget, which have been in previous budget figures, is allocated to the accumulation of land assemblage around the easement, which, interestingly, is the piece that takes the most time. There are two levels at which things will happen. The decision on the pathway has been made. The next step is to progress the land assemblage along the easement and the resources here are for the processes attached to that. I highlight that this is led by the Department of State Development. Government is also working through the processes for the business model that might be adopted for the final investment decision. A number of business models could be used. Government could choose to provide capital support up-front or it could choose to do a longer-term subsidy, or anything in between. A number of models might flow. Those decisions have not been made; they rest with the Premier as the lead on state development.

**Mr M. McGOWAN:** There is no money in the budget for the pipeline beyond the next financial year at all, as far as I can determine, so when will the Bunbury to Albany gas pipeline commence operation?

**Mr D.T. REDMAN:** There are resources, as I said, supporting the land assemblage. We also have the Growing our South initiative. I would be very surprised if the Great Southern Development Commission's blueprint did not include the Albany to Bunbury gas pipeline as a significant part of what it will pursue, as it will mobilise investment in its region. The notion that this budget does not provide the resources to support the pipeline is, frankly, untrue.

**Mr M. McGOWAN:** Hold on; it is true. Page 213 of budget paper No 3 shows allocations for the pipeline that expire in 2015–16. That is a fact; it is in black and white on that page. Considering all the promises made about when the pipeline will commence operation, when will that happen? Will there be additional cost to taxpayers for a subsidy to ensure that it operates; and, if so, what will that subsidy be? Will there be a requirement to build a gas-fired power station in Albany to ensure that this pipeline has a customer?

**Mr D.T. REDMAN:** In 2011, \$20 million of royalties for regions funding was allocated to determine corridor alignment options, obtain approvals, and secure the necessary land. In October 2012, cabinet endorsed a pipeline corridor alignment that included Bunbury, Bridgetown, Manjimup, Mt Barker and Albany. In the budget papers are funds that go towards that land assemblage. I would be very surprised if the great southern blueprint did not include this. Indeed, I know it is also in the South West Development Commission's blueprint, because this pipeline corridor goes through Manjimup, Bridgetown and Donnybrook. The notion is that the natural gas pipeline would be a great enabler of investment in the regions. We have \$600 million through four development commission areas. When we reach the point of making decisions on the business model, that will flow through the Department of State Development, as led by the Premier. There are a number of options. The Premier has made public statements about it being a public-private partnership. We could load up the investment in any

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number of ways. We could load it up on capital up-front, which takes some of the risk away from any investor, or we could load up the subsidy at the other end. We could choose from a number of settings to support the project. It is public knowledge that the straight-out business case does not support the pipeline going to Albany now on the basis of use. It would need support from government through either up-front capital or a long-term subsidy. Those decisions are yet to be made around the business case. From a state-building perspective, there have been plenty of decisions made in Western Australia around putting enabling infrastructure in place to support growth and development. The great southern is a very important part of the state, as I am sure the member for Albany would agree. If it had access to natural gas, as many other parts of the state do, it would be a great enabler in that region. Whether there will be a gas-fired power station is a decision for another minister on another day.

[11.40 am]

**Mr D.A. TEMPLEMAN:** On a similar point in regard to the region's blueprint mentioned very clearly on page 197, the minister has asked a development commission—in this case the Great Southern Development Commission—to come up with a blueprint, and in that blueprint I assume there will be a prioritised outline of projects that will achieve the growth of the region in the future. In this case, the Great Southern Development Commission will be a recipient of the southern program —

**Mr D.T. REDMAN:** “Growing our South”, member. I am looking forward to the member's media release!

**Mr D.A. TEMPLEMAN:** The point I want to make is: what criteria will be used to rule out some of the projects that might be seen as priorities, but that the minister may determine should be funded by government through other agencies? I will give an example, which relates to Peel. The minister, as Minister for Training and Workforce Development, closed the workforce development centre in Mandurah in the Peel region, yet in the Peel's blueprint unemployment remains a key issue, typically for youth, as do education and training. If the development commission was to put a proposal in the blueprint, and the Great Southern Development Commission may do the same, what criteria will be used to rule out something that would be considered to be provided by another department or portfolio area, given that the minister said in the answer to the Leader of the Opposition's question in the previous divisions, in which he highlighted the year 7 transition, which is clearly an education department responsibility, that that will be funded through royalties for regions? I want some clarity about what criterion will rule something out, even if it seems a priority in the blueprint.

**Mr D.T. REDMAN:** I thank the member for the question. I think we are on a very sound path in what we have been talking about with developing our blueprints for regional investment—talking about aspirations, barriers to investment, critical issues, where industry is going and what opportunities there are. We have also asked for a focus on the opportunities rather than the disadvantage, and that is what has been attempted to be put up. These documents have genuinely been driven from the grassroots up. They are not Terry Redman's view of the world and they are not the Premier's view of the world; they are the view of the stakeholders—in the member's case in the Peel Development Commission area or in this case the Great Southern Development Commission area. They have had a chance, with a number of forums, to come together and put on the table what they see their critical issues as being. Those documents are now in draft form. As I said, they are not a shopping list—it is not intended to be a shopping list of projects; it is intended to be a document that guides us towards making investment decisions about a future royalties for regions resource.

The member asked the question about the detailed decision-making around the jump from having a regional investment blueprint, which is in place, assuming it is sound and robust, to making a decision about where we invest resources and the criteria that sit there. It is my intent to use the Regional Development Council. At a statewide level the Regional Development Council is made up of the chairs of all the development commissions. They come together on a two-monthly basis—six times a year—to meet and they talk about priorities at a state level. They will be informed by the blueprints. They also have some resources to do some of their own work around priorities at a state level. The other group that sits above them is the Western Australian Regional Development Trust, which looks at some of the global priorities in regional Western Australia. I think we have a very, very robust process. I am not quite sure what will pop out of their decision-making processes in terms of where investment should go, but I know that we have a chance here, with a significant resource, to invest in areas that will unlock opportunity. I will give an example of the south west part of the state. I am always cautious, but I am giving this example because I know a lot of work has been done on the business case and it is something I have talked about before. I give the example of the Busselton Regional Airport, which is a huge enabler in the south west region. It could be seen to be a benefit for not only Busselton, but also Nannup, Manjimup, Bridgetown, Margaret River and all those areas, because if we can get international flights coming to the Busselton region, it would take away the 250-kilometre from trip from Perth for people to access a fantastic part of the state, and in fact a significant tourist destination. We want to see examples like that being identified by the blueprints in all the regions in Western Australia, including the Peel region, to enable investment activity to happen. I cannot go into this specific criteria other than to say that a lot of effort is being put into planning of

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the opportunities and efforts will be put into making decisions about directing that resource to make a long-term difference. I think that globally answers the member's question.

**Mr R.S. LOVE:** Surprisingly enough, the member for Mandurah has virtually asked most of my question. My question was about the last dot point about blueprints on page 197, because this is the first of the development commissions in the southern region to come up today, and my questions will be general to that southern region. I imagine the blueprints themselves would not just cover royalties for regions funding, but also point out where investment might be needed by other government agencies, so they would not necessarily be restricted to simply the minister's department as a guiding tool. Looking at the last dot point, it mentions the establishment of a governance framework to monitor the implementation and ongoing review of the blueprint, which will in turn in some aspects guide investment in the southern region. Earlier today I noticed in the questions from the member for Eyre and in the answers given that it was implied that there was some sort of role for members of Parliament in actually determining where those expenditures or priorities lay. That is not something that I have come across before or had any experience of. Can the minister explain how that works and the interaction between that group and the statutory group operating in the area, which is the local development commission?

**Mr D.T. REDMAN:** In talking about the Great Southern Development Commission, of course the Growing our South initiative is a resource that sits over that development commission, and although significant links to that are in the out years, a lot of effort should be put into making decisions about where that resource should be directed. The government's framework around the decision-making processes in this will be robust. The member for Eyre gave the example of the committee co-chaired by the members for Eyre and Kalgoorlie for the Goldfields–Esperance Development Commission. I think the previous minister made a decision about supporting that. The same applies to the Gascoyne: I think the member for North West Central is involved in the decision-making around the Gascoyne body. I have not come to the point of making a decision or in fact had anyone approach me about members of Parliament being involved with the decision-making around the Growing our South initiative. The challenge with Growing our South is that although it covers four development commission areas, it probably goes over the electorates of eight members of Parliament, and I think choosing a member of Parliament to sit on the body might be a little difficult. I take the point the member made in the sense that in the case of the Goldfields–Esperance Development Commission, the electorates of two members of Parliament in the lower house cover the whole region of that particular resource. I am really looking forward to and am quite excited about this next stage. It is a great challenge to make good decisions at a local level about where resources should be directed, and for that reason the government's process needs to be robust and strong, and I think it is; however, there is still work to be done around the blueprints to identify what those investment interests should be.

**The appropriation was recommended.**

[11.50 am]