

Division 17: Kimberley Development Commission, \$2 280 000 —

Ms L.L. Baker, Chairman.

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

Mr P.B. Rosair, Director General.

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

Mr K. Barr, Deputy Director.

Mr S. Winter, Manager, Corporate Services.

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

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

[Witnesses introduced.]

The CHAIRMAN: I give the call to the member for Kimberley.

Mrs C.A. MARTIN: I refer to page 238 and “Major Spending Changes” and the Warmun Aboriginal community re-establishment. I mentioned earlier the \$75 million allocated for the re-establishment of the community at Warmun. I want a breakdown of that and how much of it will go to housing. I understand that approximately 50 non-housing infrastructure buildings in the community are not insured—that is, the early learning centre and a few others. I understand that the school is insured, but that the other infrastructure is not. I am wondering what the government is going to do about that and if there is a line item to cover that in the budget. The other matter is that of the art centre for which the insurance is not going to be paid. I have a real issue with that because that centre is, of course, the base for that community and its long-term economic prospects. It will be good if the minister can answer those questions.

Mr B.J. GRYLLS: Member for Kimberley, where is the \$75 million that you have referred to?

Mrs C.A. MARTIN: It was referred to in the media. But it is about the Warmun Aboriginal community re-establishment. I understand the figure was \$75 million, but if I am wrong—fine. However, I would like a breakdown of the figure, including how much is to be spent and on what—especially for housing.

Mr B.J. GRYLLS: Thank you, member for Kimberley. I do not have a breakdown of that \$75 million figure. I know that figures have been bandied around about what it is going to cost to rebuild, but I do not have that figure here. I will ask Kelvin Barr from the Kimberley Development Commission if he wants to add anything. As I have said, from the information that I have, after 30 June, 17 new houses, seven refurbished houses, a 200-person temporary village, a temporary clinic, a school, an early learning centre and a store are planned. I am not aware of the exact funding for that. The funding the member referred to in the budget is essentially an emergency funding allocation to the Kimberley Development Commission. Jeff Gooding is heading up the Warmun re-establishment task force. Cabinet quickly allocated some money to allow him to get on with the job of responding to what happened. I think that he has done an outstanding job. He is too bloody busy for us to bring down here for a day in Parliament because we want him to rebuild Warmun. If we can deliver what we have said we will by the end of June, it will be an outstanding outcome. Kelvin, do you want to add anything in answer to the member for Kimberley?

Mr K. Barr: Because the land at Warmun is a community and state-owned asset, the commonwealth–state emergency response funding is triggered. We hope that will bring about 75 per cent commonwealth and 25 per cent state funding. Currently, the costs are estimated to be about \$60 million for housing. I think that is the figure that the member for Kimberley mentioned earlier. The temporary village is estimated to cost \$15 million —

Mrs C.A. MARTIN: It is \$15 million for the short-term accommodation—so \$75 million in total.

Mr K. Barr: Yes; that is right. What was the other part of the member’s question?

The CHAIRMAN: Members need to go through the Chair to the minister.

Mr B.J. GRYLLS: The information I have now is that the \$500 000 the member identified was essentially an emergency allocation to the Kimberley Development Commission from consolidated revenue to give it some money to start building the government’s response. That was the money used to buy toys and playground equipment for the kids who moved into the Garrjang Village so that when they turned up they had books and toys and a few things to do, given that they had lost everything. Fifteen million dollars is the cost of the 200-bed temporary accommodation village.

Mrs C.A. MARTIN: Is that going to be in Warmun?

Mr B.J. GRYLLS: Yes. Equally funded by the state and the commonwealth, the 200-person village in Warmun, currently under construction —

Mrs C.A. MARTIN: That will be then sent to Kununurra as a part of the work camp?

Mr B.J. GRYLLS: We are just going to wait and see. Essentially —

Mrs C.A. MARTIN: So there are options. I guess that is what I am asking.

[4.50 pm]

Mr B.J. GRYLLS: We hope that there will be some longevity to the benefits of Warmun from this, if it is feasible to shift some of the accommodation units. There is an expansion planned at the Garrjang Village in Kununurra for further stages of the agricultural expansion, but pulling up kitchens that have been plumbed in and those sorts of things might not have a good cost benefit. We will just have to see how that goes. The member is right; other community assets have been damaged. We are essentially in emergency response now, and then we will look at how we can get Warmun back on its feet. I agree with the member wholeheartedly that the Warmun Art centre is vital. We have talked about whether there is an opportunity to use the town hall in Halls Creek as a stopgap measure to get the art back on sale, as that is what produces the revenue. Again, I have not spoken to Jeff Gooding for a couple of weeks.

Mrs C.A. MARTIN: Argyle has rescued a lot of the artwork and that has been sent over to Melbourne —

Mr B.J. GRYLLS: Correct, for restoration. I agree with the member that getting the revenue flowing from that artwork would, first, be good for the community and, second, be good for the individuals.

Mr M.P. MURRAY: I refer to page 239 of the *Budget Statements* and the second last dot point, which starts with the words “monitoring community benefits and returns for the region”. What return on investment will the sale of land in the Ord expansion project give percentage-wise and in dollar terms? I believe that the first government investment was around \$300 million. What cost–benefit analysis has been done on this project?

Mr B.J. GRYLLS: I thank the member for Collie–Preston, I think, for the question! The proceeds from the land have not yet been defined because we have not yet marketed the land. I can report that we have excellent interest in the Ord expansion project from the existing local community, the Australian market and the international market. Again, the government is shortly due to consider the way in which we will go to the market with that land, remembering that we still have not received a final environmental tick-off from the commonwealth government on the project. We will not be marketing land until we get the commonwealth environmental approval. In terms of a cost–benefit analysis, the state and commonwealth governments worked together to define the Ord–East Kimberley expansion. The state government has funded the agricultural component of that project, the extension of the main irrigation channel, the extension of the road network and the associated drainage infrastructure and side drains into the agricultural precinct. Most of the on-farm development will be undertaken by the successful procurers of that land. All the information that the member requests is publicly available. We are very happy with the progress of the project. It has been put back a bit by the federal environmental approval. It would have been nice to have had that in February or March this year, rather than in July and August when it is now anticipated. The dry and wet seasons create some challenges in relation to the window of opportunity available to undertake the construction works. But, we have agreed to push construction into a third year, which allows us to keep total workforce numbers lower than if we were trying to deliver the project in two years. By keeping the total workforce numbers lower, we will get a better outcome for Indigenous engagement and participation in the project, and that is an important part of this project.

Mr M.P. MURRAY: I have sat here for quite some time today, and I did not expect to be told by the minister to go through old newspapers to find the facts and figures relating to my question. I asked whether any cost–benefit analysis had been done. People do not just invest \$300 million without looking at a return; there must be some figure somewhere and I ask the minister what it is. I do not expect to be told again to go and look through old newspapers.

Mr B.J. GRYLLS: As I said, the commonwealth and state governments did a business case for the funding of this project; Gary Gray and I led that. That is what produced the Ord–East Kimberley development plan. Most of the studies the member talks about in relation to the expansion were conducted under his government. I assume that is why his government progressed the Ord final agreement, because the Ord final agreement gave benefits only to the Miriuwung and Gajerrong people.

Mr M.P. MURRAY: So it was all the government’s idea.

Mr B.J. GRYLLS: The Ord final agreement only gave benefits to the Miriuwung and Gajerrong people if the Ord stage 2 project proceeded. This government proceeding with the Ord stage 2 project has allowed benefits to flow and opportunities to start to be delivered to the Miriuwung and Gajerrong people.

Mr M.P. MURRAY: It still comes back to costs versus returns. Any government should be able to put those figures on paper to indicate what the returns will be and what the predicted returns are, not the actual returns.

Mr M. McGOWAN: A press release by the minister dated 14 May 2010 states that \$220 million worth of state money went into the project, and \$195 million of commonwealth money; that totals \$415 million. The member for Collie–Preston’s question is a good one. Will the minister provide by way of supplementary information the business case and any due diligence analysis or cost–benefit analysis so we can work out whether the state and commonwealth have received full value for the commitment of that extraordinarily large amount of money?

Mr B.J. GRYLLS: Again, as I have said, the information that the members request is publicly available, and therefore I do not see the need to provide it to them by way of supplementary information.

Mr M.P. MURRAY: I refer to the top of page 243 of the *Budget Statements*. If 60 per cent of all land is taken by sandalwood growers, that pushes the price of the land up, and there are concerns about returns on investment for the growers who may want to buy it. Some of that land might not be sold and further sandalwood investment could come in. Does the minister see that as a direct subsidy—because we are talking about \$400 million now, not \$300 million—to the sandalwood growers because they would be the only people who would benefit? We would then have to wait 15 years on a “maybe”, because the project is still an experiment.

Mr B.J. GRYLLS: The member for Collie–Preston’s previous question referred to the cost–benefit analysis for the Ord expansion project and his concern that the government would not get enough from the sale of the land to justify the project. Am I correct to say that the member now suggests that the government should consider not giving land to the highest bidder based on what they choose to grow, because, at the end of the day, the government has not yet considered the process to take that land to market? The local community reference group, the Ord investment group, led by Peter Stubbs, will provide advice on that and the government will make a decision. I agree with the member. I do not think it would be in the best interests of the project for the whole 8 000 hectares that will come online to be completely taken up with sandalwood. This year, for the first time, genetically modified cotton will be grown over quite a large area. This year, there will be a doubling of the rice crop that was trialled for the first time last year. That has already been sown. Chia, which as a new product is gaining more and more market acceptance and which we are seeing more on the shelf, is also being grown. There are international interests in bringing sugar back to the East Kimberley. All of those things are in the mix. Once we have defined a way of going to the market with the land, those decisions will be made by government. But I take it from the member’s question that he would be concerned if sandalwood took up all of the expansion.

Mr M. McGOWAN: I want to clarify something. Considering that the minister will not provide the business case, due diligence analysis or any cost–benefit analysis for the project by way of supplementary information, can he advise us where they are?

Mr B.J. GRYLLS: Again, they are on the public record, and many of those documents were done during the Labor government’s term.

Mr M. McGOWAN: Could the minister please tell us where on the public record they are? Where do we get hold of these documents? Will the minister’s department provide them to us?

Mr B.J. GRYLLS: Again, they are on the public record, so the member will be able to look at the public record and find those documents. They were done by the previous government.

The appropriation was recommended.