

Division 20: South West Development Commission, \$224 000 —

Mr M.J. Cowper, Chairman.

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

Mr D. Punch, Chief Executive Officer.

Ms S. Fitchat, Chief Finance Officer.

[Witnesses introduced.]

Mr M.P. MURRAY: For my first question, I refer to significant issues impacting the agency on page 222. What interaction has the department had with Capel about the redevelopment of its town centre?

Mr D.T. REDMAN: In Capel community?

Mr M.P. MURRAY: The minister thought the question was going to be about Collie—did he not?—so he got all ready!

Mr D.T. REDMAN: I have not had representation from Capel community directly to me about the town centre development. The only discussion I had was when I did a budget presentation to the Bunbury Wellington Economic Alliance in Bunbury just after the state budget was announced. It was from the council about the Boyanup saleyards, which are broadly in that patch, but I have had no direct representation from Capel.

Mr M.P. MURRAY: No, that is a different issue.

Mr D.T. REDMAN: Unless the chief executive officer of the South West Development Commission, Don Punch, can make a comment about that? Perhaps I will pass over to him.

Mr D. Punch: The board of the South West Development Commission has received a concept plan for the works in Capel. It was endorsed by the board for referral to the Growing our South committee, which has now received a business case for the proposal. It is being considered by the department as part of the due diligence of the project.

Mr M.P. MURRAY: Has any funding been set aside?

Mr D.T. REDMAN: In the Growing our South committee, although it has an unallocated banner, when decisions are made by cabinet their numbers come out because it can be formed up. In some cases, there are some indicative numbers. I am not aware of having any numbers allocated to this in the Growing our South committee. That would have been a good question to put to the regional development group. There is a process, of which Don is one of the chairs, to bring it through for prioritisation as we look at the out years and therefore a subsequent cabinet decision.

Mr M.P. MURRAY: Talking about the region itself, the second point on page 222 of the budget papers states —

Developing new industries in the town of Collie will be a major focus.

Can the minister show where any funding is available for that focus?

Mr D.T. REDMAN: Two things are happening here. First, the development commission is leading a process of the Collie Industries Futures Taskforce looking at future opportunities in Collie and industries that might be a part of the future vision for that region. The process takes into account where energy is going and both the challenge of coal being finite and the potential pressure of renewable energy targets on the mix of energy, which are coming particularly from the opposition at the federal government level.

That work is happening. Until the task force decide what those initiatives will be, we will not be able to allocate funding. However, there are some allocations, for example, for Lake Kepwari, which are some resources that have been hanging over for some time.

[12.20 pm]

Mr M.P. MURRAY: Stop pinching my questions.

Mr D.T. REDMAN: Sorry?

Mr M.P. MURRAY: It does not matter, minister; keep going. The minister is talking about an eight-year-old matter.

Mr D.T. REDMAN: The process dictates that access to the Growing Our South initiative will require submissions to go through the four chairs. The Department of Regional Development has its role, and it comes up for a cabinet decision. A number of projects have gone through that process.

Mr M.P. MURRAY: There was a line item in the last six or eight budgets, under a previous minister, for Lake Kepwari.

Mr B.J. GRYLLS: He failed!

Mr M.P. MURRAY: He said that he would have a swim with me when it was developed. He is too old now; he would need a life raft to get into the water.

Mr B.J. GRYLLS: I wear my bathers every day!

Mr M.P. MURRAY: There was a line item of around \$3 million that has now been removed from the budget. Why has that been removed?

Mr D.T. REDMAN: No; it has not been removed.

Mr M.P. MURRAY: It is not a line item anymore.

Mr D.T. REDMAN: It is not, but it is still there.

Mr M.P. MURRAY: Do we have to fight with everyone else for it?

Mr D.T. REDMAN: No; I guarantee that it is in the budget papers.

Mr M.P. MURRAY: Would the minister show me where it is?

Mr D.T. REDMAN: Just wait a minute.

The South West Development Commission is holding \$2.7 million in restricted cash. That money was provided by the previous government and it has been held by the South West Development Commission ever since. Spending it will require approval by cabinet and the Economic and Expenditure Reform Committee. It is located in “Other Payments” under the details of controlled grants and subsidies for 2015–16. Lake Kepwari comes under a state agreement, so it is subject to the Department of State Development being successful in negotiating with Premier Coal to secure arrangements for access to Lake Kepwari. Once that happens and there is a cabinet decision to mobilise that resource, it will be available.

Mr M.P. MURRAY: Given that the negotiations with the coal company are drawing to a close, hopefully, the government will be able to make a decision shortly. Will the minister guarantee the money will be made available as soon as that agreement has been finalised?

Mr D.T. REDMAN: I am advised that that resource is allocated to Lake Kepwari.

Mr M.P. MURRAY: I am asking for a guarantee.

Mr D.T. REDMAN: I cannot guarantee cabinet decisions and I do not think that the member for Collie–Preston could either. He would not be able to guarantee such an outcome if his party happens to be lucky enough to get into government in March.

Mr M.P. MURRAY: Is the minister saying that he has no power in cabinet?

The CHAIRMAN: Thank you!

Mr M.P. MURRAY: The minister has talked about the Collie Industry Futures Taskforce working with the Shire of Collie and the South West Development Commission. Can the minister show me where in the budget the money to run that task force is going to come from?

Mr D.T. REDMAN: That group will need to get to the point of making some recommendations and then those recommendations will —

Mr M.P. MURRAY: But the group has to run in the meantime.

Mr D.T. REDMAN: Is the member suggesting that I come to a number, stick it in the budget and say this is how much, before we even get some visibility?

Mr M.P. MURRAY: No; I am talking about the ongoing costs to allow that task force to continue. I think that \$50 000 or \$70 000 had been set aside previously—I am not sure about that—but at the moment I do not see any money that will allow that to continue.

Mr D.T. REDMAN: It has been funded by the development commission. I will pass over to Don Punch to comment on the funding of the task force arrangements.

Mr D. Punch: The board has approved funding of up to \$195 000 for the task force to complete the initial report and recommendations to government.

Mr M.P. MURRAY: Is that money now locked in so that it will be able to continue?

Mr D. Punch: That money is part of our operating budget and it is locked in. It is all subject to contract in terms of completion of works.

Mr G.M. CASTRILLI: I want to place on record that the CEO of the South West Development Commission, Mr Don Punch, has announced his retirement. I want to place on record my appreciation to Don for his many, many years of service as the CEO of the South West Development Commission. He has done a fantastic job in promoting the south west and has been an untiring servant of the government and made an enormous contribution to the development of the south west. At all times Don has been very professional in his approach. From me and the people of the south west, thanks very much, Don; we appreciate it.

Mr D.T. REDMAN: I concur. I think the member for Bunbury would like to get a ride on his yacht!

Mr M.P. MURRAY: Again, I refer to significant issues impacting the agency. Why is this matter not a line item? We have seen major problems in the dairy industry and an announcement from the federal government saying that half a billion dollars may be made available. What steps has the South West Development Commission taken to engage with the dairy industry to see what help it can provide in the future?

The CHAIRMAN: Is this the same page reference?

Mr M.P. MURRAY: Page 222.

Mr D.T. REDMAN: Don may be able to add some comments, but I would have thought that the primary agency for dealing with issues in the dairy industry is the Department of Agriculture and Food and, by extension, the Minister for Agriculture and Food. I am only running on what I heard on the radio this morning, which was Barnaby Joyce making some comments about concessional loans to those impacted by the Murray Goulburn Co-operative decisions in the east. I am not aware, not that I would be necessarily, of that being extended to Western Australia.

Mr M.P. MURRAY: It comes under regional development, surely.

Mr D.T. REDMAN: The whole matter is regional development, but the Department of Agriculture and Food would have had primacy, as it applies to the dairy sector in Western Australia, if there were concessional loans, because previous concessional loans in and around drought went through the Rural Business Development Corporation, which comes under the Minister for Agriculture and Food.

Mr M.P. MURRAY: I think the minister should do a bit of research on the history because the South West Development Commission has assisted such things as the cheese factory in Capel and others that relate back to that area. Surely the South West Development Commission could assist in some way, even if it is a part of the agriculture area?

Mr D.T. REDMAN: I take the member's point. With respect, I thought the premise of the question was concessional loans and where Western Australia fits, which would not have been answered. However, Don might want to comment on that sector because there is value-adding capacity in Western Australia. We certainly want to see bigger export opportunities derived from it and there are opportunities for that in the south west.

Mr D. Punch: The commission has been working directly with dairy farmers on business and financial models for the efficient operation of dairies. It has done that in partnership with Dairy WA. It has also assisted in marketing development for niche products within the fresh milk industry, in particular with Harvey Fresh and Bannister Downs. That is the extent of the commission's work to date.

The CHAIRMAN: I remind members that we have four divisions left.

Mr M.P. MURRAY: I will use the same attitude as the people before me!

The CHAIRMAN: I appreciate that, but I am just tightening the ship a little.

Mr D.T. REDMAN: On a point of order, I think that the gesture the member for Collie–Preston used is out of court and the member should be asked to retract it.

Mr M.P. MURRAY: I withdraw. The point has been made.

The CHAIRMAN: It is very gracious of the member for Collie–Preston!

Mr M.P. MURRAY: Could the minister explain the total cost of running the South West Development Commission and, to make sure that I get it right, what outputs were derived from grants and so on for funding out of the South West Development Commission?

Mr D. Punch: Minister, we may need to take that question on notice. There is some complexity in it.

Mr D.T. REDMAN: The member asked two questions. There is a royalties for regions appropriation to the South West Development Commission for its operating arrangements. I do not have that number at hand, but we can take that question on notice. I am unsure what the member is asking.

[12.30 pm]

Mr M.P. MURRAY: The second part of the question is: how many loans or grants in financial assistance have come out of the South West Development Commission? I want to see that it is getting value for money.

Mr D.T. REDMAN: There are grants that the development commission manages itself. As an incorporated body, it has its own resource, including some historical legacies that other development commissions do not have around some resources. That is information I can provide by supplementary information. If the member wants to include all the projects that are royalties for regions—funded projects that come through initiatives that the development commission has put up under things like the Growing our South Initiative, that adds another tier of interest.

Mr M.P. MURRAY: No—just directly out of the commission.

Mr D.T. REDMAN: By way of supplementary information, we will provide to the member for Collie–Preston, the regional development royalties for regions appropriations to the South West Development Commission as its operating budget. We will also provide to the member for Collie–Preston any other grants that the development commission approves through its own organisation, not projects that are royalties for regions funded through some of the statewide initiatives.

Mr M.P. MURRAY: That is fine; thank you.

[Supplementary Information No B50.]

Mr M.P. MURRAY: Can the minister explain the catchment area of the southern regional investment blueprint? I have heard statements about the south, but I never thought Cervantes and some of those other areas were in the south.

Mr D.T. REDMAN: The issue is a little confusing. Two programs run across the state or the footprint areas. One is revitalisation funds, which is the Growing our South Initiative. I think it is in here as the Southern Investment Initiative. It was a \$600 million announcement. At the start of these projects, I talked about what was funded and what was a legacy left in it. That covers four development commission areas—the Wheatbelt Development Commission, the Great Southern Development Commission, the South West Development Commission and the Peel Development Commission. Cervantes is in the Wheatbelt Development Commission area, and that means it is one of the four. We are talking south in a Western Australian sense. Four development commission areas did not have access to the revitalisation fund. A decision was made on that two budgets ago. That is starting to roll through now. Then there are blueprint initiatives, which cover the whole of the state.

Mr M.P. MURRAY: I am very clear now!

I refer to the issue of SuperTowns outlined on page 222. I thought the SuperTowns project was coming to an end until I saw that Katanning was included in one of those processes. What further funding will be allocated to finish off some of those half-baked jobs that have been started under SuperTowns? What further funding will come out of the South West Development Commission in the future?

Mr D.T. REDMAN: I do not accept there are any half-baked jobs. Any project funds have been allocated; in some cases they have been acquitted and in some cases they are still in progress with the initial allocation of the \$85 million that went to SuperTowns over the nine SuperTowns in the state. I think the criticism during the last budget from the Leader of the Opposition was that the SuperTowns project was dead. It is certainly not dead. They have growth plans for their tier 3 communities in the south west, where they lay out a plan for their communities to ensure they go on providing broader services to the regions they provide services for. Given that, firstly, they are identified as SuperTowns and, secondly, have endorsed growth plans and are part of the subregional planning strategies under the Department of Planning, they use that as a platform to make submissions for projects that unlock potential. A couple of projects have come through in this last budget. A Manjimup town centre revitalisation was one and Katanning was another of two of the SuperTowns. The main street development in Margaret River was another one with, I think, \$5.5 million. Again, none of the nine SuperTowns are exempt from bringing forward projects through their respective development commissions to be prioritised. There is no particular allocation to say this is a SuperTown allocation.

Mr M.P. MURRAY: I refer now to “Significant Issues Impacting the Agency”. The budget handed down last week contained significant moneys for a ring-road around Margaret River. What process was used through the

South West Development Commission to rate that higher than the Bunbury ring-road to allow people to get to Margaret River?

Mr D.T. REDMAN: A number of projects came through the Growing our South Initiative. Four chairs sit on the group who determine priorities across those four development commission areas. That was one of the projects that came through. It is an interesting question because just after the budget, I was on Regional Drive with the Leader of the Opposition and I think he put the question to me about funding the ring-road around Margaret River. He asked, “Why is Main Roads not doing it? It should be Main Roads’ formal responsibility.” My response was twofold. First, if we gave it to Main Roads—I think it was about a \$60 million project—where would it spend \$60 million? It would not be the Margaret River ring-road. I make the point that those sorts of projects would not get on the agenda if it was not for royalties for regions.

Mr M.P. MURRAY: A Bunbury ring-road might have helped people get there.

Mr D.T. REDMAN: Secondly, for a significant regional centre, which is iconic in the sense of tourism in the south west, getting trucks and so on off the main streets has been a big priority and came through the process of identifying projects through the Growing our South Initiative.

Mr M.P. MURRAY: Is there any truth that there is an internal fight within the Liberal–National government about whether it will be “Redman Drive” or “Barry House Drive”?

Mr D.T. REDMAN: I hardly think this is anything that relates to the budget papers.

The CHAIRMAN: That is not a question.

Mr D.T. REDMAN: Mr Chair, I ask that you put the question.

The CHAIRMAN: I am putting the question for the division.

The appropriation was recommended.