

MUCHEA SALEYARDS - COST

**1031. Hon MURRAY CRIDDLE to the Minister for Agriculture and Food:**

I refer to the minister's indication on 13 September 2006 that the cost of the Muchea saleyards in 2004 was \$16 million and that the costs have now blown out.

- (1) Will the government proceed with that facility?
- (2) If so, what is the current estimated cost of the completed facility?
- (3) If not, will the government now fund the Northam saleyards and the Katanning saleyards?

**Hon KIM CHANCE replied:**

I thank the member for some notice of this question.

- (1) The implications of increased cost estimates for the Midland relocation project and options to contain costs will be considered by cabinet, hopefully, around the end of this month. I will be able to provide further information following this. As I have indicated in the past, we are now in what is called stage 2 of the Muchea consideration. It is a vital stage when we bring to book all the costs - there are very considerable cost increases, as the member might imagine - and make a determination on how we will proceed, and, indeed, if we will proceed, with the proposal as it is currently understood.
- (2) I cannot give the member a reliable estimated cost. I can say that there have been estimates between \$30 million and \$32 million. I can say that on the information I have those numbers are about right; indeed, some have been lower than that and some have been higher. Until such time as we have precise information, and we are still in the pre-tender stage, as the member will recall, I cannot be more specific than that. Those lineball figures of \$30 million to \$32 million are about right; that is, effectively a doubling of the earlier indicated cost. That has come about for a range of reasons. Although it is certainly disappointing to me that those costs have blown out in the way they have, I am happy on two grounds: first, that we know about it before we start construction. I would hate to have been caught midway through the construction of the facility and to have found out about those costs or have contractors going broke as a result of their absorption of those costs. Second, although the anticipated costs of the Muchea facility have greatly increased, so also has the value of the land that we will be selling to pay for those costs; indeed, that land value has probably escalated at a somewhat faster rate than the construction costs. We are in the process now, which should come as no surprise to anyone because the government clearly enunciated where it would be in the stage 2 proposals, of making a critical assessment of how to go forward.
- (3) As for the Northam and Katanning saleyards, the government recently announced its saleyards strategy, which is basically to focus on Muchea, Katanning, Plantagenet or Mt Barker, and a single south west saleyard. That remains its focus. Other saleyards, particularly that at Katanning, have been caught in the same cycle of increased costs as the government has. The fact that the single south west saleyard does not have a time line or comfort zone as broad as I hoped it would, means that I think we must now look at building that facility on a much earlier time scale. I think it is now appropriate to look at all four facilities in the same context rather than try to deal with them individually. We have a little way to go on that but it will be a good outcome when we get to the end of the process.