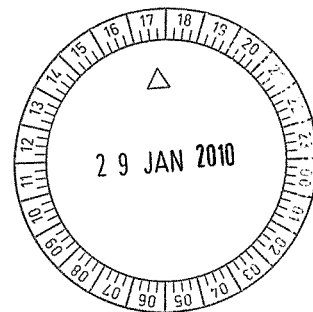


Answers to Questions on Notice -  
Legislative Council 2009/10 Budget  
Estimates Ongoing Hearings

**Pilbara**  
Development Commission



## STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS ADDITIONAL QUESTIONS FOR 2009/10 ONGOING ESTIMATES HEARING

Friday 4 December 2009  
Ministry of Regional Development

Questions Nos 1 to 8: Hon Ljiljanna Ravlich MLC asked:

1. I refer to an apparent omission in the Budget papers for the Pilbara Development Commission and that is a reference (or lack of reference) to the Gorgon development and ask:
  - 1.1 Is the Commission involved in any way with the myriad of aspects of the Gorgon development and what are the details of that involvement?
  - 1.2 Has the Commission done any projections as to the likely impacts of the Gorgon development on social, economic and environmental aspects of the region and if so:
    - 1.2.1 What are the details of those projects?
    - 1.2.2 What plans have been made to meet the likely challenges resulting from the development?
  - 1.3 Does the Minister consider it remiss that the Budget papers for a development commission contains not a single mention of what is estimated to be the single biggest development this State has ever seen?
2. I refer to page 297-98, Significant Issues Impacting the Agency, the first dot point mentioning provision of affordable housing, the third dot point mentioning staff attraction and retention for state agencies and the statement by the Minister in the Lower House estimates hearing that the Commission needs some extra support and that "we almost need an extra Treasury appropriation to allow the Pilbara Development Commission to do its work". This sounds exactly the sort of situation that Royalties for Regions was designed for, to counter the disadvantages faced by some regional areas and so I ask:
  - 2.1 Does the Minister have plans to direct Royalties for Regions funds towards some action to address this problem, for example for subsidized housing to attract public servants, free rent as was promised, or an extended district allowance or some other solution and if not why not?
3. I refer to page 301 and the items Net Cost of Services, Total Income from State Government and Surplus/(Deficiency) for the period and ask:
  - 3.1 Is it the correct interpretation to say that your costs exceed your income and you have a shortfall of \$1.077m for the 2009/10 year?
  - 3.2 If this is a correct interpretation, how is that shortfall covered?
4. I refer to page 296 under Major Policy Decisions the line item for Regional Grants Scheme 2008-09 of \$4.4m and the list of successful Regional Grant Scheme Projects approved 2008-09, from Royalties for Regions and ask:
  - 4.1 Can the Minister explain why the allocation for the Regional Grant Scheme is listed as \$4.44m on Page 296, but \$4.329m on page 301?

- 4.2 The approved projects listed on the website totals \$3,334,551. Can the Minister explain the difference between the total of approved grants and the \$4.4m?
  - 4.3 Have other funding grants been approved to take up the difference and if so what are the details and amounts of the extra grants and why are they not listed on the website?
  - 4.4 Can the Minister indicate where in the Budget Papers the difference between these two amounts might be located?
  - 4.5 If the difference is not allocated to grants for 2008-09, what happens to it – does it return to consolidated revenue, can it be banked for the following year or is there some other provision?
  - 4.6 If the difference is unallocated, it means that the Commission was unable to find suitable projects to allocate \$4.4m in 2008-09, so what likelihood is there of finding suitable projects for the \$7m to be allocated in 2009-10?
5. Has the Commission done any work on population projection for the next 10 years and if so can they be tabled.
6. Has the Commission done any work on likely resources (infrastructure, staffing, funding etc) needed to meet those population projections in:
- 6.1 Health
  - 6.2 Education
  - 6.3 Police and Emergency Services
  - 6.4 Housing
7. Can the Commission table its:
- 7.1 Strategic Plans?
  - 7.2 Operational Plans?
  - 7.3 Any documents on Infrastructure needs for the region and any associated costings or estimates?
8. Has the Commission done any work on determining priorities for the region in terms of what their local communities want to see, and :
- 8.1 What are the priorities?
  - 8.2 Funding required to meet each of those priorities
  - 8.3 Estimates of what will be received in appropriations in the forward estimates from Government?
  - 8.4 Any likely shortfall over those years – itemized according to the listed priorities

## Answers:

- 1.1 The Department of State Development is the lead agency coordinating the Gorgon project from a government perspective.

However, a key role of the Commission is to support the economic and social development of the region and the agency has an important role in providing local intelligence to departments such as the Department of State Development.

In the case of the Gorgon project, the Commission has participated in Chevron's regular Community Committee Meetings, which have generally been held in Onslow, over a period of approximately three years as and when available. The Commission also provided comment to the Chevron Gorgon Social Impact Management Plan.

- 1.2 Not for the Gorgon project in isolation.

However the Commission has played a key role in the development of a number of broader reports and briefings to Government identifying the impact of the rapid growth in the resources sector across the region and priority actions to support its sustainable future. The Gorgon project was considered in the development of these reports and briefings.

For example, in December 2008, the Commission partnered with the Pilbara Area Consultative Committee and the Pilbara Regional Council to develop the "Pilbara Plan", a document that identified the critical projects necessary to meet social, economic and environmental goals, including the maintenance and improvement of economic output from the region, as a result of the continued growth in the resources sector. The Plan was an outcome of the very successful "Riding the Boom" Conference held in Karratha in May 2008 of which the Commission was a major sponsor

Earlier in 2008, the Commission played a key role in the Shire of Roebourne's Karratha 2020 Vision and Community Plan (K2020) and contributed the majority of funds to its development. K2020 is a strategic planning document and was initiated to address the impacts of growth in the town of Karratha as a result of the expansion of the oil and gas and iron ore sectors.

More recently the Commission has partnered with the Department for Housing to undertake an in depth study of current, latent and future housing requirements for the Pilbara based on major projects such as the Gorgon Project.

The Commission was a sitting member of the Pilbara Industry's Community Council which was established in 2006 by the Chamber of Minerals and Energy and the State Government to bring together Pilbara Industries and the state, federal and local governments to work in collaboration to address issues impacting the sustainability of the Pilbara region. Chevron was a member of the Council.

- 1.2.1 The joint study being undertaken by the Commission and the Department of Housing in relation to the impact of the Gorgon project on housing requirements in the region has not been completed.

In relation to the Commission's participation on the Pilbara Industry's Community Council, work was undertaken to project likely population increases in the region, including the Shire of Roebourne as a result of projected expansion of the resources sector.

- 1.2.2 A range of plans have been initiated to address the impacts of major developments in the region, including Gorgon and particularly under the Royalties for Regions program.

For example in May 2009, the Minister for Regional Development; Lands announced the \$300m Pilbara Revitalisation Plan funded through the Royalties for Regions program. Funds from the Pilbara Revitalisation Plan will support the implementation of selected projects that have been identified in development plans including the Karratha 2020 Vision and the Pilbara Plan.

Additional funding of \$10m has been allocated to upgrade Nickol Bay Hospital to improve health services and staff accommodation. The funds have been allocated to address increasing population and demand for services in the West Pilbara as a direct result of the rapid pace of resource development. To further support health services, the RFDS received an allocation for the purchase of a new aircraft to be based in the Pilbara and a significant contribution to support its operations.

Substantial funding has been allocated to address the shortage of government employee housing in the region and to support innovative measures to provide access to affordable housing for key workers.

- 1.3 No. As previously explained, the Commission is working with other stakeholders to address impacts of the Gorgon and other major projects in the region through a number of studies.

- 2.1 Royalties for Regions funding has already been allocated to assist in addressing the challenges in the Pilbara. For example \$400m has been allocated from the Program towards supporting the development of new government employee housing in regional areas. The Pilbara will receive a significant proportion of this housing. Additional Royalties for Regions funds have been directed to supporting innovative solutions to provide affordable housing for key workers in the region.

Over \$80m has been distributed from the Pilbara Revitalisation Plan budget to the four local government authorities in the Pilbara to support priority community infrastructure projects. These projects have been identified as being critical measures to support attraction and retention of their communities by making them more attractive places to live and work.

Discussions with the Department for Regional Development and Lands are underway regarding the opportunity for Royalties for Regions funding to be allocated to support the Commission to meet the challenges of working in a rapid growth region.

- 3.1 Yes.

- 3.2 The budget papers at page 301 show the Commission's funding to be \$1.073 million less than its expenditure. The primary reason for the shortfall is that grant expenditure exceeds grant revenue by \$1.1 million.

However, this amount is funded by use of restricted cash (carryover committed grant revenue) as shown on the second line of the Balance Sheet on page 302. Hence, line 2 shows a reduction in the balance from \$1.200 million in 2008-09 to \$0.100 million in 2009-10.

- 4.1 The total amount provided to the Commission was \$4.440 million of which 2.5% or \$111,000 was allocated to assist in funding corporate costs incurred by the Commission administering the Scheme leaving \$4.329m.

- 4.2 Of the \$4.440m allocated to the Commission, \$3.5m was advertised for allocation via a competitive process. Subsequently 42 projects were approved for a total value of \$3,334,551. The remaining funds were retained pending identification of additional strategic regional projects.

- 4.3 Not at this time.

- 4.4 The difference between the two amounts is not in the budget papers. The budget papers only identify the expected expenditure in total.
- 4.5 The difference is held in the Commission's restricted cash in its bank account.
- 4.6 The Commission received 73 applications to the 2008/09 grant round requesting funds totaling over \$10m with forty two applications approved to be funded. The Commission continues to promote the R4R Regional Grant Scheme and expects the 2009/10 round to be extremely competitive.
5. In August 2008, population predictions to 2015 were prepared for the Pilbara Industry's Community Council – the Commission was a sitting member. These figures have been adopted by the WA Planning Commission. The Member is also referred to the response given to supplementary question A4.

The Commission is working closely with the ABS in preparing an improved approach to collecting population data across the Pilbara at the 2011 Census.

6. The Commission is a member of the Pilbara Regional Planning Committee which has been established by the WA Planning Commission and has a vital role in developing regional priorities and policy settings for the region. The population predictions are being used by the Committee in planning for the Pilbara.
- 7.1 No, the Commission's Strategic Plan is currently under review and can't be provided at this moment in time.
- 7.2 No, the Commission's Operational Plan is also currently under review and can't be provided at this moment in time.
- 7.3 No.
8. A number of documents have been developed in recent years that look at determining priorities for particular local government areas of the region, however there is limited documentation for the Pilbara as a whole. Whilst not a definitive document, the Pilbara Plan has identified needs for the region and associated costs as a result of an amalgamation of existing strategies and plans including those prepared by the four local government authorities.

The Commission works with a range of agencies and groups that represent the Pilbara community such as the Pilbara Regional Council, Pilbara Regional Planning Committee, and the four local government authorities in order to contribute to the identification of regional priorities.

The Pilbara Regional Planning Committee is progressing the development of a regional framework with the support of Department of Planning, WA Planning Commission and the Pilbara Development Commission as key stakeholders.

- 8.1 The priorities vary across local government boundaries and between organisations. The Pilbara Regional Planning Committee's work should result in formalising and collating the priorities.  
The Commission's Strategic Plan identifies the agency's goals and objectives to support the delivery of these priorities.
- 8.2 A number of the documents identify likely funding requirements to achieve priority outcomes. Where the Commission is working on priorities as identified in its Strategic Plan it undertakes to work with stakeholders to achieve the funding required.
- 8.3 The Commission has not undertaken this work.
- 8.4 The Commission has not undertaken this work.