

Mr Tony McRae; Chairman; Mr Mark McGowan; Mr John Castrilli; Mr Terry Waldron; Mr John McGrath; Mr Paul Papalia; Dr Judy Edwards

Division 54: South West Development Commission, \$7 420 000 —

Ms D.J. Guise, Chairman.

Mr M. McGowan, Minister for South West.

Mr D. Punch, Chief Executive Officer.

Mrs V. Cartwright, Chief Finance Officer.

The CHAIRMAN: The member for Riverton has the call.

Mr A.D. McRAE: Can I call you chair of committees in your role?

The CHAIRMAN: I will answer to either.

Mr A.D. McRAE: I was able to witness the work of the South West Development Commission during a trade mission to Western Australia's sister state in China's Zhejiang Province last year, which Don Punch also attended. I compliment him on his work on behalf of the commission in the course of that delegation. Does that represent one of the significant achievements of the 2007-08 year; and how does it relate to the future trends in the trade expansion of this government discussed under "Significant Issues and Trends" on page 907 of the *Budget Statements*?

Mr M. McGOWAN: Thank you for the question, member for Riverton. I do not think it is listed under "Significant Issues and Trends", but it is significant that the South West Development Commission has facilitated relationships between the south west and China. It means there is now a direct relationship between the Jiaying Economic Development Zone and the South West Development Commission. I think I launched the promotion they were doing, which was all about wines, cheeses and produce from the south west and opening up markets. It is a good role for the development commission to help do that.

Mr G.M. CASTRILLI: It is a good relationship, given I was involved when it was first set up.

Mr M. McGOWAN: Yes; excellent.

Mr A.D. McRAE: Is there ongoing negotiation or trade development? Is the minister seeing any inbound investment flowing from that particular exchange or like exchanges?

Mr D. Punch: There have been a number of follow-up visits from businessmen from Zhejiang Province. They have had interests in hotel developments and various land opportunities. There has also been interest in educational exchanges. Students have enrolled at Bunbury Cathedral Grammar School and there has been an interest in Edith Cowan University for graduate courses. A business delegation returned to Zhejiang Province from Bunbury, led by the Bunbury Chamber of Commerce and Industries. I am advised that that has led to three or four trade deals being developed. There has also been a visit from the Shanghai Power Company to look at opportunities for Collie coal. Later this year, we are also following up with a "Bunbury on Show" exhibition in Zhejiang, and that will show the best of what Bunbury and the south west has to offer from a premium products point of view.

Mr A.D. McRAE: I was particularly interested to hear the detail of business deals that resulted from those kinds of exchanges, because we sometimes hear, I think, cynical and unproductive comments from the media about the value of these trade and business delegations. Here is evidence of clear results and direct benefit to the south west of Western Australia.

The CHAIRMAN: Lucky it is late and I am in the mood for the occasional speech—not really; not to be encouraged, though!

Mr G.M. CASTRILLI: I refer to the details of controlled grants and subsidies on page 916, particularly the line "Information Technology in the South West", for which the budget for 2007-08 is \$243 000. That amount was allocated through the South West Development Commission for My South West, which is an independent corporate body. I think almost \$2 million of public funds was put into it. If for some reason that independent incorporated body ceased to operate or was in the process of winding up or stopped doing what it is doing, what would be involved in the wind up? More specifically, what would happen to the technology; and who would have first option on it, if any?

Mr M. McGOWAN: I recall playing a role in 2005 as part of Connect South West. The notion was to establish a group of portals in different communities around the south west that are business oriented. People could sell products and access local products rather than go further afield for them. I thought the idea was good. From memory, individuals and individual businesses could sort of connect and set up their own portals as part of it. I think some south west opposition members of Parliament might have done that.

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Mr G.M. CASTRILLI: What sort of portals were they?

Mr M. McGOWAN: Some sort of connections or websites connected as part of it. I seem to recall that some of the member for Bunbury's colleagues may have done that, as part of it, but I can check that. That was the process to sort of connect the entire south west. As the member said, a couple of million dollars were allocated towards it. The idea was that it become self-sustaining through income it might generate, and, at some point in time, if it was not self-sustaining, it would then revert to the Bunbury Chamber of Commerce and Industries as the operator of the system. That was my understanding of it. A lot of the money—about \$2 million—was for training in e-commerce for businesses in the south west, seniors and so on.

[9.10 pm]

Mr G.M. CASTRILLI: If it reverts to the Bunbury Chamber of Commerce and Industries, what will be the purchase price, if any, or what other arrangement is in place for that? Obviously, it will have a first option.

Mr M. McGOWAN: I will ask Mr Punch to answer.

Mr D. Punch: The portal was primarily set up as an accelerated development option for business to go into e-commerce. If it has to revert to the Bunbury Chamber of Commerce and Industries, it means that it is not making sufficient money to stand on its own two feet and needs an organisation to auspice it. The arrangement under the constitution is that it would pass back at a nominal, peppercorn value. It was originally sold by the Bunbury chamber of commerce to Connect South West for \$1. It is essentially an arrangement to try to keep the portal going from a sustainability point of view, so that it continues to provide a benefit to community organisations and businesses in the region.

Mr G.M. CASTRILLI: When it was first set up, was it set up as a government enterprise or as a private enterprise, similar to the chamber of commerce, if I can classify it as a private enterprise?

Mr M. McGOWAN: I will get Mr Punch to answer.

Mr D. Punch: The portal for the south west was established by the Bunbury Chamber of Commerce and Industries using a small amount of money from the commonwealth government. The Connect South West initiative, which was part of the South West Online initiative, was a strategy to accelerate and add value to a portal for the whole of the community. It was agreed at that point that it was better to build the portal that the chamber of commerce had already established but to place it into an incorporated organisation so that it was separate from the chamber of commerce. Connect South West, an independent, not-for-profit, incorporated body, was established. Its aims and objectives are essentially to accelerate e-commerce development in the region.

Mr G.M. CASTRILLI: Given that no further allocation has been made for this initiative this year in the budget, I assume that means that no more than the original \$2 million will be put in.

Mr M. McGOWAN: As far as I understand it, there was a single, one-off grant. Mr Punch might be able to expand on that.

Mr D. Punch: The aim was to get the portal to a point at which it could be sustainable. A considerable amount of work took place in the past year. The projected cash flow suggests that it will be sustainable once the government assistance expires.

Mr T.K. WALDRON: I refer to the first dot point under "Major Achievements For 2007-08" on page 909 of the *Budget Statements*, which states —

Commenced establishment of a South West sports academy in partnership with the Department of Sport and Recreation and the South West Chambers of Commerce and Industry.

Can the minister advise whether the sports academy has been established? If so, how is it going? Has any thought been given to establishing similar academies in other areas of regional Western Australia?

Mr M. McGOWAN: An idea was brought to me last year that we might participate in the concept of developing a sports academy in the south west. From memory, the chap pushing for it was Rolf Stene, who is a significant identity in the south west. I thought it was a good idea. I asked the South West Development Commission to free up some funds to become a core sponsor of the facility. The academy will focus on only three major sports.

Mr T.K. WALDRON: Which sports?

Mr M. McGOWAN: I do not think we have announced them yet. That will be announced shortly. It will cover three main sports. We sought sponsorship from others. We have media partnerships with Win Television and South West Printing and Publishing Company Ltd. We expect it to open soon. I also understand that some mining companies in the south west are involved. The project has received \$240 000 in corporate sponsorship on top of funding of \$140 000 from the state. It is tracking well towards an opening later this year. Would we look

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at doing it elsewhere? Certainly, if local communities and development commissions wanted to. It is a little easier to do this in the south west because it has a higher population density than other regions. For instance, the wheatbelt is about 1 000 kilometres long. It would be hard to do the same thing in the wheatbelt, I would think.

Mr T.K. WALDRON: It will be interesting to see how it goes, and I will watch it closely. It is an excellent idea. I am glad that the minister is supporting it and that it is getting other support.

Mr M. McGOWAN: It is a great concept. Bunbury is obviously a major centre, but it is not just a Bunbury initiative; it is for the entire region. Bunbury is not that far from anywhere in the region. If someone who lived in Tambellup wanted to go to a sports academy in Geraldton, it would be a little difficult.

Mr T.K. WALDRON: Yes, but I reckon it has a future elsewhere. The minister is right about the population density in Bunbury. We will see how it goes. It is a good initiative.

Mr J.E. McGRATH: Having looked at the major initiatives in this division, I must congratulate the South West Development Commission. The minister must feel like Prince Leonard of Hutt River with his own little development commission down there in the south west.

Mr G.M. CASTRILLI: I do not think he would want to be compared with him.

Mr J.E. McGRATH: The South West Development Commission is achieving more than the state government in many areas on only a \$7.4 million budget. Wearing my hat as shadow Minister for Housing and Works, and being aware that Bunbury has one of the most severe housing affordability problems in the state because it is growing so rapidly, I am interested to see that one of the major initiatives of the commission for 2008-09 is to develop an affordable housing strategy. How much funding will be allocated to the development of this strategy? What areas are considered to be in most need? How does the commission plan to achieve this? The reference in the *Budget Statements* is the last dot point on page 910.

Mr M. McGOWAN: I thank the member for his compliment to the South West Development Commission. I do not feel exactly like Prince Leonard. He is dead, is he not?

Mr T.K. WALDRON: No, he is still going.

Mr M. McGOWAN: He is still going. Okay, I have more in common with him than if he were dead. The development commission model has often been criticised, but my experience with the South West Development Commission has been that it is a very effective and responsive organisation that is quite appreciated by people in the south west. It does a very good job with very few staff. I have been quite happy with it. I will ask Mr Punch to talk about the development of an affordable housing strategy. To give a broader picture, under the budget 93 new public houses will be built in the south west, predominantly in Bunbury. There are also all the other housing initiatives, such as stamp duty cuts, that we hope will make a difference.

Mr D. Punch: We are working up our steering committee with representatives from the Department of Housing and Works, the Department for Planning and Infrastructure, local government and developers. The aim is to look at a framework for impacting on planning and housing forms so that we start to look at new models of housing diversity. We will look at houses that have options for better sharing within their design, so that people can get equity out of boarding arrangements. The sort of housing that has been built elsewhere includes houses with an attached granny flat that can be used for boarders, which helps to lift income from an affordability point of view and potentially provides accommodation for singles. We are looking at diversity of housing construction, housing forms, planning frameworks and development approvals around those things so that we can get different sizes of housing and different construction styles and can reduce the overall cost of housing. That is one strategy. Improving the potential for people to earn income from their housing is another strategy.

Mr J.E. McGRATH: I heard the minister say that some houses will be built out of the commission's own budget.

Mr M. McGOWAN: No.

Mr J.E. McGRATH: Not out of that budget. Will it come out of Homeswest's budget?

Mr M. McGOWAN: Yes. I was just giving a broader picture.

Mr J.E. McGRATH: That is fine. How much capacity does the minister have to influence the Department of Housing and Works to spend money in the south west on more affordable housing?

[9.20 pm]

Mr M. McGOWAN: I think the Minister for Housing and Works is very aware of the demand around the place, and I have spoken to her about it myself. This strategy is about working with developers. It is about the initiatives that Mr Punch outlined about working with developers.

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Mr P. PAPALIA: I refer the minister to a number of dot points on pages 910 and 911 under major initiatives. I note that one refers to partnering with the Shire of Augusta-Margaret River to develop Witchcliffe and Gracetown. Another refers to intensive agricultural futures at Harvey. There is one about implementing local jobs for local people under the Pinjarra-Brunswick sustainability strategy. There is another about the Escape for a While tourism strategy for the Harvey region. However, I do not see any mention of my favourite town in the south west, Burekup, and its Shire of Dardanup. I wonder whether the South West Development Commission has any active plans for or intention of providing some sort of assistance for that council, and my favourite town, outside my electorate.

The CHAIRMAN: The member for Peel is heading in the direction of the member for Victoria Park. That is not a good look!

Mr M. McGOWAN: Burekup's favourite son is the member for Peel, and I think it is about time he went back there. I need a special ambassador for Burekup, and I think he might be the ideal person. Off the top of my head, I am unaware of any special initiatives for Burekup. In the northern part of what might be termed greater Bunbury—although residents of Burekup may be offended by my saying that—the government is doing a range of things. I am not sure that it is within the boundaries, but we just dredged the mouth of the Collie River. That has been a longstanding issue in that region. We announced the new \$11 million school at Kingston, which I think is also in that shire.

Mr G.M. CASTRILLI: It is in the Shire of Harvey.

Mr M. McGOWAN: It is in the general area. The boundaries around that area are difficult to establish. We are expanding years 11 and 12 at Eaton Senior High School. I just made a grant of \$56 000 or thereabouts to rebuild the Ferguson Valley Hall.

Mr P. PAPALIA: They are doing something at Gnomesville as well, are they not?

Mr M. McGOWAN: I visited Gnomesville, which is about the extent of my commitment to Gnomesville.

Dr J.M. EDWARDS: It is a great place; I have been there.

Mr P. PAPALIA: Who is the minister's favourite gnome?

The CHAIRMAN: Please! Some of us would like to go home tonight.

Mr M. McGOWAN: There was one that looked a lot like the member for Collie-Wellington!

We worked on the Eaton town site plan with the council, and some money has been spent on the Leschenault sports field.

Mr P. PAPALIA: I thank the minister; he has reassured me.

Mr G.M. CASTRILLI: I refer again to page 916. I do not know whether the minister wants to take these matters together or separately. The table on that page shows an amount for other payments of \$271 000 and an amount of \$500 000 for the regional development scheme. I noticed that these amounts drop off to nothing in the out years, as I notice does the overall budget for the South West Development Commission, but that is another question. I would like the minister to give me a breakdown of those items and exactly what they represent. What projects have those funds been allocated to, and what projects have requested funds?

Mr M. McGOWAN: What often happens is that projects may have a four-year life. The regional development scheme shown on this table is an example. It looks like it is dropping off, but it depends on whether the government renews it. Higher up on that list the member will see an item for the Back Beach development in Bunbury, which concludes this year. Often one-off programs or grants lift the budget and make it look fairly lumpy. I am unaware of what the line item for other payments refers to. It is an allocation of money that allows us to come up with funds for projects as they arise. An example that might fit within this category occurred when the City of Bunbury came to see me late last year about the digital technology project at the library, and asked if we could free up some money to help. I freed up, from memory, \$550 000. It was never an allocation, but it came out of money that we had and allowed the project to proceed. It allowed us to respond quickly to a demand in the member's electorate.

Mr G.M. CASTRILLI: Is that also the case for the \$500 000 in the line item for the regional development scheme?

Mr M. McGOWAN: That program had a four-year life. As I said, the life of the project has expired. The government may renew it, or it may not.

Mr G.M. CASTRILLI: Are specific projects attached to that \$500 000 at the moment?

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Mr M. McGOWAN: Not at this stage. I opened applications recently. I think I announced recipients in 2005 and 2007, and I will do so again this year. There is an application process, and the recommended grant recipients are brought forward by the development commission board, which examines all the applications. It is a great scheme that allows us to do some great things. I do not interfere in that; the commission makes the decisions.

Mr G.M. CASTRILLI: Although no money has yet been allocated to projects, have any applications actually been received for funds out of that amount?

Mr M. McGOWAN: We opened applications on the Friday after the budget was brought down, which is a little over a week ago. I am unaware of whether any applications have yet been received. Applications close on 30 June.

Mr G.M. CASTRILLI: Are any carryover projects put into the mix, or do they have to reapply?

Mr M. McGOWAN: Those that missed out have to apply again. It actually has a very good strike rate for the number of applicants. More than half the applicants receive grants.

Mr G.M. CASTRILLI: The minister said that the \$271 000 line item is money that has been put aside in case something comes up that the minister thinks is worthy of support, so none of that has been allocated—or is it intended to be allocated at this time?

Mr M. McGOWAN: If the member has any good ideas, he should not hesitate to bring them forward.

Mr T.K. WALDRON: I refer to the line item on page 911 that reads —

Review intra-regional passenger transport services with the Public Transport Authority.

The review is for intra-regional passenger transport services. Has the minister or the South West Development Commission considered extending that project to adjacent regions? As a member for an inland electorate, looking at the Albany Highway line, I see a real lack of public transport going from east to west, to the busy centres of Bunbury and Busselton, to which a lot of people in those regions want to go, particularly for health and other services. It is a real issue in my area. I wonder whether, when the review takes place, the minister would consider looking at those services. We talk about development in the south west region, and such a service could be a boost to development. It would also provide much-needed public transport from my region to the coast and those major centres.

[9.30 pm]

Mr M. McGOWAN: Would that not mean people leaving the member's region to shop in Bunbury?

Mr J.E. McGRATH: They would never go back!

Mr T.K. WALDRON: A lot of people have to go to Bunbury because they have children at school or for education, such as apprenticeships. Of course they would come back to my region because it is such a good region and it is very well represented! Transport is a real issue. People go there for sporting events, and they may go there if shopping for major items. People have to travel there for health reasons. For instance, we do not have things such as dialysis machines or computerised tomography scanners because the hospitals are not that well equipped. Therefore, people have to go to that centre. It is a fact and a real issue. I saw that in the *Budget Statements*, and I thought if the department is looking at the intra-regional services—obviously they need to be looked at—why not also look at —

Mr M. McGOWAN: I will ask Mr Punch to raise it with the review —

Mr T.K. WALDRON: Will either the minister or Mr Punch comment on that lack of transport between those regions?

Mr M. McGOWAN: I will. It is always about demand. It is about the costs for the demand. We are a government that is pretty strong on public transport, but it took a long time to get a railway in the southern suburbs, even though 450 000 people live there. To get a bus service out to Wagin from Bunbury would be more difficult. Is that what the member is suggesting?

Mr T.K. WALDRON: We have excellent bus services running north and south all the time along the major highways, but there is no connection in between that goes the other way. Maybe the minister is right and maybe the demand is not quite there, but if that review is happening, it is something for it to look into, even if it is for only a once-a-week service. That service could be for people—particularly elderly people—who have to go to Bunbury for medical reasons and to visit family etc.

Mr M. McGOWAN: I would love to provide that service, but it is always about the demand versus cost. If I make these —

Mr T.K. WALDRON: Maybe if it could be looked at as part of that review.

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Mr M. McGOWAN: I will ask that it includes that in the review.

Mr T.K. WALDRON: Thanks for that.

Mr J.E. McGRATH: The second dot point on page 911 under “Investing in Infrastructure and Place” refers to the commission commencing development of a south west infrastructure plan. What would be the scope of this plan and which areas of the south west is it considering?

Mr M. McGOWAN: I will ask Mr Punch to respond to that question.

Mr D. Punch: We, and all the infrastructure agencies, are revising the list of key infrastructure developments in the region. The aim of this piece of work is to look into opportunities to bring infrastructure planning together so that we can see from a wider perspective what is happening with water distribution, power distribution and road distribution, and consider whether, when works take place, savings can be made through the coordination of activities in those areas.

Mr G.M. CASTRILLI: The first dot point on page 910 under “Investing in Infrastructure and Place” states —
Achieved a funding commitment from the Commonwealth Government for the Bunbury Outer Ring Road.

I understand some commitments have been made and I am aware of certain moneys that have been committed, but I could not see anywhere in this year’s state budget where there was even a mention of a commitment from the commonwealth government on the outer ring-road; nor was there mention of state money being allocated to the outer ring-road. When did the commonwealth government give its commitment to the Bunbury outer ring-road and what was the amount of funding secured? Also, to what stage was that money allocated—was it the port access stages 1 and 2 or the outer ring-road stage 1?

Mr M. McGOWAN: As the member recalls, during the last federal election campaign the federal opposition—as it then was—committed \$136 million towards Bunbury outer ring-road, which was the first and only federal funding commitment to that project. It is a significant program for the people of Bunbury. The state government committed \$34 million, which makes a total of \$170 million. That funding is for stage 1 of the port access road; it is sort of a joint project. That would take the road from the port to South Western Highway.

Mr G.M. CASTRILLI: I have a further question. The money that has been committed will complete stages 1 and 2 of the port access road, as I understand it, plus stage 1 of the outer ring-road. I understand that those commitments have been made, but I did not read anything in the budget—not even in the preamble—to indicate that that commitment has been put in writing.

Mr M. McGOWAN: Is the member referring to the federal budget?

Mr G.M. CASTRILLI: The federal government has promised \$136 million and the state government has promised \$34 million, which will complete stages 1 and 2 of the port access road, and only stage 1 of the Bunbury outer ring-road. I understand that those commitments have been made—verbally or whatever—but I did not read anything in the budget papers to verify that, and that is the basis of my question. I want to know when the funding was committed by the commonwealth, and how much money is allocated to each of those stages I have outlined. I could not see anything in the budget papers.

Mr M. McGOWAN: I have not read the federal budget, but it is my understanding that it was a commitment by the commonwealth during the election campaign, and I expect it will adhere to it. The advice that I have on the state government’s commitment is that \$34 million has been committed by the state, but the member will probably need to drill into that with the Minister for Planning and Infrastructure.

The CHAIRMAN: Correct.

Mr G.M. CASTRILLI: I have a further question. In the budget papers Main Roads Western Australia has a budget allocation of \$68 million for the Perth-Bunbury highway, port access road stage 1, so there is a bit of confusion about where it is all coming from. That is why I asked where it is in the budget papers.

Mr M. McGOWAN: That is why it will probably be better if the member asks the Minister for Planning and Infrastructure.

The CHAIRMAN: The member will not find that under this division. He will have to take that question up with the Minister for Planning and Infrastructure.

Mr G.M. CASTRILLI: I will take it up with the minister, thank you. However, I asked the question because it is listed in the South West Development Commission division. Page 910 states that the commission achieved a funding commitment from the commonwealth government. I am asking the question about that point.

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Mr M. McGOWAN: Yes. It made a commitment during the federal election campaign, which was good. I have heard Prime Minister Rudd say that the government has been delivering on all its commitments, and I have not heard many contradictions to that. I think that is what it refers to.

The CHAIRMAN: If the member wants to ask about the state's contribution, he should take it up with the minister who has carriage of roads. Are there any further questions on this division?

Mr G.M. CASTRILLI: I have a follow-up question. On page 911, the fourth bullet point under "Investing in Infrastructure and Place" states —

Complete the South West Water Plan in partnership with the Department of Water.

What was the role of the commission in preparing that plan; exactly what input or recommendations were made by the development commission to the Department of Water for this plan; and, when will that be completed?

The CHAIRMAN: Let us do one question at a time, then, perhaps, I will return to the member.

Mr M. McGOWAN: I will ask Mr Punch to respond to that.

Mr D. Punch: We undertook some preliminary work for a south west water plan some 18 months to two years ago. That involved an audit of the water sources and water distribution frameworks within the south west as a whole. Subsequently the government announced a commitment to develop a regional plan for all regions, and the south west was the first region to undertake that review. That work is now led by the Department of Water, but one of our officers is allocated to that work on a part-time basis. That officer is providing technical advice on industry needs for the region, particularly from a mining sector point of view but also from an agricultural perspective.

Mr G.M. CASTRILLI: It is looking into water needs for industry, basically.

The CHAIRMAN: Any further questions?

Mr G.M. CASTRILLI: Not from me.

The appropriation was recommended.

Committee adjourned at 9.40 pm
