

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 2 DECEMBER 2009**

SESSION TWO

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 11.10 am

DUNCAN, HON WENDY,
Parliamentary Secretary to the Minister for Regional Development,
sworn and examined:

THOMSON, MR GRAHAM,
Chairman, Goldfields-Esperance Development Commission,
sworn and examined:

HICKS, MR ROBERT,
Chief Executive Officer, Goldfields-Esperance Development Commission,
sworn and examined:

ANDERSON, MRS JUNE,
Manager, Corporate Services, Goldfields-Esperance Development Commission,
sworn and examined:

The CHAIR: Thank you very much for your attendance. I formally welcome you to the meeting this morning. Before we begin, I am required to administer either the oath or affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: You will all have signed—apart from the parliamentary secretary—a document entitled “Information for Witnesses”. Have you read and understood that document?

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and Hansard, if you could please quote the full title of any document that you may refer to during the course of the proceedings and please be aware of the microphones and try to speak directly into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public or media in attendance will be excluded from the hearing. Please note that the uncorrected transcript should not be published or disclosed. This prohibition does not, however, prevent you from discussing your public evidence generally once you have left this meeting. Government agencies and departments have an important role and duty in assisting the Parliament to scrutinise budget papers and annual reports on behalf of the people of Western Australia and we appreciate your assistance this morning. Members, if you could please quote page references, volumes et cetera in preface to your questions that would assist Hansard and the witnesses. Questions? Hon Ljiljanna Ravlich.

Hon LJILJANNA RAVLICH: Thank you, Madam Chair. I refer to page 4 of the annual report and specifically the chairman’s report. I want to briefly touch on the second dot point, which is about the impact of the global financial crisis on the goldfields and Esperance region. I wonder whether you could give us a bit of an overview. We heard at one stage that there were up to 6 000 job losses in the region, and I am wondering where we are at, at the moment.

Mr Thomson: At this point in time there has been a drop of 4 000 employed positions in the region.

Hon LJILJANNA RAVLICH: Is that 4 000 job losses in the region?

Mr Thomson: Yes.

Hon LJILJANNA RAVLICH: What is that primarily due to? Is it one major operator or a number of operators in the gold mining industry, or a combination?

Mr Thomson: It is actually over a period of three years.

Mr Hicks: It is because of the global economic crisis. That is really where it began, and the closure of a number of nickel mines because of the price of nickel coming off. You will recall that nickel was sitting at about \$50 000 a tonne and it came off that. Coupled with the global financial crisis, a number of mines did shut down, and that is the principal reason for that.

Hon LJILJANNA RAVLICH: Were a lot of these people fly in, fly out or were they local community people?

Mr Hicks: With respect to Ravensthorpe Nickel, there was a hybrid system of fly in, fly out; drive in, drive out; and residential. It was really a mix. You will find that probably most of them would have been FIFO out of Perth. That is our suspicion. It is difficult to know what the exact numbers are.

Hon LJILJANNA RAVLICH: Can I also take you to the next paragraph, which deals with BHP Billiton's Ravensthorpe Nickel operation, and ask you what the current position is in Ravensthorpe at the moment?

Mr Hicks: The current position, as we understand it—there is a lot of speculation getting around—is that the nickel operation is currently on the market and there are a number of interested suitors for that operation. There is an expectation that that will start up at some stage in the future and that a decision appears to be imminent, but that is subject to speculation, of course. Galaxy Resources, the lithium operator, has turned the first sod of its operation and will start lithium mining very shortly and there are very positive results coming out of a gold mining company called Tectonic Resources. The upshot is that Ravensthorpe could potentially have a nickel, lithium and gold mining operation in that region in the near future.

Hon LJILJANNA RAVLICH: If I heard you correctly, BHP's huge nickel plant down there is up for sale and there are expressions of interest; is that correct?

Mr Hicks: That is our understanding. A number of operators have looked at that operation.

Hon LJILJANNA RAVLICH: What sort of time frame is there for the potential start-up of these new operators?

Mr Hicks: Construction has essentially begun on the Galaxy Resources lithium mine. It has started that process and it will be up and operating probably in 2010. Tectonic Resources, the gold operator, is still probably 12 to 18 months off. There is still some work to be done there. We simply do not know about the Ravensthorpe Nickel operations. That is purely speculative and I would hate to suggest when that is likely to happen.

Hon LJILJANNA RAVLICH: I now just take you to the next paragraph, which deals with the royalties for regions program, and your responsibility for the prioritisation of that program. I refer you to page 11 of the annual report, which shows the successful applicants in the 2008-09 GERD round—that being the Goldfields Esperance Regional Development Scheme round. Why did you fund the Esperance CT scanner for \$246 000? That is page 12, sorry.

Mr Hicks: That is royalties for regions, which is a different scheme.

Hon LJILJANNA RAVLICH: All right. Let us go to that one first. Why did you fund the scanner at \$246 000 rather than have Health fund it?

Mr Hicks: We funded an incorporated body. There was a community organisation established. They raised, from memory, about \$400 000-odd and they were having difficulty getting this project across the line through the conventional funding mechanisms. We as a development commission

took the decision that this is a priority that was putting some pressure on the Kalgoorlie system. Given the growth that had been happening in Esperance, and potentially into the future, we—that is, our board—felt that it was necessary to support this project and get it up and running as soon as possible, given that there appeared to be no indication from other sources that the funding was forthcoming.

Hon LJILJANNA RAVLICH: That the funding was forthcoming from the health department?

Mr Hicks: We were not aware that the funding was going to be forthcoming in the immediate term, so we felt that this needed to be progressed quickly.

Hon LJILJANNA RAVLICH: Okay. What was the total cost of the scanner? Do you remember?

Mr Hicks: I do not recall.

Hon WENDY DUNCAN: I can—it is in the vicinity of \$400 000, Hon Ljiljanna Ravlich. The Esperance community decided that they needed a CT scanner in the Esperance hospital. I do not think that it was probably ever on the radar of the health department. The community raised substantial funds and received funding from Magellan Resources and the Goldfields-Esperance Development Commission, and \$20 000 from the Rotary club. It was a huge fundraising effort by the community. The health department then agreed to house the CT scanner in the hospital and has committed to the expenditure as far as constructing the housing and actually managing the scanner.

Hon KEN TRAVERS: On that point: have they given a guarantee that someone qualified to operate the scanner will be down there at all times?

Hon WENDY DUNCAN: Yes; there is a memorandum of understanding that has been signed.

Hon LJILJANNA RAVLICH: In relation to that, going back to the previous page, page 11, and the GERDS funding, where I started, the miners hall of fame, which was I guess, from memory, built with a significant amount of commonwealth and state money —

Mr Hicks: Correct.

Hon LJILJANNA RAVLICH: Do you remember what it cost to build that?

Mr Hicks: No; I do not recall.

Hon LJILJANNA RAVLICH: Okay; however, you funded \$150 000 for the operational cost shortfall. As I understand, the sustainability of the hall of fame is something that is in question at the moment. Can you just provide the committee with some information in relation to what is going on in respect of that matter?

Mr Hicks: Sure. The hall of fame came to us in early January concerned that their cash flow situation was in dire straits and there was the potential for it to close its doors at the end of January 2009. We did some research through Tourism WA that indicated that the economic significance and economic impact of its closure would be, from memory, some \$8.4 million. As a regional development commission, we had to do all in our power to support that critical piece of infrastructure. That piece of infrastructure cuts across education, culture and the arts, mining and tourism portfolios. We found within our residual GERDS funding unallocated funds—\$150 000—to essentially underwrite the losses to the end of April 2009, to the extent that the doors of the hall of fame remain open to this day. They have been able to cut operating costs and find other mechanisms to remain open. It is fair to say that had it not been for the development commission, the hall of fame would probably be closed now.

Hon LJILJANNA RAVLICH: What is its long-term prospect of being sustainable?

Mr Thomson: Part of what we did—you might note there is \$150 000 there for operational cost shortfall—was to also engage KMPG to do a study on the hall of fame to identify exactly where it is at and where it needs to go in the future. That exercise was completed. We have allocated a further \$60 000 to engage a consultant to do at least a five-year business plan and for that document to

become the basis for the hall of fame to go out to industry, federal government, state government and others to consolidate their long-term financial viability. We have had meetings with them and they have identified the operative and that is about to proceed.

Hon LJILJANNA RAVLICH: Thank you.

Hon LIZ BEHJAT: Page 12, again, on the applicants for royalties for regions. There is two recipients and projects there but I would like to know more about F.E. Daw and Son, “Headworks IGA Ravensthorpe”, \$171 158; and Tectonic Resources NL, “Ravensthorpe camp mains power connection”, \$100 000. Could you just talk me through both of those as to why that would have been particularly funded from royalties to regions and what benefit you would get by funding what I would see as being private companies to do things there?

Mr Hicks: Sure. Both were funded under the royalties for regions headworks part of the scheme. Tectonic Resources was funded. They have a camp within Ravensthorpe that had its own, I believe, noisy diesel generation system. This headworks funding was to help them to connect to the central grid system that would eliminate that noise and some of the concerns the residents within the shire and town of Ravensthorpe had with respect to that matter. Tectonic Resources has the potential to employ a number of people who were disaffected, it is fair to say, as a result of the closure of Ravensthorpe nickel, and we saw it as an opportunity to support employment opportunity within the Ravensthorpe region—by supporting a mining company who had the potential to get off the ground. And things are looking very positive in that regard. So that is the principal reason for funding that under headworks.

In respect to F.E. Daw and Son, there is no supermarket between Albany and Esperance; the only substantial store between those two places is that facility. The Shire of Ravensthorpe had that organisation under some pressure to redevelop the site. He has taken the decision to redevelop the site, but he had some concerns with respect to the additional costs of essentially reconnecting to grid. The quote from Western Power was for some \$600 000-odd—just to reconnect. The previous government introduced a rebate scheme which reduced his re-connection cost—it is some \$250 000-odd, from memory. Our board thought that, given the importance of this piece of infrastructure to Ravensthorpe, given all the growth pressures that it had been going under as a result of Ravensthorpe and the significant commitment that this fellow had made given the closure of Ravensthorpe, and notwithstanding Galaxy, Tectonic and the imminent re-establishment of Ravensthorpe nickel, this store needed some support—especially given the significant costs to just reconnect to power. They are principally the reasons for us making that decision.

Hon KEN TRAVERS: I am confused at the end of all that. Did you cover the cost after the rebate—for the final \$250 000? Is that what you are saying?

Mr Hicks: No; only 75 percent.

Hon LIZ BEHJAT: One hundred and seventy-one thousand of that.

Hon KEN TRAVERS: Of the 250?

Mr Hicks: Yes.

Hon LIZ BEHJAT: So he funded the extra \$80 000.

Mr Hicks: Yes.

Hon LIZ BEHJAT: Thank you.

Hon PHILIP GARDINER: A couple of quick questions. We can go to page 55 of the annual report and the charts there relating to the results of a questionnaire that you sent out asking about the effectiveness and client satisfaction of the development commission, which is fine. The area that I am most interested in, in terms of performance indicators, is on the cost side, because when it comes to allocating or analysing the request that you have for money, are you assessing how much it is costing both yourselves, in direct costs, and also perhaps the costs to the applicant to get a total

cost of what it is that each applicant is incurring collectively for making application? A lot of them miss out. They are all small businesses—not all, but mostly small businesses. There is a very substantial cost when they do that, as we know. And, also, what is the cost for yourselves in going through the process of analysing whether they are likely to get funds or whatever the process you guys do? So is there a cost that you do per application for example?

Mr Hicks: I am not aware that we have done that sort of analysis.

Mrs Anderson: No; that analysis has not been done in respect to or just for royalties for regions—no.

Hon PHILIP GARDINER: Okay, so that would be for royalties for regions. Do you have any small grants from out of consolidated revenue as well that you make?

Mr Hicks: No.

Hon PHILIP GARDINER: Okay; the other question comes back to the governance, and I ask this question of others as well. When you allocate contestable funds, is there a quantitative process there you go through by trying to weight the criteria which you may have—I am not sure in your annual report that I could quite see your criteria, but I think that the royalties for regions does have some criteria—and then wait to see how those individual applications for funds fits into those criteria, or do you do it more subjectively?

Mr Hicks: No, we do weight. Absolutely.

Hon PHILIP GARDINER: Okay. Is it possible to see the chart that you might use or the template that you use, Not now, but I mean as a subsequent information to provide us?

Mr Hicks: I am happy to provide that.

Hon PHILIP GARDINER: Thank you.

[Supplementary Information No B1.]

Hon KEN TRAVERS: I might just actually follow on in a similar vein —

Mr Hicks: Can I just say that in terms of the assessment process we are really not happy for that to be made public.

Hon PHILIP GARDINER: Okay, fair enough.

The CHAIR: So my understanding is that that information will be provided but that it will remain confidential to the committee.

Mr Hicks: I think that is prudent—yes.

Hon KEN TRAVERS: Can I ask why?

Mr Hicks: We see no real benefit in it being made public.

Hon KEN TRAVERS: That is not a reason not to make it public. I mean if you look at the FOI act, all government information should be made unless there is a good reason not to—that is the general principle of it. So what I am asking is why it should not be made public, not why it should be. It is why it should not be should be the test of whether information is made public. I am happy if you can give us an explanation for that; but I would like to have the explanation for why it should not be made public.

Hon WENDY DUNCAN: Can I just clarify what it is that we are talking about here is that —

Hon PHILIP GARDINER: Let me clarify it if I can, Hon Wendy Duncan. It is just a template. It is not really how you apply the template for any particular project.

Mr Hicks: Not the detail—that is fine.

Mrs Anderson: It is only the criteria.

Hon KEN TRAVERS: I actually might want to see how things are scored. I can understand that until you have made the decision that would make sense to me not to make that information public, but once you have made the decision I would have thought that, in terms of openness and accountability, how you arrived at that decision and therefore how you scored different projects is absolutely appropriate to be made public. In fact, I would like to see that—how different projects are scored.

[11.30 am]

The CHAIR: As I understand it, there are two things; the template as a general tool and specific information.

What I might suggest is that, as the committee has requested both those bits of information, if you want to make a comment about your request that it remain private, perhaps you could include that in the answer. The member is correct: this committee's default position is that unless there is a reason for a document not to be made public, we prefer to provide it. We are very much intermediaries of the public interest as much as anything else. If you have reasons, then please present them.

Mr Thomson: I would take the view that, as far as the criteria are concerned, there is no issue in them being public. I do not see any issue in that whatsoever, because that is simply the process that we go through. In relation to the application of criteria to the individual grants, if that is made available to the committee, I think we would prefer that to remain confidential because there would be no benefit to either ourselves or recipients in revealing the detail of comments that might be within that criteria. I would see that as something that would not be helpful to anyone.

Hon LIZ BEHJAT: Are recipients told how they are scored?

Mr Thomson: No.

Mr Hicks: In terms of the process, yes, but the actual score, no.

Hon LJILJANNA RAVLICH: Was there any political interference in the process at any point?

Mr Hicks: None whatsoever.

Mr Thomson: None at all.

Hon KEN TRAVERS: I take your point, Madam Chair, and I do not want to labour the point, but to me that is not an acceptable reason not to make the documents public. I think there needs to be more substantial reason. There may be a public benefit in having it public, so that other applicants can see what they need to do to be successful next time, and why their projects failed this time, and for the public to generally assess the accountability of the process. Over my time as a member of Parliament I have seen numerous score sheets being made available after the event. I completely agree that until the final decision is made they should remain confidential, but once the decision is made I would have thought that in terms of the process of accountability and openness of government, which I believe is a stated aim of the current government, for that information not to be made public I would want a better reason than just that you do not see a benefit in it for those people. There may be a public benefit in people being able to assess and see how that process operated. I remember back to the assessment of how advertising agencies were chosen by the WA Tourism Commission being very public documents at one stage. I cannot see why the documents we are talking about would not be FOI-able. If they are FOI-able, I cannot see any reason why we cannot have them.

The CHAIR: Just by way of clarification, the information that Hon Philip Gardiner has requested will be supplementary information B1, and the information requested by Hon Ken Travers will be supplementary information B2. It should include your arguments for it to remain private if you choose to.

[*Supplementary Information No B2.*]

Hon KEN TRAVERS: We were talking about average costs. In the *Budget Statements* on page 283, you list the average cost per chargeable hour. The Gascoyne Development Commission's efficiency indicator is the cost per project hour. I am trying to work out whether that is the same thing. Do you measure it in a different way from the Gascoyne Development Commission, and if you do, why?

Mrs Anderson: No, we measure ours by the two outputs that we report to the budget papers against, and that is a combination that involves our projects within those two outputs, not to individual outputs, because that is how our budget papers are put together.

Hon KEN TRAVERS: They only have one output, but the terminology they use is "cost per project hour" and you use the terminology "average cost per chargeable hour".

Mrs Anderson: Against each of those two outputs.

Hon KEN TRAVERS: Yes, but I am trying to understand whether the terminology is the same.

Mrs Anderson: I am not familiar with what they are actually doing; that is just how we have always reported ours as against those two outputs per chargeable hour. It is calculated back to the chargeable hour.

Hon KEN TRAVERS: Is there a Treasury instruction on these matters that you are aware of?

Mrs Anderson: You just report against your outcomes, and if they only have one and they break it down to project, then that must be something that they have chosen to do, perhaps. I do not know; I cannot comment on them.

Hon KEN TRAVERS: Parliamentary secretary, last time we had development commissions in, this issue about trying to get some standardisation across them arose. Maybe that is something you could take up with the minister. Trying to clarify which commissions are operating efficiently and which ones are not, using the same measures would help, whether they are performance indicators or these measures. Different terminology, unless there is a very good reason for it, strikes me as bizarre. We need consistency across similar agencies in the way they measure these things.

The CHAIR: Perhaps just picking up on what you said there, it might be useful to be clear about whether there is a Treasury advisory. Perhaps the parliamentary secretary might take that to the minister, because it would apply to all development commissions. That way we also get that general answer as well. Could I offer you that one on notice—whether there is a Treasury requirement for the standardisation of reporting in that regard?

Hon PHILIP GARDINER: I suspect we will not get much from Treasury, based on what we have seen in the budget papers and their so-called KPIs, so you will have to do your own work on it.

The CHAIR: That is true, but let us double check.

Hon KEN TRAVERS: Maybe we could ask the parliamentary secretary to take it as a sort of a general question on notice about why there is a difference in the way in which development commissions report, and whether it is something that the government is looking at to try to streamline it and bring it into a consistency across the presentation of budget papers. We can maybe put that as a supplementary question on notice to the parliamentary secretary. I think I remember that last time you were going to look at the performance indicators, and maybe you could add that in as well. I do not want to put words into your mouth, but I remember you taking notes at the time that we did that as an issue. If you are able to provide us with some feedback on that I would appreciate it.

[*Supplementary Information No B3.*]

Hon KEN TRAVERS: I know that there has been a fair bit of interest in the Esperance port loader, and questions were asked in the other place on this at estimates time. I was wondering whether you were able to give us an update from the point of view of the Goldfields Esperance Development

Commission on where the upgrades of Esperance port up to. Are you still monitoring that issue? Do you have issues or concerns about it?

Mr Hicks: It is not an issue that we are monitoring. We have staff in Esperance who are in contact with the Esperance port. It is not a matter that we take an active interest in.

Hon KEN TRAVERS: I note from your strategic plan that you take a strong interest in transport, and the advocacy of and support for the development of transport infrastructure in the region. One of the issues is the goldfields-Esperance transport upgrade program. Can you give us an update on that, and what work the commission is doing on that issue?

Mr Hicks: The goldfields-Esperance transport upgrade program is a group of key strategic transport stakeholders that looks at the transport infrastructure needs for our specific region. It took a very strong advocacy position on, for example, the Esperance port access corridor, to the extent that that group went across to Canberra and was instrumental to some extent in securing \$60 million from the federal government, and also instrumental to some extent in securing \$3 million for the proposed Kalgoorlie-Boulder intermodal hub. It had significant immediate impact when we established the group. That group engaged a consultant to help us at the highest possible level to drive forward on a number of these identified initiatives, like the port access corridor in Esperance. It was born out of a frustration that the transport infrastructure needs of our region were not being advanced as quickly as we would have liked.

Hon KEN TRAVERS: As part of that work, did you identify the economic impact? You mentioned the Esperance port access, the importance of which I would agree with you on. Did you identify what economic impact of that development would be for the general region at all, as part of that work?

Mr Hicks: This agency did not, no. We brought together those stakeholders. At this point in time Main Roads has carriage. It is the lead agency of that, and it is really for Main Roads to identify those economic impacts. We have not gone to the trouble of doing that at this point in time, until it gains sufficient traction. No, we have not.

Hon KEN TRAVERS: Were you consulted before the decision was taken in the last budget to remove funding for the Coolgardie-Esperance port access way? The money has been taken out of the budget for that project at this stage. Were you consulted as an organisation about that, before that decision was taken?

Mr Hicks: No.

Hon KEN TRAVERS: In the light of your comment about the need for it to happen sooner rather than later—not exactly your words, but I think you made comments about the importance of it and the need to speed it up—what impact will the deferral of that project have at this stage?

Mr Hicks: The impact is the general frustration in Esperance, and certainly frustration, I suspect, for the Esperance port and frustration for the development commission, which put significant effort into advancing this matter. Any delay is of concern to us, so we would like to have it advanced as soon as possible, given the expected increased throughput into the port of Esperance. We need to be ready for that challenge.

Hon KEN TRAVERS: Are you aware of whether the deferral of the state government's contribution to it will have any impact on the federal government funding that is available?

Mr Hicks: I am not aware, no.

Hon LJILJANNA RAVLICH: My question relates to page 10 of the annual report; that is, the provision of administrative and strategic support for Tourism WA's regional management team and the development of tourism promotion and product. My specific question is about whether or not the commission has been involved in consideration of a tourist road between Bremer Bay and Hopetoun; and, if so, with whom and what point is that work at now?

Mr Hicks: The answer is yes. In fact, I recently toured the Fitzgerald River National Park. It is my understanding that a tourist road linking Bremer Bay to Hopetoun will not be happening. The roads from Hopetoun to Hamersley Inlet, and from Bremer Bay to Point Anne, will be upgraded, and I believe a walk trail will be built between Bremer Bay and Hamersley Inlet. That is my understanding of where that is at.

Hon KEN TRAVERS: Are they the roads that provide the two access points at either end of the national park?

Mr Hicks: Yes, they currently exist, but need upgrading.

Hon LJILJANNA RAVLICH: So there will be no new road?

The CHAIR: Excellent news.

Mr Hicks: That is my understanding.

Hon KEN TRAVERS: You have made the Chair very happy!

Hon LJILJANNA RAVLICH: My understanding was that the Premier actually placed on the public record that there was a \$10 million allocation to that road.

The CHAIR: It is called a dieback corridor.

Hon KEN TRAVERS: It was \$10 million in this financial year, and \$10 million in the next financial year, of which the government expected to get matching funding from the commonwealth.

Hon LJILJANNA RAVLICH: Has any reason been given why this will now not proceed?

Mr Hicks: No. Main Roads has carriage of this, and the knowledge that we have comes from Main Roads.

Hon WENDY DUNCAN: I think it comes back to input from the local community. That proposal was put by the Premier at the time he visited. The local community had time to consider it, and as Hon Giz Watson said, the issue of dieback is very important in the Fitzgerald River National Park, and that is probably the reason that the full road at this stage is not going ahead.

[11.45 am]

Hon LJILJANNA RAVLICH: My recollection of it was, parliamentary secretary, in all due respects, that the Premier went out there, made the announcement that this would happen, put it in the budget over the forward estimates, and now it is not going to happen, but we have not had a public announcement by the Premier, in fact, that it is not going to happen, if that is the case. But, anyway, that is just —

Hon KEN TRAVERS: Some could say another Premier's thought bubble popped.

Hon WENDY DUNCAN: Another listening to local communities.

Hon KEN TRAVERS: He did not listen to them before he asked. He should have gone and asked them before he started to say he was going to build it.

Hon LJILJANNA RAVLICH: Very good comment, my learned colleague!

The CHAIR: Such is politics.

Hon LJILJANNA RAVLICH: I am very keen to know whether the commission has done any work on population projections for the next 10 years or so; and, if so, can you give us a bit of an idea of what you anticipate is going to happen in the region based on that demographic work that you have at hand, if you have it.

Mr Hicks: We have been working very closely with the Australian Bureau of Statistics. The ABS acknowledged that there was a significant undercount in 2006 in our region, given that they simply could not get the collectors and the people to be able to go out and do that sort of work—the collecting work, that is. We have brought the ABS, the City of Kalgoorlie-Boulder and ourselves

together. There has been a commitment by the ABS and the City of Kalgoorlie-Boulder to work collaboratively to put bodies on the ground in 2011 to collect the data. As I understand, that is a significant first, and that commitment has been made by ABS and the City of Kalgoorlie-Boulder, at the city's expense. So we are hopeful that the data collected in 2011 will give us a more accurate reflection of what currently exists and what the future looks like. It is very difficult to foreshadow or forecast population when you have the difficulties of not being entirely confident with the existing data. That is the first thing. The second thing is we have engaged the ABS to do some research on our behalf on a missing demographic of a male cohort between, as I recall, the ages of 15 and 25, from memory—I stand corrected on that—but a missing cohort of young males that we cannot find, and we need to identify where they are. We cannot identify —

The CHAIR: The lost boys.

Hon LJILJANNA RAVLICH: How many are there?

The CHAIR: Have you checked the pubs?

Hon LIZ BEHJAT: The lost boys of the goldfields region.

The CHAIR: Have you checked the skimpy bars?

Hon PHILIP GARDINER: It is not all about you, Giz!

The CHAIR: Oh, edit that out! I am sorry.

Hon LJILJANNA RAVLICH: How many young men have gone missing?

Hon KEN TRAVERS: I was going to say that I hope Hansard recorded that interjection.

The CHAIR: I am relaxed either way.

Mr Hicks: And, therefore, for us to better understand what the future looks like, we have got to understand why we are missing that particular cohort, for example.

Hon LJILJANNA RAVLICH: Do we know how many?

Hon KEN TRAVERS: Mr Hicks, just be aware that Hansard does not record you going bright red!

Hon LIZ BEHJAT: Can you just clarify: is there a group of people that you know exist that are missing, or is there just a gap in ages between the 15 and 25 cohort—you do not have those people in the regions and do not know why there are not there?

Mr Hicks: The ABS data shows that there is a gap, and we want to understand why there is that significant gap. Therefore, we have engaged them to identify why they are not there.

Hon LJILJANNA RAVLICH: Are they Indigenous or non-Indigenous, or we do not know that level of detail?

Hon LIZ BEHJAT: No, I think they are real people. I think there is just a —

Hon WENDY DUNCAN: The issue is whether they have bothered to fill in their forms or whether they are actually not there.

Mr Hicks: That is the issue.

Hon LIZ BEHJAT: So it is not that that there is a whole group that you know are there and have not filled out their forms.

Hon WENDY DUNCAN: Yes.

Mr Hicks: Having said that, I can add that when we look at the ABS employment figures, between the March quarter of 2007 and the March quarter of 2009 there has been a reduction in the workforce of some 4 000-odd, and Graham has alluded to that. So there seems to be a drop-off. We attribute that to the global economic crisis. But if that is trending down, we would want to know

why, but we are expecting that will then start trending up with the increased activity in the mining sector.

Hon WENDY DUNCAN: Can I just add one more thing quickly on the issue of statistics. The time of the last census was at the peak of our skill shortage, and the ABS have sort of acknowledged that they had incredible difficulty trying to actually collect the data in the regions because there were an insufficient number of collectors and insufficient opportunity to follow up, so there has been quite a lot of debate in the regions about the accuracy of those statistics from that particular census.

Hon LJILJANNA RAVLICH: Can I just now go to something different—that is, the strategic infrastructure priorities. Have you identified the strategic infrastructure priorities for the region?

Mr Hicks: We have.

Hon LJILJANNA RAVLICH: Can I just ask you also have you costed them and time framed them?

Mr Hicks: No, we have not, not in the last financial year, but we are about to in this financial year.

Hon LJILJANNA RAVLICH: Okay. So we could not get a list of your strategic infrastructure priorities, together with the costing, together with the time frame?

Mr Hicks: No.

Hon LJILJANNA RAVLICH: What can we get?

Mr Thomson: If I could explain where we are at, it actually starts back with the question on GetUp! and where GetUp! is at. GetUp! as such has actually run its race. It has achieved all it can do on a very isolated basis within the Goldfields-Esperance Development Commission region. The Goldfields-Esperance Development Commission and the Mid West Development Commission and the Pilbara Development Commission and the Wheatbelt Development Commission are about to embark on a major study of infrastructure to link Esperance with the new port north of Geraldton, and Esperance through to either Port Hedland or Dampier. We are looking at major infrastructure in relation to road, rail, gas, water and communications, and we expect to engage a very high level consultant to commence that work within the next few weeks with a view to all of that becoming a development plan throughout those parts of the state in a form which is an Infrastructure Australia-ready document, and within that there will be priorities set for each piece of infrastructure that needs to be done. I guess that is the fairest way of explaining to you why we cannot tell you that now. As a commission ourselves, we have got our plan in February, I think it is, where we will be looking at our own situation, but what we are doing is going to need to be able to plug into that overall plan.

Hon LJILJANNA RAVLICH: So our concept of the way that rail and road are configured, if you like—the way that we have historically looked at it in terms of the region—that is all going to be changed, because we are going to go up from Esperance to Geraldton.

Mr Thomson: Absolutely.

Hon LJILJANNA RAVLICH: Who is going to pay for it, do you know?

Mr Thomson: The commissions.

Hon LJILJANNA RAVLICH: That is the inquiry, but I am saying that once the plan has been done—I imagine this is not going to be a cheap exercise.

Mr Thomson: Oh, no, it will not be, but the commissions will be responsible, through whatever structure, either directly or through the Regional Development Council, for the engagement of those people to do that work, and part of that consultancy will be to identify where the funding can come from, and setting the priorities for that funding in relation to statewide infrastructure development need.

Hon LJILJANNA RAVLICH: Is there any talk about where the money could come from? I think, sensibly, it might come from the commonwealth, it might come from the state, or it might come through a user-pay system in some areas. Have there been any discussions in relation to possibilities or options?

Mr Hicks: I attended a luncheon with Michael Deegan, the coordinator of Infrastructure Australia, just last week, and Infrastructure Australia told the audience that there is no one particular funding model; that they are looking for innovative models. So a model that is good for one region may not necessarily be good for another region. They are going to be receptive to any sort of funding model that they think is sustainable and will work. They spoke about PPPs, of course. That is not necessarily the only model that they are going to take account of.

Mr Thomson: Madam Chair, I think just a simple explanation: we understand our primary responsibility is for the Goldfields-Esperance Development Commission, but it is quite clear to us, from our experience with Infrastructure Australia, that if you actually want to develop your region, that development needs to take place as part of an overall plan—a future plan. So the false boundaries that have been in place between ourselves and the other commissions in relation to infrastructure—we just said, “No games. Let’s get it all the way it needs to be.”

Hon KEN TRAVERS: What is your estimated cost of the study project that you are doing at the moment—the consultancy that you are going to engage—the total cost for that project across all the development commissions, and how much is your share of that?

Mr Hicks: We have got a meeting tomorrow, and we are looking at the scoping document, and from that, that will determine the costs. We are still working on that scoping document, and we will possibly be making a decision tomorrow about the acceptance of that scoping document, and from there, getting a costing.

Hon KEN TRAVERS: But have we got a ball park figure? Are we talking about a \$100 000 study? There is a level of detail. One of the great challenging issues of your region over the coming years will be: as the line comes out of Oakajee at a higher standard than the line that currently goes to Esperance, at what point do people say it is cheaper to build an extension out and go up to Leonora and start carting ore out through Oakajee than it is to upgrade the Esperance line? Is the study going to get into that level of engineering detail, or is it just a \$100 000 concept study of what would be required? That is what I am trying to get a feel for.

Mr Hicks: The organisation that we think is best suited for this—and that is yet to be decided, though—will look at it as a research project. It would be wrong for us to pluck a figure out of the air at this point in time in terms of the consultancy.

Hon KEN TRAVERS: Maybe if you can talk about the scale of the project that you are talking about. I can understand that one of the dangers is that if you set a figure of \$2 million, guess what all the bids come in around. What is the level of detail that you are looking at and the scope of the project?

Mr Hicks: The scope of the project is designed to determine a vision for the future of what Graham has just explained to you. Infrastructure Australia has made it quite clear that unless there is a vision that is palatable to all concerned, the state and federal governments and Infrastructure Australia, then we are simply not going to be able to advance any project across those regions. So once that vision is decided upon and agreed upon—and the consultants will do that—then we can pick the discrete projects that need to be done—for example, an intermodal hub or port access corridor, or the rail from north of Leonora all the way across from Oakajee to Leinster. We can then identify those discrete projects, put a costing in and then work on those. But the first priority is to agree upon a vision across those regions.

Hon KEN TRAVERS: So it is a vision and, from what you are saying, a scoping document, for want of a better term, of what tasks would be required to then prove up the vision.

Mr Thomson: Yes—however, prepared in a format that, at the end of the day, is an Infrastructure Australia-ready document, in their form with their amount of detail. Say the study comes up with 25 recommendations, for instance, of infrastructure upgrade or new infrastructure, and out of those 25, these three are seen to be the ones of highest priority, then those three items would be the subject of further study and further preparation, which would then be the initial focus towards Infrastructure Australia for their funding of those projects in the main.

[12 noon]

Hon KEN TRAVERS: For instance, if you have a rail link between the south of the state and the north of the state, there would be questions about whether or not you would take that up on an inland route or on a coastal route, and what is the most viable. Will it look at those sorts of issues?

Mr Thomson: Yes, definitely.

Mr Hicks: Yes, absolutely.

Hon LIZ BEHJAT: On page 282 of the budget papers, under “Significant Issues Impacting the Agency” the second dot point states in part —

Community Services applicants represented 33 per cent and 67 per cent Infrastructure and Headworks related.

That was applicants for royalties for regions funding; that was the percentage of applicants received. I want to know two things: define “community services”—how they were viewed, but did that also then carry through to the actual funding? Do those percentage figures still represent that breakdown of the actual funding?

Mr Hicks: My understanding is that is just the applications themselves.

Hon LIZ BEHJAT: Right. So 33 per cent of the applications received were from community services organisations.

Mr Hicks: Yes.

Hon LIZ BEHJAT: So you looked at all those applications and then you approved them. Did that percentage carry through; did 33 per cent of the total amount that was funded go to community services groups?

Mr Hicks: I cannot answer that right now; I do not know.

Mrs Anderson: I do not know if that exercise was done —

Hon LIZ BEHJAT: And what do you define as “community services”, seeing as you made that a specific thing in the significant issues? Looking at all those projects, they all somehow benefit and service the community, so where is the distinction?

Mr Hicks: The assessment panel made that distinction as a group and simply as a result of a conversation with the assessment panel based on the type of organisation and what they are trying to achieve; for example, a childcare centre would be considered to be a community service, so we took that sort of approach.

The CHAIR: Member, did you want to put that other information as a supplementary, because I think you were saying you did not have it to hand?

Hon LIZ BEHJAT: There are 23 projects on the list here that were the successful applicants. Could you go through then and identify for me which are classed as community services from those successful applicants? I am happy for that to go on notice; I do not want you to go through and say “that is, that isn’t” now.

[*Supplementary Information No B4.*]

Hon PHILIP GARDINER: I have questions on two areas. The first relates to page 14 of the annual report and the dot point that states —

- Worked closely with tertiary education provider, Curtin University, to maintain their existing service levels through the WA School of Mines ...

This is an area in which I have an interest because of the new risk issue. In working closely, are you making progress; and, if the progress is difficult, what do you think the next stage is?

Mr Hicks: We have made significant progress, I think, is the best way of describing it. Curtin University took the decision not to run first and second years; that decision was reversed—in Kalgoorlie we are talking about; the WA School of Mines; we have to be quite clear about that. That decision was reversed for whatever reasons. We were instrumental in securing additional accommodation for students at a time when it was a major issue; we brokered an arrangement with a hotel, and the third and fourth year students are now in there. That was a good outcome and we would like to think they will renew the lease on that when that comes up because accommodation is a major issue for WASOM students. So we have made significant inroads in that area. The discussions that we have subsequently had with Curtin have been very friendly. They acknowledge that they probably have a competitive advantage over their rivals by having the School of Mines based in Kalgoorlie and we are pushing that particular notion that it is best that they develop WASOM Kalgoorlie rather than winding back its service delivery there, given that mining education is a fairly thin market and that if they do have a competitive advantage, they should be building on that. They seem to be receptive to that whole notion that we put to them.

Hon PHILIP GARDINER: That is consistent with my discussion with Curtin on Muresk, actually. They are doing more for tertiary education in regional areas than any other university and it is interesting. Unfortunately, they have been getting a bad name for some of the difficulties they are having, but they are genuine difficulties. UWA is where the problem might be because they are competing to have a third and a fourth year down here, rather than Curtin sending their third and fourth years up to the School of Mines. The only other area on that, which may be of interest to you, is that there is a hearing next week assessing what the commonwealth government should be doing in addition for regional tertiary education. Sorry, that is not a question.

The CHAIR: That is fine. You snuck that one in; that was a very useful reference.

Hon PHILIP GARDINER: The other question I have is really also seeking some advice from you because you have your feet on the ground in this obviously. It is on page 10. I declare my interest here because I actually do believe; I have read a lot about the deniers and the proponents of climate change, and I think I understand the basic science. But you have highlighted and promoted climate change to a critical regional issue. Is there a receptiveness to the issue of climate change in the area that you are servicing; and, if so, is it gaining traction and what are you going to do about it?

Mr Hicks: Leading question! This development commission identified climate change as a priority for consideration by the Regional Development Council, being the peak body for regional development commissions. The reason we did that was born out of a frustration that there was very little understanding about the possible impact of climate change on inland regions—semiarid regions like the goldfields-Esperance region—that need to be clearly understood. It is true that getting that data has been very, very difficult. There seems to be a concentration on the eastern and western seaboard and sea level rises. Notwithstanding that concentration of effort by a range of agencies, we believe that there needs to be a concentration of effort for regions like ours. We do know that the southern part of our region is going to get drier, according to some of the forecasters, and that parts of our region are going to be getting wetter. What we are keen to know is: what impact will climate change have on key infrastructure within our region? For example, if there were to be a two-degree increase in temperature, what impact will that have on the rail line from east to west that carries 80 per cent of our freight task? It is not just an impact for our region; it is an

impact for our state. So our view is that there is limited information out there and we are having some trouble getting the right information to clearly understand the impacts.

Hon PHILIP GARDINER: Okay, it is a complex area. Like you are saying, you are trying to prepare in advance for some of the implications on a risk-management basis.

Mr Hicks: Absolutely, yes.

Hon PHILIP GARDINER: Thank you.

The CHAIR: It is an interesting question; I might just throw in a supplementary to that. Does the development commission have a view or a role in the great western woodlands project, which is very much about climate change mitigation if nothing else, if not good biodiversity conservation?

Mr Hicks: We are an active member on the committee and, indeed, I believe there is a meeting today. All the meetings are being held in our region at our request, so we are very much involved in that and very, very active.

The CHAIR: And supportive of the concept?

Mr Hicks: Management of the great —

The CHAIR: Yes.

Mr Hicks: Absolutely, yes.

Hon LJILJANNA RAVLICH: I refer to page 14 of the annual report in relation to Lake Ballard, the management plan and the future of the Gormley statues. What is happening to those statues out there on that big lake?

Mr Hicks: They are still there and there is an increasing number of visitors going out there to have a look at it. Most of the visitors are coming from outside our region. There is considerable interest, so that answers that question. The development commission funded the Lake Ballard management plan. We sit on the advisory committee to the management committee and we have been very supportive of funding infrastructure within the town of Menzies. We believe that in order to support that iconic tourism product there needs to be infrastructure in Menzies to support an influx of tourists, and that is our focus.

Hon LJILJANNA RAVLICH: Can I just ask you a couple of things? I would be interested to know what you are actually doing in terms of making Menzies, if you like, more attractive to tourists and what sort of tourism product you are developing at that end. But before we go there, I am just interested also to know about whether there is any damage to those statues, the repair of them and who has carriage for that. I also make the point that when I saw those statues, where bits had been broken off the welding and stuff to put them back together looked pretty crook to me, so I would just be interested to get some feedback on those things.

Mr Hicks: We contributed funding to the upgrading of Menzies Caravan Park, and works have progressed at the caravan park; the site works have been largely done. We contributed funding to the Lady Shenton work. Funding has come from the state government for streetscaping of Menzies. We are very supportive of the telecentre, or community resource centre as they are now called. So we have been involved at that level on the basis, as I said, that we need to support the tourists as they come and when they come into the future. In respect to the maintenance and ongoing management of the statues, we only sit on the advisory committee; we are not on the actual management committee, and that is their responsibility. Suffice to say, I understand—I stand to be corrected—the Shire of Menzies may play a role in the maintenance. I think it is generally acknowledged that that is probably not the best structure. In our view there needs to be a better structure set up for the ongoing long-term maintenance of those statues, and I believe that is being considered at the moment.

Hon LJILJANNA RAVLICH: Is that something that is being looked at by the Department of Culture and the Arts?

Mr Hicks: They are involved along with Tourism, the Shire of Menzies and with the artist himself. In terms of our intimate involvement in that process, we are not intimately involved at that level; that is for others to do.

Hon LJILJANNA RAVLICH: Okay.

Hon KEN TRAVERS: The proposed biomass plant at Ravensthorpe—where is that up to and what role is the commission playing in that?

Mr Hicks: We are not aware that that is still on the table.

Hon KEN TRAVERS: Right; so do we know why it is not on the table any more?

Mr Hicks: We had discussions with the proponents—that is true—and my understanding is that there may have been some difficulty in attracting state government funding. But we have not heard from them subsequent to our initial discussions, so I really cannot give you any more detail.

[12.15 pm]

Hon KEN TRAVERS: Again, and it is all through your budget papers and everything that one of your roles is to develop and broaden the economic base to provide infrastructure. I would have thought, for a project of that size and scale, that would have been quite useful, particularly at the time that it was being proposed for Ravensthorpe, we would know why it is no longer on the agenda.

For want of a better term, when you have someone come to you with a proposal like that and then they drop off, do you do an exit interview to find out why the project is no longer there to ascertain what was it that meant that that project was at least worth exploring and now it is not—what it was that prevented that project going ahead?

Mr Hicks: I think I can probably make two comments there. Number one is: my understanding and recollection was that it was largely unproven, which may have caused some concern. Secondly, we were working on getting the power issue in Ravensthorpe sorted out with Western Power to the extent that we have now got islanded diesel generation. I recall that the biomass proposal was to supply energy or power to Ravensthorpe. That has now been resolved with the islanded diesel generation being put into Ravensthorpe and therefore the power needs of Ravensthorpe, at least in the short term, have been met and dealt with.

Hon WENDY DUNCAN: Can I add to that? I think one of the issues with the biomass plant is that it was not timely enough. The issues of Ravensthorpe power were very pressing and needed to be resolved as of yesterday, really. There had been a long-running problem in Ravensthorpe and that is why I think the decision was to go with the islanded diesel generators. But the long-term plan is to then bring in a mix of renewable in the next few years. That may well be considered in the mix.

Hon KEN TRAVERS: On the issue of local government reform, I suspect the City of Kalgoorlie-Boulder is one of the success stories of local government reform. Has the commission looked at the issue with respect to local government reform as to what impacts it has on the economic development of the region, and do they have a view about whether there are positives or negatives in terms of local government reform within the region?

Mr Hicks: We are involved in the VROC, the Voluntary Regional Organisation of Councils. We sit there as an observer, so we are aware of the discussions going on around the table. Are we actively involved in local government reform? I guess the proper answer to that is no. Do we take an interest? Yes. The best way to describe it is: we keep a very close watching brief on how that is evolving and our key stakeholders are local government. We understand what their thoughts and sentiments are in respect to local government reform. That is really the extent of our involvement.

Hon LJILJANNA RAVLICH: What are their sentiments in relation to local government reform?

Mr Hicks: There seems to be some resistance by some and a willingness by others, and that is all I can really say. I am not privy to those discussions and I would hate to make comment.

Hon KEN TRAVERS: My issue, too, is, as an organisation that is very much focused on developing the region, do you, as an organisation, see that the current structure of local government is an impediment to the development of the region or is it a positive for the development of the region?

Mr Hicks: Given the significant distances involved in each of the local governments, we are, it is fair to say, concerned that whatever the structure happens to be, the infrastructure, be it roads or other infrastructure, are able to be maintained. So whatever the decisions are at the end of the day, we want to make sure that local government is able to adequately service what they have traditionally serviced. One of the great challenges in our region is distance. I guess that is the best way of describing that. Is that adequate?

Hon KEN TRAVERS: Yes. I am just intrigued to get a sense from a local perspective. I would have thought that, as an organisation, you would have a very clear view on what are the positives and minuses and whether it has a positive or negative impact on your ability to promote and develop the region. I note that the chair is sitting there very quietly. I suspect he may argue he has a conflict of interest on this.

Mr Thomson: No, not at all; I am no longer on council. Can I just say that it is not a matter that has been addressed at a board level. While any new structure may throw up some different circumstances, I would see our role as the development commission is one of being that once there is some clear indication whether there is going to be some change, at that point we would need to seriously consider how that is going to affect us.

Hon KEN TRAVERS: Thank you for that. On the transport hub at Kalgoorlie, are you doing any work over and above that study we talked about a bit earlier for the transport hub, or will that now just be rolled into that broader vision document consultancy that you were talking about; or are you doing some other specific work on the hub at the moment?

Mr Hicks: The lead agency for the proposed hub is the City of Kalgoorlie-Boulder, and they are keeping us apprised on how that is developing. They are considering at this point in time a proposal from a transport operator, and that is really where it sits at this point. In fact, I believe that I have a meeting with the city to discuss this matter next week some time.

Hon KEN TRAVERS: My next question is in terms of police officers, teachers, nurses and doctors. Is there a problem either in the whole region or in different parts of the region in both attracting and retaining those particular professions to the region?

Mr Hicks: It is a vast region—some 771 000 square kilometres—so it is difficult to say that there is one issue across the whole region. But it appears that in Ravensthorpe, the attraction of doctors seems to have resolved itself. In Esperance, there is an ageing doctor population and getting access to doctors —

Hon KEN TRAVERS: And they all want to change their careers and do other things!

Mr Hicks: Norseman has a visiting doctor, so that seems to be working well. Kalgoorlie seems to have a problem attracting specialists, and with Kalgoorlie, the Rural Clinical School, which is federally funded, seems to be working very, very well. Doctors, once they have gone through that process, are tending to come back. The Leonora doctor situation seems to have resolved itself, as with Laverton, I think. It is really a question of getting the specialist down and keeping people in the region rather than having to fly them up for specialist treatment in the metro area.

Hon KEN TRAVERS: What about police? Is there an issue for police that you are aware of?

Mr Hicks: My understanding is that the policing numbers are fine, so there really is no issue there that I am aware of.

Hon KEN TRAVERS: Is that an issue that you, as an organisation, see as a priority to work on? For instance, with royalties for regions funding, would you see that as an area in which you would use that money to assist in attracting whether it is police, teachers, doctors or nurses to the region?

Mr Hicks: If you look at our act, it is part of our ambit, our responsibility, to do what we can to attract people right across sectors, be they government or non-government, so attraction and retention is part of our role. Yes, that is part of our role. In terms of through royalties for regions, it is not our responsibility to fund the core business of those departments, and it is up to them to be able to fund or attract people to the region using their budgets.

Hon KEN TRAVERS: On your budget, on page 281, in terms of your net appropriations to deliver services, it stays fairly constant, except for this year there is about a \$500 000 increase in expenditure and then it drops back to a similar, but slightly higher, expenditure to last year, but one would assume that is just general escalation and the like. What is the reason for the significant almost 50 per cent increase in this particular financial year?

Mrs Anderson: The \$500 000 would be directly related to the funding going to Menzies for their streetscape upgrade.

Hon KEN TRAVERS: So that is the sole reason for the variation?

Mrs Anderson: It is a once-off, yes.

Hon KEN TRAVERS: If that gets counted as that, why does the royalties for regions grant money not get counted in that same way?

Mrs Anderson: Treasury opted to give that a line item of its own in their budget. It has its own chart of account numbers within their financials.

Hon KEN TRAVERS: The other question I had on your budget was: I note that your total FTEs seems to be staying the same between both this year and last year, but you are swapping two positions over in terms of your two program outcomes. Can you give us a bit of an explanation of why you have done that and what that means in terms of the area that is getting additional staff and the area that is losing staff?

Mrs Anderson: Again, royalties for regions is now taking up a majority of our time and we just decided that rather than increase our staff numbers, there were areas that dropped off; migration has dropped off because the issue of unemployment is not so huge anymore. So, really, we have given different roles to existing staff.

Hon KEN TRAVERS: Yes, I understand that, but the area you have taken them away from is the promotion of the region and its investment opportunities. So you are saying —

Mrs Anderson: That has got less work involved in that area.

Hon KEN TRAVERS: The two additional staff that have gone to the facilitation of the provision of appropriate infrastructure industry services are mainly working on royalties for regions grants?

Mrs Anderson: Yes, and other infrastructure programs that both the chair and the CEO have outlined as well.

Hon KEN TRAVERS: You mentioned the migration. Are there any other activities that you are actually having to cut as a result of that reduction in staff?

Mr Hicks: Essentially, we have taken one FTE on skilled migration and the goldfields-Esperance regional development scheme—the previous funding scheme—both those have gone and now we have an FTE just on the royalties for regions, so we have reallocated. The previous grant scheme, as well as migration, has been dropped off, to answer your question.

Hon KEN TRAVERS: So the previous grant scheme was under program 2 —

Mrs Anderson: Output 2.

Hon KEN TRAVERS: — and all of your royalties for regions programs are now under program 1? Is that what you are saying?

Mrs Anderson: Again, that depends on whether the recipients are under the infrastructure part of it, because when you split between projects, then you can get down to nitty-gritties. But for reporting purposes, we have decided to put it into output 1, because we feel that that is where most of the funding will probably go.

Hon PHILIP GARDINER: Sorry; I think I have seen the answer. It was only in relation to the annual report, page 36. It is just a minor detail, really, about just how this money, which is grants and subsidies, is adjusted by half a million dollars as a result of \$522 000 being expended in 2008 and not being there in 2009. The amounts that you have there, is it not a kind of a basic same amount going forward each year? How is that allocated?

Mrs Anderson: No, that listing there is actually the grant money that has been paid out and that depends on when the recipients actually provide us with their paperwork at each time line of their project, so that varies because of that.

Hon LIZ BEHJAT: Page 10 of the annual report, commission performance. At dot point 10, on behalf of the Regional Development Council and in cooperation with the Pilbara and Mid West Development Commissions, you engaged the services of a consultancy firm to progress the statewide extractive industry and sustainable regional development study. At dot point 2, you engaged a consultancy firm to study the likely regional impacts of the proposed Kalgoorlie nickel project. Were they two separate projects that were carried out and did one not piggyback off the other? I just thought that, with Kalgoorlie having always been a mining town, the likely regional impacts of the proposed project might have already been known.

The CHAIR: Very large holes in the ground, I think they call them!

Mr Hicks: In respect of dot point 2, there was a significant international firm that was working with Heron Resources and they were working through the feasibility process. We, as a development commission, felt it necessary to understand what the impacts of that project would be on the City of Kalgoorlie-Boulder and the Shire of Menzies.

We found the funding for that to better understand how that would impact. So that is quite a distinct project, and a separate project from —

[12.30 pm]

Hon LIZ BEHJAT: How much do you contribute to that?

Mr Hicks: We got \$50 000 from the Department of Industry and Resources. We expended only part of those funds, because the major international company decided not to progress with the project. We have or are about to give the residual funds back to DOIR—or the Department of State Development as it now is—because we have no need of those funds because the project did not go to its second phase. We now have a document for the phase that gives us an understanding of what the impacts could have been of that project.

The extractive industries—that is an initiative put up by this development commission, funded through the regional development council. It is a whole-of-state study looking at the extent to which the extractive industries contribute to regional communities and economies over and above royalties. The reason for that project is that there appears to be little understanding of the extent to which those companies do contribute, some in significant ways and some in less significant ways. So we as a council need to understand how they do contribute. That is the purpose of that study, as expected to be concluded early next year.

Hon LIZ BEHJAT: So the report at dot point two, which is now shelved—did you give that to the others for their study as well? Would it not help them?

Mr Hicks: It is a quite distinct, separate document. Suffice to say that the consultancy running the extractive industry study for RDC is aware—I cannot recall whether we gave them a copy of the Kalgoorlie nickel project study or not, but they are aware of it.

Hon LIZ BEHJAT: The nickel project would be part of an extractive industry. Am I right?

Mr Thomson: Madam Chair, just by way of explanation on item 2. When the Ravensthorpe nickel project was being established, this commission had a person associated with BHP and the Ravensthorpe shire who worked on that whole process while it was being built. As a result of that work done by our person and DOIR, we came up with the best-practice document about what the lead time was on some of the stuff that needed to be considered so that you did not get caught with soft infrastructure being left at the tip. That is the purpose of that study, which is quite different from the purpose of the other.

Hon KEN TRAVERS: The goldfields highway, particularly the Wiluna to Meekatharra section; how important is that to the region?

Mr Hicks: From the development commission's point of view, linking Wiluna to the Great Northern Highway, be it across to Meekatharra or some other route, in our view is absolutely critical. The Chairman has already elucidated with respect to that corridor from Esperance to the Pilbara. We consider it to be critical to the future of the transport links to the Pilbara. In respect of which is the best way to go, that is still subject to some discussion and debate. I think it is fair to say that we would prefer the most direct route, which is really the view of the transport industry, particularly the trucking industry, to cut time and also to cut carbon emissions.

Hon KEN TRAVERS: In the last state budget there was \$24.4 million taken out of the budget for the goldfields highway, Wiluna to Meekatharra. Will that have any negative impacts on the region, that funding being taken out, do you think?

Mr Thomson: There is already in place a very good road from Leinster to link with the mid-west. The gravel road from Wiluna through to Meekatharra is a road that does need continued attention; there is no question about it. I would think that we may be reluctant to encourage government to bituminise that road at this point in time, given that we are about to embark on this other exercise, which is either going to prove it should go that way or that way.

Hon KEN TRAVERS: You can live with that one if they get on with the Esperance port access road.

Mr Thomson: You have got it!

The CHAIR: Members, we might conclude at this point. If the committee has further questions, they will be forwarded to you via the minister in writing in the next couple of days together with a transcript of evidence, which includes the questions you have taken on notice. If members have any unasked questions, could they please submit them to the committee clerk at the close of this hearing. Responses to those questions will be requested within 10 working days of receipt of the questions. Should the agency be unable to meet this due date, if you could please inform the committee in writing as soon as possible before the due date, and please include specific reasons if that due date cannot be met. Finally, on behalf of the committee, I would like to thank you very much for your attendance. We appreciate your assistance. We will conclude this hearing now.

Hearing concluded at 12.35 pm