

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

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

SESSION FOUR

Members

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

Hearing commenced at 3.05 pm

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

DODSON, MR PATRICK
Chairman, Kimberley Development Commission,
sworn and examined:

GOODING, MR JEFF
Chief Executive Officer, Kimberley Development Commission,
sworn and examined:

LI, MR DAVID
Chief Financial Officer, Kimberley Development Commission,
sworn and examined:

BARR, MR KELVIN
Deputy Director, Kimberley Development Commission,
sworn and examined:

The CHAIR: Good afternoon. I formally welcome you to the hearing this afternoon on behalf of the committee. Before we commence, I am required to ask you to take either an oath or an affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The Witnesses: Yes.

The CHAIR: The proceedings are being recorded by the Hansard reporters. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote in full the title of any document that you might refer to during the course of proceedings. 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 member of the public and the 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 Please note that the uncorrected transcript should not be published or disclosed.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 leave this hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers and annual reports on behalf of the people of Western Australia, and we value your assistance this afternoon. Members, if you could please preface your questions with reference to page numbers, volumes, programs, items et cetera that would assist Hansard.

Are there some questions? No?

Hon PHILIP GARDINER: Yes.

Hon KEN TRAVERS: This is the problem when you give us handouts; we become so focused on reading them that we are fascinated.

Hon PHILIP GARDINER: We just have got a lot of reading, and so there is preparation.

The CHAIR: Hon Philip Gardiner, you have the floor.

Hon PHILIP GARDINER: On pages 17, 18 and 19, compared with the Ord-east Kimberley expansion project and the performance, if the royalties for regions were not there, and you were there as a development commission, what would you have been able to have done in terms of any expansion project in the Kimberley? That is an easy one to start off with.

Mr Gooding: I have been at the development commission since it started in 1993 and we have been involved with all of the iterations of the Ord over that time, so I think I can answer that in some detail. We have been trying for many years to get the Ord project, an expansion of the Ord, to a stage where government could invest in it. It has not been able to meet commercial hurdles in a pure commercial analysis. It was not until there was an analysis of the social agenda, and there was some discretionary funding available to government to invest in helping to fund the social agenda, that we were actually able to proceed with the Ord. So the leverage that was available out of royalties for regions—the \$200 million that was put on the table in December last year—was able to leverage the \$195 million out of the commonwealth government, which has allowed that development to happen. There was no possibility of that development happening on purely a commercial return basis because there was a \$200 million shortfall in the infrastructure.

Hon PHILIP GARDINER: So the social agenda was the driving force?

Mr Gooding: Being able to achieve against the social agenda changed the investment equation. Having the discretionary funds available within government, through the royalties for regions program that allowed government to invest in that program, allowed us to be able to achieve some of those social objectives, as well as to be able to get the agriculture development happening.

Hon PHILIP GARDINER: So when the sugar prospect was alive a couple of years ago, the social situation would still have been very similar to how it was only 12 months ago. What happened? Why did it not move forward then?

Mr Gooding: The funds were not available in government. The requests were in to government.

Hon PHILIP GARDINER: The budget surplus was more in the federal government, though; they had more money in those days.

Mr Gooding: It was not until the state was prepared to commit the \$200 million in infrastructure shortfall that there was a leverage opportunity for the commonwealth to partner in. On your question about the sugar, when the sugar industry was operational, the requests were in to government to fund the \$200 million of infrastructure, but the funds were not available in the system.

Hon PHILIP GARDINER: In terms of the social situation there, how were you able to get the focus on what that actually was to drive the commonwealth to loosen the purse strings?

Mr Gooding: In the package of information that we were able to hand out —

Hon PHILIP GARDINER: Okay; sorry.

Mr Gooding: — you will see the little blue document there. We facilitated the preparation of the document but it was ultimately prepared by ANU, Dr John Taylor. Dr Taylor was able to assess the socioeconomic circumstance, particularly of Indigenous people in the east Kimberley. Effectively, that document provides the social indicators and the benchmarks that were significant drivers for both the state and the commonwealth to invest in the project. So if you are to measure the Ord into the future, whether it has been successful, it is some of the data in that document that will be the basis for measurement.

Hon PHILIP GARDINER: And there is a message in this for every regional community because I can see that this was published in December 2008.

Mr Gooding: That is right; we released it this year, in early 2009. There is a strong message in it. We have done similar documents in the west Kimberley to try and help facilitate the LNG Browse development and making sure that the social agenda is leveraged against that project as well. Similar documentation exists in the west Kimberley. Similar documentation we have produced for the Argyle diamond mine when the Argyle diamond mine was going to go underground. This provides the social rationale for the state to be able to invest, and it provides the indicators against which you measure the success of the development.

Hon PHILIP GARDINER: You have got to have a starting point, and this is the starting point. Now I presume that you have milestones, I suppose we can call them, two years out, five years out, from the social infrastructure point of view as distinct from the commercial point of view.

[3.15 pm]

Mr Gooding: Absolutely.

Hon PHILIP GARDINER: That is the model we must have for every regional town because they all have the same problems of some kind—they all vary. Can I ask how much that cost?

Mr Gooding: It was \$90 000. It was \$25 000 of our money. I am actually guessing at that number; it is around about that figure. I will have to confirm the exact number.

Hon PHILIP GARDINER: So \$25 000 was your money and where did the balance come from?

Mr Gooding: It came from leveraged partners. In that case, some other state government money went into it. I will have to come back to you with the detail of who the other funding partners were.

The CHAIR: We will give that a number so we can track that.

[*Supplementary Information No D1.*]

Hon PHILIP GARDINER: It is the first time that I have seen this done in practice. I have been trying to get it but I could not get the money for it for a small town in the wheatbelt. We must do this for every town. Once we have a foundation, we will know whether we are improving in two or three years as a result of the measures that we bring to it. That is terrific.

Mr Gooding: Can I make one comment on top of that? This data is unassailable. It is based on ABS. It is accepted by the local Indigenous community, by government and by industry. Your question was about getting the right baseline information. Getting the right baseline data that is not challenged by any other of the stakeholders is a crucial first step.

Hon PHILIP GARDINER: Yes. Was the key to giving it credibility because it was an ANU resource that did it for you?

Mr Gooding: All the stakeholders were drawn in at an early stage. You will note that the foreword for that was written by the traditional owners of Kununurra. Aboriginal people, government and industry were involved.

Hon LJILJANNA RAVLICH: Can I ask a question about that? I go to page 55, which looks at the percentage of dwellings requiring major repair or replacement in the Kununurra ICC region and the Ngarliwurru-Wuli Indigenous housing organisation area by locality. At Cattle Creek, 100 per cent require major repairs and replacement; Warrayu, 100 per cent; Warmun, 92.7 per cent; Mindibungu, 85.1 per cent; and Balgo, 61.5 per cent. How much of this work is actually being done?

Mr Gooding: For those examples that you have read out?

Hon LJILJANNA RAVLICH: Yes.

Mr Gooding: Very little of that work has been done. Some of those examples apply to a broader region than the catchment region for the Ord. We needed to do that because we needed to obtain

information from the statistical division. The Ord scheme by itself is not going to fix all those problems. Some of those places are 600 or 700 kilometres away from Kununurra and the Ord scheme.

Hon LJILJANNA RAVLICH: How many houses are there in Cattle Creek?

Mr Gooding: I do not know that.

The CHAIR: Hon Ken Travers.

Hon PHILIP GARDINER: Can I just keep on going?

The CHAIR: Just on this, and otherwise we will come back over here.

Hon KEN TRAVERS: I was going to broaden it out to talk about all this stuff, but if the member —

Hon LIZ BEHJAT: I was going to ask if we can get the stats on those houses at Cattle Creek. I assume that if 100 per cent need replacing, there might be just one house in Cattle Creek.

Hon KEN TRAVERS: If I can indicate what my question was going to be —

The CHAIR: Before we go there, is Mr Gooding able to provide the committee at a later date the information about the number of houses that are referred to in that document?

Mr Gooding: I will do my best. If the information is available to me and I can get it, I will certainly provide it.

[Supplementary Information No D2.]

Hon KEN TRAVERS: I am happy if Phil wants to go down the path of asking specific questions, but I was very keen, if it was possible, to get a brief overview of how these documents all fit together and how they fit with the native title settlement for the Miriuwung Gajerrong people. I imagine that the documents are all interconnected. Also, is the almost \$400 million allocated to social infrastructure projects? Again, looking at this, it would appear to connect back into all this. I do not know whether Hon Philip Gardiner is happy to do that first?

Hon PHILIP GARDINER: That is no problem.

Hon KEN TRAVERS: That will give us a sense of how the different elements connect and where the funding is going to begin. That will set the scene. It is a very important issue, in terms of understanding the history and the process and the way we can move forward.

Mr Gooding: The Ord project has had a very long gestation period. The state government had tried unsuccessfully to find private sector developers to develop it. One of the reasons that those private sector developers felt that the risks were too high in proceeding was that there was a very significant native title claim outstanding over all of the area. It was not until the government took the policy decision to negotiate that native title claim that we were able to make substantial moves forward. The state decided it wanted to negotiate an outcome—that was the previous government. Over the course of probably—I am estimating—two and a half to three years, a very extensive native title negotiation process was put in place. The objective of the traditional owner group was that they should participate in the benefits of the development. They felt that they had been bypassed by the development over a long period. Both the Indigenous side of the negotiations and the state's side of the negotiations came to an understanding that participation in a future Ord development—tying the future of traditional Aboriginal people to the prosperity that was likely to come out of the Ord—was going to be the substance of the native title agreement. We then all worked through the detail of that and, ultimately, a comprehensive native title settlement was agreed. The final figure was broadly estimated at \$56 million. It provides developable land for the Aboriginal people to participate in, a corporate structure that allows Aboriginal people to manage their affairs, some cash resources, some investment capital and it provides some guarantees of involvement. One of the other documents you will see is the Ord enhancement scheme. It provides a

leverage fund, which is effectively \$11.195 million under the control of the Aboriginal organisation to be able to leverage better social services. You can see that it is starting to come together. The native title settlement freed the land. Part of the agreement ties the future of Aboriginal people and their participation into the economy and provides a range of resources that they can leverage the social agenda against the development. Some of the documents that have in front of you—the Ord enhancement scheme—is part of that, which the development commission administers. The development commission administers that fund on behalf of the traditional owners. I am the state's representative of that trust and I am a director. The seven Miriuwung Gajerrong traditional owners and I regularly sit around a table and make decisions about how that fund is utilised. They have an investment trust into which \$14 million is progressively being provided by the state under the terms of the native title agreement for the long-term commercial and community benefit of the traditional owners. I can go on, but I hope that you are getting the feeling that it is quite a comprehensive process. The social agenda that is coming from the traditional owners is being leveraged against the economic agenda, which is the Ord scheme.

Hon KEN TRAVERS: Does this document derive out of that as well?

Mr Gooding: That is the linkage back.

Hon KEN TRAVERS: Is part of the social infrastructure that you talked about earlier—the \$400 million—about meeting the outcomes of the native title settlement?

Mr Gooding: Absolutely. I mentioned earlier that the state's royalties for regions \$200 million leveraged the commonwealth. This document, of course, by then was in the system. Because it was unassailable data and it effectively has a social development agenda attached to it, it became the agenda for the commonwealth and the state. The state elected to put its \$200 million into economic infrastructure, associated with agriculture, and the commonwealth elected to put its \$195 million into the social support infrastructure. In my experience, it is pretty rare in regional development to get a remote development with all the social infrastructure at the same time. The timing was probably perfect with the commonwealth's need to invest, and invest quickly, as well as the royalties for regions funding becoming available.

The member's question was how it will be spent. I did not hand out this document, but I have multiple copies of the way the \$195 million is to be spent. I will pass those out. Members will be able to cast their eye down the detail. Effectively, the \$195 million will go into health, education and training, housing and transport, as well as some community infrastructure. These are all projects that the community in the east Kimberley has looked at getting for a long while but was unable to get funding for in the normal mainstream funding priorities, but because this all came together as a package, it was able to be funded.

Hon KEN TRAVERS: Is this the \$195 million?

Mr Gooding: That adds up to \$195 million.

Hon KEN TRAVERS: Is that the federal funding?

Mr Gooding: That is the federal money. The state money, as I said, is being used on the economic infrastructure that is required to expand 8 000 hectares of irrigated farmland. That is coming through the Department of Regional Development and Lands and LandCorp. They are not the precise details; I do not have the detail of that \$200 million in front of me today.

Hon KEN TRAVERS: One final question: is that \$200 million a sunk investment? Is it net, or, once the infrastructure is built and the land is developed, will the land sales recoup some of that \$200 million?

Mr Gooding: It starts to get to the policy of the land release process. I believe that the method about how or whether the lands will be released and the funds recouped is a policy matter that has not yet been decided. It certainly is not a matter that the commission has major input into. I would

have to defer that to the Minister for Regional Development because I think the policy is yet to be determined on that.

Hon KEN TRAVERS: Parliamentary secretary?

Hon WENDY DUNCAN: I cannot assist on that either. It is still being determined.

Hon KEN TRAVERS: So there is a \$200 million investment but obviously some of that will be recouped through land sales at some point.

Mr Gooding: I cannot give a quantum of what that might be because I do not know what process will ultimately be decided upon.

The CHAIR: We will come back to Hon Philip Gardiner.

Hon PHILIP GARDINER: Thank you, Madam Chair. We have the foundation of where we are and what will go into the plan. Is the \$195 million plan already being written up so that the community knows what the elements of the plan are, or is that still coming?

Mr Gooding: The \$195 million is a result of a joint commonwealth and state assessment of the social priorities required in the East Kimberley. This is funding that was announced by the Prime Minister earlier this year in Kununurra. The assessment process has been made public. I happen to have a summary of the assessment process.

Hon KEN TRAVERS: This is like an episode of the *MasterChef*—this is the one I prepared earlier!

Mr Gooding: There is a broader document—both of them are public—but this is the summary level document that goes through the assessment of the needs. Ultimately, it ends up in the \$195 million plan and commitment.

Hon PHILIP GARDINER: My next question is whether this is coming from the top down or from the community up. It is a cross-cultural issue for the Indigenous and Caucasian communities. I am interested to know from Professor Pat Dodson whether the Indigenous community, as well as the Caucasian community, has an idea of what the plan is so that they are beginning to own the solution to the issues around the Kimberley—Kununurra especially, but the Kimberley in general.

[3.30 pm]

Mr Dodson: I think that in Kununurra especially they would know what social infrastructure is being proposed there. If you have a look at that OES outline, you can see where their interests have been—primarily on dialysis machines and education, and getting leverage points on that. The social infrastructure that is going in will enhance the hospital and other places which people obviously utilise. There is a fairly good appreciation of what this new investment will return in terms of availability of services and other opportunities for people. There are various things happening in various places in the Kimberley; for instance, there is a housing program in Halls Creek. People are well aware of that. They have been well involved. The commission does not necessarily get involved in that; that is for other agencies. But that is a project that is moving. The commonwealth has focused on Halls Creek, Fitzroy Crossing and the peninsula as housing priority areas. They are matters that we are not involved in directly, but the community people are very much involved in those processes. There has been a Kimberley-wide process going on for a number of years over the gas precinct proposal, which has involved Aboriginal people from all parts of the Kimberley looking at the potential impacts that that might have on them wherever they might be and what opportunities there might be out of that. Obviously, avenues of engagement with the state and the potential developers take place. At Fitzroy Crossing there has been a very strong move to look at the alcohol impact, and the same at Halls Creek. There has been leadership there by women in particular, and a fair amount of collaboration takes place between the policing service and many of the other agencies. I think that there has been a mood shift in some of these areas where it is not just seen as an Aboriginal problem; the community is starting to own the total problem. Certainly, as a

commission, we encourage that kind of interaction and we seek to create the opportunities for that collaboration at a regional local level as well, and, also, for the particular agencies to, I suppose, carry their responsibilities. We cannot tell them what to do. Certainly, there was a time in the commission when I first started—this is my second term as chair—when we were very much the crisis managers. If there was a spate of suicides at Balgo, we would have to go in or to send our chief executive to Balgo to help coordinate agencies on the ground to get practical outcomes and responses. That has changed quite radically. The communities themselves are participating more in these processes and the agencies, I think, are redefining some of their roles and functions as well.

Hon PHILIP GARDINER: That is really interesting. On this sheet here, the one where you talk about some of those measures which you are undertaking, the one area which I have a keen interest in is early childhood—not when they are two years old, but from the minute they are born—and helping the mothers so that the children can get a sense to achieve—not for recognition but just to achieve—in their own small way really. Is that in this program?

Mr Gooding: It certainly is. Certainly, an early childhood centre is —

Hon PHILIP GARDINER: That is what it means. Really, early childhood means from zero or zero minus six months.

Mr Gooding: Absolutely; and earlier, frankly. With the money that is going in to the FASD—the foetal alcohol syndrome—it is all linked. This is a very much a linked-up project. So there is childcare facilities coming out of it; there is youth support coming out of it; there is FASD and health support coming out of it—and the commonwealth is playing its part in all of that. Could I add one more point to the chairman's comment on your previous question about a bottom-up approach? In the east Kimberley there is a community reference group that is linked in and providing advice through to the Minister for Regional Development; and Lands. That consists of community people, traditional owners and farmers. They are providing regular advice to the minister, who sits over the top of the whole—this is the \$200 million state component. So there is input coming back from the community like that. Part of the \$200 million—not the commonwealth's \$195 million—from the state includes \$12.5 million going in for an Aboriginal development package. So whilst there were substantial resources that went in at the native title settlement, I think that we probably underestimated how there needed to be a much more serious focus on facilitating Aboriginal participation into the workforce. As part of the \$200 million component, \$12.5 million has gone across to the traditional owner group, the Miriuwung Gajerrong corporation, and they are in the process of recruiting six additional staff as mentors and trainers to draw Aboriginal people into the workforce, as well as some operational funds to make that happen as well. So this bottom-up approach is happening through the community with the community reference group and through the Indigenous community through the Aboriginal development package.

Hon PHILIP GARDINER: That is really interesting from my point of view.

Hon KEN TRAVERS: I have a question on that too. From what I understand, you are saying that that \$12 million is over and above the commitments under the native title agreements.

Mr Gooding: Yes.

Hon KEN TRAVERS: The other question was: in terms of the native title agreement, how important was—I mean, the sort of stuff that you are talking about right across the Kimberley sounds like it is fantastic and very positive—the Miriuwung Gajerrong native title settlement to actually getting the impetus to get the whole community focused on these issues and taking responsibility and accepting it—as Professor Dodson mentioned earlier.

Mr Gooding: It could not have happened without it. It could not have happened without it! The two absolutely crucial steps for moving forward in the east Kimberley were the resolution of native title—effectively, the community coming together in terms of how the land is going to be

developed—and having some discretionary resources in the way to develop it. Without those two things, there is no possible way that the Ord could be proceeding like it is. The 2005 resolution of native title and that negotiation process was absolutely central to it.

Hon KEN TRAVERS: I guess what I am looking for too are the lessons learnt in terms of the other native title settlements and other projects around. I mean, are there specific lessons that we should learn from the Miriuwung Gajerrong negotiations? Has a lesson been learnt for the next time that we are doing a native title settlement, to actually be able to get that quite broad-ranging encompassment of, you know, social, economic and environmental issues right across a region? There are some serious social issues. What would you say are the key elements there?

Mr Gooding: Global native title settlements that encompass all of the needs of both parties—effectively the state and traditional owners—are the way to go. In my view, until you are actually prepared to resolve the needs of the traditional owners into the future by participation—that is, tying their future to the future of future development in the area—native title settlement is perhaps less than what it could be.

Hon LJILJANNA RAVLICH: I just want to seek some clarification, Jeff, in relation to this document here. The opening paragraph refers to the investment including \$195 million over 2008-09 and 2009-10 for social and common use. What happens beyond 2009-10?

Mr Gooding: Most of this is capital infrastructure work and most of it is, and needed to be, done quite quickly. We are all aware that the \$195 million came as a result of the stimulus package money and so needed to be spent quickly. Most of it is being directed through state agencies—most, but not all. For instance, the health initiatives are going through the health department and the housing initiatives are going through the department of housing and works. Beyond 2009-10 there is not the need for the capital works; there is, of course, the need for all of those new facilities to be linked-in operationally to ongoing funding streams. But because they are being funded through the mainstream agencies, there is that implicit commitment that not only are you building facilities, but actually operating them.

Hon LJILJANNA RAVLICH: Okay.

Hon PHILIP GARDINER: I am aware that there is an agri-political organisation called the Pastoralists and Graziers Association which receives between \$500 000 and \$750 000 a year, as I understand it, to work out native title issues.

Mr Gooding: Not the pastoralists and graziers —

Hon PHILIP GARDINER: That money comes from the government—I think it must be the commonwealth government; I do not think it is from the state government. I was just wondering whether they had any involvement or if they have had any involvement working with you or Professor Dodson over the years in working through the native title issues that have been there some time.

Mr Gooding: Did you say the pastoralists and graziers?

Hon PHILIP GARDINER: The Pastoralists and Graziers Association, yes.

Mr Dodson: I am not aware of that as a discrete activity. I have usually encountered the pastoralists and graziers, or a pastoralist, at litigation point! Maybe that is where the funds go!

Hon PHILIP GARDINER: Interesting!

Mr Dodson: I think that in some of the broader rural Caring for Country types of projects—in the Kimberley there is a project that comes under that general banner—where people go out on the country, involve some of the pastoralists. Because they are going onto country that may be under pastoral lease, they work with the pastoralists. But that is more about conservation, caring, understanding it, fire management and those sorts of things.

Hon PHILIP GARDINER: No; that is a different area.

Mr Dodson: Then no, I am not aware of the PGA in the Kimberley playing any other role except when it comes to—and there has been—litigation.

Hon PHILIP GARDINER: Interesting. Thank you.

Hon LIZ BEHJAT: I want to ask something that seems fairly specific when talking about \$195 million—down to page 24 of the annual report and some of the projects funded under “The Kimberley Regional Development Scheme”. Right at the bottom of the page, the “Wyndham Turf Club” received \$14 750 for “Racecourse Stabling”. Can you tell me about that project please?

Mr Gooding: Yes, I can, but I think that I will probably defer to the deputy director, who has more detailed information than what I have.

Mr Barr: Previously, we funded a small project of the Wyndham race course for setting up their stage area. They were actually going through a full refurbishment of their facilities. The Wyndham race round is a fairly big event in the community and they did not have the resources to actually do this. They had a lot of in-kind support from local tradies and the like who can give their time to upgrade the stables, but they did not have any cash. So they came to us for some cash, and with a little bit of their cash and their time they came up with the project.

Mr Gooding: In a community of 800 people such as Wyndham, the races in Wyndham are pretty significant.

Hon LIZ BEHJAT: So it was not for permanent stabling for someone’s horse.

Mr Barr: It was for the race round.

Mr Gooding: It was for the race round—yes.

Hon WENDY DUNCAN: How many people come to Wyndham for the race round?

Mr Gooding: I do not have the exact number, but I would have thought that the population would close to double for the race round.

Hon WENDY DUNCAN: Sorry, I should not ask questions!

Hon KEN TRAVERS: I think that the parliamentary secretary is asking to make sure that she knows when it is on next year!

Hon LIZ BEHJAT: I do have another question that you may or may not be able to assist me with. I understand that the WA tourism commission has put a proposal to the MG corporation with regards to them taking on Faraway Downs as a tourist development project. Do you know about that? Is that right? Is that really going to be a worthwhile thing to do?

Mr Gooding: There is a proposal. It is now somewhat dated. It is probably 12 months old. There has been a consultant employed through Tourism WA to assess the financial viability of it, and that feasibility study is being put out to a range of stakeholders for their input. It is a fairly out-there sort of project.

[3.45 pm]

Hon LIZ BEHJAT: Out there? I would call it more than out there. The movie was a dud; who would want to go and see the house? That is my personal opinion.

Mr Gooding: The last iteration of the feasibility study that we looked at in the development commission left too much commercial risk with Miriuwung-Gajerrong people, and our advice to them was that they not proceed with it on that basis.

Hon LIZ BEHJAT: I have been seeing some of the really good projects that the MG corporation is getting involved in. That would be one that they would want to stay right away from—my personal opinion again.

Hon LJILJANNA RAVLICH: I want to ask a question of Mr Gooding in relation to the developments in the Browse Basin. I wonder whether you could, from the commission's perspective, give us a bit of an overview of what is happening to the best of your ability.

Mr Gooding: First of all, you would be well aware that the lead agency for the project is the Department of State Development and not the development commission. The latest briefing I have had from the Department of State Development is that it is progressing very well with the joint commonwealth-state environmental strategic assessment. My understanding is that this is the first time that has happened—that there has been a joint commonwealth and state assessment. The time line I understand is that that goes out for public comment about March, with a view to the many environmental issues that are involved in that project coming to some sort of finalisation towards the end of next year when it would need to be in front of the commonwealth Minister for Environment. Meanwhile, they are proceeding with a range of studies of the site—engineering studies and commercial assessments, those sorts of things. From the development commission's point of view, we were a member of the Northern Development Taskforce which was the previous method by which the project was being administered. There were some policy changes when the new government came in, and they have a much smaller group that is actually managing that now. We are not actually on that group, so we are one step removed from the information. The view that we have taken on the commission is that the development needs to leverage some social benefit for the region, and that the outcomes of one of the biggest commercial investments in the nation needs to make some inroads against a social agenda, which is why we put so much effort into producing a blue document similar to the one that you have in front of you for the west Kimberley, so that one is produced that sits as a companion to the Browse development. Again, it was produced jointly with the government and the ANU. We got Woodside money in so that they were part of the process. The data is unassailable and it establishes some good baseline indicators in the same way that we did in the Ord. That is available for policymakers as they get to the point of doing the final deals with the company.

Hon LJILJANNA RAVLICH: In relation to leveraging social benefit outcomes, I am assuming that you are in consultation or negotiation with both Woodside and Chevron on those matters. Has a commitment been given on Indigenous employment, in both the construction phase and the operational phase?

Mr Gooding: I am not close to that detail; I am sorry.

Hon KEN TRAVERS: The process that was adopted around Miriuwung-Gajerrong, from the why you are talking, has been a very successful one. Did I hear correctly there that, in terms of the Browse Basin and the James Price Point development, at this stage there has not been the development of a similar project to the same degree?

Mr Gooding: No, I am not saying that. What I am saying is that the commission is not as closely involved with that project as we were with the Ord. I just cannot speak on behalf of the agency that may well be doing it, that is all.

Hon KEN TRAVERS: But you are not aware of it. Maybe this is a policy question for the parliamentary secretary. If you have had the expertise and the involvement, I would have thought that either at a direct level you would be the agency involved, or at least you would be a participating agency that was being used by the lead agency and absorbing the expertise of what has occurred around the Ord development in terms of the James Price Point development. Is there a reason why they are not?

Hon WENDY DUNCAN: Not that I am aware of. You would have to get that information from the Minister for State Development, I would imagine, or the Premier. That is the lead agency there.

Hon KEN TRAVERS: Does it concern you, as the parliamentary secretary, that you have an agency that has a degree of expertise that is not getting used in the same way in that process, for the

other developments? One of the great things about the Miriuwung-Gajerrong is that it is about building up trust. I do not know whether that is a key element. I know from my limited exposure to the Kununurra area that one of the great hurdles was commitments given in the time of the original development that were then never delivered on. That broke down the trust between the government and the traditional owners. Rebuilding that trust is so important that, if things go wrong in the west Kimberley, that could also have a negative impact on the east Kimberley, so that people start to lose that sense of trust in the processes of government. I would have thought it would be quite integral to have a common approach across the two areas in the way in which development is handled, and the way in which the traditional owners are involved to maintain a sense of trust in government processes. I am not talking about party political stuff here, because I do not think a lot of other people see it in party political terms; they see it as “the government”—to put it bluntly, white man’s government. That is what you actually have to overcome. Is that not a concern for you?

Hon WENDY DUNCAN: I appreciate you raising this. I would imagine that part of the reason for the situation is that there is an incredible amount happening in the Ord, in the east Kimberley, and as part of the division of responsibility, the Minister for Regional Development and the development commission are intimately involved in the Ord, and they are not as intimately involved in the other side. You said that you are involved in providing information.

Mr Gooding: We try to stay as close as we can to those agencies, but we do not have our hands on the levers, so to speak. We must recognise that we are an organisation of 12 people, as well. Going through the process that we did with Ord and the Miriuwung-Gajerrong and simply keeping up with the commitments to implementation is actually an easy stage to underestimate. The amount of effort it takes to keep the Ord enhancement scheme on the rails and to keep the Miriuwung-Gajerrong people moving forward, and to keep all the players working consistently is something that we should not underestimate. We are an organisation of 12 people.

Hon KEN TRAVERS: I would understand that you would need additional resources to carry out the projects. I am fully aware of the continuous involvement that you have had with these matters. Parliamentary secretary, can you take that as a question on notice—to see if you can go back to the minister and get some explanation to us? While you are dealing with that question on notice, could you also take as a question on notice that earlier point that we discussed about how much of the \$200 million will be recouped through land sales? If a policy decision has not been taken yet, where is the policy decision up to, and what are the options? If you could take that as a question on notice as well.

[Supplementary Information No D3.]

Hon LJILJANNA RAVLICH: I want to ask about the Argyle diamond mine underground project. Can you give us an overview of where that is at, and also the question of Indigenous employment and training.

Mr Gooding: The Argyle diamond mine project, when it decided to go underground, required a \$1.5 billion commitment to do that—a pretty substantial expense. The company came to the state government at the time looking for a range of concessions. This is now historic—previous government times. One of the things the company was looking for was some royalty relief. In the context of considering that, the state was talking about localising the mine. At that point it was the biggest fly in, fly out mining operation in the state. The commitment was received at that stage for Argyle to head to a target of 80 per cent local employment. With the 80 per cent local employment, the company committed to half and half, with 40 per cent being Indigenous and 40 per cent and non-Indigenous, which effectively replicates the demography—about 50 per cent Aboriginal population. We now find ourselves about four years into that project. By the way, royalty relief was granted at that stage. There is now 66 per cent local employment at the Argyle mine and 25 per cent Indigenous employment. That percentage has been up to 26 or 27—it hovers around that figure. About 190 Aboriginal people in the east Kimberley are employed in the Argyle diamond mine. It is

one of the better news stories in mining; it is certainly one of the better news stories in regional development. Argyle is very focused on the same sorts of indicators you have seen in the little blue book that you have in front of you, and there is another document that sits right beside the Argyle underground operation as well. When those matters were being considered by the government—whether it should or should not consider royalty relief—they were considered against the context of the social agenda. It was unassailable data that Argyle, local Aboriginal people and the government had contributed.

Hon LJILJANNA RAVLICH: You would have to agree that 26 per cent is not 40 per cent.

Mr Gooding: Twenty-six per cent is not 40 per cent, and it actually raises a really important question, because the demand is there to employ 40 per cent. The difficulty is that there are a range of hurdles and inhibitors to drawing larger numbers of Aboriginal people into the workforce. We can all imagine what all those things are—poor education levels and a whole range of other things that are hurdles for Aboriginal people. Argyle understands that and, faced with that challenge, is investing in education in Kununurra through a range of support programs to try to draw more people through. It is investing in a whole range of case management and support processes to draw Aboriginal people into the workforce. It is not 40 per cent; it is 25 per cent, but 25 per cent is a whole lot better than a lot of other people are doing, and the commitment of the mine is there. However, there are some fundamental supply side issues that inhibit getting larger numbers of Aboriginal people into the workforce.

Hon LJILJANNA RAVLICH: In the absence of the development commissions being directly involved in the negotiations on the Browse Basin, who will be responsible for representing the Indigenous interests, if you like, in employment and training on the Browse Basin project?

Mr Gooding: I think it comes out of two areas. One is the social impact work and what sorts of commitments get attached to the social impact issues and it comes out of an Indigenous land use agreement with the traditional owners and what sort of conditions they are able to negotiate through that process. The Indigenous land use agreement will be negotiated through with the Office of Native Title and those people, and the social impact assessment work I understand is being done through the Department of State Development jointly with the Department of Planning.

[4.00 pm]

Hon PHILIP GARDINER: I want to pick up on some of the comments that Hon Ljiljana Ravlich was making about Indigenous employment. With the Argyle case, are we aware of whether that 26 per cent is a stable workforce, or is there a fair bit of turnover within that? I am under no illusions about the difficulty of taking in Indigenous people as employees, because the history of where they have come from has implications that many of us do not understand, and it is very difficult for many of those people, I believe, to be able to sustain permanency in employment. I am interested really in the comments from you about the reality of how we are going to improve that situation and try to ensure that Indigenous people who come into jobs retain a permanency; and, if they do that, how they can pass on that change in their attitudes to work to their colleagues and others from all cultures.

Mr Gooding: That is a very broad one, is it not? We would like to be able to solve all of that.

Hon PHILIP GARDINER: I know. It is a big problem.

Mr Gooding: First of all, I will go back to the beginning of your question, which is: what is the turnover rate? I have not got that number. I can get that number for you, and I would like to be able to present it to you, because Argyle is very proud of the fact that its Aboriginal workforce is quite stable.

Hon PHILIP GARDINER: Terrific.

[*Supplementary Information No D4.*]

Mr Gooding: So, that is the turnover rate at Argyle. It comes at a price to the company, of course, and, in essence, apart from having the corporate commitment to actually achieve in terms of Indigenous employment, the reason that it actually is able to happen is that they have invested heavily in individual case management, so that not only do they provide the work opportunity, but when there is a difficulty, as there inevitably is, they have case managers who are able to support those people. So they have people who are on the road almost continuously sorting out the family issues, sorting out the drivers licence issue or sorting out whatever the issue is in order that the pathway to employment is streamlined and remains open. So it does come at that cost. The third part of your question was about what lessons have really been learned. I think I am saying that it is not just about making the opportunity available; it is about making the opportunity available and the attendant support services that actually allow people to fulfil that opportunity.

Hon KEN TRAVERS: It is about an organisation being culturally aware at every level. I must say, having visited Argyle over a number of years, I was very impressed by the way they actually—when I first went there, it was sort of, “We’ve got this great Indigenous program. Go and talk to the Indigenous liaison officer.” It got to the point where the mine manager was actually completely—it was a part of their management process, being culturally aware and being able to be comfortable with—even the way in which they selected people to work for Argyle was actually done in a culturally appropriate way, because they had worked out that the classroom was not necessarily always the best way to assess the aptitude of someone, and things like that.

Hon PHILIP GARDINER: Could I ask Professor Dodson: are we on the right track here, and are we going to make progress?

Mr Dodson: We are certainly on the right track when we seek to get buy-in from all agencies, and get industry and government and Indigenous peoples working together. That is certainly the right track, and certainly dealing with native title not as the enemy of development, but as a positive that has to be factored in and dealt with and negotiated and proper outcomes considered. They are certainly in the right direction. I think the employment-education factor is obviously of great concern throughout the state, but certainly in the Kimberley it is a great concern, and acquiring trade skills in order for getting people ready for the real opportunities that there are for employment in the Kimberley is a matter that our commission has a keen interest in. We get regular reports about how that is going, whether it is with tourism or wherever it is going—not just for Indigenous people, but how the region is operating.

The other thing is—I do not know the detail of this—but with the underground at Argyle, there are two things. One is that going underground is not necessarily an easy thing for Indigenous peoples to fully feel comfortable about, given that this is also a location that has got its own history in terms of a sacred site, damage, destruction, and the ceremony that is adopted at Argyle to protect, in the eyes of the traditional owners, those who come to work there, is very much linked to what is in the ground. The diamonds, for instance, are considered to be the eggs of a barramundi dreaming, so you are extracting these eggs out of the land. People who follow customary or traditional laws—most of those people would be influenced one way or another by that. Going underground is a pretty scary thing, but that does not deter some of them. There has been a downturn, I think, in the overall numbers of employees at Argyle.

Also, there are opportunities in the Pilbara, because there have been some young Aboriginal people who have got their apprenticeships or endorsements and upgrades on apprenticeships who have gone to other mines. There are some in Kakadu, for instance, at the mine over there. There are people in the Pilbara, for instance. I think Argyle, having taken this pretty courageous policy position, and worked at it, has created a competency that puts people into the marketplace. So there is another level of the outcome that I think is successful and very positive. We are just trying to fill the backlog of what you were raising before about the educational needs and the health needs and housing, to get people into better opportunities for work or for other careers.

Hon PHILIP GARDINER: Thank you.

Hon LJILJANNA RAVLICH: It would be fair to say that during the last boom a lot of the more highly skilled, better-educated Indigenous people were actually picked up by the mining companies, so what we have got now are those people with a combination of social problems and low levels of skill or literacy et cetera. So they are really the hard end, if you like, or the more lower-lying fruit that Argyle, I suppose, and other companies may be dealing with.

Mr Gooding: It gets harder as we go along.

Hon LJILJANNA RAVLICH: Yes, that is right, but in some ways it also gets easier, because you are also getting young people coming out of the education system who are coming out with some trade qualification, or they have done a combination of school and trade et cetera. So, at the same time, the new ones coming out of the school system are much more able and adaptable, I think, which is a good thing.

Mr Gooding: Yes.

Hon KEN TRAVERS: I guess, in looking at all the positives—although I think it is actually important in terms of achieving some of the outcomes we are talking about—are you involved in any way with the Kimberley prison? I think the new prison is still going to Derby, is it not? Ultimately, I think they are trying to get some culturally sensitive issues in the way in which it is designed and the training programs incorporated into that. The current Broome prison is so overcrowded that I am not sure that there would be much training or opportunities for engagement with the complete population, but, unfortunately, significantly, the Indigenous population. Are you involved in that at all as a commission and providing any sort of advice? When you think about the work we are doing, that is also another logical place to start the connections to those employment opportunities, so that whilst people are in the prison system, they are actually getting the opportunities to develop skills, so that when they come out of the prison system, they can actually pick up some of the opportunities we have just been talking about. Are you involved in that, or are you aware of whether there is a linkage between the positive stuff we have been talking about and the development of that prison and the work camps?

Mr Gooding: We are not closely linked to it. Our board has a sort of watching brief, and we have regular briefings from the proponents, and we have this exact discussion that we are having now to try to encourage people to make those sorts of linkages. But, again, that is not a project that we have got our hands on the levers of. We are spread relatively thin in the region, and we have had to remain pretty strategic in a very rapidly growing region. So we have tried to remain linked in to some of the big projects that have got the capacity to be able to deliver the scale of benefits that you actually need when you look at the demography of this region. The scale of this challenge is enormous, and you are not going to get it out of incremental growth in employment in the tourism industry or incremental growth in employment in retail. You have actually got to hit the major projects as well and get some big runs on the board, or else we would be going backwards.

Hon KEN TRAVERS: I do not disagree with you. I guess this is an argument—and I hope the parliamentary secretary is listening so that she can take it back to the ministers. When you look at the opportunities in the Kimberley at the moment and the work that is occurring up there, I think it is an area where a development commission could play a really crucial role in the coordinating, but you need to be given the resources to be able to do that as part of bringing the agencies together, with the sort of work and the opportunities that are occurring, to probably address some of the most important issues in our community right across the state. If we cannot deal with the issues that are appearing in the Kimberley, we are not a society. So I agree with you.

Mr Gooding: And they are some of the trickiest issues in the nation, are they not?

Hon KEN TRAVERS: You need the resources to do it, but you have the opportunity to provide that sense of coordination. Looking at the documentation here, you have also started to get some of

the runs on the board to show it, so it is about giving you the resources to be able to do it, because it is about getting that coordination and that linkage at every level. You are right; you are doing everything with 12 staff. You cannot try to do everything that we are talking about here, and then link back into the prison system and everything else. You do need more staff to coordinate it, but, ultimately, if you are going to fix the problems, that is where you are going to fix them, I think, and I think that is the message I am getting from you and your chairman—that is, as a development commission, it is your role as a coordinator, and particularly because you are so far from Perth, it becomes an even more important role of coordination.

Mr Gooding: Just in responding, there is a point there in what you are saying in terms of what sort of support we are getting. Successive ministers, when they have been exposed to the sorts of issues of this region, have all responded in almost exactly the same way, which is, “Let’s get in and do something about this.” We are pretty proud of the fact—and you will have seen in our documentation about the regional grants scheme—that just over 50 per cent of the grants that we have been able to provide in the last round have gone to projects with Indigenous outcomes. That is how important it is for us.

Mr Dodson: If I can just add to that, as a board we take a very keen interest in all these other—even though we may not have the responsibility. We invite the regional director of education to find out what’s going on with education—“Why aren’t we getting the results?”—so that in the region, agencies with responsibilities know that we have a keen interest in what it is that they have got responsibility for, and is there some way we can either collaborate or work with them, or bring in new ideas to deal with some of the things that seem to get us stuck. I think in the regions it is a bit like Mr Gardiner was raising before, that there is a real need to think a bit more laterally about the delivery of the services and the real participation of the region in those decision-making processes, and not simply just rely on our agencies, as we do. In fairness to the Kimberley, I think there is a fair amount of goodwill around that. It is actually getting it all to gel at the one time that is their challenge.

Hon KEN TRAVERS: For what it is worth—I do not know whether anyone else wants to make any comment—we have had three other agencies in today.

Hon LIZ BEHJAT: You have been making speeches all afternoon. You must be missing Parliament.

[4.15 pm]

The CHAIR: Hon Ken Travers has the call.

Hon KEN TRAVERS: We have had two in previously. It is interesting, because your agency is probably the one agency that has been dealing with those social issues and seeing them interconnected. The others deal with them but not to the degree you have engaged with them and recognised that the two are so interconnected. I say that for what it is worth, if you want some positive feedback. I have all these other questions that I am not game enough to ask after what we have talked about today because I think they would move away from something that has been very positive.

Mr Gooding: You have seen in our annual report that that port enhancement scheme and the regional grants scheme actually dominate our budget. We are a pretty small organisation apart from those two things.

Hon PHILIP GARDINER: I was going to pick up what I think is an inconsistency based on what your agency is actually doing. It is always good to compare what actually happens with what is thought is about to happen. In the objectives and functions, on page 14 of the annual report, it is all about physical infrastructure to do with economic growth and everything else, which is fundamentally very important. But I do not think it makes any reference to the significance and importance of the matching social infrastructure. By social infrastructure I mean getting the

infrastructure to help young mothers as soon as a child is born and helping with education, health, jobs and training. I think that needs to be relooked at just as a matter of consistency. It does not affect what you are doing I know.

Mr Gooding: These objectives come from legislation. They apply to the nine development commissions, and each of the development commissions, through their boards, make interpretations in relation to their specific needs. You are pointing to an interpretation that we are making for the Kimberley that is probably different from what some of the others are making in the rest of the state. We have not found ourselves overly limited in making that interpretation of the legislation.

Hon PHILIP GARDINER: I would not change.

Mr Gooding: No.

The CHAIR: The honourable member makes a good point. I suggest the act needs changing to perhaps include environment as well. It might even have “triple bottom line”, which would be rather nice. You can interpret it that way, but it is not an objective.

Hon PHILIP GARDINER: It is not actually in the charter.

Hon KEN TRAVERS: I suspect that, to achieve those objectives, the board has recognised that the Kimberley must address its leadership and say, “You’re still achieving the objectives but the only way you can achieve even that economic objective is to get everything else right as well; you won’t achieve it if you don’t.”

Hon LJILJANNA RAVLICH: Mr Gooding, I refer to the MG housing and infrastructure project and an audit report that was undertaken, under “Other Achievements” on page 26 of the annual report. Can you provide a copy of that audit report to that committee?

Mr Gooding: Yes I can.

[Supplementary Information No D5.]

Mr Gooding: My one-line summary for you is that it will show a significant disadvantage and a significant disparity in infrastructure available to MG people. We did it as a tool to be able to leverage some resources. We will certainly provide the report.

Hon LJILJANNA RAVLICH: Very good, thank you. What else did you do as a tool to leverage resources, apart from what is in the annual report?

Mr Gooding: The most significant is the good baseline data that everyone can use, because that is a tool that goes well beyond our influence, and all other agencies pick that up. We have tried to partner in most cases. We recognise that we are a tiny organisation and do not have legislative clout to be able to compel, so we have always tried to work in partnership and that has meant that we have tried to use our resources in that way. We have brought our money to the table but our board has been fairly strict about making sure there is good leverage in a project before we proceed with it. We were not prepared to put our money on the table if there was not something coming back. I am sorry; that was a general answer.

The CHAIR: I think we might be finished. If there are additional questions, and there may not be, these questions will be provided to you via the minister in writing in the next couple of days together with a transcript of the evidence from this afternoon, which will include the questions that have been taken on notice. If members have additional, unasked questions, they should please submit them to the committee clerk at the close of this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency be unable for some reason to meet this due date, please advise the committee in writing as soon as possible before that due date. The advice is to include specific reasons for why the due date cannot be met.

On behalf of the committee I would like thank you very much for your attendance this afternoon and your assistance in our inquiries and wish you all the best for your meetings in Perth. We will close the hearing now.

Hearing concluded at 4.20 pm