



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT,
REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

Reference: Impact of the global financial crisis on regional Australia

WEDNESDAY, 29 APRIL 2009

GERALDTON

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**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT**

Wednesday, 29 April 2009

Members: Ms King (*Chair*), Mr Neville (*Deputy Chair*), Ms Campbell, Mr Cheeseman, Mr Clare, Mrs Gash, Mr Oakeshott, Ms Parke, Mr Raguse, Mr Randall, Mr Robb and Mr Sullivan

Members in attendance: Ms King, Mr Neville, Ms Parke, Mr Raguse and Mr Randall

Terms of reference for the inquiry:

To inquire into and report on:

The impact of the current global financial crisis on regional Australia and the role of the Commonwealth Government in ensuring that regional Australia is equipped to respond, with particular focus on:

- the encouragement of economic development and employment; and
- the development of sustainable essential services and social infrastructure designed to enhance the liveability of regional Australia.

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Committee met at 10.59 am

CHAIR (Ms King)—I declare open this public hearing of the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government for its inquiry into the impact of the global financial crisis on regional Australia. This is the first of the committee's Western Australian hearings. I am looking forward to hearing the evidence that we have today. We will be hearing from local councils and economic and regional development organisations as well as business representatives.

I welcome everyone here today for what I am sure will be an informative session to start the proceedings. Before I do that, the committee needs to formally resolve that document 5, the submission from Mid West Gascoyne, be approved as a submission, accepted as evidence and authorised for publication. Mr Neville has so moved. There being no objection, that is so ordered.

[11 am]

BRUN, Mr Anthony, Chief Executive Officer, City of Geraldton-Greenough

CARPENTER, Mr Ian, Mayor, City of Geraldton-Greenough

PARKER, Mr George Victor, Shire President, Shire of Northampton

CHAIR—I welcome representatives of the shires of Geraldton-Greenough and Northampton. Although we do not require you to give evidence under oath, I do need to remind you that these are formal proceedings of the parliament and, as such, should be treated with the same respect as proceedings of the House. It is also customary for me to remind witnesses that giving false or misleading evidence is regarded as a serious matter and could be regarded as a contempt of parliament. With that nasty bit over, I would like to say welcome. We have received a paper from the Geraldton-Greenough city. I understand that you wish to have that kept confidential. There are some things in it that I am interested in, so hopefully that will come out as part of your evidence. I do want to thank you for appearing before us today to tell us what is happening in your district and what you are doing, as a local government, to combat those. Perhaps we can start with Geraldton. Do you have an introductory statement that you would like to make?

Mr Carpenter—I will defer to the CEO. He is the author of the report, but I am more than happy to provide any information that you might ask.

CHAIR—Thank you. If people want to take their jackets off, then please feel free to do so. It is quite warm in this room.

Mr Brun—From the city's perspective we have not been significantly hit, at this stage, in terms of the financial crisis to the extent that might be described over on the east coast. However, there are a few elements that indicate that it is a thin veneer that is probably hiding the true scenario underneath. Several industries, including the crayfishing industry that we have here, have suffered some fairly substantial downturns. There are two parts to that. One is in terms of their catches and those issues with the sustainability of the fishery, although the tonnages this year are quite good. There are still long-term concerns about the sustainability of that industry and potential impacts of climate change or other things in terms of the cycle there. But what has hit them hard this year has been the lack of a market, especially in the traditional markets of the US and Japan. The local crayfishing industry sells a lot of their produce directly to the US to the casino market. That market has fairly well evaporated. I understand that Wayne Hosking from the Geraldton Fishermen's Coop is talking to you this afternoon. So you will probably get a lot more detail then. That is the sort of thing that has hit them and that has historically been a strong industry for our city and the region.

Agriculture has been going relatively well. Following a couple of years of drought, last year was actually a productive year and they had record tonnages of wheat. That has probably gone counter to a lot of other industries.

The third point relates to the mining industry. As we have put in our submission, a few of the mining companies have either stopped or reduced production, which has led to downturns and staff being put off. Except for Iluka's mineral processing, which is here locally, the rest are actually in the hinterland. So there is not a direct loss of employment here at the city, but it has an adverse effect. The hinterland is what drives the local city economy. So whenever they are hurting in the inland we feel it. A lot of that impact of the mining has been shielded by the very good year the farmers had with their wheat crop last year. As I mentioned before, there is a bit of a masking effect going on from unrelated factors.

The final one is building. Our building numbers have dropped considerably in the last six to eight months.

CHAIR—Is that in both commercial and residential?

Mr Brun—In both. We have now noticed that what is holding up our building licences is the first home buyers grant market. The \$21,000 grant seems to be what is driving our local housing market at the moment—without a doubt. The secondary market and houses of a higher value, in terms of new construction, have disappeared. In terms of the commercial market, there is very little being built now. That covers the major issues affecting us.

CHAIR—We will hear some evidence a bit later on, but how are things like retail, hospitality and tourism faring?

Mr Brun—Through our discussions with the chamber it appears that they are still doing reasonably well. People are still buying discretionary items. One of the things that was quoted at a chamber meeting recently was that there are still people buying jet skis and the like, which would be considered luxury items when you consider their cost.

Again, there is a concern out there about how much of that is masked by the substantial impact that has come from the good season of the wheat farmers, whether that has pumped a lot more money into the economy that had been absent, and if that does not come through with a good season this year, whether we will be truly exposed. Generally, the traders have not indicated a major decline at this stage.

CHAIR—Thank you for your introductory remarks. Mr Carpenter, did you want to add anything?

Mr Carpenter—I would certainly concur with the information that the CEO has presented. The fishing industry is an issue that is going to have quite a marked effect on this area. Up until this week, fishermen were only able to fish four days a week instead of the usual seven. That has recently been increased back to five. That will probably help a little, but we are getting towards the end of the season. It finishes on 30 June. So there is not a lot of time left for them to make up lost ground. The concern is that the puerulus count that they do to establish the forward likely catch is very low and no-one has yet been able to explain why that is happening. That is certainly a concern for that industry.

I would certainly agree with the information about what the retail traders are saying. I would add that our tourism numbers are quite substantially up—that is domestic tourism. We are very

pleased about that. I would see that as something that will help to bolster our economy. I think that is about all I can add.

CHAIR—Thank you for your introductory comments. Mr Parker?

Mr Parker—I would like to back up what Mr Brun said. Northampton shire is much like the city with the two years of drought. We have had our financial crisis over the last two years. Even though last year was a very good year, it takes more than one year to pick up after two disasters. The crayfishing industry affects our shire a lot, too. We have three crayfishing ports in our shire and they are suffering badly. The on-flow from that is still on the way.

With respect to tourism, we have Kalbarri in our shire and two other coastal towns, Horrocks and Port Gregory. They are not suffering yet, but we do not know what is going to happen down the line. They tell me that some of the people who generally go to Broome and Exmouth might be coming to Kalbarri. They are not travelling as far, but how long that lasts nobody knows. This financial crisis has not hit us hard yet, but it is going to. We do know that.

CHAIR—I want to ask you some questions about that. In terms of where you are at the moment, you are obviously monitoring how things are going. What are you anticipating might come your way? I noticed that there was something in the newspaper about it this morning, that it may not hit until later. What sorts of things are you hearing and what are you doing to prepare for that?

Mr Brun—Very much what we are hearing relates to the mining sector and that is the potential lack of development of the major iron ore deposits in our hinterland. If they do not proceed then that is going to have a very substantial adverse impact on our economy. That is our biggest risk, without any doubt.

The reality of our location in the northern agricultural region is that there is always going to be a high risk of failures with our crop yields up here. It is always recognised as more of the marginal end of the agricultural districts. If you throw in the increased risk of climate change and the like, then it only makes it more likely that we will not get two or three consecutive years to make up for it. At some point the benefits of agriculture will disappear and we will be exposed.

With the mining, we are looking to counteract that by making sure that all the processes are in place to enable them to go ahead. We see the key to that is ensuring the infrastructure is right, especially through Oakajee port and even with the existing port—enabling it to go from its current tonnages up to 12 million to 15 million tonnes per annum for iron ore. We see that as being critical because the next three to five years are probably the most important ones for our iron ore industry to develop as a major iron ore province. There is a general feeling within the industry that, if it does not occur in that period, it is likely to pass by this area.

We have issues here with our iron ore area being dislocated from the ports by quite some way, so infrastructure is a key part of getting that in. There are two types of iron ore that are out there, hematite and magnetite. The Pilbara iron ore is predominantly the hematite variety, which is easier to process and export but has a high refining cost offshore. The magnetite has a high refining and energy cost within Australia, but it is easy to process when it goes to a steel mill offshore. We are blessed here with large quantities of magnetite, but that is going to have

impacts for us, especially with the carbon pollution trading scheme proposal. The whole-of-life cycle of magnetite, which uses far less energy than hematite, would be adversely punished in that environment. So the industry is at risk because of that.

The other risk is also the building of infrastructure. As I said, there are the key rail lines and the port developments. Obviously, we have been seeking to advise both the state and Commonwealth governments, through their respective programs, to bring on those as priorities. We see the future of this region and the city is very much linked to the development of iron ore as an industry and the development of Oakajee as a logistics hub. Oakajee forms the nation's largest clear area of land freehold by the state that is zoned for heavy industry that is adjacent to a genuine deepwater port. Oakajee, when it is built, will allow for 210,000-tonne ships, 19-metre draft, which makes it one of the deepest ports in Australia. It would be the only deepwater port with an industry park next to it. We see that the iron ore is a lever to get that infrastructure funding and the works happening and then this region developing as a major industry hub into the future.

They are the strategies we are working on. We are hoping to diversify our industries beyond agriculture, fishery and even mining, to be honest.

CHAIR—I know that this committee has received evidence before in terms of the Oakajee port. Is that a privately owned port or a port owned by the state government?

Mr Brun—It is a state port—the land on it is all state owned. The state government went through a tender process with two tenderers at the time. Essentially, it has been agreed that it will be a privately funded port, although the state government has now committed to putting in funding towards the common user infrastructure. The port will be run and managed by the Geraldton Port Authority. There is already an existing port here in the city and they will be the statutory authority that runs it. At the end of 30 years the actual assets are handed over across to the state as well.

CHAIR—Thank you. Mr Neville?

Mr NEVILLE—I have a couple of questions on the fishing. When you say 'sustainability', on the east coast that means two things. Sustainability is when you have enough fish to keep fishing. The other thing that people talk about is that some of the environmental rules have been so draconian that it has driven a lot of the fishing fleet away. Which 'sustainability' are you talking about?

Mr Brun—The mayor is a bigger expert on fishing, but I will give you the first comment. It is both. As the mayor highlighted, the puerulus count indicates the larvae form of the crayfish. In the last season they basically saw none and they still have not. They are a very reliable indicator of what you will get for crayfish four years out. This is the first time that has ever happened. There are two concerns there: have the currents changed and the larvae are further out, or have they just completely gone? We do not know. We do not know if it is a cause from overfishing or a cause from climate change and changes in water patterns? We do not know. That is research that needs to be done. That is the sustainability question that sits there.

In terms of the industry, there has been a lot of contention about how it has been managed. There is definitely a lot of concern about the regulations making it a lot harder for the smaller operators at the moment and that it has seen a consolidation to smaller and a few larger operators. We are not sure whether that is a good or bad thing for the industry. It is a bit like the impact of farming and the move towards larger and larger broadacre farming. You get less and less employees with less and less economic drivers coming out of having a certain production in an area, and I think that is something that is happening within fishing as well.

Mr NEVILLE—The counterargument to that is that the smaller fisherman, who is more reliant on the weather in going out to fish, is controlled by the elements, so to speak, whereas sometimes when all the fishing gets into the hands of bigger operators, some of whom have processing boats even out on the ocean, there is a tendency towards overfishing.

Mr Carpenter—There is no processing on the ocean here; it all must come back to land. The tendency is certainly to larger vessels. I think you may have indicated to smaller ones.

Mr Brun—It is smaller groups of people, so smaller businesses. So the smaller operators disappear.

Mr Carpenter—That is right.

Mr NEVILLE—Besides the lobster industry, what other fishing industry do you have? Do you have prawns and fish?

Mr Carpenter—There are no prawns here, but we certainly have pearls at the Abrolhos Islands. It is a particular type of pearl which is almost a black pearl. It is very beautiful and quite profitable. We have the Batavia Coast marine facility here which does aquaculture research, and that supports a fair bit of what goes on at the Abrolhos Islands.

Predominantly, it is Western Australian rock lobster fishing and there is some line fishing, but the impositions that have been made by the state government on that industry have almost wiped them out, which is unfortunate. The catch is not there and they want to keep the fishery sustainable, so they have put lots of restrictions on it.

Mr NEVILLE—I would like to deal briefly with the rail. What moves have you made with the state government in terms of upgrading the rail? Is the line from here to Perth one of those taken over by QR or is it still run by the state government?

Mr Brun—The whole of the network here is owned on a lease by WestNet Rail, which is part owned by Babcock investment. Queensland Rail is now the only operator through their subsidiary company, the Australian Rail Group. There is a difference between the line owner and the operator. The line between here and Perth is probably not the most reliable. There are sections now on both of the existing routes that you could take that are effectively redundant where they have not been maintained. The only remaining lines are those north of Dalwallinu and Moora which feed this way for the grain network. But you would struggle to get a train through to Perth, even on the Moora line now.

Mr NEVILLE—That means that you would have to fund that by grants. If the state government is the ultimate owner, then you would have to have a deal between the owner and the operator and possibly the federal government if you wanted to do a major upgrade. Is that the only way?

Mr Brun—At the moment there is a separate inquiry—I think it is a joint state and Commonwealth one—that is dealing with the grain network. Obviously the focus has been on grain for the Western Australian network because we suffer from being on the narrow gauge. A lot of that is old infrastructure built in the fifties and sixties and a lot is degraded and the key connections are gone. It has basically fallen back to catchments of the original ports. For example, if you look around the state, most of the southern wheat belt now will feed towards Albany, to a small portion; the central wheat belt goes towards Kwinana and Perth; and the northern wheat belt heads this way. Originally you could get right across the whole network—north, south, east, west. It is those links in the middle that, for cost-saving reasons, have been progressively removed over the last 10 to 20 years. Some real opportunities have been lost due to those decisions made at the time because, essentially, the major ports such as Geraldton, Albany and Bunbury as regional centres have lost the capacity to have a broader hinterland catchment to feed off. We see that there is a need to get that back on the agenda and reinstate some core linkages.

Following what I was talking about before regarding Oakajee and the Oakajee industry park, a key factor to its success is going to be standard gauge rail back to Perth or to the east via Leonora-Leinster. That would need a whole new line of standard gauge in the order of 400 kilometres.

Mr NEVILLE—If you have narrow gauge grain lines feeding on to that then would you not need dual gauge?

Mr Brun—Not necessarily.

Mr NEVILLE—You do not want to have to transfer the grain from one container to another en route.

Mr Brun—You would not necessarily need to change it. The current infrastructure and wagons are there to service on narrow gauge, and narrow gauge can work fine in terms of tonnages for both minerals and wheat. That is not the issue. The issue that we have is really the connectivity between regions and nationally. Obviously, with Oakajee port, as I mentioned, we are hoping that the federal government gets behind it. We had the pleasure of hosting Minister Albanese in town recently and he spoke positively about that project. We are hoping that at some stage it gets announced as part of the major Commonwealth investment program. Building the port would only be part of the story. The key is actually linking it onto the national network. That would provide some real alternatives, not only nationally in terms of a genuine deepwater export port, which we believe would be substantially better than what even Darwin offers because of the access that it has to a genuine industry precinct, but it is good access to Asia, India and the African continent. It is also good for Western Australia.

In terms of its port at Fremantle and the proposal for Cockburn, there are constraint issues at Fremantle. There are issues as to whether that is the best use down there. There are issues about

the environmental degradation in Cockburn Sound. In my previous role as Chairman of the South West Catchments Council I was quite involved in terms of the impacts of the seagrass community down there. One of the concerns is that it is trying to wedge a lot of industry and port operations into the metropolitan area when there is a viable alternative. If we could get that connection up here it would change the state logistic framework completely. It really takes pressure off the urban area of Perth and it provides an opportunity to get things like lead, which is going through Fremantle at the moment, but should not be. They should be going through ports like Oakajee which have the buffers. Nickel, which is causing problems down at Esperance, could obviously come through a port like Oakajee again. It really opens up the opportunities for those types of uses. In the context of what your committee is about, it diversifies our economy; that is the main game. What we have been pushing as a city is really about creating economic diversity. Regional centres struggle when they have a small centre of economic drivers. We believe that getting that industrial sector going is important to really make a long-term sustainable centre.

Mr NEVILLE—Would you like the committee to recommend that to the federal government?

Mr Carpenter—Definitely.

Mr NEVILLE—We are asking you what are the inhibiting factors to your regional development. Quite a few of the cities just have not said what they want or what they perceive is wrong. We would like you to say what you really want.

CHAIR—I think we will take that as read.

Mr Brun—I think you can take that as read. I am not sure what the timing is like, but there is one thing that I would not mind quickly raising, if that is okay with you.

CHAIR—I know Ms Parke, as the member for Fremantle, is very keen to ask you some questions. We might do that and then I will let you raise that. I have some further questions as well. I am assuming Ms Parke has some questions about ports.

Ms PARKE—Thank you. Mr Brun, I do appreciate your comments about lead through Fremantle. I could not agree more. In terms of the Oakajee deepwater port and rail development, what exactly is holding up the beginning of that project?

Mr Brun—The state government has now signed a development deed with the proponent, Oakajee Port and Rail, which is half owned by Murchison Metals and the other half is owned by Mitsubishi Corporation. They now have 12 months to develop a bankable feasibility stage. So they have to come back to government by 31 March with whether they have the financing in order and doing all the detailed feasibility analysis of it. Realistically, the biggest hold-ups with it are the lack of approvals. There is an existing environmental approval for the marine side, which goes back to the previous Kingstream iron smelter proposal from the mid-nineties. The marine environmental approval is in place.

Mr RANDALL—Are you waiting for an approval from the minister for environment?

Mr Brun—The marine side has got approval as it stands. The previous government extended the Kingstream approvals. So that is in place for the marine side. The non-marine side has not had its environmental approvals as yet.

Mr RANDALL—Who are you waiting for on that?

Mr Brun—That is the state at this stage. I am not aware whether it has been brought up to federal.

Mr RANDALL—Which particular minister?

Mr Brun—That would be Minister Faragher, who is the current state environment minister.

Mr RANDALL—You should use every opportunity to let her know that you want it done sooner rather than later.

Mr Brun—We want to make sure that the due process has been gone through. Whilst we are keen to see Oakajee go ahead, we want to make sure that there are no adverse impacts for the community and that things are done properly. We are worried, though, not only in terms of environment, that planning has been quite delayed. It has taken 10 years for the various state agencies to get their planning in place to where it is at now, which is not very advanced, and there is a real risk that the Department of Environment and the Department of Planning and Infrastructure could take upwards of another 10 years to get their approvals.

From our view, we would like to see that. Given the significant nature in terms of state and national significance of the project, it almost warrants a state agreement act or a special piece of legislation and the fast-tracking of some form of inquiry and assessment to get it through quicker, so that within 12 months to two years it is actually approved. Because it is such a unique development and because of the scale of it, your normal planning and environmental frameworks struggle. In a sense, they just do not work. They create long delays and they create extra risk. I think there is an opportunity to actually fast-track those approval processes. I want to stress that it is not something where the city wants to push bypassing normal environmental assessments. We believe that they need to happen. In terms of economic and social impacts on the city, we think that if Oakajee goes ahead there will need to be substantial upgrades on infrastructure within the city in terms of schools, roads and the like because it will have a dramatic impact on our community. That has got to be done. We just need a framework to deal with it much quicker than what is currently proposed.

Ms PARKE—What are the federal government implications of Oakajee? Is it mainly funding or other things as well?

Mr Brun—At this stage, it is predominantly funding. It is securing funding for not only the port common user infrastructure but also access to it with road networks. It is similar to the package that Minister Albanese announced last week for Port Hedland—the \$160 million for roads around the Port Hedland area. That is the sort of spend that we would need on top of Oakajee for improving our road network and rail access in and out of the port. On top of that is actual funding towards the port itself.

We are not sure, at this stage, in terms of the environmental approvals, whether the EPBC comes into play. That is something that we have not heard. Obviously, if it does, we would like to see some sort of commitment from the Commonwealth that they seek to fast-track or at least provide resources so that it does not delay it unnecessarily.

Mr Parker—We will definitely need Commonwealth money to acquire the land for the service corridors and also the new railway. I do not believe the new railway will follow the route of the old one. The land for that all has to be purchased from someone and I do not think the state or the proponents have the money.

Ms PARKE—What is this Mid West region set to receive from the state government under the Royalties for Regions program?

Mr Brun—I will not quote on the region because I have not got those figures. In terms of the city itself, we receive \$1.7 million in the first year. It is proposed to remain at \$1.7 million for the next financial year and then it drops down to about \$1 million with the balance then being distributed on a new collection of councils basis. Only last week Minister Grylls announced \$1.1 million for our airport enhancement to get security which would enable jet services here.

Ms PARKE—Is that \$1.1 billion?

Mr Brun—It is \$1.1 million. We would gladly accept \$1.1 billion.

Ms PARKE—That would be a fancy airport.

Mr Brun—Obviously, that is to match the city's \$1.5 million for our upgrade. That is to bring jet services. That is part of the expansion that we would see. Currently, the grants rounds are out on a regional basis, and we have several applications in on that. However, we have not been advised as to whether we have been successful. That allocation is \$4.4 million per annum on a regional basis. So the Mid West region through the Mid West Development Commission assigns that to community projects, and there is no definition on how small or large they are.

Ms PARKE—Thank you.

CHAIR—Then on top of that you have had the Commonwealth's Regional and Local Community Infrastructure Fund as well.

Mr Brun—Yes. We will receive \$772,000—that is the city.

CHAIR—Mr Parker, what does your council receive?

Mr Parker—We receive around \$700,000 from the Royalties for Regions.

CHAIR—What is the figure for the federal government's Regional and Local Community Infrastructure Fund?

Mr Parker—I am not quite sure what that one was without having the CEO and the money crunchers here with me.

Mr Brun—Obviously, this afternoon, the parliamentary secretary, Gary Gray, is coming to pay us a visit.

Ms PARKE—Is he?

CHAIR—You are anticipating something.

Mr Brun—We are anticipating that he is coming with a cheque for about \$2.4 million, which we will gladly accept. Obviously, at this time, we are getting a few funds, but we would note that on our long-term planning, that is within the next 10 years, we have \$150 million worth of projects that are unmet. That ranges from recreation centre development—

CHAIR—Just in case we got the impression you were getting too much money!

Mr Brun—It was just highlighting that. A concern that we had with the Royalties for Regions program was that a comment was made as to whether we were happy with the \$1.7 million. I pointed out to the respective ministers for local government and regional development that they actually left a zero off the end and I was not being greedy. It was because, as a regional centre, we have some major needs.

A concern that we had with that program was that, as we submitted to their parliamentary inquiry on the Royalties for Regions scheme, between the local government fund or the \$100 million over four years and the development commission's \$375 million over four years, there was \$775 million being spent in the regions without any major initiative being funded out of it. There was a risk that program could become a vegemite program, where it was spread thinly across the state with no major developments. We highlighted our concerns and hopefully the state government will take them on board and look at how it can assist the major centres in delivering big outcomes. We have a fear—and it is a political risk fear from our point of view—that it is probably a unique opportunity that as a regional community we were actually getting funding directed to us. We have to ensure that the metropolitan voters see that there is a benefit for them and that there are economic gains for the whole state. Projects that we are supporting are purely about economic gains for the whole state, because if they are beneficial at a state level then they are definitely going to drive our local economy.

CHAIR—I know that you have some additional information that you want to give us. In terms of some of the work force issues, there have been job losses, particularly in the mining sector. What is happening with those workers? Obviously coming from the south-east there has been a really big thing about people moving over to the west because that is where the jobs are and we have lost lots of skilled workers. What is happening with the workers who have lost their jobs? Are they staying in the area or going somewhere else?

Mr Brun—There has not been a lot of study done on what is happening. Anecdotally, we are hearing that people are moving back to the metropolitan area in some cases. If they are losing their jobs, then they are moving their families back. That is probably not surprising. It depends on where their home base is and moving back to family or support. Again, I would stress that is anecdotal. We have not done an analysis of where that is happening.

In terms of the mining jobs in the hinterland, a lot of those were actually fly in, fly out. So they may have been Perth based anyway.

CHAIR—In terms of your capacity with the workforce, despite having \$150 million worth of projects—you have a few on the go now—how are you going in managing all of those? What is the capacity of local government to actually build these things and get these major projects out?

Mr Brun—It is reasonable. We struggle here. Especially in Western Australia local government does not have access to developer contributions or headworks charges as in other states. In a place like Geraldton, which has been growing quite rapidly, and even, to some extent, Northampton, which has the encroaching urban growth, there is no capacity to hit the development industry up to pay for things like community facilities such as new libraries out in regional centres or sports fields. We have to fund that and that is hurting us. It takes up a lot of our budget. Our discretionary capacity is not so discretionary, for want of a better word. We tend to have to allocate any spare capital funds that we have towards community facilities, and that restricts our capacity to go and look at other areas. We try to be as innovative as we can.

CHAIR—That is in respect to your finances. What about in terms of your people? Projects take a while to actually do. You have planning approvals that you need to go through. Certainly, if your area is anything like my area, you would have a real shortage of planners to get the work through the department, although you have said that there has been a drop in building development.

Mr Brun—Fortunately—touch wood—right through the crisis the city enjoyed a full complement of planning staff.

CHAIR—What have you done? If you could tell us your secret that would be helpful.

Mr Brun—A lot was based on employing people—and nothing can be attributed to me because it was before my time—they got in a lot of younger staff, facilitated extra training and encouraged them to be here. Our planning team is extremely young and they seem to all get on really well. To be honest, it is that simple. There is probably a group of 10 in that team and it works fine. It is building up the skill in-house. They are predominantly local people. So it is encouraging them to do further studies and funding that. It seems to have worked. The market has changed now for us, though. We did have a vacancy. One of the surrounding shires picked up a couple of our planners. It was not Northampton. It was at Chapman Valley.

Mr Parker—We got one a couple of years ago.

Mr Brun—The response is different to what an advert would have run two years ago. When I was a director at Bunbury going back four years, we could not get planners for love or money. The only way we actually filled staff was to bring them in from the UK or South Africa. It reached the point where I had more Afrikaans spoken in my engineering planning team than English for a while, but that is what you had to do to get staff on.

CHAIR—Thank you.

Mr Carpenter—It is a fair comment to say that the amalgamation of the city and the shire has made us a bigger entity and we have perhaps got a little bit more money to spend on staff now than we have before.

Ms PARKE—I wanted to ask about the submission from the Mid West Gascoyne Consultative Committee. They mentioned that there has been an impact on tourism in this area because of the lack of available accommodation in Geraldton. Is that an issue?

Mr Brun—That is a big issue the city has faced. Historically, the city has not been seen as a tourism city, so there has been a lack of infrastructure. There has been fairly major works, obviously with the foreshore redevelopment and just the general reprofiling of what Geraldton offers as a tourism base. The market is growing. Last year in July the city took over the visitor centre services and tourism in the city. So we saw that as needing to take a lead role and drive that. We have been experiencing 20 to 25 per cent monthly growth rates in tourist numbers. There is probably a mix in that. Part of that is what we are doing in terms of increased promotion and the other part is in the context of a response to the financial crisis where people are holidaying locally instead of touring overseas. One of the things that has come up now is that there is a lack of accommodation. The sites are there.

The issues that we have had over the last few years have been building costs. It has been too dear to build tourism developments. The problem that we have now is that firms that are proposing to build accommodation cannot get financing for them. So you cannot build a hotel now unless you have got the cash. Four years ago, when I was involved in a few issues in the south-west, we were looking at 40 per cent being your equity in a tourism project. Banks are now asking for between 70 per cent and 80 per cent equity, which would effectively mean that they are not providing financing for tourism development. That is something that needs to be addressed. The reality is that if you cannot get financing then a lot of opportunities for new developments will disappear. There is a great opportunity on the west coast of Western Australia for tourism accommodation. It has not been marketed well, it has not been promoted in terms of accommodation and there are very few facilities. It is something that needs to be done. Our fear is if things do not get done or they get done on the cheap and we get a poorer quality product in the end.

Ms PARKE—I would also like to ask Mr Parker a question, because my family has traditionally enjoyed holidays up in your part of the woods. We have not had any trouble in the past finding accommodation. Is that starting to be a problem now?

Mr Parker—No. There have been a couple of new developments in Kalbarri lately. The more upmarket ones are having a bit of trouble filling up, but the other ones said that they had one of the best Easters that they have had for years. That is what is going on with the tourism at the moment. We have big trouble with Port Gregory because the town cannot grow any more. It is surrounded by unallocated Crown land and we have been at the state government for the last few years to try to get some of that released so the place can grow. It is only a few years ago that we put a decent road through there and now we have all of these tourists and they cannot stay anywhere because there is no further land to develop. We have a big problem there, but that is a state government problem and not yours. We are trying to work on it.

Ms PARKE—Thank you.

CHAIR—Mr Randall?

Mr RANDALL—I would like to add to a couple of the questions asked. In terms of infrastructure needs, you have outlined the ones that you sorely need, but if there was one piece of infrastructure now that you would desperately ask to be funded that would help you in the current situation, what would it be?

Mr Brun—Oakajee.

Mr RANDALL—While we are on Oakajee, you said that some of the issues there are the authorisations that the state government seem to be operating in solo rather than together. To help you with that framework, do you think a development authority would be a good vehicle?

Mr Brun—If it was given the powers, yes. The risk with a development authority is that a lot of the respective planning and environmental powers do not get transferred wholly across to it. It would be a good model if the relevant provisions under those acts were passed across to it. As we said, we do not particularly have any desire to see inappropriate development or lack of a thorough process. It is just getting it done quickly and properly.

Mr RANDALL—That is a potential vehicle? It appears to me that in addressing the global financial crisis as it affects your region that it is not so much the fact that anything has gone wrong other than the crisis of confidence. Would I be correct in saying that?

Mr Brun—Pretty much.

Mr RANDALL—That is why people are not spending, investing and so on. You have talked about first home buyers. One of the issues that seems to be raised is that first home buyers funding would be better allocated to new housing rather than existing housing. How do you respond to that?

Mr Brun—Currently, that \$21,000 grant would appear to be driving our new first home market here. I would not dispute that statement. I think that any sort of incentive to encourage new houses to be built is obviously going to be an advantage, especially in regional centres that are growing like ours. It seems to be a big driver for us.

Mr RANDALL—I have heard in relation to rail—and I think it is an absolute shame to see the way the Western Australian rail infrastructure has collapsed. CBH have huge concerns about that. What about the other more relevant modern-day infrastructure needs such as broadband? Where are you with that?

Mr Brun—Broadband relates to the issue that I wanted to wrap up on. It is critical for us. For the members who are not aware, there is the proposal for the square kilometre array radiotelescope, which is proposed to be the largest radiotelescope array in the world. That is to be built 350 kilometres east of here. There is a preliminary SKA pathfinder project, the one per cent, and \$110 million is being committed by CSIRO currently. That needs connectivity back to Perth. Our broadband is pretty well non-existent—there is actually a relatively good pipe back to Perth, but it is controlled by Telstra and the charge rates are less than generous. Broadband is critical. Obviously, on the front page of today's paper, Minister Buswell highlighted the critical

need for a link between Perth and Geraldton in terms of any new infrastructure program federally.

I attended a delegation with Commonwealth and state reps at Cape Town for the SKA international meeting that was held in February. South Africa is a formidable opponent in terms of that project. That is one example of how we need to get our infrastructure up and ready, and getting better broadband connectivity from Perth to here is essential. One of the things that was highlighted there was the need for Australia to get a new link to Europe, Africa or Asia from the west coast. We have only got a very small line from Perth to Singapore. Our main connectivity on the internet is actually from Sydney to the US. So there is no redundancy. If something was to happen on that line we would basically lose internet across Australia. There is an opportunity to actually connect us to the rest of the world via Western Australia, and that can lever off the SKA project and make us more competitive.

Broadband is very important. The SKA, for us, is one of those other elements in terms of creating a new industry here. It is all based on scientists, new technology and creative people. If you ever had a classic study on how to diversify an economy, then that project is it for us. We see that is one where the Commonwealth has a greater impact than the state in terms of ensuring that we win that bid.

Mr RANDALL—I have more questions, but because of time I will stop.

CHAIR—Thank you. Did that cover the last points that you wanted to make?

Mr Brun—It was just highlighted to me the issue of an infrastructure project that is purely state, which is the new 330 kVA powerline up here. It is under threat because of the state finances and the budget risk. The risk with that project is that it could stop iron ore developments. What we see as being more tragic is that it prevents Oakajee from developing to its potential. But what we see as our greatest jewel in the crown for our region is our renewable energies. We are one of the major providers of wind energy here, but we are also a perfect base for wave, solar, biomass and geothermal. We are apparently one of the only regions in Australia that ticks all five boxes in terms of the big five. In effect, with that line we could provide all the green power for the state from this region. Without that powerline none of that happens. The proponents are ready to roll. We have recently approved a \$900 million expansion of the wind farm for a 330 megawatt power station. The only thing that is stopping that happening now is that powerline back to Perth. We see ourselves as being a green exporter of energy. Obviously again, in diversifying your economy, that is a big tick.

CHAIR—Thanks very much for providing evidence here today. It does seem that there are certainly lots of opportunities in terms of diversifying your economy but some challenges in enabling you to do that. It has been very helpful for us to hear that and also the role the Commonwealth may be able to play in relation to that. We may have some further questions—obviously Mr Randall had some as well—so we will write to you via the secretariat. You will receive a proof transcript of the *Hansard*. If there are things that you felt that you did not have the opportunity to put to us then please feel free to write to us again. We will certainly accept additional submissions from both of the local government areas that are here today. Thank you for appearing before us.

[11.49 am]

DOUGLAS, Mr Stephen, Chief Executive Officer, Mid West Development Commission

CHAIR—Welcome and thank you for appearing before us today. Whilst we are not requiring you to give evidence under oath, I do need to remind you that these are formal proceedings of the parliament and should be treated with the same respect as proceedings of the House. It is customary for me to remind witnesses that giving false or misleading evidence before the committee is considered a serious matter and may be considered a contempt of parliament. With that said, you are most welcome to give evidence before us today. Did you want to make any introductory remarks?

Mr Douglas—Following the last presentation, perhaps just a few very short remarks because it might be an opportunity for the committee to delve into some of those issues that you did not get a chance to do with the city and perhaps pick up on some of those even further. We have a good working relationship with the city and our other key stakeholders, the shires.

Firstly, welcome to the Mid West and to Geraldton. It is fantastic to see a federal committee coming here. This is one of a few to come here over the last few years, which is just fantastic.

I think you are aware of the size of our region: 470,000 square kilometres, which is twice the size of Victoria. There are 50,000 people, with 42,000 of those being on the coastline. Once you get off the coastline it is pretty sparse. We have a rapidly growing coastline, an ageing and declining population in our north-east agricultural belt, which is also suffering structural adjustment, and a very large what we call Murchison subregion, which is a mining pastoral area, whose population has declined very rapidly and consistently since fly-in fly-out really took off in the mid-nineties. That is our region. We have rapid growth on one side and declining elsewhere.

We have very much a primary commodity driven economy. Mining is by far the largest contributor—certainly by value—followed by agriculture, tourism and fishing. We have a very strong manufacturing and service industry sector servicing the primary industry component. We are also very strongly developing and building our education and training capacity within Geraldton as well in what we have called for 10 years now, from the commission's point of view, a SMART Mid West policy. Part of that is establishing Geraldton as a learning hub, but I will come back to that a little later on.

In terms of the impacts of the financial crisis, the mid-west is generally handling it reasonably well, albeit that some sectors are suffering more than others—and we can talk about those later, particularly the resources sector. Thankfully, 2008 was a good agricultural season. We have come off a couple of years of bad drought. Three out of the last five years have been pretty poor, another one was average and last year was a particularly good one. That was just as well because there have been downturns in the other industry sectors. That is the value of not putting all your eggs in the one basket. However, having all your eggs in the primary commodity basket is not the position that we would like to be in. So diversification is certainly a key for us.

In terms of going forward for Geraldton and the Mid West, the key for us is really what is going to happen with some committed projects, such as the ASKAP project, the Australian SKA Pathfinder project. Hopefully that leads to the SKA project in this region. That has some significant benefits for us and synergies with other projects. Also, it is about what might happen with some proposed projects, and the key amongst those are in the resources sector, particularly Oakajee. Oakajee has been a longstanding vision, if you like, for this region and we are again at the crossroads of whether it is going to happen or not.

CHAIR—Thank you for those introductory remarks. I would like to ask you a little bit about the commission itself before we delve into some of the issues. We do not have a tradition of development commissions in Victoria. So I am interested in how you are structured, where the funding comes from and how you work within your region?

Mr Douglas—We are a state statutory authority. They all now report directly to the Minister for Regional Development, the Hon. Brendan Grylls. They have a board of management, which usually consists of three ministerial appointments, three local government appointments and three community appointments. The CEO, by virtue of his office, is an ex-officio member of the board. Our funding comes directly through the state budget—through a state government appropriation. Of course, we try to leverage that so we can try to source some other income and other funding for specific projects as required.

CHAIR—Can you give me an idea as to the quantum of funding and other project funding, if you are able to do that, and also your staffing and so on?

Mr Douglas—I am just finishing the budget statement and I cannot remember what our appropriation is, strangely enough, because that is the least of your worries in the budget statement.

Mr RANDALL—You could take it on notice.

Mr Douglas—If I could. For the discussion this morning, it is around \$1.3 million, which is our base appropriation, but I will take the question on notice.

CHAIR—Yes.

Mr Douglas—That enables us to employ around eight or nine project staff and an admin or corporate sector of about four people.

CHAIR—In terms of project funding that you have been attracting, what sorts of things do you do?

Mr Douglas—That varies significantly, too. For instance, we deliver Austrade services through the commission—trade start services; that is our partnership with Austrade. So we get a base funding from Austrade to deliver those. Depending on our success rate, of course, we get bonus payments and so forth. That is a good partnership.

In the past we have also been able to attract funding to put on an Aboriginal economic development officer. That is additional to our appropriation. At the moment, we also have a

broadband development officer, who was sourced through the state with the state sourcing funding through the federal—we have those three additional positions at the moment working on Aboriginal economic development opportunities, broadband and trade start services.

CHAIR—In terms of the new role for the area consultative committee in the area regarding Regional Development Australia, I am assuming that there is work being done in aligning some of that.

Mr Douglas—We are waiting to see what are the policy settings on that. It is not something that I am in a position to comment on. Should it progress the way it seems to be heading at the moment—and that is perhaps the Regional Development Commission absorbing the RDA network, which I understand is what has been discussed—then that is something that we would take on quite easily and we could deliver some really good benefits for the region.

CHAIR—Given that you are delivering Commonwealth services I am particularly interested. I did not realise that you had the Austrade function there.

Mr Douglas—Austrade and broadband. We have a couple of federal services that we are delivering at the moment. The other one that we have worked with the previous ACC on was Desert Knowledge. The ACC is actually the proponent for the Mid West Gascoyne area, but we have committed to the local ACC a certain amount of in-kind support to deliver that project to the benefit of our region as well. It is not as if those partnerships and relationships have not existed in the past. They still do.

CHAIR—I will open up questioning by the Deputy Chair. I have probably asked all of your questions about the commission.

Mr NEVILLE—I am interested in the local structure. I was a bit confused whether you were talking about the state. Are each of these commissions separate, or are they part of an overall commission?

Mr Douglas—No. They are standalone statutory authorities.

Mr NEVILLE—When you talk about the commission, you are not talking about the Mid West branch of a state commission? You are talking about—

Mr Douglas—No. I am talking about the statutory authority.

Mr NEVILLE—What was the figure for staff?

Mr Douglas—It is four admin and eight or nine project staff. That includes the funding that we have received from other sources as well.

Mr NEVILLE—Do you have an operational budget from the state government?

Mr Douglas—Yes. I think I have answered that question already.

Mr NEVILLE—What is the core funding grant from the state government?

Mr Douglas—Again, I think I have answered that question on notice. But for argument's sake—

Mr NEVILLE—I heard you say that you would take that on notice. Is there not a set annual grant for each region?

Mr Douglas—Yes, there is, but I just cannot remember the precise figure.

Mr NEVILLE—I see. Sorry.

Mr Douglas—As I was explaining, we are just finalising our budget statements for the state budget right now. I cannot remember the actual specific figure.

Mr RANDALL—That is in Queensland.

CHAIR—We thought you might have been reluctant to say.

Mr Douglas—No. I just cannot remember the figure. I can give it to you in about two seconds once I remember.

CHAIR—I would like to ask about that. I am not privy to the act under which you are established.

Mr Douglas—The Regional Development Commission Act of 1993.

CHAIR—Thank you.

Mr Douglas—That established the nine development commissions and it also established the Regional Development Council. The Regional Development Council comprises the chairpersons of the nine commission boards plus—the names have changed now with DLGRD and various departments, but I think there is the opportunity for the minister to put on other people. For instance, there is local government representation on there outside the local development commissions as well. The Regional Development Council is the peak advisory body to the state government on regional issues.

CHAIR—In terms of your roles and functions, what is the stated purpose?

Mr Douglas—We do have objectives specified in the act. It is essentially about service delivery, infrastructure development, equitable access to services, employment generation and, broadly, the social and economic development of the region.

Mr NEVILLE—What is the chain of activity if someone comes to Geraldton looking for a business opportunity? Is there an industry officer at the council or a local development board first, or do they come straight to you?

Mr Douglas—They may go to a number of different sources—probably us, the city, perhaps the chamber and the port, depending on whether they are talking about trade opportunities as well. We have a pretty good relationship with those other organisations as they do with us. It

depends on who they go to first, but we are all pretty good at providing the links to the other groups. Often they do come to us, yes.

Mr NEVILLE—Do you have a local development manager in the council?

Mr Douglas—Economic development, yes.

Mr NEVILLE—In your advisory role, there was evidence this morning about the necessity of upgrading both the rail to Perth and some of the feeder grain lines. What is your comment on that?

Mr Douglas—Upgrading the rail to Perth is an interesting one. I am not sure it is a necessity from a commission perspective. It certainly would be desirable and would have some good outcomes. The enhancement of the existing rail network is a priority. Absolutely.

Mr NEVILLE—Do you know what the figure is to upgrade the line from here to Perth? What is the asking figure?

Mr Douglas—No, I do not know that figure because it is not something that we have delved into. In the first instance, you would need to very clearly articulate what would drive that sort of investment. It certainly would not be people, general cargo or general freight. It would have to be something a bit more significant. It would have to be containers or that sort of thing. That is the sort of discussion that we have had with the city and a few others, but that is still very much in the early days.

Mr NEVILLE—Is there not a commodity boom expected to the east of here?

Mr Douglas—Yes. That takes us away from Perth, not towards Perth. From our point of view, in looking at the strategic infrastructure development of the region, we would prefer to expand and upgrade the link that goes eastward and at some point veers north-east to pick up Jack Hills and Weld Range, the two hematite projects that were originally underpinning the case for Oakajee. But then we would need a link to the narrow gauge network further south to bring the two together to, firstly, Geraldton if required and then off to Oakajee.

CHAIR—Mr Randall?

Mr RANDALL—I am well aware of development commissions. We are going to meet with Maree De Lacey and the Peel Development Commission, which is in my electorate, as you know.

Mr Douglas—Yes, a good operator.

Mr RANDALL—They do a fantastic job. Just on your role, I was interested in your introductory comments casting some doubt on whether Oakajee would go ahead. Were you doing that?

Mr Douglas—No, I am not casting doubt, but it has not been committed yet—not at all. Geraldton has been through, if you like, the Oakajee scenario a few times now, most recently in

the late nineties to 2000 when we had the now failed Mid West iron and steel project that was proposed by Kingstream.

Mr RANDALL—But has not Premier Barnett made this and the ore his two main projects?

Mr Douglas—Yes, absolutely, but the funding that the state government has put up is around \$338 million and, as you know, he is seeking matching federal funding. That would go towards common user infrastructure of the Oakajee deepwater port, the turning basin, the breakwater and the channel. There is still another \$2.5 billion to \$3 billion of private sector investment still required to get the port and associated rail infrastructure up and running. At the end of the day, my understanding is that it will be a private sector decision.

Mr RANDALL—Are there already interested parties in that infrastructure?

Mr Douglas—Yes, absolutely.

Mr RANDALL—In fact, they are competing with each other to get involved.

Mr Douglas—No. At the moment Oakajee Port and Rail has signed a development agreement with the state government and that gives Oakajee Port and Rail the right to develop the port and the rail infrastructure to the port. They are the port and rail proponent. Now that the development agreement is signed, the proponent, Oakajee Port and Rail, has now commenced to undertake its due diligence. It is spending something in the order of \$100 million, as we understand, over the next year to prove up the project. The due diligence and the report that it produces, a bankable feasibility study, will then be used to secure the finance which it has got sitting over the side, but that is conditional on a favourable bankable feasibility study. Hence, it is not there yet. After going through the Kingstream scenario many years ago, we just play it straight down the line in terms of where it is at. This is where it is. We do not get too heavily involved in saying it is definitely going ahead, get on board or it is not going ahead, because Geraldton and the Mid West had a very drastic downturn when the last project failed.

Mr RANDALL—I take your point. I will move on to two fairly brief questions. I make the point that Kingstream was a penny dreadful company; the current company we are dealing with is not. Just on the infrastructure in the Mid West region, particularly in the hinterland towards Murchison and Gascoyne, there are a lot of interested parties. We have already heard about hematite mines and the potential leases that are coming from there. What is the biggest impediment, other than money, to that being linked up so that the infrastructure is there to open up all these new mines? We know that it is not just iron ore. There is gold and other rare minerals in this region.

Mr Douglas—Approvals.

Mr RANDALL—Is it approvals?

Mr Douglas—Simply environmental approvals.

Mr RANDALL—Did you hear my point about a redevelopment authority?

Mr Douglas—Yes.

Mr RANDALL—Do you have any views on that?

Mr Douglas—I must admit a number of years ago we thought it would have been a very good idea. One of the things that we strongly encouraged the new government to take on board, without getting into any politics—and I do not think my comments will reflect that—was to establish a high level director-generals' group of the key agencies involved in the approvals process that understands all the infrastructure needs and so forth. That has been taken on board and that group has been established. Their role will be very much to bring everything together to make sure the projects happen.

Going back to your point about Oakajee, it is fantastic that the state government and the Premier, in particular, has really taken that on board and made that an absolute key project for Western Australia. That is fantastic and it provides a lot of optimism and a lot of leadership, which is very much recognised in this region. But a whole lot of work needs to be done to bring Oakajee together. Oakajee, at the end of the day, is about a logistics chain and it is about tonnages through a port. The tonnages through the port will not happen unless you get the tonnages. You are not going to get the tonnages unless the projects get up. The projects will not get up unless we have the power and the approvals in place, and we have a rail system that can get it to the port in the first place and so on. There is a lot of work still to be done. I remember Mr Neville was here three or four years ago—

Mr NEVILLE—Four years ago.

Mr Douglas—on an infrastructure inquiry. I am hoping that perhaps some of the things that you are hearing today are not a mirror image of what you heard four years ago when we were at the beginning of a lot of this sort of stuff and we were really struggling to get a lot of that planning and coordination happening. That partly reflected that the whole state was going through a very strong growth period.

Mr RANDALL—There seems to be some general comment that tourism here is well below what it could be. Do you have a view on why that is the case?

Mr Douglas—I think Geraldton and the Mid West—but Geraldton more so—has been a very fortunate community. It has been well positioned. It has had the rock lobster to fall back on. It is a very strong and viable agricultural community. It has a lot of natural assets in terms of resources. It has not really looked to tourism to sustain its future as a viable industry.

The other thing about Geraldton and the Mid West is that the Mid West is the most stable. I do not mean that from a mental point of view, but in terms of transition—people moving. It is one of the most stable regions in the state, if not the nation. People tend to stay here and live here in one place longer than certainly anywhere else in Western Australia. That was reflected in a study a few years ago. People get perhaps used to a certain culture and a certain level of activity. One of the comments that some of you will often hear in Geraldton is that when people put up new projects, particularly tourism projects, they do not necessarily want them because they came here for the quieter lifestyle or to enjoy the beach on their own. They do not want that development. You hear that sort of comment. This is a mindset thing. Over the last 10 years, particularly the

last five years, that has changed. People realise that tourism gives us another asset and another opportunity.

CHAIR—I have a couple of question with one around the Austrade role, but I just want to follow up on that point. Certainly, at the start of your evidence you highlighted how dependent the economy in this region is on primary commodities, and obviously all regions are looking to diversify as much as they can. What role does the development commission play alongside local government in encouraging that diversity? What do you actually do and what assistance do you need?

Mr Douglas—There are a couple of things. Let us stay, for instance, on the tourism front. We have initiated, funded and led the development of a tourism strategy for Geraldton-Greenough because there is not one—certainly not in recent times. We will be putting out a draft plan for public comment very shortly. We have strongly supported individual and specific tourism initiatives, including the proposed Abrolhos Islands resort that a local developer has been pursuing now for about 10 or 11 years. We have been involved with that developer for 10 or 11 years. That will be a fantastic venture because that will really highlight one of the assets of the region.

There is one other thing I would like to mention on the tourism side. We have invested significant amounts of resources—funding and human capital—and a lot of that came from the federal government by the way, to develop our three self-drive trails in the Gascoyne Murchison called the Gascoyne Murchison Outback Pathways. There is 3,000 kilometres of self-drive trails, 60 interpretative panels and so forth.

CHAIR—Did that come through regional partnerships or through tourism?

Mr Douglas—A fair bit of that money actually came from the Australian Tourism grants as it was then—

CHAIR—Yes, development grants.

Mr Douglas—Yes, those sorts of grants—and obviously, matching funds from the state and ourselves, together with working with the local shires and communities. That was across two regions, the Gascoyne and the Murchison. We subsequently produced a book, promotional material and so forth. That is the tourism side and I will just leave that one for a while.

In the fishing sector there is a major restructuring situation happening at the moment with the lobsters, pots and all the rest of it, which has probably been explained to you. We have been trying to look at opportunities to further develop our aquaculture assets, if you like. We are well placed to further develop that aquaculture here. We are only an hour from Perth by plane, four hours by truck or car. We have pristine waters. We have the Abrolhos Islands and so forth.

CHAIR—What sort of work are you doing to transition that industry?

Mr Douglas—One of the things that we are looking at is providing funding for the industry to develop. We are looking at what the industry needs. One example is fin fish. There are one or two proponents very keen on fish farming. Rather than trying to support perhaps an individual

proponent, we are looking at how we can work with the local TAFE, for instance, other local organisations and the Department of Fisheries to see what we can put together to provide that support locally for that industry to develop. We are doing that.

We spent probably six or seven years progressing lupin processing in the region. The Mid West is probably the main source of lupins in the world. We thought there was an opportunity there to process that into lupin flour, which has all sorts of health advantages. We were working with Irwin Valley and the Mingenew-Irwin group, a farmer group. We took that to the point where we provided them with a fair bit of assistance to get it to the point where they are now pretty close to taking it to the next step. That is probably a little bit commercially sensitive.

CHAIR—It is on *Hansard* now unfortunately.

Mr Douglas—Yes. I do not want to go too far into that one.

CHAIR—That is fine. Just in terms of Austrade, obviously as we are going around the regions, different regions are affected differently. The role that Commonwealth programs are playing is certainly appearing to be quite an important one. We have heard quite a bit of evidence about AusIndustry and how thinly stretched they are in helping particularly the manufacturing sector. Are there any comments that you want to make about the Austrade role and how that is helping? Obviously, you have a fishing industry that has lost a major market. Is Austrade assisting them at all in finding other markets?

Mr Douglas—I do not think markets are the problem with our fishing industry. It is more the sustainability of the fishery itself that is causing a lot of restructuring and structural adjustment in the industry. I do not think markets is necessarily the problem. We have provided that sort of assistance in the past. You could argue that marketing is another story, but we will leave that to the processors involved.

Austrade provides a very good service and a very valuable service to the regions, particularly those as remote as the Mid West, otherwise people are just too far away from talking to someone face to face. It is good to get the online stuff and that always fills in a lot of gaps, but a lot of people like to actually talk to someone about what they are doing, whether that is markets or just providing advice on the process of exporting and so forth. You develop a relationship then with a particular industry person.

CHAIR—What about in terms of access to export development grants and things like that? How is that going?

Mr Douglas—We have been successful in a few. We have sent people over to Japan and I think some to South Africa in the past, but I would have to double check that one. There have been a few, and there is one or two that we are working with at the moment.

CHAIR—Thank you.

Ms PARKE—I wanted to return to the Australian Square Kilometre Array Pathfinder project. Obviously, it has enormous implications for the state and nationally. I know that there are a lot of

universities, scientific institutions and high tech industries involved in this. What are the implications locally for this project getting off the ground?

Mr Douglas—It is fairly strong from a number of different fronts. Perhaps I can reaffirm my earlier comment that we have been pursuing what we call a SMART Mid West policy now for about 10 years. We set ourselves off with about three pillars to that particular policy. One was to see if we could establish a Geraldton university of some sort—and there is a Geraldton Universities Centre now, but I will come back to that later because I think that is where we do need some significant federal support. That opened in 2006 and yesterday we had a Victorian parliamentary delegation looking into higher education actually visiting Geraldton. In fact, they are still here today.

The second pillar of our SMART Mid West policy was the Separation Point in the marine precinct. That was to develop an education, training and research facility around our marine sector—fishing, aquaculture and so forth. That was also opened in 2006. It took 10 years to get up.

Our third pillar, which we started 10 years ago, was the SKA project. Subsequent to that, we have had the smaller demonstrator project, ASKAP project, with about \$100 million, which should start construction in the second part of this year.

The reason behind what we call that SMART Mid West is to try to get away from that dependency on primary commodities, to try to diversify the economy. The other thing behind our SMART Mid West policy is to try to encourage a culture of innovation and creativity—look at value adding to what we have in primary commodities and even strengthen the value of our primary commodities as well by pouring in more R&D. If we are going to be primary commodity based then we need to be competitive on the world global scale. They were the underpinning principles, if you like, behind our SMART Mid West policy.

The other strength to it is setting up SMART industries—education and training—another industry sector. That sector has quite a high multiplier and it is fairly stable. It does not have your variations as does the primary commodity sector.

To finish your question about benefits, in terms of numbers of people, ASKAP will not employ a huge number of people—probably 10, 15 or 20 directly—but it will provide us with another SMART facility in Geraldton. It provides an opportunity to expand our Geraldton Universities Centre to perhaps provide additional undergraduate courses but certainly post-graduate courses. It also highlights Geraldton as a strong learning hub. We are looking at other ways of developing other projects, if you like, off things like ASKAP, the university and Separation Point. For instance, with the city of Geraldton, we are looking at the possibility of a technology park or precinct being established in Geraldton, looking at perhaps a data processing facility. There are a couple of other things we are looking at as well.

At the moment we are at the stage of further exploring what other opportunities we can capture from the SMART projects. We would certainly support the national broadband network rollout to come to Western Australia and certainly the Mid West sooner rather than later. As you heard from the city of Geraldton, having a backhaul route from Perth to Geraldton would significantly enhance Australia's bid for the SKA. I also attended that conference in Cape Town

in February this year and the South African case is quite strong. The only way we can beat the South African case is to win on the scientific aspect of it. We definitely have the best site in the world—I do not think that is questioned—but we need to make sure that all the necessary infrastructure is in place as we go or the approvals are in place and we are ready to take on the project when it is announced.

Ms PARKE—When is that announcement expected to be?

Mr Douglas—It is meant to be 2010-11, but it has already slipped back a number of years. We are talking about a \$2 billion to \$3 billion project as well.

Ms PARKE—In relation to the Geraldton Universities Centre, is that where the Central West College of TAFE is located?

Mr Douglas—It is adjacent to it.

Ms PARKE—What other tertiary institutions are there?

Mr Douglas—The Geraldton Universities Centre is a consortium of three universities. It is UWA, Edith Cowan and Curtin University. At the moment, Curtin probably offers most of the courses in nursing, teaching and so forth, but we are going through some difficult times. There was an agreement struck a number of years ago for the universities to deliver the courses on a certain fee basis, based on a cut of the EFTS, or equivalent full-time student number, but the universities are now saying that that original agreement is making it very hard for them to deliver those services for that price. We are now finding that, where we used to have face-to-face lectures and even some face-to-face tutorials, we are now getting increasingly blended learning; we are getting online lectures and some face-to-face tutorials. We have even reached the stage now where the whole course is delivered online. For our students, particularly female mature aged students who would otherwise not attend university at all—there is no way they would be going to Perth—we would lose that whole access to university for that particular cohort.

CHAIR—Who funded the actual Universities Centre? Do the universities do that?

Mr Douglas—No. I might have to take that question on notice as well. There was some quite strong federal involvement in that. In relation to the actual building itself, the state certainly provided a significant amount of funding as well and the land is state owned land which it has invested in and so forth.

CHAIR—We have certainly been getting evidence about that.

Mr Douglas—The unique model is that originally 20 places were provided by the federal government to Geraldton—not to Geraldton Universities Centre, but to Geraldton.

CHAIR—To the town?

Mr Douglas—Yes, to the town. That has been a unique model. As I said, in more recent times, the cost of delivery has caused us some problems. We are in the process of reviewing the governance and financial model for the Geraldton Universities Centre to go forward.

One of the things that we would really like to get some support on from the federal government, as outlined in the Bradley report that came out relatively recently, is regional loading. It is totally inadequate for regional areas like the Mid West and in a community like Geraldton where we have only 30,000 to 35,000 people.

CHAIR—Thank you. We have certainly had evidence from Deakin University in Victoria on exactly that point, so thank you for reiterating that. I think that comes to the end of our formal questions. Did you have any concluding remarks that you wish to make?

Mr Douglas—There is a whole stack of other things that we could have talked about.

CHAIR—I just noticed that you have a large amount of information. I do not think that you made a formal written submission to the committee, so if you would like to provide a formal written submission to the committee we would be most grateful to receive that. When you review the proof *Hansard* that you will receive from this hearing, you may note that there are things that you wanted to have the opportunity to talk about and did not. I certainly would encourage you to do that if there are other additional matters you may wish to raise. There are a couple of things that you have taken on notice, so we would appreciate your evidence on those and the secretariat might write to you if there are any further questions that we have as well. Thank you for what has been a very interesting session.

I know that our next witness is here, but I am going to call a 15-minute break. I apologise for doing that. We do not have a break scheduled. I am conscious that lunch is there and I have a personal matter that I need to attend to, so the Deputy Chair might start the next session for me.

Proceedings suspended from 12.24 pm to 12.42 pm

BEEVERS, Mr Herbert (Bert), Managing Director, Central West TAFE

ACTING CHAIR (Mr Neville)—This hearing of the House of Representatives Committee on Infrastructure, Transport, Regional Development and Local Government has resumed. Welcome, Mr Beevers. The committee will not be requiring you to give evidence on oath, but I have to remind you that these are proceedings of the parliament and they warrant the same attention as would apply to the House of Representatives itself. The giving of false or misleading evidence can be considered a serious matter and the subject of privilege is a matter before the parliament. Having said that, it is just a caution. You are most welcome. Would you like to give us a five- to seven-minute overview of your submission?

Mr Beevers—We have not provided a submission.

ACTING CHAIR—All right. Can you give us a five-minute overview of the role that TAFE plays here in terms of regional development and economic consolidation of the region, and what recommendations in the broad you would have for us to take back to Canberra?

Mr RANDALL—And what impact the GFC is having on your role.

ACTING CHAIR—Can you give us an overview of your interest in our proceedings?

Mr Beevers—I can give you some background that will give you an idea about that. I do not know whether you are aware, but the Central West TAFE is responsible for an area bigger than New South Wales, to put it into perspective. There are about 70,000-odd people, so it is fairly widespread and far flung. The majority of our students, clients if you like, reside in and around Geraldton. Our need is to provide the best service as possible out to those remote and regional areas, particularly to Indigenous communities, some as far as 900 kilometres away.

ACTING CHAIR—Can you give us an idea of how many students and what areas of trade or faculty you have?

Mr Beevers—TAFE students are hard to count, but if you counted heads each year it is about 6,000. Some might be full time, the same length of time as university students; others will come two days a week or whatever. It is 6,000 in total. We deliver, on average, somewhere between 100 and 110 different qualifications out of the college. They range from entry level Certificate I through to degree programs. The degree program is either in conjunction with the Geraldton University Centre and/or country contracting with other universities. It is that broad range.

This year we will have in the order of 11 or 12 different trade occupations in the standard building, construction, metals and engineering. There is an equal number, if not a few more, similar traineeships in areas, so there is a broad spread across there. The major faculty areas or portfolio areas, apart from the trades, would be horticulture, aquaculture and marine. There is a range around there. The human service areas—nursing, childcare and health care, with a broad range of qualifications.

ACTING CHAIR—Do you teach nursing up to the enrolled level?

Mr Beevers—Yes. Under country contracting we do a degree. Prior to the establishment of the university we did degree level nursing for about 15 years, similarly with education.

ACTING CHAIR—Do you put them through the two hospitals here?

Mr Beevers—Yes, that is correct. There is also business and computing, that range of commercial programs. They would be the broad areas that we would deliver in.

ACTING CHAIR—Previous witnesses have said that the economic downturn has not hit here as harshly as it has in other places, if at all at this stage, though there is evidence of it starting to build up now in the hinterland. Of course, your area of influence is a bit wider than just the city of Geraldton. What is your take on the economic downturn and what is your recommendation to the committee on how we might alleviate that by way of our report?

Mr Beevers—I think the comments that you have heard or repeated are true, by and large. If we looked at our own enrolments, apprentice numbers are usually the first to be impacted. I have been in TAFE for 30 years. Usually in an economic downturn it is apprentice numbers that get hit first, because they are employed. At this stage, the vast majority of our enrolments are the same as last year. There has been a steady increase over three years, with up to 200 per cent to 300 per cent in some apprenticeship areas, because of what was predicted with the mining boom and that sort of thing. We would see a plateauing out of apprentice numbers, particularly in the metals, engineering, mining and electrical-type areas. While it has not happened in building and construction, the anecdotal evidence is that we might see a drop-off in that towards the end of the year in first-year enrolments.

By and large, I would say that our experience is exactly what has been said before. What is interesting is that, as normally happens in downturn cycles, we are seeing increased enrolments in non-trade programs. There is a word or a feeling out there that the environment is about to change or beginning to change, and that is traditionally what happens. People go to TAFE and do longer, higher level qualifications because they need to be competitive in a tightened labour market. That is certainly happening at the same time. Was the general thrust of your question about what we could do in terms of alleviating or improving the situation of those people?

ACTING CHAIR—Yes. You see the broad horizon of development here and you see the weaknesses. We would like you to tell us where the federal government can be proactive in this. Our report has to say, in respect of Geraldton, we felt that the railway line to Perth has to be fixed or whatever it might be. What do you take from an education and training point of view that has to be done?

Mr Beevers—There are two things. Firstly, if you looked at remote and hinterland regions where there is not a large population but an important one nevertheless, particularly where the mines are likely to establish, for me the fundamental issue there would be poor literacy and numeracy levels—poor basic education levels. In my opinion, that prevents those people from getting on the train at all, when and if it comes.

ACTING CHAIR—Do you have a Steps course at TAFE?

Mr Beevers—Yes, we do run Steps there, but I am talking primary school.

ACTING CHAIR—I see, you are going right back.

Mr Beevers—I am talking right at the very base, particularly when you get out in the remote and hinterland regions. It is particularly in Indigenous communities. When you get out into that area at least 20 per cent of the population are Indigenous. In some towns it is 90 per cent.

ACTING CHAIR—So they are not even sufficiently well educated to be able to do an apprenticeship?

Mr Beevers—Not even sufficiently well educated to get to year 9. It is very low and very basic. You are talking about, in some cases, fairly traditional communities and very remote towns and regions. To me, one of the fundamental issues for those people by and large is, from the very cradle sort of point of view, improved health and education to allow them to take advantage of whatever opportunities might be available.

ACTING CHAIR—I have one more question and then I will hand back to the chair. We heard evidence today that the mining areas have soaked up a lot of trades, and some of us in Queensland will be familiar with the similar thing that has happened with the mining areas of Central Queensland, albeit that there have been some sackings, both on the east coast and the west coast. Do you see that availability of tradesmen coming back into the general workforce? Where do you see them going? Obviously a lot of those who have been put off are tradesmen, skilled workers or semi-skilled workers. Where do you see them going?

Mr Beevers—That is a good question. At the moment, I would say that is not happening. As I said before, apprenticeship numbers are still steady. When it does happen, as you would probably be aware from the Queensland situation, my experience has been that tradespeople are pretty mobile and they will travel to wherever the work might be. While they might be employed at Hamersley Iron in the Pilbara or Oxiana here, if they are unemployed there then they will go to pretty well anywhere in Australia where there is employment. They will move elsewhere, just as they have moved here in the first place. Usually many of the people who service the mining areas often came out of the metropolitan regions first. I think you would expect that those people will float back there and many, not so much in this particular region but more broadly speaking, are fly in and fly out, anyway, so they will return to where they reside.

Mr NEVILLE—Is there a shortage of tradesmen here?

Mr Beevers—Not specifically. There will be in some areas, but as I said I think it has flattened off. My take would be the building and construction industry currently in and around Geraldton is pretty well served, and by the employment of apprentices in the metals, engineering and electrical areas you would say that there is still some capacity to take more because those employers are still taking them on. As I understand from my position, a number of the mines have moved into a maintenance mode during downturn wherever possible. After being flat out for the last three or four years, now is an opportunity to catch up and do some of that maintenance. What happens after that is what we are waiting to experience.

CHAIR—I apologise that I was not here at the start of the session and to hear your introductory remarks. Just by way of a follow-on to that, in terms of the government's economic stimulus package, as it relates to the infrastructure spend on large building in primary schools—

and I apologise that I am not aware of how many schools there are in the region—obviously there is some anticipation that there would be construction work, metal fabrication, installation of water tanks and all those sorts of things that may be part of the schools' decision. Is there any anticipation that there will be a tightening of the labour market in relation to building and construction and has any work been done about that?

Mr Beevers—A number of people are aware of that, but I could not tell you whether that has filtered down to subcontractors and so forth that are going to be involved in those industries around the Geraldton region. Certainly there are people in Geraldton aware of that, as we are at the college. As well as the schools, as you would be aware, there are also some infrastructure packages for TAFE colleges, and we are applying for those as well. Yes, there should be a fair bit of that to flow on.

Along that same line, there is also the trade training centres for schools concept. I am aware that there are six high schools here talking to us at the TAFE college about that. I think that makes them eligible for about \$7 million. Yes, a range of funding should flow through to this region that would hold up and improve that construction industry.

CHAIR—Thank you. We heard some evidence before about what is happening in the fishing industry and transition around there. Is the TAFE playing a role in any of those initiatives?

Mr Beevers—Yes.

CHAIR—I apologise if you have already given that evidence. You can just refer me to that.

Mr Beevers—No, I have not given that evidence. The answer is yes, we are already working with the Abrolhos Fishermen's Coop and likewise with the Development Commission to look at some packages. It would appear that there might be a number of those people that come out of employment at one time so we are trying to do a holistic coordinated approach rather than for individual workers. That is the notion of working with the Development Commission. We are looking at doing a whole range of things for many of those people who have worked in that industry for a long while. It is everything from resume writing, job applications, recognition of their existing skills, gap training and then working with some of the mining companies, although some of those have slowed, to try to get them into work. Many of those, mainly men in that industry, would have skills to get into that industry.

CHAIR—I am not too sure about the Job Network agencies in the area. Has there been any uptake of the productivity places that the federal government has?

Mr Beevers—There are. We have run productivity places at this stage. Certainly, that is out and about and training providers are aware of that. We have delivered as far north as Carnarvon right up into the Pilbara in small amounts. There are still some issues in what the funding model might look like.

CHAIR—You can raise those here if you would like to.

Mr Beevers—My understanding is that the contracts are not fully signed off between the federal government and WA state government about what that might mean. In my case—and I

can only speak for our college—we are doing it on the understanding that that funding will flow in due course.

CHAIR—Thank you.

Mr RANDALL—I take it that the global financial crisis has not hit you in the way that it has in other parts of Australia. I do not think that I misinterpreted your saying that?

Mr Beevers—No, I think that is right, at this stage.

Mr RANDALL—Do you have any trouble attracting teachers or trainers?

Mr Beevers—Certainly over the last few years we have. When there was a skills shortage happening in this part of the country, like everywhere else, we experienced real difficulty in attracting trades lecturers in some particular areas. Again, the main ones would be the metals, engineering and electrical, with some automotive as well.

Mr RANDALL—How are you placed now?

Mr Beevers—It seems to have levelled out at the moment.

Mr RANDALL—Is that because of a lot of the industry people?

Mr Beevers—That is right. Even though there might still be employment, they are probably coming back to a more secure work environment. The other part of that in this state is that TAFE lecturers have just had a significant pay increase, so I guess TAFE employment looks a lot more rosy for them now.

Mr RANDALL—Just on Indigenous education, I understand the challenges that you have, particularly the further out you get. Are you aware of Clontarf's Football Academy in this town?

Mr Beevers—Yes. We won the national award for it. We work in partnership with the football academy and the local high school.

Mr RANDALL—Can you tell us how successful, or otherwise, you think that is in getting Indigenous children to school and pathways to employment?

Mr Beevers—It is difficult for me to say exactly about in schools. You would be better to ask the schools people. My understanding is that has been very successful and that is why the schools have continued with it. Certainly a number of those students are doing both school and TAFE programs and some now are totally doing TAFE programs, because those students have identified that as being what they would prefer to do. Post the Kicking Goals project we now have what is called the Bayalgu project, which means 'digging' in local Yamatji language. That is with the TAFE college, Clontarf and two mining companies. That is looking at almost like a year 13 program that makes them more work ready. That is about a 12-week program. That has had some limited success in enabling long-term employment. All the students who have gone through that program have been taken on by the companies involved, which is formerly Oxiana, now OzMinerals, and Central Earthmoving in town. They have always made sure that they have

placed those people, but not all of them want to stay because it often means shiftwork and being away from their families—all of that sort of thing. It is a model that works, but there are other issues around that as well.

Mr RANDALL—Thank you.

Mr RAGUSE—Following on from the role that TAFE plays within the region, you mentioned the concerns about numeracy, literacy and other application to jobs. No doubt that would have existed prior to any slowdown.

Mr Beevers—Yes.

Mr RAGUSE—That is an ongoing issue for educators. In terms of how the training was occurring with the mining industry, in particular, I am presuming that a lot of the industry was training its own with workplace trainers and assessors and perhaps auspiced through your organisation. In other words, what percentage of trades and apprentices trained in your organisation or in your facilities, as opposed to those that may be trained and then assessed on site?

Mr Beevers—I guess you would say that is different for every company, but by and large all apprentices do training through a registered training organisation, whether it is a TAFE college or a private training provider. They would all do probably the significant component of their off-the-job training and, of course, that is only a proportion of their whole time, because they are at work 90 per cent of the time. It is how that is mixed and matched. I am not aware of any apprentices that train full time with an employer, as such, to do the training component.

Mr RAGUSE—That is interesting because I know some of the mining companies that are represented in Queensland, which is where I am from, certainly do a lot of that intensively. To some degree the TAFE organisations are not aware of it, because as you say there are RTOs or some companies have their own RTO status.

Mr Beevers—Yes, that is right.

Mr RAGUSE—I asked the question in terms of the impact, because if mining companies are shedding staff—an example might be if a mine sheds 1,500 it may not pick that up as being a combination of tradespeople and apprentices—then the flow-on effect may be if there are 200 apprentices then where are they going to go? In other words, they might flow back to your organisation under the announcements we made as a government that the workplace/workforce training programs are going to continue. I am getting the idea that it is not something that has been having an obvious effect at this point.

Mr Beevers—No. I can only talk historically. This is generally what happens. Usually the training providers and TAFE colleges, which I can talk specifically about, in the past have been able to do that to some degree. We will rearrange the delivery so apprentices can come to the TAFE college for longer blocks of training. They are doing their off-the-job component while there is a downturn. That is one short-term measure. In the past generally what has happened is governments and so forth have tried to ensure that out-of-work apprentices are attached to employers who still have work. That is another means of overcoming that shortfall. But when

push comes to shove, as I understand the legislation, if there is no work long term for those apprentices they are most often stood down. Because they need an employer. I would say that is one of the things that, if the economic downturn is envisaged to continue longer than we might imagine, governments would want to at least look at.

Mr RAGUSE—That may not be quantified at this stage. I think that is the point I am making. In other words, the support the federal government might be able to give your organisation is with resourcing, because all of a sudden you have 200 more apprentices that fall into a whole range of categories.

Mr Beevers—Yes, that is right. Normally what has happened in this state, if there is a bit of a downturn, we run pre-apprentices. I do not know whether they do them in other states. They are basically six months or a year long. Often the model of operation here is that if there is a significant downturn they are turned into two-year pre-apprenticeships, so a person can do much more of their trade training in an institution. The end scenario to that, if it got serious, is do you make some apprenticeships institutional for a period so you maintain a base level of trade training or an average number of trade training, because otherwise my experience—certainly in Australia—is that it takes a lot longer to pick up the numbers when they drop off. It might all drop off in two years, but it takes six or seven years to build those numbers back up again.

Mr RAGUSE—That is the concern that I have potentially for training around the country. Since any previous major downturn, the whole workplace training and assessment programs have been rolled out; a lot of RTOs did not exist. It was always a TAFE responsibility. My concern is that a lot of it may be unquantified out there. As a federal government we might not play in that space as opposed to just funding opportunities or, dare I say, the need to resource more numbers of students who are demanding services because they have lost their jobs or need that ongoing training. That is why I wanted your comment on that.

CHAIR—Ms Parke.

Ms PARKE—Thank you for coming today to give evidence. I noticed that Central West TAFE is increasing its program for delivering training in the maritime area and aquaculture.

Mr Beevers—Yes.

Ms PARKE—Are there any synergies or relations between the different TAFEs in the state or nationally that have similar kinds of profiles? For example, the Challenger TAFE in Fremantle, which has very well established maritime skills and aquaculture courses. Is that something that you do?

Mr Beevers—Yes. Certainly there are some linkages. Over the last few months, whilst Challenger TAFE is obviously much more advanced than Central West TAFE—which I can say because I used to work there—we have been doing some joint industry programs up here, particularly in the fishing area, for example, with the breeding and grow-out of mulloway and western kingfish. Some companies try to not put all their eggs in one basket with those, because breeding fish is fairly volatile. We have been doing joint programs with Challenger and a couple of companies in that regard.

Again, for example, in terms of the maritime side of that, which is the training of skippers and so forth on boats, Challenger obviously can do much higher levels than we can. Some of the people start here and do up to Master IV and then, if they wish to go on, they will move down to Challenger. There are those sorts of linkages. The managing directors meet in Western Australia every two months to talk about those sorts of linkages, because we are still TAFE WA, if you like.

Ms PARKE—We heard evidence that this region is a leader in renewable energy. Does Central West TAFE offers courses in renewable energy technologies?

Mr Beevers—No. From a TAFE college point of view, the answer would be that we would want to be involved in renewable energy, and in fact one of the submissions we put up for TAFE facilities for investment in the future is about that, to build a small, if you like, renewable energy facility adjacent to the Maritime Institute. The Maritime Institute runs 24-7, with fish in the water all the time, so it is a relatively high energy user and a water user. We see the opportunity there to reduce the energy usage of that facility through solar, wind and wave power, for example, and at the same time use a variety of treatments for dark, black water, grey water and salt, and then use that in terms of our freshwater fish. In one sense, we are benefiting the college, but then that would also become a showcase for the region and be able to champion renewable energy and water treatment facilities, and it also becomes a teaching facility.

From my point of view, in the Mid West region and Central West we are well placed to be a leader because there are lots of renewable energies available. Particularly if you come from Geraldton, you will know how much the wind blows up here at particular times of the year, and also there is plenty of sunlight. There are hot rocks and biomass biofuels, which is primarily through mallee tree growth through here that works with the farming area. There are a whole lot of areas where this region could get in to do that.

Ms PARKE—Thank you.

CHAIR—Thank you for providing evidence for us today. Do you have any concluding comments that you wanted to make?

Mr Beevers—There was a question that has just gone out of my head. You asked a question about the remote regions but you also mentioned the metropolitan ones, the local Geraldton area.

Mr NEVILLE—I said that your TAFE obviously has a bigger catchment than just the immediate urban area of Geraldton. We had heard in evidence that it was now starting to impact on the hinterland of Geraldton.

Mr Beevers—It was mainly about the hinterland?

Mr NEVILLE—Yes. I went on to ask: what has been the effect on jobs? My subsequent question was: has it affected tradesmen? For example, on our side, I have a nephew who works in the Central Queensland mines and he does air-conditioning. He has given up his job. He had quite a good business there. Another friend of mine from Bundaberg who has a very big painting business has just won one of the contracts to build this new welfare housing for the federal government. He is a subcontractor. He wants 14 painters for an area just south of Bundaberg and

he can only get three. I wanted to know whether the impact of the mines has had the same effect in Geraldton itself?

Mr Beevers—I answered that by saying yes. There was one question about what the federal government could do in the region. From a TAFE education perspective, the funding that has come out, given that we get some share of that in here, is fantastic in terms of TAFE colleges. Because of that spread of distance I think that is a real issue. How do you deliver equality of education to those people who are in remote regions? Online is often talked about, but in our experience it is really difficult for those people who have poor literacy and numeracy. It is often put out as a bit of a save all, but my experience would be that it is not for those people. You still have to get some facilities out there. You still have to get the lecturers out there, eight hours drive sometimes, to service Wiluna and those places. It is a day's drive out there. You do three days teaching. You might live in the back of the ute and then you drive back again. That is the reality of that.

I heard Mr Douglas talking about the universities centres. It is exactly the same for regional TAFE colleges; that the funding model to deliver to disadvantaged people in remote areas is, in my opinion, not sufficient. It just makes life really hard for everybody and it is probably why some of those remote communities are not in a much better position now than they were 100 years ago.

Mr NEVILLE—It is not a TAFE centre, it is the back of a ute.

Mr Beevers—That is exactly right. We do the stuff by trailers and so on out there, because nobody lives in those regions who can actually teach or who has the skills to teach.

Mr NEVILLE—You have to send someone out there.

Mr Beevers—Yes.

CHAIR—Thank you for providing your evidence today. You will receive a proof transcript of the *Hansard*. After reading that, if there are additional matters that you would like to address to the committee please feel free to write to us. The secretariat might write to you if we have any further questions. Thank you for your time today.

[1.13 pm]

GODFREY, Mrs Karen Julie, Executive Officer, Mid West Gascoyne Regional Development Australia

CHAIR—Thank you for appearing before us today. I apologise that we are running a little bit behind schedule, but hopefully not too far. Although the committee is not requiring you to give evidence under oath, I need to remind you that these are formal proceedings of the parliament, and as such should be treated with the same respect as proceedings of the House. It is also customary for me to remind witnesses that giving false or misleading evidence is regarded as a serious matter and may be considered a contempt of parliament. That being said, you are most welcome and we are certainly looking forward to your evidence. I would like to thank you for the really comprehensive submission that you made. There are a number of the recommendations you have made that I have questions about, but perhaps before we start you might like to make some introductory comments.

Mrs Godfrey—I was the Vice-President of the Mid West Chamber of Commerce and Industry for seven years and its CEO for the last two years. My role with the chamber has finished and has now gone to Regional Development Australia, although it might be very short-lived. The submission that was put in from the RDA was done by our previous EO, but I will try to answer all of your questions to the best of my ability.

I will give a bit of an overview of the economic situation a year ago compared with now, which might explain some of the questions that I have been listening to. This time last year we had an oversupply of work and an undersupply of workers. We were gripped with not just a skill shortage but a major labour shortage, so much so that I was sent to Sydney and Queensland for the Careers and Employment Expo to promote our region and attract workers. In a survey conducted last year by the Mid West Chamber of Commerce and Industry, representing over 600 businesses throughout the Mid West region, the businesses that responded reported that if current trends continued over 75 per cent of those businesses were looking at employing between five and 10 employees within six months. They also highlighted that labour shortage and retaining staff was their highest concern.

A year on and much has changed. Employees are not looking for pay rises to remain at their employment. They are looking for job stability. Business owners have stopped recruiting people as they analyse their business, business practices and how they can manage through difficult times without overextending themselves. We are now faced with businesses that have a direct negative impact from companies that have gone into liquidation, and these are corporate companies. One small business alone in Geraldton has over \$2.4 million owing to them. The impact from these large companies going into liquidation will continue to stress our already concerned local economies.

Because we have had such an extraordinary recovery year from our rural sector, being the farming sector, that has insulated our businesses somewhat over the last year or the last six months. However, many businesses are reporting that they are still doing okay, but that they are

having to market themselves better, decrease margins to get sales, and have reported that overall their profit margins have decreased as they fight to have their targets met each month.

Another major concern and by-product from this downturn is that many businesses have reported that they will not be extending any new apprentices. Whilst on the surface our economy may appear a little bit more resilient than others regions, there is a real risk that the local economy could be jeopardised if current approvals processes continue to have unnecessarily lengthy delays not just for the mining sector but also the Oakajee supported infrastructure, being the road component, the corridor and the industrial estate. The failure of the Oakajee port to develop and the failure of the Oakajee industry park to eventuate will also need significant government—local, federal and state—contributions, as will the failure of Australia to win the SKA bid. I think we still need to deliver a lot better social outcomes, such as Indigenous and regional development outcomes, to try to be on a par with South Africa.

I am not one to only focus on the negatives. You are here to also identify solutions. My recommendation to the committee, to encourage economic and social delivery, would be to encourage and strengthen the communication between the Commonwealth and regional Australia through the RDA network and for this network to work closely with business, local and state authorities to identify trigger points in their regions that will encourage and strengthen their own local economies. It is this connection with grassroots and the people that live in regional areas who can recommend solutions to their own regional economies. I congratulate you on coming here today, because that is obviously one of the outcomes that you were trying to derive.

I have one last point. A program that was enormously successful for our region, which has ceased now, enhanced economic development, employment, the development of sustainable essential services and social infrastructure—that one program that allowed ideas to become real projects with regional people driving better outcomes was Regional Partnerships. Regional Partnerships for this region had significant economic benefits. It was a \$10 million investment over four years and had a return of \$52 million. The investment turned around our tourism. It enhanced our attractiveness. It supported social services by increasing their capacity by developing bigger premises. Everything that you have on your mandate today was primarily through the Regional Partnerships. If there is anything that I can say I would be really supportive it would be to have local people to have their own futures by being able to identify programs or identify key target initiatives through federal funding that can deliver better outcomes. There has been no other better significant program than the Regional Partnerships and that has ceased, so that is something that we would be looking at trying to see if something could be replaced.

CHAIR—Thank you for your evidence. We have obviously chosen quite a range of regions to look at how different ones are faring and how different economies are working. It is very helpful to have your evidence as to what is actually happening in this particular economy that, as you say, a year ago was experiencing an incredibly tight labour market and labour shortages and which now has seen a fairly substantial turnaround in that.

I would like to ask you about some of the things that are contained in your submission. I apologise, I am aware that you were not the author of it, but it would be really helpful for me to flesh out some of the things that you have suggested. I just wanted to concentrate on job creation and skills. One of the recommendations was carefully monitoring 457 visa applications. Can you expand on what has been the issue with that in this region, if any?

Mrs Godfrey—I am only speaking from my own experience with 457 visas. The 457 visa was a very good solution last year when we were able to attract hardly any workers at all. There are significant problems with 457 visas, and that is the transition from their work ethics to the work ethics here. For instance, in South Africa you could get a mechanic who has very good skills that could come over here, but in South Africa he delegated responsibility, whereas in Australia it is very much hands-on. That was probably through the recruitment process. Also, the 457 visas have now been highlighted as probably being the first ones that are going in the labour shortage, not the local people. They are the only two things that I could comment on. I can find out a little bit more on why he did say that.

CHAIR—Yes. That was one of the recommendations. I was just intrigued as to what the issue is. I might focus on some of the areas that you are more familiar with. What would your sense be of what has happened in the retail sector, particularly small business within that sector, over the past year?

Mrs Godfrey—I will probably go back to all business six months ago and why there was a tightening up of everyone's belts. In October/November the majority of businesses and the majority of information that was coming through to us said that of the mining sector that a decrease in export costs and an increase in China's demand, although over that period that had diminished, would mean that by January, February, March they would be increasing their demand again. A lot of businesses thought that the downturn for this regional area was probably very short lived and would only be between four and six months. In a lot of regions in Australia it is now starting to seem like it will be a lot longer time before it recovers. A lot of businesses put their straps on. I think they still had a very good five to six years of their best business in probably the last 20 years. It was very much a catch-up period and that is why I said they stopped employing. Over October to about January there was a much quieter period in retail, but that has seen a very positive rebound in the last two months. I am not quite sure of the pattern and why all of a sudden in the last two months that has had such a significant growth, but that is retail alone.

CHAIR—I have been asking other witnesses this. You mentioned that one of the larger companies has gone into liquidation. Can you tell me which one that is, and what has happened with the workers from the area who have been made redundant? We have heard evidence that most of them have been fly in-fly out and have not been staying within the local area, but I am assuming that there are some who are.

Mrs Godfrey—With respect to the outcome from Windimurra and OzMinerals, Windimurra's future is still being decided upon. There were 10 interested businesses wanting to invest in there.

CHAIR—So it is in administration at the moment?

Mrs Godfrey—It is still in administration. There is a significant debt there for local companies. How it is resolved will depend on what the local companies get, and that could be a potentially significant risk to our region.

CHAIR—In terms of the workforce of those companies, what has happened with them?

Mrs Godfrey—As I said, a year ago there were a lot of businesses really screaming for work, and over the period of the last six months there have been redundancies, but they have been absorbed into the areas where the businesses did not have enough staff. That is probably flattening out now. It was picked up very quickly because we had such a lack of labour at that stage. It has been absorbed, but from now on will be interesting to see.

CHAIR—Thank you. Mr Neville.

Mr NEVILLE—You have made a number of very challenging recommendations here. I was interested in tourism, in particular. What is your take on tourism here? We have had evidence that it is improving, possibly because people are not taking overseas holidays. We did pick that up in Launceston, but we did not pick it up elsewhere.

Mrs Godfrey—It has been twofold. There are two different reasons why tourism has increased in Geraldton. Firstly, Geraldton's face has changed. Through a component of the Regional Partnerships, state government and local funding to do the foreshore redevelopment it has started to take on a little bit more of a tourism atmosphere here, whereas it did not before.

Mr NEVILLE—It is very impressive.

Mrs Godfrey—It is absolutely fantastic. It has started even the hinterland coming in and visiting Geraldton. Before Geraldton was not a destination, it was just a drive through to go up north. Now it is starting to change. Also the philosophy here is on tourism. They are starting to address it in a lot more concentrated way and promoting Geraldton. I think it is that, but also a lot of the people may not necessarily be able to afford to go all the way through to Broome and so they are using Geraldton as a different destination. Tourism has definitely increased.

Mr NEVILLE—You mentioned one program here. What other recommendations would you have for tourism?

Mrs Godfrey—Definitely more hotels.

Mr NEVILLE—You talk about 'Come Walkabout'.

Mrs Godfrey—I am not familiar with that.

Mr NEVILLE—On a general level, do you think utilising the old hotels would help?

Mrs Godfrey—We need more accommodation in Geraldton. That has been something that has been an impediment over the last 12 months. There has not been enough accommodation, particularly when we have functions here. It gets booked out very quickly. And quality accommodation. I do believe there are some sites identified now, but it is still going to take a couple of years to get them up and running.

Mr NEVILLE—I was asking some questions around town yesterday. It seems that the older hotels, some of which are quite gracious, are being used for low cost accommodation and backpackers.

Mrs Godfrey—Yes.

Mr NEVILLE—Is that boosting the economy here? Has it got to that stage where it is really a backpacker destination?

Mrs Godfrey—No, I do not believe so. I think it is attractive to backpackers only because of the distance from Perth. The majority of them stop over here. We are still in our infancy for delivering the tourism market reasons to stay here. We have changed in the last year and probably in the next two years we will be delivering a lot stronger programs to try to attract people to stay, and not just stay overnight and the next day. We have not got our whole delivery properly done yet.

Mr NEVILLE—You were talking about industry as well. You suggested to us that we should recommend access to programs. Do you mean for seed funding? You said that the Regional Partnerships program was very successful here. On what basis do you make that comment and how would you see it continuing?

Mrs Godfrey—My previous experience with the Development Commission here has more or less been for feasibility studies to go into how you would make something work. I see that the Regional Partnerships has been so successful because, for instance, with the HMAS *Sydney* we would never have been able to get a memorial like that, or the foreshore redevelopment or the boat lifter if we had not had a significant contribution from the Commonwealth, state, local and private enterprise. If that is not all on the same page then there is no way that those sorts of projects can be realised, together with the significant size of those projects. It is not about funding a study. It is about actually getting real outcomes from the funding. I cannot see, unless you did that seed funding, that you would get a lot of these projects up and running. All those projects now are delivering fantastic economic outcomes for this region.

Mr NEVILLE—Albeit that the government does not intend to fund commercial projects from that program—it has not said it will not fund them—do you still see the RDA as being the catalyst or the honest broker of bringing Commonwealth, state and local government funding to the table?

Mrs Godfrey—It has probably gone too far down the track. It is irrelevant what I think now because in the next two weeks a decision will be made. The draft memorandum of understanding that I have seen is that they will be dissolved under the development commissions for the state.

Mr NEVILLE—The RDAs will be rolled into the Development Commission? As a separate entity or as just part of the commission?

Mrs Godfrey—The state CEOs of the development commissions will be directly reporting to the Commonwealth.

Mr NEVILLE—I see. Thank you.

CHAIR—Mr Raguse.

Mr RAGUSE—Just following on from that a little bit, you mentioned the RPP and we talk about projects in the community. I know the work that the ACCs did in my region and now the role of the RDAs. I know it is difficult because of that transition. You are suggesting that moving that process will mean that there will be a whole range of things and certainly the coordination of projects at the local level. In reading this submission, it essentially supports the changes that are occurring. The comments are that taking the port should take the politics out of these processes. I am presuming that from the way that we are managing the funding through our new RDA process, whatever that will be, and how we then fund programs on the ground, essentially not that you are in conflict with what you are saying here, but I am not quite sure that you are actually suggesting the process that we are taking as a government. In other words, the way that we are now putting the RDAs in place with their future role, whatever that might be, and the way that projects may be funded. Taking on board that there is certainly a decision made that we will not necessarily fund commercial opportunity. You talk here about devolved authority of the regional levels, local engagement, creation of partnership activities and mutual obligation. To me, that is essentially what we are doing as a government. I am not quite sure of that. Do you have some conflict with this? What you are suggesting is a model. Given that the RDAs or the ACCs, whether they do exist or do not exist, are you suggesting that they cannot exist without them?

Mrs Godfrey—No. I am not saying that the devolving of the responsibility of regional development has to lie with RDAs. It would be a shame if we all went to one central organisation for state and federal. I think sometimes an autonomous organisation delivering federal services and federal funding, irrespective of what political party it is and asking for other government agencies to step up at the same time, is a way of making sure that each party brings to their own. You devolve it into one responsibility and into one agency. I would like to see how the model works. I would not have thought that it would ensure that everyone puts up their hand and contributes. It is almost devolving it into one. The federal funding could be going to the state and the state may not necessarily have to match it.

Mr RAGUSE—What I am suggesting is that this document more or less suggests that a certain outcome is going to occur and I do not necessarily believe that we are that far advanced to know that. You are right; local engagement is what the federal government is trying to encourage. The role of the RDAs to be more strategic makes a lot of sense. From what your document is saying, my understanding is that decisions should be made at the local level. We are talking about the local government being a big part of that and being highly representative of the region. What I am suggesting is that it is not directly in conflict, but your suggestions are that it is at odds with what I believe we are doing as a government and what you are suggesting in this recommendation.

Mrs Godfrey—I will have to read that a little bit more carefully. I have skimmed over it, but I have not read it in depth.

Mr RAGUSE—Are you comfortable with the fact that regional areas, local authorities and local organisations should make the decisions about priority?

Mrs Godfrey—Absolutely, and they should all be aligned a lot closer together so that they are all working together. I do not necessarily say that they should be one.

Mr RAGUSE—Thank you.

CHAIR—Again, I am sorry that we are referring to the submission, so it does make it a bit difficult, and it may in fact be that our next witness, Mr Hosking, may be able to tell us a bit more about it. In 1.6 the submission talks about the fishing industry and the shrinkage of the industry by 30 per cent over the past two years with harder times expected, but then it has stated that ‘in contrast, a marine services precinct project, which was jointly funded by the Commonwealth and state governments, has begun to reap dividends’. I thought that looked like a really good example of an economy in transition and the way in which both Commonwealth and state investment have helped that. Are you able to tell us a bit more about that, or should I leave that for the next witness?

Mrs Godfrey—I would suggest that Mr Hosking would be the best person to explain that.

CHAIR—We are obviously interested in really good examples. We are conscious that economies do change over time. They are never going to stay set in concrete. When they do transition it is where is the best investment and how best can Commonwealth and states actually assist with that? I am interested in terms of the precinct so I may ask that question to the next witness. Have we got any further questions?

Mr NEVILLE—Yes, just one question. There has been a lot of talk today about the importance of rail, firstly, to Perth, secondly, to the grain lines and, thirdly, to potential mineral resources to the east behind Geraldton. As a chamber, and with your experience of the ACC in fostering industries, what is your view on what rail could do for Geraldton?

Mrs Godfrey—Without a doubt it would open up the whole hinterland to having an export hub. At the moment some of the mining companies, more in the east, ship out from Esperance. They send their product down the line to Esperance. Esperance is two days more shipping than from Geraldton. There would be a whole opening of that opportunity. There is a lot more out there than just what we are seeing right now. I think, in a downturn, it should be looked at as an opportunity. We have stated on record since 1969 the potential for an export hub through a deepwater port in Geraldton is quite an important achievement. We have a downturn right now. This is the time where we really should be investing into it, to expand all of the industries. By putting in that industrial site up there, it will attract even more. That could be the most significant change in the Mid West area—having the biggest industrial estate in Western Australia. It is an opportunity for businesses to come and relocate, too.

Mr NEVILLE—Are you saying that rail is the catalyst for that?

Mrs Godfrey—Rail will be the catalyst for the mining companies which will bring that seed capital for the port to be able to open up for other businesses.

Mr NEVILLE—Should we recommend that in our report? Do you think we should recommend rail as one of the priorities in our report?

Mrs Godfrey—Yes, I do.

Mr NEVILLE—I did not want to make it sound too blunt. A lot of people speculate here at the table. If I ask you what is the single most important developmental aspect to the Geraldton area, what would you say?

Mrs Godfrey—I would have to say three things, and not just one. The rail is certainly important. At the same time the industrial estate is as important, as well as the corridor of services going to Oakajee. All three would have to be federally assisted in some form.

Mr NEVILLE—Thank you.

CHAIR—Ms Parke has a question.

Ms PARKE—I have a follow-up question about the proposed port development. Is it proposed to have a container facility as well?

Mrs Godfrey—At the moment it is focusing only on iron ore exports, but there have been discussions about being containerised. With the way that the AWB is being dismantled and the way that we export our wheat, there is also opportunity through that for containerised wheat exports. We send our containerised wheat down to Fremantle. There is a lot of potential here for having a northern hub away from Perth in having containerised shipments here.

Ms PARKE—Lead shipments, too.

Mrs Godfrey—That is not through our cities. That is through a dedicated outsourced port. That is not associated with residential. That is probably one of the biggest arguments; it will be one of the only standalone ports outside of a residential area in all of Western Australia.

CHAIR—I note some of our previous witnesses were frantically nodding yes to the answer to your question.

Mrs Godfrey—I cannot see them.

CHAIR—I can. I would like you to thank you for providing evidence before the committee today. You will receive a proof transcript of the *Hansard* and if there is any further evidence that you wish to supply us with if you could do so in writing it would be really helpful. The secretariat may write to you if we have any further questions of you. Thank you for taking the time to present for us today, and particularly given, I am conscious, there is a significant amount of transition and anxiety occurring around the RDA issue in Western Australia.

Mrs Godfrey—Would you like me to resolve that 457 issue through that submission?

CHAIR—I would be interested in getting a little bit more information about it. It was the first time that it had come up, so I thought there might be some more information. That would certainly be helpful.

Mrs Godfrey—I will find out.

CHAIR—Thank you very much.

[1.40 pm]

HOSKING, Mr Wayne William, Chief Executive Officer, Geraldton Fishermen's Cooperative Ltd

CHAIR—Welcome. I am sorry that we are running a little behind schedule. Whilst we do not require you to give evidence under oath, I need to remind you that these are formal proceedings of the parliament and, as such, should be treated with the same respect as proceedings of the House. It is also customary for me to remind witnesses that the giving of false or misleading evidence before the committee is considered to be a serious matter and may be considered a contempt of parliament. Now that we have dispensed with those details, we very much welcome your giving evidence here this afternoon. Over the course of the morning, we have been hearing about the fishing industry and what is happening in the region and we would be very keen to hear of your perspective on that. Do you have a brief introductory statement you would like to make in relation to that?

Mr Hosking—Just briefly, I will give a little more detail about my company so that you understand where we fit in. We are the world's largest exporter of lobster and, as such, for a regional area, we are a bit of a success story. We are 100 per cent fishermen owned. We have suppliers and facilities up and down the coast from Kalbarri, which is north of here, all the way down to Perth. We employ over 400 people but, as the work is highly seasonal, that number comes and goes. We have a core staff of over 100. We have 240 boats; this means that there are 500 or 600 fishermen, deckhands and so forth. So it is quite a widespread company and it forms 60 per cent of the industry. The company has been going for about 60 years.

The industry is evolving all the time and the company started out as quite basic, sending cans of tails to the US. But right now it is going to all corners of the globe and deals in all sorts of product forms, from live to frozen to value-added ready-to-eat product. You name it, it is there. That has turned out to be quite a strength in the current environment, where we have a very widespread of market destinations and product forms. That has helped us weather the storm, and we are certainly feeling the effects of the current global economic downturn.

CHAIR—Sixty years is a long time to have a history in an industry; that is a fantastic achievement. Obviously, there have been major changes throughout that 60 years. What is specifically unique about what is happening at the moment compared with what your industry might have faced previously, or is this just another phase and you just have to get—

Mr Hosking—Yes. Long before I was in nappies, I suppose, going right back—

CHAIR—I am not assuming that you personally have been in the industry for 60 years.

Mr Hosking—Yes; but people cannot remember—from talking to the old-timers—a situation this bad in the marketplace for us. That is not a comment on what anyone else might be experiencing, but it is very serious for us. There is nothing on record to show it ever having been this bad.

CHAIR—Is that in terms of the collapse in your markets or is it about credit? What is the biggest reason for it?

Mr Hosking—Yes, all of the above. I guess, fundamentally, consumption in our main markets is well down. Being a luxury food product, it is one of the first things to go in terms of discretionary spending. Also, although I mentioned earlier that we have quite a widespread of market, we seemed to have picked a few winners. Our largest markets are the US, Japan, Western Europe to a lesser extent, and Taiwan, which are all in really bad shape. The shining light for us is China. Although there is a reduction in growth there, we are just not seeing it at all. Without that, we would be in all sorts of trouble. Our client base there is in the southern and coastal regions. Obviously we are in touch with those people daily, and they just are not seeing any effects at all. It is almost inexplicable; we do not know why that is, but we are not arguing with it.

CHAIR—No, of course not. You would have heard me ask the previous witness about the project associated with the marine precinct. Are you able to give me some information about that?

Mr Hosking—Just a little. We sit outside of that. We operate our own boat-lifting and storage facility. This additional facility was built for boats beyond our capacity to lift and store and beyond the requirements of our fleet. Although there has been a definite shrinkage in our fleet and in other related fisheries, such as tuna, long lining and so forth, there has been a growth, up until recently anyway, in boats built for oil and gas exploration and for tourism. I am not an expert in those areas, but they seem to be faring a little better and have certainly taken up the slack where the fishing industry has dropped off in terms of the utilisation of that facility.

Mr NEVILLE—You say that this downturn in the market has affected your turnover. We also heard that there was a potential breeding problem with lobster. Has that been resolved or do you have plans to resolve that by science?

Mr Hosking—No, it has not been resolved; it is ongoing. It is just our luck to have that at the same time as having these market problems. It is worth giving you a very brief spiel on how it all works, just to give you some idea of the scale of that threat. The lobsters bear eggs, which hatch into little larvae. The little larvae drift out to sea, then come swimming back to shore as little puerulus—which is Latin for ‘little boys’—at which stage they are like a glass lobster, and then settle on the substrate. Forty years ago, someone worked out that, if you put an artificial substrate out there and then count the number of puerulus, there was a direct correlation to the recruitment to the commercial fishery in four years time, when they grow to legal size. It is a very accurate correlation; it is actually within five per cent. We use it for planning and fishermen use it for finance and for planning up to four years in advance. An average settlement would be in the order of 100 puerulus per collector. A few years ago we hit the lowest per collector then on record, which I think was 22; this season we got one or maybe two. We do not know why this has happened. There are lots of theories and lots of possibilities. I suspect that, like most things, it is multifactorial. However, the real answer is that in 10 years we will know what happened, once we see new trends and correlations emerge. People are looking for climate effects, overfishing effects and all those sorts of things, but we do not yet know.

Mr NEVILLE—Can you breed lobster artificially?

Mr Hosking—Quite a deal of research has been done into that area, but there is no commercial activity at the moment. That is probably some years, if not decades, away.

Mr NEVILLE—Are there any other significant forms of fishing in the district, excluding pearling?

Mr Hosking—There is certainly long lining and wet lining, which is for scale fish. Specifically, a tuna industry was built up over the last few years. That has gone through a major downturn as well because of Japanese prices—the exchange rates up until last year, and now new problems—and a reduction in near-shore stocks. There is a scallop fishery out at the Abrolhos Islands. All scallop fisheries are pretty much boom and bust, so I am not sure how that fishery is going at the moment. They are the major ones that I can think of.

Mr NEVILLE—With this downturn in the international market for lobster, is the domestic market taking up any of the slack; and, if so, where and to what extent?

Mr Hosking—Traditionally, it does on the basis of price. If, for whatever reason, the return is down, the domestic market takes up some of the slack. But, to give you some idea of the scale, the long-term average of domestic sales is about three per cent. So, if we were to double that three per cent to six per cent, that would be a good result, but there is still a long way to go to get out of the woods.

CHAIR—We would all have to eat lobster every night.

Mr Hosking—Yes. We can talk later about getting a container to Canberra; all help will be gratefully received!

Mr RANDALL—On that point, you might want to do what the Tasmanian Fishing Industry Council do. Once a year they come over and promote their goods in Parliament House—

Mr NEVILLE—They do it very well.

Mr RANDALL—not just to the members of parliament, which I am sure people would smirk at, but more to the diplomatic community, who are potentially a good source of trade.

Mr Hosking—Yes. We do have a federal and state presence.

CHAIR—Through the seafood council, I understand.

Mr RANDALL—There is a seafood council expo once a year, but the Tasmanians also do it with their specific salmon and other goods.

Mr Hosking—As a group, yes.

Mr RANDALL—I digress; I was following on from Mr Neville's question. You seem very resourceful, as you said, in the way you present your product. What is the size of your live lobster exports?

Mr Hosking—This year it will be over 50 per cent of total sales. In a normal year, it is half that, if not less.

Mr RANDALL—Why is that?

Mr Hosking—One reason for that is that China have been the emerging market and, as I mentioned earlier, they seem to be going along strongly while others are falling by the wayside—and it has just expanded again quite rapidly. Secondly, I think people are less willing to take a longer term position on purchases. We sell frozen lobster by the sea container, which takes weeks to arrive and weeks to sell through, whereas live shipments are done on a daily basis in small lots, so it is a lot safer. Someone mentioned earlier the credit environment; it is easier in that respect. For those two reasons, the live market has grown rapidly. But that does not necessarily mean that will continue into future years; and that is not necessarily a goal of ours, because in some years frozen forms can be more profitable than live forms.

Mr RANDALL—Can I just clarify: the Geraldton Fishermen's Co-op is more than just lobster, isn't it?

Mr Hosking—No. It is single species.

Mr RANDALL—Obviously you are well connected to the industry, so you might be in a position to comment on this: it was suggested earlier and it has been proven around Australia that some of the diversified industries around fishing are farming in nets, for example, around Port Lincoln. This committee's terms of reference refer to the impact of the global financial crisis on regional Australia. Would you see that as an industry that potentially could be developed in this region?

Mr Hosking—The road to aquaculture glory is littered with carcasses, as I think everybody knows. I think you will continue to see incremental growth there, as people pick up on niche opportunities. The big aquaculture successes around the world, with a few exceptions, are in countries where access to suitable land for onshore facilities or to ocean facilities is easy, and I have seen that in Southern China, Taiwan, Vietnam—you name it. Labour is cheap. Feed is cheap. They are the major drivers in aquaculture.

Australia's history with aquaculture is that we develop difficult-to-culture species through our tertiary system and research system and then turn that into a recipe that is then easy to follow overseas. Prawns are a classic example. Kuruma prawns and so forth on the eastern seaboard were developed through the universities and research process; now you can go over there and see empty state-of-the-art ponds and breeding facilities up and down the coast because, for all of those reasons, it is cheaper to do it overseas.

I am aquaculture trained and it is my view that there will be slow but continuing incremental growth in high-value species, as little niche opportunities come along; as I have said, there are some exceptions to that. But, even with the winners there have been—pearling is a great example—they are now under threat; because it has become relatively easy and formulaic, they are just taken offshore. That is the nature of the beast. Wild-caught fishery cannot be moved, aquaculture can.

Mr RANDALL—I have had representations about this—I am talking about financial impacts: is there much to the representations that I have had about crayfish fishermen not being able to catch other fish while they are out doing their pots et cetera? I forget the right term, but it concerns their being able to bring in other fish.

Mr NEVILLE—By-catch.

Mr Hosking—By-catch, yes. There is by-catch—which, strictly speaking, is fin fish and so on—that come up in their pots, and they did have a wet fish licence so they then could fish.

Mr RANDALL—But they cannot keep even the stuff that goes into their pots now, can they?

Mr Hosking—Now they can, but only up to a recreational bag limit. Previously they could keep anything in the pots, plus they had a commercial access right to catch wet fish. As part of a long review process, that right was withdrawn—not totally. There was the ability to claim quota against your history. They either had the fish for personal use or did not use it, so they did not have adequate history to get quota. But there was general acceptance that the latent capacity of the lobster fishing fleet, which at the time was over 500 vessels with very high-tech equipment on board, was a big risk to the sustainability of wet fishery, which was under enormous pressure. So, whilst there were arguments around allocation of quota, from the lobster fisherman's point of view there was not a great deal of opposition to the fact that it needed to be rationalised.

Ms PARKE—Thank you for coming to give evidence today. What is your prognosis for the rock lobster industry, given the downturn in the market, which hopefully is temporary, and the reduced stocks, which could be longer term—

Mr Hosking—Yes.

Ms PARKE—and are there any programs in the community to assist fishermen to transition to other industries, or is that not considered necessary at this stage?

Mr Hosking—The crystal ball is foggy and cracked and missing in action at the moment, and I do not say that lightly. In terms of sustainability, it is just a complete unknown. I was quite serious when I said earlier that we will know in 10 years time what things will look like. It could be a one off glitch and next year we will return to normal; it could be a long-term trend; or it could be what they call a regime shift where you get an abrupt change, which can be up or down, in the long-term catch. We just do not know, which means it is hard to plan. Winding back is an option—you can get rid of assets and adjust for new market realities—but we cannot even do that, because next year it might bounce back.

There has been long-term rationalisation anyway, even when times were good, because of the increased technological capacity of the fleet. Some of the guys on the boats have three computers that they use in remarkable ways, along with the internet, colour plotters and so forth. In brief, their capacity to catch has grown enormously in recent years but not evenly across the fleet. So the better catchers were buying out the poorer catchers, and we were seeing a big rationalisation there anyway. Certainly, what has happened recently has accelerated that. I suspect the worst has been done. We are now down to about 370 boats out of 600 licences and I do not think there is far to go.

That is a bit of background but, to answer your question specifically, there are no formal programs in place to capture the people who are leaving the industry. Is there a need? It has happened sort of organically. Up until recently, the employment environment was pretty good, but now it is not so good. Also, in the past, people have exited with some dignity, given the value of their assets; but that is not possible at the moment. The average value of a pot licence only five years ago was about \$28,000 and it is now \$12,000, so many of them are exiting with debt—big debt. It is difficult, but the answer is that there are no formal programs in place.

CHAIR—Just as a follow-on question: what is the credit environment for your sector like at the moment? Is there any evidence that you would like to give us around that?

Mr Hosking—It is interesting. There is the normal pressure coming on credit, which everyone is aware of, but then the banking sector is acutely aware of our sustainability issues as well. So there is the short-term squeeze, which is operating right through the food chain as we all try to secure every sale, and then there is the longer term credit for longer term debt, which is being viewed through the prism of sustainability. So a fair question from our bank would be: how do you service your debt without a lobster? That is a good question. It is our view, which not everyone shares, that we should take an extremely conservative approach to fishing and, while we can, we should reduce our catches severely. We believe that we should do that for two reasons: firstly, it may be, in part, a breeding stock issue, which is an obvious thing; and, secondly, just to roll over catch into future years because, if it bounces back, we need to preserve our employees, the fishing fleet, the market and so forth.

Getting back to your question, the point is that the strength of our response to the problem is the key, and the banking sector recognises that. If we had just stuck our head in the sand and kept catching everything, I think they would have reeled us in fairly quickly. So we have maintained their confidence, given that we are prepared to act. I am not sure whether your question relates more to international market and so forth.

CHAIR—A bit of both. I am just interested in finding out what is happening.

Mr Hosking—So far so good. We have not had any major defaults but, I guess, like everyone, we are watching things more closely.

CHAIR—But I imagine that no-one is going out, trying to purchase new boats or equipment, particularly at the moment.

Mr Hosking—No, that is right.

CHAIR—Nor would they get any money for it, if they were tending to do so.

Mr Hosking—Yes.

Mr NEVILLE—One question that follows from that is: have you made any application to the state or federal government for scientific assistance to try to plumb the depth of this breeding problem?

Mr Hosking—The problem may not be with the breeding but it is certainly with the recruitment. The Fisheries WA are world renowned for their management of fisheries, in particular the lobster fishery. Obviously, for all of us, that is a little bit up for question now, as we are not sure what is going on. We have some fairly top-flight scientists on the job. However, in addition to that, there was a scientific forum only three weeks ago—apart from all the others that are going on at the moment—looking at drawing in researchers from around Australia too, I suppose, brainstorm ideas. The report is not out yet, but from that will come some recommended research directions, and we have a fairly good record in terms of attracting both federal and state funding for research projects. So there is a lot of movement in that area.

CHAIR—Thank you very much for providing evidence before us today. You will receive a proof transcript of the evidence and if, on that basis, you feel that there are some additional things that you would like us to know about what is happening in your industry or any suggestions for federal intervention, please write to us and we would be most grateful to receive any further information. If we have any further questions, we will write to you as well and, hopefully, you will see your way free to answer those. Thank you again for appearing before us today, in what sounds like a fairly challenging time for your sector. Just picking up briefly on Melissa's point, in terms of transitions or redundancies occurring in your industry, with us today at the back of the room we have someone representing the Department of Education, Employment and Workplace Relations—I think that is the department's correct title. So, if you want any information about programs or funding that may be available, you should take this opportunity to access her. Thank you very much for attending today.

Mr Hosking—Thank you very much. You are more than welcome.

[2.00 pm]

WHEATLAND, Mr Ian Douglas, Committee Member, Mid West Gascoyne Area Consultative Committee

CHAIR—Welcome.

Mr Wheatland—Welcome to Geraldton.

CHAIR—Thank you.

Mr NEVILLE—You have an appropriate name for someone in the wheat belt.

Mr Wheatland—Yes. This community relies very heavily on that—and the ball bearing is starting to emerge for China.

CHAIR—We have certainly heard that. Do you have any comments to make on the capacity in which you appear?

Mr Wheatland—I am the proprietor of Ray White Real Estate and co-owner of the Freemasons Hotel in Geraldton; both are leading businesses. If you need some food and beverage, I would suggest that you go to the Freemasons Hotel after this session.

Mr NEVILLE—It is a lovely hotel. I had a drink there yesterday.

Mr Wheatland—Thank you.

CHAIR—That is a beautiful plug. Is it on behalf of both of those businesses that you are appearing or is it—

Mr Wheatland—Charles Jenkinson, our former EO, doxed me in for this session. I have come to speak just from the heart and answer your questions, more than dazzle you with science.

CHAIR—Thank you. Although the committee does not require you to give evidence under oath, I need to remind you that these are formal proceedings of the parliament and, as such, should be treated with the same respect as proceedings of the House. It is customary for me to remind witnesses that the giving of false or misleading evidence before a committee is a serious matter and may be regarded as a contempt of parliament. That has been said not to put you off—

Mr Wheatland—Would it help if I punch myself twice?

CHAIR—No. I apologise for that. That is just one of those things that I need to do.

Mr Wheatland—Yes, I understand.

CHAIR—Would you like to make some introductory comments?

Mr Wheatland—The effects of the global economic crisis come in two parts for us in this area. We have come off the back of a very strong harvest here, which covered a lot of sins for the previous two or three years of drought. Of course, that money washes through the community, through the fringe organisations of motor vehicle and machinery parts and all those sorts of things. We did not really see a greatly significant downturn. In fact, that has been proven since 1 January, when our trading bounced back. But, for the period September through to December, there were certainly a lot of question marks in the real estate industry, questioning and challenging—people having the money but not having the confidence to spend it, wondering where it was all going to finish. I think that pretty well encapsulated what was occurring throughout Australia; that is what I believe. I think the media scare certainly worked; it frightened all the buyers off and the sellers did not know what to do.

Not only is our real estate business a leader in this area but also—and I am not bragging—we were the No. 1 agent for Ray White in Western Australia, just to give a bit of credence to what I am saying. The months of September, October and mainly November gave me a great deal of concern as a business proprietor. I think that was reflected in our figures for November, December and January, where we ran at break even. With 28 on the staff and all departments pitching in for November and December, we showed a \$35,000 loss in January. That was the impact of those months that were inactive. We have been processing probably about a deal a day and at the moment we are getting a 20 per cent fall-over through banks, job losses and mortgage insurers not meeting the mark. That is a pretty keen picture of what is happening here. Trading has come back. I have done a series of graphs. If they would be of any use to you, I can hand them in.

CHAIR—Yes.

Mr Wheatland—In addition, I have brought with me a REIWA marketing report for September.

CHAIR—Please hand that to Michael. I will get someone to move that we accept that as an exhibit.

Mr NEVILLE—I so move.

CHAIR—There being no objection, that is so ordered.

Mr Wheatland—They are available to anyone who wants to read them. That is as it relates to our business. We probably enjoy a 33.3 per cent market share, so it is fairly representative. You will see there that, with trading since January, it is as though nothing has happened. Our economy is not affected to any great extent by fly-in fly-out, much to my earlier dismay that we could not attract that sort of service; but I think the impacts on the communities that do have it are quite severe. We have some fly-in fly-out, but that is not a major part of the set-up here.

With regard to the Freemasons Hotel, I think people drink and eat in good times and in bad, and there is certainly no great reflection in our figures there. So, if that is an indicator for you, if

that is what you are looking for, that is about what it is. Profit probably goes down a little bit, because you put more on to try to get it more out there.

CHAIR—Hospitality can come under some pressure, but it depends in terms of different regions. But, if you are saying that yours has not, as such, that is good news.

Mr Wheatland—The description of our business in the hospitality industry is just food and beverage; it is not accommodation. Also, it is in the central mall. It is well sited. You do not have to advertise to any large degree, although we do if we have special acts on. I think the restaurants probably would be feeling the pinch more, when the dollars start to squeeze because mum and dad do not go out.

Mr NEVILLE—But your food sales do not feel it?

Mr Wheatland—Food sales in the hotel have been excellent. We shut the kitchen for two weeks, which shows a bit of a glitch in the thing, but we had to do that. We had to get it so that we could cater for the numbers, more than anything else. Outside of that, I do not think I have much to say. I think we are very fortunate being in a community like this where we have a diversity of incomes coming in. We are ever-hopeful that Oakajee will finally make it, after a couple of false starts, and that should be a breadwinner. The run-in for Oakajee in the press has been going now for about three years—big boom articles. Some of the developers have been badly scorched, particularly with land, where expectations of the delivery and preparation of a number of lots have not been in keeping with the demand—oversupply and underdemand. To that point, clearing sales now are coming from some of the developers, with the bank enforcing some sales, and some of the lots in the softer or less attractive areas have been selling for \$60,000 and \$80,000 each, which is very, very good for the first home buyer. So there is good and bad in all news.

CHAIR—That is interesting. As we go around, we ask local government representatives what their building approvals have been like; this is our fifth public hearing and I must admit that it is the first where the local government reps have said there has been a substantial drop in building application approvals. So something is happening in the real estate market here that has not quite happened in the east, which we are not sure about yet. Would you be able to shed any light on that? What is happening here in terms of new homes being built or commercial development occurring?

Mr Wheatland—I did not quite get the analogy there. Was local government saying that they have declined?

CHAIR—They say that they have slowed, basically. I do not think they have said they have dropped dramatically; I think they have slowed.

Mr Wheatland—I think they have come off a really high level. In one particular cell, I think something like 45 homes—a lot of them being spec homes—are still on the market; they are languishing. Those that do not meet the price will pay the price, if you know what I mean, because they do not meet the market. Some of the values that they were getting for the investor were extraordinarily lucrative. But, as with all that sort of stuff, there comes the end of the day and there is a bit of pain that goes with it as well.

Also, I think there has been a bit of a breather in terms of repositioning of the market. There will probably be a late flurry with the first home buyers grant, particularly if the rules are changed to any marked degree. I think we are very blessed here with our values for first home buyers because they are not struck with the eastern seaboard costs of entry. If they can buy a block of land for \$80,000 in a reasonable area and build a house for \$220,000, they have something really that they can hang their hats on. We probably do not have enough first home buyers in the area to satisfy all the requirements so that we can get all the value out of the Christmas present from the government.

Mr NEVILLE—Just on that point, it is interesting. I have had approaches from builders, even as recently as in the last week or 10 days. We do not know what is in the budget; there is a school of thought recommending to the government that the first home buyers grant be modified and extended with just \$7,000 for an existing home and \$21,000 for a new home. But these developers and builders I have spoken to have said that they feel the employment angle of building would be enhanced if the \$21,000 were paid when the slab was down or when the frame was up rather than being the very last payment that goes into the house. In other words, with the way the market is structured now, it tends to favour the spec home rather than the person who will go and authorise the building of a home.

Mr Wheatland—I tend to agree with that comment. I think that is very valid as to where it is.

Mr NEVILLE—Is that what you are finding—that most people spending the \$21,000 are now spending it on a spec home rather than going and getting the plans and involving a builder, a carpenter, a painter and so on?

Mr Wheatland—I think it is human nature to pick something that is already done. It is a matter of whether you get the most use for those dollars. If you are asking the question, ‘For the best use of the dollars, where do we put the money?’ you put it up-front so that it will be an encouragement to people to do it themselves.

Mr NEVILLE—I think it is fair enough for government to be cautious so that you do not give money out and find that people cannot complete projects; so it cannot be too lax.

Mr Wheatland—No.

Mr NEVILLE—What is the right point at which to pay the grant? Is it when the slab is down, when the frame is up or what? Should the grant be paid then?

Mr Wheatland—If you want to err on the side of caution, I suggest that you should get to where the frames are up; that would be the place for it.

Mr NEVILLE—Because you cannot turn back then, can you?

Mr Wheatland—You cannot turn back; you are almost there. I do them myself and, as soon as the roof is on, I say, ‘Hallelujah, I’m nearly finished,’ and then I have to wait for the finishing trades. That is quite a pain, as they seem to take the longest. But, regarding the first home buyers grant, \$21,000 is a magnificent gift and a real incentive. If you were not going to give \$21,000, I would suggest that perhaps it should come back to \$14,000 or something. Cutting expenditure

would seem to be an ideal solution, but it still would give encouragement for employment and for first home buyers, who usually want to jump into mum and dad's shoes; where mum and dad leave off, they want to get there right from the jump. It is a natural thing. I do not know how it fits on the east coast, but here it is a very generous grant.

Mr NEVILLE—What is your take on the mining areas soaking up a lot of tradesmen, such as plumbers, air-conditioning people and carpenters? There are many complaints in Queensland about the shortage of those sorts of tradesmen. Are you experiencing that over here?

Mr Wheatland—In 2006, yes; I think that was the zenith. We roped in everything in sight. In fact, I said to some of my colleagues on the east coast, 'If you have a son who's a tradesman, he should throw in his tools and go west and take advantage of the economic opportunities.' For example, I have a nephew who is not retarded, but he certainly has a shunt. He was battling to get a job in the metropolitan area. He is working as a mechanic up in the Pilbara and earning \$140,000 a year. It is a marvellous opportunity for them. That is how it has been. Now it is starting to throttle back. I think some of the trades are coming back to home, but not to the extent that we would like to see. Again, it is a matter of supply and demand. We had a lot of people leave here and go to the Pilbara, when the Pilbara started up, and they have started communities of their own. There are grandfathers, sons and grandsons working in the industry up there; we are not likely to get them back, in that respect.

Mr NEVILLE—Looking at Geraldton and its hinterland overall and having regard to the terms of reference of this inquiry, what are one or two of the most important features that you would want us to recommend to government? If you came here today not as a commentator but to tell us of something in the back of your mind that you want us to do, what would be one or two things that you would want us to do?

Mr Wheatland—That is a very difficult question.

Mr RANDALL—What are they saying down at the pub that the government should be doing?

Mr Wheatland—They should shoot the mob that is coming here in the boats, for a start, if you want to be political.

Mr NEVILLE—I do not think we would do that.

Mr RANDALL—We might want to stop them. Is that what you mean?

Mr Wheatland—No. Wanting to stop them would probably be more apt. I was trying to be a bit satirical.

Mr NEVILLE—But that is not regional development, is it?

Mr Wheatland—No, it is not. There is an SKA project here, which is very important. It is very important nationally and the state is calling for it. We badly need broadband from Perth to Geraldton to make it a success; that is imperative. Also, we badly need the Oakajee port to succeed. I think Barnett has given very good leadership in that regard, saying that he will stump

up for some money. I am not sure just where it went, but a lot of people have forgotten about the fact that there is an industrial estate on that port.

Mr NEVILLE—It has been mentioned several times before.

Mr Wheatland—With that, of course, they bought in at resumption prices or pretty close to them. I do not know what the price per acre was, but there was a bit of yelping from the people who lost the land. But it is a very good resource. In addition, there is a very good case to open up a standard gauge railway, either to Perth or to Kalgoorlie, to make Oakajee a container port. I am not talking about now; I am talking about in 10 to 15 years time. It would be good if you could bring them in. Think of the problems you have in getting cargo out of, say, Fremantle, and certainly in getting it out of Melbourne, where they have to dredge all the time. It would make good sense and save a lot of freight, if that became a container port up here. I think the EO here is very, very bullish about that and I think it is a very good point. If it came back to what Geraldton is strategically, I have always had a deep concern—I do not know whether it is just intuition or ill-founded—that there is no defence to any great degree along this western seaboard and we have such big resources further up. If there were any attack on Australia, the first thing they would go for is the oil and the gas, I would think, and where does the defence come from? The strategy is certainly out of my scope. I am not a Rhodes scholar, but I think there might be an opportunity perhaps to have some—

Mr RANDALL—The naval base at Garden Island.

Mr Wheatland—The SAS have a resource further up north.

Mr NEVILLE—But Curtin Air Force base can be activated within 24 hours, can't it?

Mr Wheatland—I do not know. I am not that up with it; that is up to you guys. But it would be nice to have a couple of naval vessels in that Oakajee area, as a comfort thing. That is what I am alluding to.

CHAIR—Thank you very much for the evidence that you have provided for us today.

Mr Wheatland—I hope it is worthwhile.

CHAIR—It is very helpful having someone who is directly involved in the sectors. We often have lots of peak organisations coming to talk to us, but having you as someone who—

Mr Wheatland—I hope something nice comes of it for Geraldton. Enjoy the rest of your stay.

Mr NEVILLE—You run a good pub too.

CHAIR—Thank you very much. You will receive the proof transcript of the *Hansard*. On the basis of that, if there is anything that you want to raise further with us, please feel free to write to us. Thank you very much for appearing today.

Mr Wheatland—Certainly.

CHAIR—I would like to thank Mayor Carpenter for hosting us in your very fine city; it has been a delight. Thank you also for providing us with these facilities today. Your doing so has been very, very helpful and they are terrific facilities. Please thank your staff for assisting us in that and for assisting the secretariat as well.

Resolved (on motion by **Mr Neville**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 2.22 pm