Standing Committee on Estimates and Financial Operations — Twentieth Report — "'Royalties for Regions' Policy" — Motion

Resumed from 15 October on the following motion moved by Hon Giz Watson —

> That the report be noted.

Hon GIZ WATSON: I have a couple of brief comments to conclude on. When we were discussing this report last week, I raised the question of whether the royalties for regions policy addressed the funding of environmental sustainability. The responses that the committee got from its inquiries were that the policy as it then stood did not make any specific reference to environmental sustainability and there was a suggestion that it could. We heard from the Minister for Regional Development that environmental issues might be factored into the reporting framework. I will not pre-empt the debate on the Royalties for Regions Bill 2009, but from what I understand of it, it is clear that the bill has not taken that approach and therefore environmental sustainability is not specifically part of the performance indicators. I am sure that we will seek amendments to the bill to rectify that. In the report the Standing Committee on Estimates and Financial Operations noted that the royalties for regions policy does not make specific mention of environmental sustainability. We also noted the minister's advice that he expected environmental sustainability would be addressed. The committee indicated that it would continue to monitor this issue to ensure that royalties for regions projects meet environmental sustainability standards.

There are two other matters that I want to touch on briefly. Dr McLure, whom I mentioned in my previous remarks, made some interesting comments about economic sustainability. In a nutshell, he said that using royalties revenue for recurrent spending is not sustainable. That is an interesting follow-on from the discussion we were just having about the Kimberley gas projects. Of course, royalties from the exploitation of our mineral resource are a one-off income for the state. The report states —

> In Dr McLure's view using royalty revenue for recurrent spending is not sustainable, and, in doing so, the capital base of the State is being depleted. Royalties should be excluded from the recurrent budget and instead be treated as capital revenues and be employed in the acquisition of public assets.

In essence that was the argument Dr McLure put to the committee in his submission. I draw members' attention to that particular part of the report because I think it is interesting and it certainly poses an interesting question to both the government and Treasury as to how that expenditure should properly be accounted for. The committee comment after hearing Dr McLure's evidence was —

> The Committee draws to the attention of Government the views of Dr McLure and urges the Government to take into account the economic sustainability of RFR when making decisions as to RFR funding allocation so as to not deprive future generations of Western Australians of the benefits of the State's royalties.

I reiterate that the money should be spent as capital expenditure to ensure that we reflect the fact that we are consuming capital of a one-off sort when we expend our income from royalties.

Finally, in a similar vein to the committee's concerns that the information that we could obtain on royalties for regions did not specifically address environmental sustainability, we inquired as to whether there would be a priority in addressing Indigenous disadvantage. Again, it was noted in the previous debate that disadvantage in remote and rural Western Australia is magnified to an even greater extent within the Indigenous population. The committee noted that there was a need to address the social and economic circumstances of Indigenous populations and that there was no recognition for specific funding to address the social and economic circumstances of Indigenous populations in the allocation of funds to date. Likewise, we will be looking very closely at what the legislation provides for the prioritisation of that undeniable need in remote and rural Western Australia and at whether any additional funding that is being put into those regions does, as we hope, actually go to and respond to an identified need. As much as royalties for regions was an initiative from a particular quarter and was a particularly prominent matter during the last state election, it is a matter that the Parliament now has to take an interest in as the decision maker for legislation, and it is therefore beholden on all of us to ensure that that royalties for regions legislation provides a mechanism to ensure that in addressing imbalances in services in remote and regional Western Australia, Indigenous disadvantage is one of the key priorities. Obviously, we will look at that very closely when we debate the royalties for regions legislation in this place shortly.

With those comments, I again thank members for their participation in this inquiry and I look forward to the substantive debate on this matter when we debate the Royalties for Regions Bill 2009.

Hon LJILJANNA RAVLICH: I am pleased to make some comments on the Standing Committee on Estimates and Financial Operations' report on the royalties for regions policy because the standing committee did very good work indeed. I am of the view that we should revisit some of the issues canvassed in the report because there is no doubt that there are many unanswered questions about the entire royalties for regions policy.

I think it is fair to say that we have a better understanding of what the royalties for regions policy is because we have now lived with it for just over a year. We certainly have a better understanding of how the policy is operating and how it is being administered. It is a concern that we are no further advanced in understanding some of the mechanics of the policy and whether in fact this is a good policy or whether it has some real hooks in it and some real downsides. Of particular concern to me is the fact that the Department of Treasury and Finance has not done modelling for the cost-benefit analysis of this policy; indeed, I am not even sure that it has a framework by which it would be able to measure this or, indeed, whether it would have the capacity to undertake that work in a way that would ensure that the results actually had some integrity. It is very difficult to ascertain the way in which the royalties for regions policy is operating without looking at the finances of the state as they stand at the moment. I think there is a direct link between what is happening with the finances of the state and the royalties for regions program. There is no doubt that financial results, as outlined in the 2008-09 annual report on state finances, are at a stage at which people should rightly feel concerned. Members of this government should rightly feel concerned that this is the state of the finances of Western Australia. I know the honourable Leader of the House would like to have us believe that we are currently in boom times.

Hon Norman Moore: I did not say that.

Hon LJILJANNA RAVLICH: The Leader of the House should just sit there. I am making my contribution. I know that he would want us to believe that the government has brought a whole range of resource projects on board and that this state is booming, but this state is far from enjoying any level of economic prosperity. In the past 12 months since this government took office, there has been a major deterioration in this state’s finances. Quite clearly, members opposite cannot read a balance sheet and obviously do not have any understanding of the state’s finances. I think that they would all benefit immensely by having a better understanding of that.

Hon Helen Morton: I have as good an understanding as you do.

Hon LJILJANNA RAVLICH: The member has only to be able to read. If the member were able to read, she would be able to understand the state’s finances, but she needs to make the effort to actually do that.

The royalties for regions program is no doubt having an impact on the state’s finances. That is the first point I want to make. The royalties for regions program is also having a significant impact on the relationship between members of the National Party and members of the Liberal Party. Those members of the Liberal Party who are currently sitting in marginal seats and who are getting very little funding, if any at all, to be able to meet the demands of their local communities are looking across at their National colleagues and seeing how their seats are currently being pork-barrelled with just about anything they want. There is a real disparity in what is happening, because we are dealing with a program that ensures that a certain quantum of money will be delivered to some electorates rather than determined on a needs basis.

Hon Jim Chown: That is not right. You are putting a spin on it to suit yourself.

Hon LJILJANNA RAVLICH: It is right. It does not really matter whether it is right or wrong. It is my view. My view is that funding is being guaranteed to regional seats because that is where the money is going. The priority is being given to regional seats at the expense of Liberal-held marginal seats.

One of the criticisms that seem to be emerging of the money that is being expended through the royalties for regions program is that a lot of the funding is being allocated to small projects, and major infrastructure projects are being traded off. They are being traded off for the upgrade and development of parks, cow parades and so on. I do not have the full list here, but there is no doubt in my mind that that is happening. We have met with local government authorities, and those local government authorities have said to us that one of their key concerns with the royalties for regions program is that they feel that major road and rail projects and other major infrastructure projects are the casualties of the sorts of works being funded by the royalties for regions program. It would be remiss of the government to not expend funding on major infrastructure and make those major infrastructure programs a priority in the expenditure of this money. However, that is certainly what has been brought to our attention.

Page 9 of the Standing Committee on Estimates and Financial Operations royalties for regions policy report shows the sorts of things that have both recurrent and capital funding. For example, in 2008-09, $100 million is to be allocated to local government. That funding goes through to 2011-12, and the total amount of that funding is some $400 million. The committee made some comments on the country local government fund, because there was an issue with the formula for the allocation being adjusted. It is not clear by whom it was adjusted, but some questions were asked in the other place and there was an adjustment to the formula. The end result of that adjustment was that small, probably non-viable country shires would be advantaged when the moneys were being allocated from the country local government fund. It seems fairly ironic that, on the one hand, the Minister for Regional Development, through the country local government fund, was adjusting a formula so as to advantage small, rural and regional local government authorities, and, in doing so, was trying to make them more viable, while, on the other hand, the Minister for Local Government was at the same time wanting to force the amalgamation of local government authorities. There seems to be an inconsistency between the two policies. I am just wondering whether this is sustainable in the longer term.

Is there something wrong with the microphone?

Hon Norman Moore: It is just giving us some relief.

Hon LJILJANNA RAVLICH: I will have to say it all again just for the Leader of the House!

There seems to be an inconsistent policy. We know that there are issues with the Country Age Pension Fuel Card. We know that the Auditor General has decided to look at it. I think his report will be very telling. There is no doubt in my mind that one of the risks of the royalties for regions policy is that it was done in some haste, as the National Party and the government wanted to demonstrate to the community that they were working as one and wanted to quickly get the measures in place. In doing so, they probably overlooked some of the checks and balances that should have been put in place but were not because of the haste with which these programs were introduced. I think the Country Age Pension Fuel Card is a case in point. The Auditor General's report on the use and application of the fuel card will provide us with some insight into the weaknesses of the other programs, how they are applied and the checks and balances that should have been put in place but were not.

The other program I want to draw attention to is for housing our workforce. Under this program, teachers, police and nurses working in regional and rural areas would get a rent subsidy of 25 per cent after serving one year, 50 per cent after the second year, 75 per cent after the third year, and I do not think they would have to pay any rent at all after four years. I asked some questions about this program, including what would be the financial impact of the program across those three portfolios and on what formula it would be costed. Interestingly, I was given three different answers. I am advised that this program still has not been implemented a year after the government was elected to office. There has been no progress. I understand that there is ongoing debate between the Treasurer and the Minister for Regional Development. It is concerning that the government has been in office for a year and there has been a delay in the implementation of this program.

I return to the issue of the state's finances. It is important to put on the public record that things are tough at the moment. It is also important to put on the public record that the royalties for regions policy has locked the government into a defined spend over the next four years. Of course, if the government is locked into a defined spend on one policy, it means that it does not have as much flexibility to spend in other areas or on other priorities as they emerge. I do not know why the Leader of the House should take such objection to my comments on the state of finances in Western Australia; it is a fact.

Hon Norman Moore: No, I didn't. You said that I said that there was a boom on, and I didn't say that at all. I think what you're saying about the state's finances is perfectly right. They're under a lot of pressure; there is no argument about that.

Hon LJILJANNA RAVLICH: The point I want to make is that the Leader of the House has implied that while Labor was in office there was a boom, that it did not want to embrace more resource projects in this state and so on, and that things are so much better now.

Hon Norman Moore: I didn't say that at all. I said that we are working hard at getting projects that you didn't get.

Hon LJILJANNA RAVLICH: The point that the Leader of the House made by implication was that we squandered opportunities and did not attract new resource projects to the state and the state was a disaster. By comparison, the state now has resource projects, the state is booming and so on. I have to tell you, Mr Moore, that there is no evidence of that. I know that there is probably desperation from this government to ensure that the so-called revenues to the state start pouring into the coffers, because, quite frankly, if they do not, we will be in an absolute mess.

One of the things that adds to this problem is the locked-in amount for royalties for regions, which I understand is about $2.8 billion over four years. Quite clearly, that deal was based on a set of figures drawn from the economic fortunes of the state at that time. The 2007-08 figures indicate that there was very positive growth in the finances of the state. We were in a very good economic position.

Hon Ken Travers: Because it wasn't matching the growth in expenditure.

Hon LJILJANNA RAVLICH: That is exactly right. Apart from anything else, we did not have 13.5 per cent expense growth. Hon Ken Travers is quite right. We contained the spending. In fact, in the September quarter of 2007, Hon Ken Travers, we had economic growth of 13 per cent, and this government does not have anything like that. The point I want to make is that since the Liberal Party took office, this state has gone backwards at a great rate of knots.

Hon Norman Moore: Did you hear about the world economic crisis?

Hon LJILJANNA RAVLICH: These are not my figures; they are from your Treasury officials, Mr Moore. This is the government's performance since coming to office. I will put our figures next to your figures, Mr Moore, any day.

Hon Norman Moore: You had a booming economy with no world economic crisis on your hands, and that was in spite of you.

Hon LJILJANNA RAVLICH: You cannot blame everything on the global financial crisis, because you are in office and it is your job to deal with it, but you do not seem to like it; you do not have the potential or the capacity to deal with it, Mr Moore.

The DEPUTY CHAIRMAN (Hon Michael Mischin): I remind Hon Ljiljanna Ravlich to use members' honorifics, rather than to refer to a member as Mr Moore. Can members please bear in mind the use of the appropriate honorifics.

Hon LJILJANNA RAVLICH: It is the Leader of the House. I apologise, Mr Deputy Chairman; I will not do it again.

Hon Norman Moore: What about just talking about the report? That would be a start.

Hon LJILJANNA RAVLICH: I think that members of the chamber get the point that I am making. I want to put royalties for regions within the context of the state's finances. The committee report makes the point that there is an agreement that should the state's finances not be able to sustain royalties for regions, there may be some flexibility—probably not a lot—for a reprioritisation. Perhaps there has not been any progress on the promise of free rent after three years of country service for teachers, police and nurses because the money may not be there.

In summary, the state recorded a general sector operating surplus of $318 million in 2008-09. That was down from $1 537 million in the original budget estimate. I would not call that an outstanding success by any measure. We had growth in general government revenue of just 0.5 per cent. If we looked back at our revenue in 2006-07, I am sure it would have been much higher than 0.5 per cent. That is significantly down on the 5.5 per cent growth that was forecast in May 2008. The point I am trying to make is that with the reduced surplus, with the reduced revenue and with growth in general government expenses of 13.5 per cent, up from 7.7 per cent, this is not a very good set of figures.

Hon Norman Moore: If you sit down, I will explain them.

Hon LJILJANNA RAVLICH: No, the Leader of the House can explain in due course.

Hon Norman Moore: You are not talking about the report itself. That would be helpful!

Hon LJILJANNA RAVLICH: I am linking it back to the report.

Hon Norman Moore: All right, because these debates go on interminably when you talk about things like this.

Hon LJILJANNA RAVLICH: Now I am going to make the point: how can the royalties for regions policy and program be funded in the longer term?

Hon Norman Moore: Do you support it or not?

Hon LJILJANNA RAVLICH: Sure, I do. Not a problem!

Hon Norman Moore: Here we go again! We think it is a wonderful scheme, except it has all these things wrong with it!

Hon LJILJANNA RAVLICH: Of course I support it. The point is that the government has to get its finances in order because, at the end of the day, there will not be anything in the fund.

The DEPUTY CHAIRMAN (Hon Michael Mischin): I do not have a problem with robust debate, but I think that Hansard might be having a little bit of trouble with what is going on.

Hon LJILJANNA RAVLICH: It is an interesting question: do we support it? Yes, but I am sure that the people from the regions probably think that the viability of the fund would be more sustainable over the longer term. The point I am really making, Leader of the House, is that with these financial results in the government's 2008-09 annual report on the state's finances, it is difficult to see how the royalties for regions policy is sustainable in the long term. If the government insists on having this policy to keep the National Party in the bag with it so that it can govern, then the real question is: where will the government be making further cuts? The government has already cut spending in health, education and law and order. In fact, the government has cut spending across all government agencies. It is hiking up fees and charges and it has got itself into a spot of bother with this policy.

The Standing Committee on Estimates and Financial Operations has done a very good job with this report. However, there are some real risks and pressures, and the royalties for regions program adds to the pressure on the state maintaining its AAA credit rating. I know that the Leader of the House would like to have us believe that the AAA credit rating is in a very healthy state, but I can tell him that it is hanging by a thread. If we have not lost it yet, I am sure that it is not going to be too long before we do. I would hate to see that happen, but that would reflect that this government has got its head in the sand and does not realise —

Hon Norman Moore: Do you know which government last lost its AAA credit rating?

Hon LJILJANNA RAVLICH: I am trying to give a speech.

Hon Norman Moore: It was Queensland. What do you say about it? I did not hear you criticising the Queensland government.

Hon LJILJANNA RAVLICH: I am not talking about Queensland; I am talking about Western Australia. I am talking about this government's management of the state's finances and the impact of the royalties for regions policy and program on state finances. The Leader of the House might not like to hear what I have to say, but I am going to continue to express my views.

The one thing I would say about this report, apart from the fact that it is a very good report by the Standing Committee on Estimates and Financial Operations, is that there should be a follow-up report, because there are many, many unanswered questions about this program, including the fact that it is possibly having an inadvertent impact on funding allocations in other areas and on the final result of the spend. I hope that the work of the Auditor General is such that it can highlight some of these structural issues and show us conclusively whether this fund is doing what it set out to do or whether this fund —

Hon Simon O'Brien: You have just done a committee report. Why haven't you discovered that? It is your committee's own blinking decision.

Hon LJILJANNA RAVLICH: I was not on the committee when this report into the royalties for regions policy was done.

Hon Simon O'Brien: Are you on it now?

Hon LJILJANNA RAVLICH: Yes, I am.

Hon Simon O'Brien: So what's wrong with the report?

Hon LJILJANNA RAVLICH: I am saying it would be a really good thing to do a follow-up report.

Hon Norman Moore: We have a bill before the house. You can talk about it then. Have you seen the bill on the notice paper?

Hon LJILJANNA RAVLICH: Yes, and I will be able to speak to it again, and I very much look forward to that opportunity.

Hon Simon O'Brien: You have only a few little pleasures in life these days, and that is one of them!

Hon LJILJANNA RAVLICH: Hon Simon O'Brien should not worry about my little pleasures; he should just think about his own!

With those comments, I commend this report to the house.

Hon COL HOLT: It is a year since the royalties for regions policy was approved by cabinet. Speakers so far have referred to the impact that the policy has had. I totally agree that the policy has had a fantastically positive impact throughout regional Western Australia, which has been its main focus. I am sure that members of the Labor Party in the Kimberley and in the Pilbara, in particular, are fully supportive of that policy and the rollout of the royalties for regions program, because those members and those seats are being pork-barrelled by us, I guess, as the focus is on the Kimberley, with the Ord River scheme, and the Pilbara revitalisation project. The members who represent those seats would be welcoming and supporting the Royalties for Regions Bill 100 per cent because it is benefiting their constituents to a large degree.

Hon Simon O'Brien: They might come and join you!

Hon COL HOLT: Maybe Hon Simon O'Brien should.

Hon Simon O'Brien: I was referring to Carol Martin. I have not seen many royalties coming to the south metropolitan region; it does not seem to extend that far!

Hon COL HOLT: No, it does not, mate! Maybe later on. I would also like to say in opening that royalties for regions represents less than four per cent of the budget. We repeat that in this place time and again, but for some reason it seems that that four per cent is what brings down budgets and AAA ratings and is the whole reason for the global financial crisis! I cannot believe that. Any responsible government would take into account its priorities when considering its budgeting responsibilities. Obviously, this government's priorities have changed since it came to power. Its focus on infrastructure projects has changed from being solely on the metropolitan area to including regional Western Australia. This government's focus on its priorities has changed.

I refer now to cost-benefit analyses. We welcome a cost-benefit analysis of the Country Age Pension Fuel Card. It will be interesting to see whether the social costs and benefits are considered in that review. I am sure that the social benefits would far outweigh any economic cost benefit, although social benefits are probably a bit harder to measure. However, I do not know how we would measure the social outcome for those people who previously could not access public transport to attend medical appointments or receive medical treatment but now have their transport costs subsidised. It would be interesting to know whether a cost-benefit analysis has been undertaken on the social impact of the Mandurah-Perth railway line and how it stacks up against that of the Country Age Pension Fuel Card.

I come back to the report. In developing a framework for royalties for regions a range of approaches and reviews were referred to. They were considered in determining the administration, governance and implementation of the royalties for regions program. We are very conscious of having to ensure that the principles of the policy are delivered appropriately by ensuring that this program is transparent, the government is accountable and the program is equitable. We will work hard to make that happen.

A number of reviews of the royalties for regions program have already been carried out, led by the Department of Regional Development and Lands. I will refer to some of them. The Office of the Auditor General has undertaken a preliminary examination of the program, and its report is due to be tabled in November 2009. I look forward to reading that report. That examination will review the role and responsibility of the government agencies involved in the royalties for regions initiative. It will also identify some of the government arrangements that have been put in place. This review will identify areas of focus for further examination to ensure proper governance. As I said, that report will be brought down in November 2009.

A risk assessment of the royalties for regions program has already been undertaken by the Department of Regional Development and Lands. That will be reviewed later this year. An audit will be undertaken of the use of the Country Age Pension Fuel Card. A separate review of the distribution of that fuel card will also be undertaken. The department is reviewing overall governance and risk management frameworks by using an independent private sector auditing firm. An independent study has commenced to develop a framework to look at the social impacts of the program. The results of that study will be very interesting.

The department has begun an independent review of the regional grants scheme, which I spoke about in an adjournment debate a couple of nights ago when the second round of that scheme was announced. The review will take account of the governance and accountability mechanisms to ensure that that transparency of decision making and access to that scheme are covered. The Department of Regional Development and Lands is liaising with the Corruption and Crime Commission and the Public Sector Commission to ensure proper accountability and ethical decision making in the delivery of the program. The department continues to receive feedback from those commissions. The department is working on providing information to regional development commissions about their administration of the regional grants scheme.

I have outlined some of the reviews and some of the checks and balances that have been implemented. The Department of Regional Development and Lands has established memorandums of understanding with government agencies and financial assistance agreements with non-government organisations involved with the royalties for regions program. The department is rolling this out to all recipients of the funds. These agreements will specify the expectations of the Department of Regional Development and Lands. As part of these MOUs and financial assistance agreements, each agency will be required to provide a quarterly income and expenditure statement, a quarterly progress report and an annual audited statement to certify those reports.

I will quickly refer to this state's AAA rating, which I have already touched on. Members know that many factors are involved with the state's finances and AAA rating. We have consistently stated that the royalties for regions program will operate responsibly within government expenditure. Our major priority is that the state's AAA rating be not put at risk.

I refer again to the memorandums of understanding. As of 20 October 2009, 65 per cent of MOUs with government agencies have been signed and the remaining 35 per cent are currently being negotiated and are expected to be signed shortly. The financial assistance agreements provided to non-government organisations were signed before funds were distributed to ensure proper accountability.

In 2008-09 funding was distributed to government agencies prior to the finalisation of the MOU framework and legislation. We wanted to ensure that funds were available to regional communities. However, to ensure accountability, funding was administered by the Under Treasurer in accordance with the Financial Management Act, the Financial Management Regulations and a Treasurer's advance. An amount of $334 million was transferred to the fund that year under a Treasurer's advance and invested through the Western Australian Treasury Corporation Act. The MOU framework has been well and truly established and the legislation has passed through the lower house of this Parliament. The bill has had its second reading in this house and I am sure a lively debate will ensue when that bill is brought on for debate. Funds will not be distributed until all the MOUs have been signed. Again, we are conscious of the role that royalties for regions can play and of the fact that the government must be accountable to the community and Western Australia for the expenditure involved.

The legislation that has been second read in this house will provide further clarity of the financial aspects of the fund, establish the trust that will further enhance and strengthen the program, and offer independent advice to the minister on the allocation of funds in the future. A reporting framework has been established to ensure that projects are implemented according to the principles of the program. The first quarterly reports are due in October and November this year. It will be at that point that we can report on the progress of those projects.

Obviously, the aim of the royalties for regions program is to support and maintain strong and vibrant regional communities. Members know how much regional communities contribute to the state of Western Australia by way of finance, tourism and recreation opportunities. Members need to consider the social, economic and environmental factors in measuring the success of this program. I note that Hon Giz Watson talked about whether we are strong enough and stringent enough in some of the environmental measures involved in reviewing how the royalties for regions program is implemented and its success.

The Department of Regional Development and Lands aims to go beyond the traditional reporting mechanisms by reporting on qualitative and quantitative measures and the social impacts of the funds. An independent consultant has been contracted to develop a framework to determine the social impacts of the royalties for regions program. This framework will guide the program's future and ensure that appropriate indicators are in place to measure the sustainability of projects. Training has been provided to delivery agencies to ensure that they understand the reporting requirements and the indicators for measurement, so that we can report back accurately to the house or the department. They will link to the royalties for regions objectives.

Sitting suspended from 1.00 to 2.00 pm

Hon COL HOLT: I was talking about some of the changes made to accountability aspects of the royalties for regions program. I would like to emphasise that the royalties for regions program is basically the same as any other new government initiative and therefore is subject to the same approval processes, which includes the usual Department of Treasury and Finance and cabinet approval processes. The cabinet's Economic and Expenditure Reform Committee also looks at it; in response to an inquiry undertaken in May, all new projects are submitted to the Economic and Expenditure Reform Committee, with appropriate business cases, which includes a cost-benefit analysis. All projects funded under the royalties for regions program, including the regional grants scheme, are subject to approval by cabinet. For those members who are interested, a range of regional grant schemes that are being funded today went through the cabinet approval process.

We have also talked about how regional decision making is a fundamental principle in the royalties for regions program. Royalties for regions projects, through the regional grants scheme and the country local government fund, are really centred on local decision making. Even though some of the projects may appear to be small infrastructure spends, they are important to those local regional communities. They have been identified as priorities, so they are funded through aspects of either the regional grants scheme or the country local government fund. There is a move to take the country local government fund from an entry point at the local government level and to give funds to regional organisations and councils, whatever they may be, after a review of what regional councils or local governments might look like. A component of that fund will go into regional projects. It is about the infrastructure spend, and I suspect that larger infrastructure projects that have an impact on a regional basis will be looked at. The government will encourage local governments to work together to look for opportunities to further develop local communities within regional areas.

State government departments, through administrative processes and initiatives such as the development commissions, are providing support for decision-making processes in regional areas. These things are being continually reviewed because they need to be improved and we need to look at how things are travelling. If opportunities are arising or things are changing with finances, we have to go back and review the processes and look for opportunities. It is not all set in concrete. We also need to look at how the guidelines fit within current government policy, including things like local government reform.

The Department of Regional Development and Lands and the Department of Local Government are currently undertaking a review of the regional grants scheme and making sure that all the governance, accountability and probity mechanisms stand up. Again, this is all about the transparency of the grants scheme. It is looking at a wad of successful applications for projects that have been funded. I do not think anything has been hidden. The local regional groups are very proud of the projects for which they are receiving funding to implement in the regions. If we are to stand by the concept of local decision making, we should support the projects they have come up with. That is not to say that there is no room for review of the progress of projects, because there always should be, but we should support local decision making whenever we can.

A progress report will be released very soon, outlining the status of the royalties for regions projects that have been implemented to date. I will provide a quick synopsis of some of the highlights for the information of members. Members might think about how these projects have contributed to regional outcomes beyond those that were implemented through the funding. For example, $220 million went towards the Ord-east Kimberley expansion project, and the project has also leveraged $195 million in federal government funding. That money is really focused on social infrastructure for the east Kimberley region. I encourage members to have a look at what is happening in Kununurra and the Ord system; it is amazing country and members should experience what is happening there, because it is changing rapidly. There is an amazing amount of infrastructure and capital expenditure going into the area, not only from government sources. The funds provided by the federal government, leveraged from the state government's commitment, are really about local initiatives and economic development. That includes the health, education and housing issues of local residents, including the Indigenous population. I also know that the Miriuwung-Gajerrong people are fully engaged in the Ord irrigation system.

The $300 million Pilbara revitalisation program was also recently announced. It will implement community plans and address local issues, and a range of local Pilbara development plans will be supported through the strategy. It is really about supporting the people who work, live and raise families in that region. In the past there has often been an occupational fly in, fly out mentality in the Pilbara. How can we change that to make sure that families and workers enjoy what the Pilbara has to offer? We need to invest in that.

The Country Age Pension Fuel Card is now being distributed to 26 000 people. It obviously helps seniors in regional Western Australia tremendously, and we continually get feedback from people all over the state about the fuel card. Seniors are the most vulnerable people in the community, and they really appreciate that scheme.

Also, members would have recently heard the announcement of three additional aircraft for the Royal Flying Doctor Service, which take people to high-class medical treatment from anywhere in Western Australia within three hours of Perth. If there is an emergency in the Kimberley or in Kununurra, people will spend basically three hours in the jet to get back to Perth to the centralised medical system that we offer. There have also been some infrastructure funds for regional airports; that is, $5.5 million for regional airport development. I would say that that is a fairly high-priced infrastructure spend.

Hon Ljiljanna Ravlich talked about housing for essential workers and rent subsidies. I am unsure where that program is at but, obviously, it has been looked at in the context of the current financial situation, which may be the reason for the delay. However, the building of 145 houses has commenced for essential workers in the regions.

Progress reported and leave granted to sit again, pursuant to standing orders.