

**ROYALTIES FOR REGIONS BILL 2009**

*Second Reading*

Resumed from an earlier stage of the sitting.

**Mr R.F. Johnson** interjected.

**MR W.J. JOHNSTON (Cunnington)** [3.36 pm]: I am pleased to see the Minister for Police getting up to his usual business of interjecting, vacuous as usual, with no content and no thought. I am glad to see him scurrying out of the chamber to join the other members who are not prepared to be involved in a debate on serious issues.

I earlier quoted from the Australian National Audit Office report on the regional rorts. Page 20 of the report states —

Ministers are expected to discharge their responsibilities in accordance with wide considerations of public interest and without regard to considerations of a party political nature. Where they are approving the making of a grant, Ministers are approving the expenditure of public money. This role brings with it particular accountability obligations, including statutory requirements which govern the circumstances in which Ministers may provide such approvals. In particular, the financial framework requires that a grant not be approved by Ministers unless reasonable inquiries have been undertaken that demonstrate that the proposed expenditure will make efficient and effective use of public money.

This is something that the National Party in the federal arena seemed unable to comprehend. Clearly, it is an issue that confronts the National Party because, again, rather than dealing with the question of accountability, whenever anybody raises an issue about the inefficiency or ridiculous nature of any of the individual grants, all that happens is that the minister screams, “Do you support royalties for regions?” As I have said, I am very happy to support effective expenditure of taxpayers’ money in the regions, but that does not mean that I am going to roll over and agree with every piece of National Party branding whereby it is trying to use taxpayers’ money to support political campaigning. I am interested, too, in the regional rorts that occurred in the federal National Party. The Democratic Audit of Australia published its discussion paper 22/07 in December 2007 called “Rolling out the regional pork barrel: A threat to democracy?” The paper was by Scott Prasser, Faculty of Business, University of the Sunshine Coast and Geoff Cockfield, Faculty of Business, University of Southern Queensland. I am interested in their comments on page 3 of the report, which refers to the regional rorts program and the commonwealth National Party. It states —

This structure ... also allowed government members to maximise their electoral profiles when making the announcement and then handing over the cheque.

It will be interesting, because we have already seen it being reflected here in Western Australia with the royalties for regions scheme, when the announcements are being made in such a way —

[Member’s time extended.]

**Mr W.J. JOHNSTON:** — as to ensure that the National Party can gain political credit. The use of green and gold balloons and the use of National Party activities in the way these grants are being rolled out is demonstration of the fact that the state National Party has no greater understanding of its democratic responsibility than do its federal colleagues who have been so frequently and continuously condemned by the nature of the inquiries into the regional rorts. In that same report at page 9, the learned gentlemen made some comments about pork-barrelling. The report states —

... if Rogrow and Laswell’s wider view that corruption exists if there are ‘violations of common interest for special advantage’ then pork-barrelling involving extensive and importantly, deliberate misallocation of funds for political support may be regarded as a form of ‘corruption’.

I must say that the structure of the royalties for regions program will inevitably lead to some form of corruption. We have already seen the corruption of the political process by the National Party. Even more dramatically, because there is not the proper ability for this minister to be held to account for his action, there will inevitably be corruption in the process. As members know, if we do not have an effective policeman and we do not have a proper level of accountability, corruption will follow. We will see that occur. For example, we will see members who have donated to the National Party receiving rorted grants out of this scheme. We will see all these things. It will be interesting.

**Dr G.G. Jacobs:** They have to go through cabinet.

**Mr W.J. JOHNSTON:** No, they do not. I advise the minister that that is not true. He has simply misled Parliament by his interjection. Grants of over half a million dollars to development commissions are approved by

one man, by himself, without reference to anybody else, and I mean the minister. It is only when the amount is over \$1 million that it goes to cabinet.

**Dr G.G. Jacobs:** It goes to cabinet.

**Mr B.J. Grylls:** Every grant is endorsed by cabinet.

**Mr W.J. JOHNSTON:** It may be on this occasion.

**The DEPUTY SPEAKER:** I inform the member for West Swan that when she walks across the chamber in front of me and the member on his or her feet, she must acknowledge the Chair. Do not just saunter in and out of the chamber. The member for Cannington.

**Mr W.J. JOHNSTON:** Members can read on the minister's website the criteria that he has established for awarding these grants. There is no need for him to refer anything to cabinet. I have made a freedom of information request for all the unsuccessful applications. It will be interesting to see what happens. The minister could make a commitment now to have all the development commissions agree not to use some technical excuse to withhold information from me. I want to see the unsuccessful grant applications. As the minister knows, I have made an application to his office for information on the successful applications, as I have made application to all the development commissions. I ask the minister to give me an undertaking that a technical device will not be used to prevent me getting all that documentation so that we can hold him to account.

I will quote again from the "Democratic Audit of Australia" document. On page 10 it states —

Nevertheless, problems remain with the *Regional Partnerships Program*, especially over perceptions that a taxpayer-funded scheme was being manipulated for covert political purposes; that it sometimes involved rushed decision-making by both ministers and the department; and that existing guidelines were too often ignored.

We have seen that with this regional scheme because of the process the minister went through. He had to get so much money spent by 30 June that grants were being handed out. If members go to his website, they will see a list of the grants that were handed out. Here we are in the middle of August and we still do not know on what information those grants were approved. The FOI application that I have made has not been acted on, and it will not be acted on until the middle of September. I am expecting that many aspects of my FOI request will be refused because this government is embarrassed by the haste with which it rolled out that program. If my FOI request is somehow limited or corralled by this government, it will be a demonstration that it does not understand that this is not the National Party's money, but the money of every taxpayer of this state.

It is interesting that already there have been allegations of favouritism placed at the foot of this program. I refer to an article that was published in the *Northern Guardian* on Wednesday, 5 August 2008, which states —

There were 22 grants for regional areas—the Wheatbelt received seven grants and over \$200,000 and the Mid-West received four grants and over \$150,000.

The Gascoyne and North West region didn't get anything.

**Mr B.J. Grylls:** What date was that?

**Mr W.J. JOHNSTON:** It was 5 August 2008. Further on the article states —

Member for North West Vincent Catania agreed and said this was an obscene amount of money and was totally irresponsible of the State Government to favour one historic jetty over another.

That was in response to the government favouring the Busselton jetty over the Carnarvon One Mile jetty.

**Ms R. Saffioti** interjected.

**Mr W.J. JOHNSTON:** He did. I can understand why the member was raising that lack of accountability and lack of transparency of this government. I go on further, because, as we know, it is interesting that the member for North West does not care about the Liberal Party. He does not hold much brook for the Premier. It is interesting that when the member for North West gave a doorstep on the steps of Parliament House on the day that he announced his ratting on the Labor Party, we heard what he said about the Labor Party. However, it is interesting to consider the context of what he said —

... regional WA do not believe that major parties like the Labor Party truly represent them.

I will make members aware of the effect of that quote. He was saying that the Liberal Party does not care about regional WA, and that is consistent with the National Party's view of the Premier. I have already made clear what the National Party said about the Premier; that is, when he was a minister he only worried about the metropolitan area and never travelled to the bush. They said that this is a man who paid scant regard to the interests of regional Western Australia. The member for North West agrees with the National Party —

**Mr B.J. Grylls:** Are you quoting me?

**Mr W.J. JOHNSTON:** I said “the National Party”; I did not say the minister specifically. In fact, it was Hon Max Trenorden who said those things about Colin Barnett. With respect, it was when the National Party was asking the Labor Party to get this minister into Parliament. We were running an extra candidate in that election and he was handing out our how-to-vote cards. We ran a candidate only because the state campaign director of the National Party rang me and asked me to run a candidate because they were afraid that the Liberal Party would win. I am happy for that to be understood.

We can see further evidence of the lack of transparency to which I have alluded in the *Pilbara Echo* dated 14 March 2009. The article states —

Member for North West, Vince Catania has called on the State Government to deliver 25 per cent of royalties from the mining and resources sector straight to the Pilbara region.

The article goes on to quote the member —

“People of the Pilbara believed during the election campaign that the National Party’s ‘Royalties for Regional’ money of 25 per cent was to be delivered to the Pilbara not what the Pilbara made in royalties being delivered to the Wheat Belt,” ...

Members can see from that article that the member for North West has already identified the corruption of the process that has occurred. Further in the article it states —

Mr Catania accused the Liberal-National government of “delivering \$1 and taking \$20 away” from Pilbara towns such as Karratha by stalling the second stage of the Karratha education precinct project.

**Mr B.J. Grylls:** He does not think that now.

**Mr W.J. JOHNSTON:** I understand that there has been a political bribe, a political fix for this rat to change sides, but that was his real opinion.

It is interesting that an article in the *Northern Guardian* on 22 April 2009 quotes Mr Catania as follows —

“I do not think the State Government understands community sentiment. It appears a lot of the projects under Royalties For Regions will be canned.”

That is a clear indication of the views of the member. An article in the *Northern Guardian* on 27 May 2009 states —

Member for North West Vince Catania spearheaded the attack against Regional Development Minister and the face of the National Party’s Royalties for Regions Program.

I make the point that even the newspaper does not understand royalties for regions. It is not the National Party’s policy. It is the government’s policy. It is for the people of Western Australia.

**Mr B.J. Grylls:** Why didn’t you say that? You just spent your whole speech saying exactly that!

**Mr W.J. JOHNSTON:** I agree, minister. I am glad the minister has interjected because I understand that he now agrees he is rotting this system. The article continue —

Mr Catania referred Mr Grylls throughout the debate as the “minister for trinkets”, but later called him the “Leonardo Di Caprio of the Titanic”.

He accused Mr Grylls of only funding projects the National Party could profit from.

That corruption occurred at a national level when the National Party was in government, and it is what is being exposed here. There is opportunity for this minister to rot this. This bill does not protect the taxpayers of this state in an appropriate way. I return to the *Northern Guardian* article, which quotes the member for North West as saying —

“I would have to say the North West is the biggest loser in this budget,” he said.

“And I can see that you have slashed \$150 million worth of projects out of the forward estimates that we set aside for these projects to continue.”

I will read another interesting comment from the *Pilbara News* under the heading “MP calls for extra hospital funds”. It reads —

NORTH West MLA Vince Catania has accused the State Government of neglecting Karratha’s Nickol Bay Hospital by not allocating funding for basic health services.

We all know that the government has short-changed the people of the north west by requiring the ordinary functioning of government to be funded out of royalties for regions, which was supposed to be additional money

for the regions. The north west is just being short-changed. I will finish on this last item, which is a media release put out by the member for North West and the member for Pilbara on 13 May 2009 headlined “Hard earned royalties spent outside the Pilbara”. It reads —

North West member Vince Catania ... described the Government’s royalties allocation as a slap in the face for the people of the Pilbara.

“This is the ultimate pea and thimble trick—give some money with one hand, take it back with the other,” Mr Catania said.

“Pilbara people won’t be so easily fooled.

“They know that their hard work is producing great wealth for the State Government and they won’t take kindly to the royalties they earn being misappropriated by the Nationals and directed into wheatbelt seats.”

Further on the media release reads —

Mr Catania said the pre-budget announcement by the Liberal-National Government would not be well received by the community.

“While Karratha might end up with some underground power lines and a report on where we can get more water for future operations, the funding for our much needed new Karratha High School and Primary School seems to be missing,” he said.

It is not just people on this side of the chamber who have recognised the danger and fraud in this operation.

**MS A.S. CARLES (Fremantle)** [3.52 pm]: I would like to say at the outset that the Greens (WA) support the premise of royalties for regions. In fact, it has been our policy for quite a while that at least 25 per cent of royalties retained by the state, after federal grants fiscal adjustments, is to be returned to regions, over and above current provisions of state services.

**Mr B.J. Grylls**: I do not recall hearing that prior to the election, member for Fremantle.

**Ms A.S. CARLES**: That is the Greens’ policy, and we have always supported regional people. However, even though the Greens support the Royalties for Regions Bill in theory, we cannot support the bill in its current form without a means to introduce accountability and to prescribe the way the money can be spent. Absolutely nothing in the bill makes the minister accountable for how he spends fund money and there is nothing that makes the decisions of the proposed Western Australian Regional Development Trust publicly available and transparent. It has no key performance indicators to measure the spending and no way to assess whether the bill achieves its stated purpose. We say that spending should be required to be in line with promises made by the Nationals at the time it was selling this package, namely, it needs to be new money for projects that have not already been promised and were not funded previously. The money must be for new projects, and the member for Armadale previously spoke at length about this requirement. The money is not supposed to replace things that government would ordinarily give to the regions. We have seen some problems in that area already.

Specific allocations should be set aside to address Indigenous disadvantage in the regions. That was spoken about at the time of the election, but this bill contains nothing for Indigenous people.

In local decision making, councils should have a direct mechanism whereby they can have a say in how the money is spent. We know that this seems to be happening in practice but, once again, it is not guaranteed in the legislation. There should also be a requirement that the money be spent on capital rather than recurrent items so that the money is wisely invested for the future of the regions. The Greens want to see regional spending that provides a long-term sustainable benefit to the people in regional WA. Spending should be about improving services in such things as affordable housing, education and health in the regions. At the moment it looks like a lot of this money is going on footpaths and roads. We notice a lot of spending on tourism. Whilst that is important, the issue of homelessness and affordable housing is a massive issue in regional WA, and that needs to be addressed first.

We also have concerns about the formation of the trust and the members of the trust. There is nothing stopping the minister choosing his friends to sit on the trust. I notice that one requirement is for a chairperson from a regional development commission.

**Mr B.J. Grylls**: The member for Fremantle will be pleasantly surprised.

**Ms A.S. CARLES**: Good, I hope so, because the five other people can be handpicked by the minister. While I am not suggesting any impropriety here, the possibility exists for a minister to simply handpick his or her friends. These friends would not even need to be regional friends; they could be people who live in Perth. The legislation should include guidelines that prescribe who is eligible to sit on this trust to ensure a broad representation of interests and expertise. For example, there should be a regional representative, a sustainability

expert, a financial expert, an Indigenous representative and an elected community representative. They are just ideas of how the membership of that trust could be prescribed.

The member for Armadale referred to the issue of cost shifting, so I will not go into it too much, but it is a major problem with this bill. The issue of how funding can be shifted to avoid missing federal grants came up in a briefing that I was given. There are issues with the three per cent cuts being confused, and, of course, the 2007-08 funding has been pulled out and rebudgeted. We are concerned about these cost-shifting problems.

I would like to mention a point about democracy. It is worth remembering that the Nationals polled 4.7 per cent of the vote at the last state election, while the Greens represent 12 per cent of the voter base. The Greens have three times the voter base! However, I stand here as one person, so I must concede that the Nationals are much better at getting lower house seats than the Greens; that is for sure!

**Mr P. Papalia:** His head is three times bigger than yours!

**Ms A.S. CARLES:** And he has a lot more money at his disposal!

I represent three times the voter base of the Nationals. If we Greens had the equivalent power—that is, a fund capped at \$3 billion, which is three times the \$1 billion the National Party has under its control—we would be investing that money for the next generation in renewable energy throughout the state to solve problems that we are creating now, and we would be creating a safe future for our kids. That is what we would be up to.

**Mr B.J. Grylls:** Sounds like a good campaign for the next election.

**Ms A.S. CARLES:** The next election, here we come!

To conclude, I would like to say that this legislation gives extraordinary and unprecedented power to the minister, and without appropriate accountability through checks and balances, the Greens cannot support it in its current form.

**MR M.P. MURRAY (Collie-Preston)** [3.58 pm]: The concept of royalties for regions certainly has some merit. However, as we have delved in and dug around we have found that its make-up leaves a lot to be desired, especially when the Minister for Regional Development has a personal slush fund of around \$240 million that he is handing out like confetti. He has said things to me such as, “If you do not behave yourself, you will not get your \$400 000 for the overhead footbridge.” I have reported that comment to the Collie shire, which was disappointed to hear the minister’s attitude. If that is the way the minister is going to run his business, they are not keen to do business with him. That sort of carry-on is a problem. Over time people will be held for ransom and different shires will be told, “If you do not do this, we will not give you the funding”. The structure of this legislation is not quite right, and it needs many amendments to get it right.

The regions from where the royalties come should be the major winners in the handouts from the royalties for regions scheme. The National Party has done some good things for the towns in the north west; I am not just knocking that. However, the National Party has given funding to some other regions that, either rightly or wrongly, should get more funding, but not from the royalties for regions funding. Infrastructure is falling down around people’s ears in Karratha, for example, and needs to be propped up. What happens? The royalties for regions money is given to the towns in the wheatbelt. The Shire of West Arthur, for example, has been given money to build a sports centre that will cost each person in the shire roughly \$680 under the grants system. The ongoing funding will cost them another \$600 a year to keep it going. That is not sustainable. People have been ringing my office about that even though it is not in my electorate. They have rung my office to ask what can be done about it. They have been landed with a great sports centre but they wonder how it will be funded. In towns further down the coast with greater populations we can see that sports centres run at a loss, on average, of \$200 000 a year. The government must be very careful about how the money is handed out and whether it is sustainable. This is not the way to go about it. The structures are wrong and there is not enough accountability.

The one thing I do agree with is that the royalties for regions funding provides \$3 000 or \$5 000 to small groups that would otherwise never get off the ground or receive any funding. They will get funding because it is trinket money. The Minister for Regional Development walks down the street like the Pied Piper throwing a cheque here and a cheque there and tells everyone that all is well and good. While some funding for hospitals has gone astray, in Collie the local hobby wood-turners, which is a small group of people, have been given \$15 000 for a lathe. That is at the same time that people in hospitals are missing out on funding. I cannot see the logic in that. The wood-turners are a hobby group, not an industry. The Broome Turf Club, on the other hand, did not get any funding. That town runs a huge carnival and the turf club is one of its major planks in the tourism industry. It is crying out for new facilities and asked for money from the royalties for regions scheme but it never got a cent. I am happy that the wood-turners got some funding, but I am talking about the logistics of the scheme. We cannot get a toilet in Broome but we can get a lathe in Collie. I do not understand the logic of that. There is a lot to be desired with the royalties for regions scheme. It is a very strange situation when the Broome and Albany Turf

Clubs must line up against the scouts, wood-turners and others. They line up with their hand out hoping that they will get money.

While I am speaking about turf clubs, at least the Labor Party had a plan. Some \$20 million was put aside for those groups. We had a plan to upgrade all those facilities in the country areas over time. If people are lucky and they are good, the National Party will give them money. The National Party makes promises but it does not deliver. As I have said, the concept of royalties for regions is the greatest selling job that I have seen and it has been a well-accepted slogan. However, it is falling apart already because people are missing out. There is a mix of election promises versus what is paid for by the royalties for regions funding. Election promises were made in my electorate. The Minister for Regional Development, who has \$240 million or \$280 million in his pocket, withdrew an election promise for the Coalfields highway. That was not one of my promises; it was a promise by the Premier. More people travel on that road than any other road in the south west. They travel at 110 kilometres an hour on that narrow strip. That promise was a major part of the government's election plank. It has not been fulfilled and it will not be fulfilled. When the Minister for Transport was there recently, he said that he was sorry but he had taken money allocated for it out of the forward estimates. The Minister for Regional Development has a pocketful of money but will not think about road safety. He is standing on a pedestal and will hand it out only to his friends. We must work hard to introduce legislation to make sure that that cannot happen, regardless of who is in government.

The Liberal and National Party's election promises are confusing to the max. The Eaton Bowling Club got a grant of \$130 000 or \$140 000 from the royalties for regions scheme but the Balingup Bowling Club has been told that its application has been lost. I was at a function recently that was attended by the former member for Capel, Mr Steve Thomas, who apologised because he had talked to the Minister for Regional Development and was told that the minister had lost the bowling club's application. The minister asked whether the bowling club could submit another application. That was an election promise. It is not just a matter of the club having to make an application for the money. Promises have been made but they are not being delivered because there is no structure. It is like a can of worms. Members can get money for the wood-turners but not for a major industry such as the racing industry, which is the third-biggest employer in Western Australia. The system needs straightening out. We do not want people just running around trying to buy votes in the bush. People want sustainability. They want people to know that in 10 years the structure that was built with the royalties for regions money given to them by the Minister for Regional Development will not be in ruins.

**Mr B.J. Grylls:** The regional grants that you are talking about are recommended by the board. Do you suggest that we take back our decision and centralise it in the department like it used to be?

**Mr M.P. MURRAY:** I am saying that there must be an appropriate structure for the way that applications are made and for handing out the money. There must be a proper structure all the way down. People have told me that the Minister for Regional Development has been at meetings and has told them to make an application for royalties for regions funding without even understanding what it could do to the community or how it could put the community into debt. The minister is implying that if they make an application for funding, they will get it. That is not true, and the minister should not do that. He should tell them that there is a process in place, that it will be followed and that he will look at the application when it comes through and then the money will be divvied up.

Another major problem with the royalties for regions scheme is that if the minister decides not to spend all of the slush fund this year, it will be short-changed by \$240 million next year because it is already in the bank and must only be topped up. The minister does not have to come back and get another \$1 billion in total. Only a partial amount is required to top up the account. What a con job that is on the general public. People think that they will get all that money, whereas if the National Party sits on it and does not spend it, it is deducted from the next year's royalties. The public thinks that every year there will be a set amount, but that is not so. It is about how much is needed for it to be topped up. If there are some unexpected expenses, the problem arises of where it is to be divvied up. That will not help the communities that have been waiting for it and want it for a hospital. Another messy area is whether funding should come from the health budget, the roads budget, the sports budget or from royalties for regions. We can debate that for ages. Before the election, a promise was made to give Collie \$1.6 million for a drag strip. What has happened to that? Silence. I have mentioned it in this place before. Still nothing. I am told that the government will have to look into that. Where will it come from? Will it come from royalties for regions funding or the sports funding? I do not hear an answer.

**Mr B.J. Grylls:** I do not know what you are talking about.

**Mr M.P. MURRAY:** The minister was down there talking to them not long ago and he talked about Lake Kepwari. The government allocated \$3 million through the South West Development Commission but that has been withdrawn. The tenders have been quashed and there is no money available for it. The minister told me recently what a wonderful project it was and how good it would be for the future. That is great when the minister

has taken the money away! I am not sure where the money will come from. It was budgeted for but it is no longer on the table. The tenders have been quashed. The royalties for regions scheme is very much a dog's breakfast, to say the least, when it comes to how the funding will be spent. The legislation is very flimsy and would be quite easily negated by a Treasurer who wanted to do that. In time, the Treasurer might do that. He does not have the greatest standing in the community. Those will be some of the problems. In the end, the Treasurer says yea or nay. While the recommendations come from various groups and from the minister, the task of signing off still goes back to the Treasurer. If the Treasurer gets a bit dark, and the Nationals have a bit of a of blue with the Liberals—which looks like it might happen in the next couple of weeks, with fishing laws, royalties for regions and shopping hours, which all add up—someone will tread on someone else's toes and then the Treasurer will say "Bad luck; you're not getting your money." Again, the country will miss out. The concept is good but not the implementation.

The other thing I really have a problem about is rebadging of different funding. Albany Regional Hospital, for example, got about \$40 000 that should have come under the health budget, but it is listed as royalties for regions funding. It came with all the flags and bunting, and the community was happy to get it, but it is really based on an untruth. It has not really come out of royalties for regions funding. It should have come out of the health budget. I can go on about roads, sporting facilities and all the rest. Let us get it clean and tidy. Maybe the funding can be listed under royalties for regions in different sections such as sporting, roads, health or whatever, but it should at least be kept clean and tidy. At the moment people are getting very confused and frustrated and this will bounce back to bite the government; there is no doubt about that whatsoever.

The other factor is the bias. The member for Cannington has pointed out the bias that has emerged in royalties for regions towards some of those inland towns. Although some of the applications for funding have been worthwhile, others make it look like a scattergun approach. We must work on that to make sure we get away from the idea of the boss putting the money where he wants it. No manager of any company would be able to walk around with \$240 million in his back pocket, with all the cheques signed, offering them to people. Rockingham will miss out, and Mandurah is struggling to get a bit over there, but the minister walked down the Boulevard the other day with his hands out and then realised he was in the wrong spot; he was not even in one of his own areas. The people were all lining up for their fuel cards, but they have not seen them. They were asking for their cards, but it did not happen.

Overall, there is a long way to go with this. The concept has some foundation, but there is much work to be done so that the funding can be identified and traced. That is certainly not the case at the moment, when we have a slush fund while others are choking around the place. We have trouble getting paramedics in my area. On numerous occasions recently an ambulance has not been available, yet no funding comes out of royalties for regions for the real basic needs within the community. Health is one of the major basic needs, but if the minister is going to fund health he should at least put it under the right umbrella.

Under the previous government funding was available but the red tape was too difficult. Many smaller sporting bodies and local groups found it very difficult and onerous to work their way through the bureaucracy. Most of them are part-timers and some are quite elderly and have been involved in community organisations for a long time. Removing some of that red tape is certainly a positive move, so that these groups can get on with their jobs. Sometimes these groups only need \$2 000 or \$3 000, but the community will benefit into the millions because they build a little clubhouse, a toilet or something like that. That \$2 000 or \$3 000 is only a starter, and the local people do all the physical work and lend their vehicles. In Collie now about three or four kilometres of footpath is being built from the town centre to the cemetery by the local Lions club. They just needed a little bit of money to start off. I applaud that, but I repeat that we should get it right because if we do not, we will have problems in the future, with people saying "But you said ..." and "But I thought ..." That is exactly what is happening down at Balingup, where locals thought their application was under sport and recreation, but found that it was supposed to be under royalties for regions. They thought the money had been promised, and to have the former member embarrass himself by saying he did not know where the money was, but he would ask the minister, is very confusing for the community. Royalties for regions has a long way to go, and there is a lot of work to be done about who administers the funding, who distributes it and who will do this into the future.

**MR P. PAPALIA (Warnbro)** [4.16 pm]: In addressing the Royalties for Regions Bill 2009, I take the opportunity to extend my hearty congratulations to the Leader of the National Party, the Minister for Regional Development. If it were within my power, I would award him a prize for constructing easily the best slogan of this or any other year. For anyone looking for a political slogan author, the man to go to resides in the electorate of Central Wheatbelt. Far and away this is the best pithy one-liner that anyone has come up with in the lead-up to an election. I know the member did it several years ago, but it was an excellent tactic. Convincing Western Australians in the regions that he would be the deliverer of everything to all people was a fantastic tactic, and encapsulating that dream in one little three-word slogan was just political genius. The Liberal Party

acknowledges that; it is now shackled to it. The Greens (WA) acknowledge it; they thought of it first. The Labor Party now acknowledges it, because we are supporting this legislation.

The minister knows that there will always be a “but” with me on royalties for regions, and in my case it will always be in relation to specifically the country local government fund. I have that shadow portfolio responsibility, and have become very interested in that component of royalties for regions ever since its first awkward announcement by the Minister for Local Government, a few days after he took office, at the Esplanade Hotel, at the annual general meeting of the Local Government Managers Association of Western Australia. At that time, the fund consisted of \$70 million, which came from nowhere. I was there, and I heard the announcement and saw the minister. I applauded him for making the announcement, and then I asked him in this house what the fund consisted of. Where was the money coming from? Who would get it? What would the rules be? What were the guidelines for its expenditure? The Minister for Local Government did not have a clue. He was stumped. He stood up and looked for guidance to the Minister for Regional Development, the Leader of the National Party. At that time, sadly, the Leader of the National Party could not give an answer because he did not even know. He knew what the slogan was, because everyone in Western Australia knew what slogan was, but he did not have any detail to provide to the poor old Minister for Local Government, who had just made the announcement a couple of days before in Fremantle. The Leader of the National Party had been going around the state ever since he was elected telling everyone that royalties for regions was coming. He did not know what it actually consisted of, but he was working on it. He was working towards getting an answer. He said he would provide some detail in due course. When we questioned him, he said, “Just wait. You’ll find out.” In December last year came the announcement that it would be \$400 million over four years. The member for Jandakot now knows what I am talking about. Initially, though, it was \$70 million for the first year. It expanded when the minister realised how much \$2.8 billion above and beyond forward estimates consisted of.

The Minister for Regional Development had to create a mechanism for distributing all the money that he managed to acquire from the poor old Liberal Party—the poor old backbenchers in the metropolitan areas. He had to work out a way to distribute that money into the regions in a fashion that would engender the best possible political leverage on behalf of the National Party. It took a little while. He could not come up with the answer immediately, because he did not have a clue in September when he got elected to the position of kingmaker. By December, the Minister for Regional Development had managed to devise a plan. Although scanty, it was adequate enough to identify that he had a mechanism by which he would be able to get that money into the regions.

Let us look at all the funds that have been identified in this legislation. There is the country local government fund, the regional community services fund, the regional infrastructure and headworks fund, and “any other account determined by the Treasurer, on the recommendation of the Minister, to be a subsidiary account”. Of those three, and the very expansive fourth fund, available to the minister, the country local government fund is the one that gives the Minister for Regional Development the most flexibility. It gives him the most leverage in regard to political advantage for the National Party because he gets to determine where it goes.

During our briefing, we asked the advisers who was going to administer this fund. We were told that it would be administered by the Minister for Local Government in accordance with a memorandum of understanding with the Minister for Regional Development. Just like a lot of things about royalties for regions and about the country local government fund, the MOU is still a work in progress. It does not yet exist. We do not yet know exactly what the Minister for Local Government will be responsible for. We do not yet know how that relationship will work. I am fairly confident in my prediction that the Leader of the National Party will have a certain amount of influence in where that money goes. He will determine where that country local government fund money is distributed. The Minister for Local Government will be over there operating under the MOU and the Leader of the National Party will be over here controlling the levers.

My concern relating to the country local government fund is not necessarily that the Leader of the National Party is giving money out in the fashion that he is; what I am really concerned about is the same thing that I have been concerned about since the day the minister announced it. I asked the minister in this place, and I asked him via freedom of information, what advice he had received from the sector with regard to constraints that should be placed on the money and what demands should be made of local governments in order for them to receive this funding. The minister knows, and I know, that he refused to release that document. I received it when it fell off the back of a truck. People within the sector want to have as few restraints as possible. The member for North West fully conceded—I am sure he would now if we got him in the bar and asked him—that everyone in the local government sector was extremely happy that this fund existed and that they wanted as few restraints as possible upon the allocation of expenditure. The people in the peak bodies that represent that sector and the people who have some sense of responsibility for taxpayers’ money all acknowledge that there needs to be at least one key constraint placed on the allocation of that money; that is, the funds should be provided as long as local governments receiving the money have a strategic plan for their assets.

The Minister for Regional Development knows, as do I, that as recently as 2006 the Public Accounts Committee held an inquiry into the accountability of local governments in Western Australia. It was an excellent inquiry, chaired by the member for Mindarie. One of the key observations that that committee made was that a large proportion of local governments in Western Australia did not even meet the most basic auditing requirements in submitting their annual compliance report to the department. That should be setting off alarm bells in the minister's mind prior to shovelling \$400 million out the door to all these local governments.

I wish the Minister for Local Government well. I know he and his family have undergone significant issues in recent days. I wish him well. I commend him for the courage he has demonstrated in being here today. The Minister for Local Government is out there saying that local governments around the state need to amalgamate, by force if necessary, because they are unsustainable. The Premier of the state stood in front of the WA Local Government Association conference only a couple of weeks ago and told it that any council representing populations of less than 1 000 people is not viable. He wants fewer than 100 councils. I commend him for that. I thank him—he finally came to the party and gave an indication to the sector of what he is trying to achieve. It was too little too late, but it is worth commending the minister for doing so.

At the same time as the government is running that narrative in the local government sector with the Minister for Local Government, the Minister for Regional Development is in the other part of the sector—a sector that is waiting to receive the bags of money it has been promised—saying that it can have money without any requirement at all. The minister did not impose that requirement. The single piece of advice he received from the local government sector related to who should be eligible for receipt of this money. It has been reported to me anecdotally that as many as 50 councils do not even have an assets register, let alone an up-to-date strategic assets register or assets program. They do not have a plan for how they are going to create new assets, maintain and sustain the ones they have, and replace them in due course—yet the minister is giving them money.

I disagree a little with the member for Fremantle's contribution. I heard what she said. I know that a lot of people in the local government sector think that this money should be used for creating assets. My personal belief is that a more appropriate and fiscally responsible way of dealing with a lot of this money would be to use it to support the maintenance of assets and infrastructure that are already ageing and in need of support, particularly in those councils that have an assets register; and, in those that do not have an assets register, the money should be used to create an assets register. It might be good to use the money to develop a strategic assets program.

I refer to the Minister for Regional Development's announcement on 16 December 2008, in which he said —

Many country areas need extra money to maintain and improve their infrastructure in their community.

I agree with the minister, but he knows as well as I do that his guidelines for expenditure of this money in the country local government fund do not allow money to be utilised for maintenance. I know why, because I asked the minister's staff in the briefing —

**Mr B.J. Grylls:** It is wrong.

**Mr P. PAPALIA:** The minister's staff advised that the reason is that the commonwealth grants scheme may have been impacted. Had councils been unable to utilise the money for recurrent expenditure, there would have been a problem with their applications for future commonwealth grants. That is why it was structured in the fashion it has been structured.

**Mr B.J. Grylls:** The Cummins Theatre in Merredin is being refurbished with money from the local country fund.

**Mr P. PAPALIA:** The country local government fund?

**Mr B.J. Grylls:** Yes

**Mr P. PAPALIA:** I stand corrected if I am not right on this. I was under the impression that the guidelines had been designed in such a way that they encouraged councils to create new assets. That is why a lot of footpaths and quick, easy items had to be thought of. Most of them had already been on the books waiting to be done.

**Mr B.J. Grylls:** I think some of the better projects are the ones that go to those assets.

**Mr P. PAPALIA:** That aside, even if I am wrong on that, the minister knows that 22 swimming pools were funded as part of the last package of the first \$100 million. Part of that money was used to fund 22 swimming pools, and there were eight caravan parks. That may be the member for Fremantle's sustainable housing; I do not know. When I saw the 22 swimming pools and eight caravan parks sucking up money from the country local government fund, I was concerned that councils that might not be able to sustain these assets indefinitely were creating a big hole for future generations to have to keep shovelling money into. When I noted that there was no requirement for a strategic asset program or management plan as a prerequisite for receiving this money, I was concerned, and I remain concerned. As much as the Premier might want only 100 councils, it is not going to

happen like that. I think he is looking at 2011 as a target date for reducing the number of councils, but even then, many of the councils that are created may not be sustainable and may still need significant amounts of assistance. If we create assets through this fund without applying appropriate accountability requirements to the councils receiving the money, we may create a millstone for those communities.

**Mr B.J. Grylls:** Your argument would be much more solid if you actually recommended which councils should not be funded, so that they could build assets.

**Mr P. PAPALIA:** My staff consists of me, Margaret Duff and three part-timers. Margaret is probably one of the best electorate officers in the state, if not the best. In fact, I am plugging for the best! With due respect, how does the minister expect me to go out there and determine which of our 139 councils should receive the money? That is his job. He is the minister who is being paid \$250 000 and has a department at his disposal. The Minister for Local Government has just as many staff and just as much money in his pocket. The minister should tell me! He is the one responsible. He should not just throw out pithy one-liners, although I know he is the king of pithy one-liners; it got him elected and got him into this position.

In my remaining time—I have already gone over the time I told the Whip I would take—I want to refer to the member for North West.

**Mr B.J. Grylls:** I don't think you should get yourself into that. You're actually a bit clean.

**Mr P. PAPALIA:** Hang on; the minister does not know what I am going to say! I am not a real hater, and I do not resent people's actions. I like the member for North West, and I lament what he did. I actually pity the fact that he did not consult with me prior to making his decision, although I know I was on another continent at the time. My advice to the member for North West would have been that I know he is young and a bit impetuous, like I was at that age.

**Mr B.S. Wyatt:** You're not young!

**Mr P. PAPALIA:** I did not say I was young; I said the member for North West is young! He is impetuous and, with respect, a little lacking in experience of the world in comparison with some of us who have been around a little longer.

**Mr C.J. Barnett:** You worldly chap!

**Mr P. PAPALIA:** I am; I have been around for 47 years. That is long enough! I have done a few things in that time! I would have advised the member for North West to sit and think. I know that that magnificent slogan—three words—was pretty frightening for the member for North West. If he was trying to defend a vulnerable seat, this pithy one-liner would have represented an incredibly threatening —

**The SPEAKER:** Member for Warnbro, you have an opportunity to make a second reading speech on the proposed legislation. I urge you to do so.

**Mr P. PAPALIA:** I take your point, Mr Speaker.

What I am talking about is encapsulated by the Royalties for Regions Bill. This bill does not require the government or future governments to do anything. It will enable any future government to contribute nothing more than it already contributes. That is exactly why I am supporting it! It is a pithy one-liner bill! Clause 5 states in part —

- (1) The Fund is to consist of the following subsidiary accounts —
  - (a) the Country Local Government Fund;
  - (b) the Regional Community Services Fund;
  - (c) the Regional Infrastructure and Headworks Fund;
  - (d) any other account determined by the Treasurer, on the recommendation of the Minister, to be a subsidiary account.

Let me think; I think that next week I might want to create the country police fund. All the money that is spent in the country on the police force will now go to the country police fund, it will be branded green and gold and it will be part of royalties for regions from now on. The day after that I might want to create the new country health fund, and that will be branded green and gold. All the money we are currently spending on health in the regions will be called royalties for regions money.

[Member's time extended.]

**Mr P. PAPALIA:** This one-line slogan would be fairly frightening if I were a young, impetuous, inexperienced person.

*Point of Order*

**Mr V.A. CATANIA:** I cannot believe that the member for Warnbro is being ageist in this house. He is implying that if one is young, one is not fit to sit in this house.

**The SPEAKER:** I thank the member for North West. There is no point of order. I urge the member for Warnbro to hasten to the nub of his argument.

**Mr P. PAPALIA:** I apologise to the member for North West; I should not have used that term.

*Debate Resumed*

**Mr P. PAPALIA:** I can understand how it would have been a fairly frightening thing. I would have advised the member for North West to take a deep breath, consider the long-term consequences and think again. It also holds true for the Minister for Regional Development. I understand that this is a fantastic slogan and that the minister has created this fund. We know what he wanted to do with this fund, because he told us when he wanted to join with the Labor Party. He knew what he had to do; he had to get money out the door quickly, and it had to go to places where he could go around, cut ribbons, put up flags and say, "I'm fantastic; I've delivered for you", and it had to be on things that were not difficult or long term. We know that. I understand where the minister is coming from, but I ask him, on behalf of the taxpayers of Western Australia, particularly in the regions, to please not create a millstone to hang around the necks of future generations of regional taxpayers in his anxious desire to get the greatest political return he can for this money.

Debate adjourned, on motion by **Mr R.F. Johnson (Leader of the House)**.